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UTeM

**FACTORS AFFECTING BRAND SWITCHING
AMONG MOBILE SERVICE USERS OF UTeM
STUDENTS**

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FACTORS AFFECTING BRAND SWITCHING AMONG MOBILE SERVICE
USERS OF UTeM STUDENTS

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The thesis is submitted in partial fulfillment of the requirements for the award of
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DECLARATION OF ORIGINAL WORK

“I hereby declare that the work I am submitting for assessment contains no section copied in whole or in part from any other source unless explicitly identified in quotation marks and with detailed, complete and accurate referencing.”

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DEDICATION

Special thanks to:

My beloved parents

Siblings

Friends

My supervisor: Dr. Amiruddin Bin Ahamat

For all the spirituals and moral support that had been given to me all the time.

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ABSTRACT

Leading telecommunication companies are now competing for each other to be the market leader in the telecommunication industry and attract more customers. These phenomena also lead to customers switch from one service provider to another which suit to themselves. The factors influence customers to switch brand can be mitigated by mobile service providers. This research aims at identifying the factors that influence students select the mobile service providers. This research was conducted among students of UTeM. A number of 377 questionnaires were distributed using simple random sampling to UTeM students. The method used in analyzing data are descriptive analysis, multiple regression coefficients, and Pearson correlation coefficient analysis as there are five independent variables involved in this research which is customer loyalty, switching cost, customer satisfaction, price, and service quality. Result and finding of this research show that all independent variables are positively associated with brand switching. In general, the result and finding support all hypotheses except customer loyalty has no significant relationship to affect brand switching among mobile service users of UTeM students. In addition, this research provides managerial and theoretical implications as well as recommendations for future research.

ABSTRAK

Syarikat telekomunikasi kini bersaing antara satu sama lain untuk menjadi pemimpin pasaran dalam industri telekomunikasi dan menarik lebih ramai pelanggan. Fenomena ini juga membawa kepada pelanggan beralih dari satu servis ke servis yang berlainan yang mana sesuai dengan permintaan atas diri mereka. Penukaran jenama boleh dikurangkan melalui penentuan faktor-faktor mempengaruhi pelanggan daripada penyedia perkhidmatan mudah alih. Kajian ini bertujuan untuk mengenal pasti faktor-faktor yang mempengaruhi pelajar memilih pembekal perkhidmatan mudah alih. Kajian ini dijalankan di kalangan pelajar UTeM. Sebanyak 377 soal selidik diedarkan dengan menggunakan persampelan secara rawak kepada pelajar-pelajar UTeM. Kaedah yang digunakan untuk menganalisis data adalah analisis deskriptif, analisis regresi berganda, dan analisis Pearson korelasi koefisien kerana ada lima pembolehubah bebas yang terlibat dalam kajian ini iaitu kesetiaan pelanggan, kos penukaran, kepuasan pelanggan, harga, dan kualiti perkhidmatan. Hasil kajian menunjukkan semua pembolehubah berkaitan positif dalam mempengaruhi penukaran jenama. Secara umumnya, hasil kajian menyokong semua hipotesis kecuali kesetiaan pelanggan tidak mempunyai hubungan yang signifikan dalam mempengaruhi penukaran jenama di kalangan pengguna perkhidmatan mudah alih terhadap pelajar-pelajar UTeM. Di samping itu, kajian ini menyediakan implikasi kepada industri dan akademik serta cadangan untuk kajian masa depan.

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LIST OF ABBREVIATIONS

UTeM	Universiti Teknikal Malaysia Melaka
BS	Brand Switching
CL	Customer Loyalty
SC	Switching Cost
P	Price
SQ	Service Quality
SPSS	Statistical Package for Social Science
FKEKK	Faculty of Electronic and Computer Engineering
FKE	Faculty of Electrical Engineering
FKM	Faculty of Mechanical Engineering
FKP	Faculty of Manufacturing Engineering
FTMK	Faculty of Information and Communication Technology
FPTT	Faculty of Technology Management and Technopreneurship
FTK	Faculty of Engineering Technology
FYP	Final Year Project

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CHAPTER 1

INTRODUCTION

This chapter has introduced the telecommunication industry in Malaysia, alongside with the problem statement, research objectives, research questions, significant of study, and research limitations. This study showed to researchers and organization more understanding about the students as the mobile service users to mitigate brand switching.

