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THE INFLUENCE OF PROMOTION STRATEGIES TOWARD CONSUMER
LOYALTY OF DIGI POST-PAID USERS

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DECLARATION

“I admit that this report has been prepared by my own self except the summaries and citations that I have been clarify the resource.”

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Date :

DEDICATION

This thesis is dedicated to my father, Farn Chee Hong and my mother, Toh Poh Geok who taught me the value of education and who made sacrifices for us, so that I have the opportunity that finished my research.

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ABSTRACT

Malaysia's mobile telecommunication industry is running into the strong competition among mobile service providers such as Maxis, Celcom, DiGi, Umobile, XOX and redONE. Therefore, a strong consumer loyalty of users in the company is important especially service industry. A strong consumer loyalty will repurchase, recommend, and give the first choice when purchase the products or services. This research examines the promotion strategies that influence consumer loyalty of DiGi postpaid users is it because promotion strategies are one of the most important features that influencing the consumer loyalty. The theoretical framework for this research consists of consumer loyalty as the dependent variable and promotion strategies such as advertising, sales promotion, personal selling, public relations and direct marketing as independent variables. The data were collected with the sample size of 152 DiGi postpaid users. The results of this research show that sales promotion, public relations and direct marketing have significant influence consumer loyalty of DiGi postpaid users. So, the results of this study contribute to the DiGi's marketer to improve the promotion strategies such as sales promotion, personal selling, and direct marketing more creative and attractive to retain the consumer loyalty of postpaid users as well as increase the sale performance.

ABSTRAK

Pada zaman yang moden ini, telekomunikasi mudah alih industri Malaysia sedang berjalan ke dalam persaingan sengit di kalangan syarikat perkhidmatan mudah alih seperti Maxis, Celcom, DiGi, UMobile, XOX dan redONE. Oleh itu, kesetiaan pengguna yang kukuh daripada pengguna dalam syarikat itu adalah penting terutamanya industri perkhidmatan. Dengan ini, kesetiaan pengguna yang kukuh akan membeli semula, mengesyorkan, dan memberi pilihan pertama apabila membeli produk atau perkhidmatan. Kajian ini adalah mengkaji strategi promosi yang mempengaruhi kesetiaan pengguna dari pengguna pascabayar DiGi kerana strategi promosi adalah salah satu ciri yang paling penting yang mempengaruhi kesetiaan pengguna. Rangka kerja teori untuk kajian ini terdiri daripada kesetiaan pengguna sebagai pembolehubah bersandar dan promosi strategi seperti pengiklanan, promosi jualan, jualan peribadi, perhubungan awam dan pemasaran langsung sebagai pembolehubah bebas. Data yang telah dikumpulkan dengan saiz sampel 152 pengguna pascabayar DiGi. Hasil kajian ini menunjukkan bahawa promosi jualan, perhubungan awam dan pemasaran langsung merupakan pengaruh yang penting terhadap kesetiaan pengguna pascabayar DiGi. Oleh hal yang demikian, hasil kajian ini menyumbang kepada pemasar DiGi untuk meningkatkan strategi promosi berdasarkan promosi jualan, jualan peribadi, perhubungan awam lebih kreatif dan menarik untuk mengekalkan kesetiaan pengguna dari pengguna pascabayar serta meningkatkan prestasi jualan.

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Malaysia's mobile telecommunication industry is one of the rapid growing sectors of Malaysia economy and there is very strong competition within the sector made up of few telecom service providers namely, Maxis, Celcom, DiGi, Umobile, XOX, and redONE. They are providing a variety services such as voice call, short message service (SMS), mobile internet data, international roaming and other communication services for mobile users. The use of the mobile service is important for users to ease their daily works such as business, education, entertainment, and etc.

DiGi.Com Berhad is listed on Bursa Malaysia and is part of the Telenor Group, a global telecommunications provider. DiGi is a third leading service mobile provider in Malaysia which was established since year 1995. DiGi provides mobile voice, Internet and digital services to 11 million customers in Malaysia. Through its mission of 'Internet for All', DiGi is committed to driving Malaysia's growth by building a mobile Internet environment that enables true connectivity, creating socio-economic development and aiding businesses to prosper. DiGi continues to be a game-changer in the Malaysian telecommunications industry with a solid history of

innovative products and services while being a leader in progressive and responsible business practices.

Running into the strong competition, the new entrants of XOX and redONE service provider have been a big effect to the consumer base in DiGi especially for the post-paid users. Some of the DiGi post-paid users are switching to these service providers because Umobile, XOX and redONE are big promoting the lowest package post-paid plan. Therefore, this promotion that had been attracted the attention of DiGi users and switching out. Therefore, the sales performance of DiGi is affected especially in post-paid segment. So, it is important that DiGi have to retain their post-paid user and loyal with their post-paid services.

According to Kotler and Armstrong (2012), the promotion mix is the marketer's bag of tools for communicating with customers and building customer relationship. Hence, the specific of promotion strategies is important that have applied in DiGi to influence the consumer loyalty to its company. Promotion mix is one of the strategies in 4P's marketing mix. Base on Kotler and Armstrong (2012), promotion mix also known as marketing communications mix, it is defined as the specific blend of promotion tools that company uses to persuasively communicate customer value and customer relationships. There are five major promotion tools are defined as advertising, sales promotion, personal selling, public relations, and direct marketing.

For running a long term business, the consumer loyalty is important for the survival of any organization in the market especially for service industry. The loyalty in a business context describes a customer's willingness to continue buying from a firm over the long term, and recommending the firm's products to friends and associates. (Lovelock et al, 2009) Therefore, building a strong consumer loyalty towards consumer is important for a company to run their business on the long term period especially service industry. Consumer loyalty is important to a company because it will affect the success and profitability of companies.

1.2 Problem Statement

Since, there is rapid growth in mobile telecommunication sector in Malaysia. So, there are new entrants of redONE and XOX service provider in mobile telecommunication industry this recent year. They are widely promoting a variety of lowest data post-paid plan to attract mobile users to subscribe their services. The post-paid users base of DiGi service provider have big affected and it will also influence the sales performance of DiGi, because some of the DiGi post-paid users are lack of loyalty and switching their service to either one of the new service providers namely, redONE, and XOX. Therefore, it is important that DiGi to increase and build up the loyalty for retaining the existing post-paid users by using promotion strategies instead of attract new users on its company.

From the previous research that have been examined the consumer loyalty to a mobile service provider is affected by the customer satisfaction, perceived price, service quality and trust (Nasir et al., 2014). However, the consumer loyalty could be affecting by promotion strategies has not yet been examined extensively. Based on the case of DiGi this research will be focused the effectiveness of promotion strategies to influence the consumer loyalty for existing DiGi post-paid user.

1.3 Research Questions

The research question is related to the problems that facing by DiGi service provider. There are several research question shown as below:

- I. Are the promotion strategies that influence the consumer loyalty of DiGi post-paid users?
- II. Is advertising that influence consumer loyalty of DiGi post-paid users?
- III. Is sales promotion that influence consumer loyalty of DiGi post-paid users?
- IV. Is personal selling that influence consumer loyalty of DiGi post-paid users?
- V. Is public relations that influence consumer loyalty of DiGi post-paid users?
- VI. Is direct marketing that influence consumer loyalty of DiGi post-paid users?

1.4 Research Objectives

The purpose of the research objectives are identified the important of promotion strategies. Based on this research objective, there are showing the way to retain the consumer loyalty on DiGi post-paid users. There are five research objectives depend on the research question above:

- I. To identify the promotion strategies that influence consumer loyalty of DiGi post-paid users.
- II. To determine the influence of advertising on the consumer loyalty of DiGi post-paid users.
- III. To determine the influence of sales promotion on the consumer loyalty of DiGi post-paid users.
- IV. To determine the influence of personal selling on the consumer loyalty of DiGi post-paid users.
- V. To determine the influence of public relations on the consumer loyalty of DiGi post-paid users.
- VI. To determine the influence of direct marketing on the consumer loyalty of DiGi post-paid users.

1.5 Scope, Limitation and Key Assumption

The below section discuss about the whole research scope, limitation and key assumptions.

1.5.1 Scope

This research is aimed to examine the promotion strategies that can influence the consumer loyalty of DiGi post-paid users. The promotion strategies covered in this research are: advertising, sales promotion, and direct marketing. This research will focus on DiGi post-paid user in Melaka. The respondents can be range in different ages, occupation, gender, and salary. The information collected from several methods which are online survey, questionnaires, and etc.

1.5.2 Limitation

Time constraint is one of the limitations to do this research because it is given a short time period to complete the research and report. There are spending more time to get the respondents to answer the questionnaire. In additional, the time needed to collect and filter the data. Therefore, short time will limit the progress of the research including the sample size of this research.

1.5.3 Key Assumption

Finding out the factors that influence consumer loyalty in specific mobile service provider is not easy since there are rapid growths in this sector. As a key assumption, assume different mobile service providers have different band of its company. Therefore, the consumer loyalty can be influenced by brand image in mobile service providers that's mean the user is loyal the specific band based on brand name, logo and slogan of the service provider.

1.6 Significance of the Study

1.6.1 Organization

The contribution of this research is investigated the promotion strategies that influence the consumer loyalty of DiGi post-paid user. Based on the research, DiGi service provider can improve the promotion strategies more creativity and attractive to retain the consumer loyalty compare to others competitor. Besides that, DiGi service provider can more focus to improve which kind of advertising, sales promotion and direct marketing that influence consumer loyalty and retain their existing consumers.

1.6.2 Researcher

Since the mobile service providers is playing important role for mobile user for daily work and the consumer base is important to service providers for survive in long term period of business. Therefore, the research in this area will increase in the future. Promotion strategies in the marketing strategy for service industry are very wide and there will be many gaps can be explored by researcher. The finding of this study hopefully can fill up a little bit of the gaps and contributes to other researchers who want to do the research in more in depth.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

DiGi is one of the three mobile service providers in Malaysia and is it part of the global telecommunication provider, Telenor Group of Norway. But, the number of mobile service providers is growing rapidly in the mobile telecommunication industry. Due to rapid growth in this industry, each of the mobile service providers are running into a big competitive to attract more mobile user subscribe their service to increase their company profit margin specially post-paid user.

In current mobile telecommunication service market, Maxis is leading the higher market share with a 35.6%, secondly followed by Celcom with 33.0% share and the lowest is DiGi market share with a 31.4%. Besides that, Maxis had a 42.1% market share, followed by Celcom with 35.3% and DiGi with 22.6% in term of subscribers for the post-paid segment. Because of the new entrants' service provider in the market, the customer base of DiGi post-paid user are affected and switching to another service providers. Therefore, it is important that DiGi to increase and build up the consumer loyalty to its company preventing DiGi post-paid users switch to another service provider.