1.1 Background of Study

The primary regulator of telecommunications in the Malaysia is the Malaysian Communications and Multimedia Commission (MCMC). It issues licenses under the Communications and Multimedia Act 1998, the Postal Services Act 1991 and the Digital Signature Act 1997. According to source from statistics of MCMC stated that telecommunications sector revenue totaled RM47.8 billion, accounting for 77% of total communication and multimedia industry revenue. The sector posted a faster pace of growth of 4% as compared with 1% in 2014 (RM45.96 billion) (Industry Performance Report, 2015).

There are four main mobile service providers in Malaysia such as Maxis Berhad, Celcom Axiata Berhad, Digi Telecommunications Sdn. Bhd, and U Mobile Sdn.Bhd. Due to now a day technology fast pace and fierce competition competing for each other to be the top and market leader in the telecommunication industry. The

competition is increasing among the companies to fulfilling the needs of markets. It is important for the mobile service provider to know about their current customers and attract new customers. This causes every consumer is searching for a valuable package for themselves and willingness to switch brand.

Thus, brand loyalty has a direct impact on long-term sustainability while on the other side, brand switching incurs due to declining in brand loyalty and increase the consumers' willingness try to use another brand (Shukla 2009).

Here, the researcher showed brief explanations about the definition. Brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service (Kotler and Armstrong 2013). According to the American Marketing Association (AMA) dictionary define brand switching as a purchasing pattern characterized by a change from one brand to another. Students are who studying or engaged in learning at a university or other places of higher education and most students depend on their parents because they do not have income.

According to source from Universiti Teknikal Malaysia Melaka (UTeM) portal, the population of students who engaged learning in UTeM as at 9 March 2016 are 22,198 students. Students have a big influence among friends when the certain brand is in the market. Through students' experience toward brand product or services, they will influence others to switch brand. A researcher conducts this research to investigate the factors affecting brand switching among mobile service users of UTeM students.

1.2 Problem Statement

Competition in telecommunication industries has grown at an unprecedented rate in the past several years. Competition of Malaysia' mobile telecommunication operators gets more intense in next few years. Appealing to now a day competitiveness of each mobile service providers and keep promoting the network package to gain customers. In the first quarter of the year 2016, Maxis has lost of 384,000 subscribers and at the same period Digi has an increase of 211,000 subscribers (Howe, 2016). This

is phenomena which customers switch from brand to another. Beside of having four main mobile service providers in Malaysia, there are also have rival entry to the industry. Competition in the telecommunication industry in Malaysia is rising every year, so each rival offers plenty of packages to attract customers and maintain existing customers. Other than that, the expectation of consumers are complex and they demanding cheaper price, more mobile data, and unlimited calls (Admin, 2016). Mobile service providers should concern of this issues and factors cause students switching brand. The factors cause students switching brand might be manageable of the mobile service providers. Therefore, researcher conducts this research to examine the research questions and research objectives.

1.3 Research Questions

This study is to identify and investigate the factors affecting brand switching among mobile service users in UTeM students. The research questions of this research are:

- 1) What are the factors affecting brand switching among mobile service users of UTeM students?
- 2) What is the cause relationship between factors and brand switching among mobile service users of UTeM students?

1.4 Research Objectives

With the concern towards research background and research problems, this study proposed two objectives to achieve which are:

- 1) To identify factors that affecting brand switching among mobile service users of UTeM students.

- 2) To examine the cause relationship between factors and brand switching among mobile service users of UTeM students.

1.5 Research Scope

This research aims to study the factors that affect brand switching among mobile service users of UTeM students and will be conducted within nine months. Researcher conducts this research at UTeM located in Melaka. To conduct this research, researcher used a questionnaire to obtain information from 377 respondents of UTeM students which sample size from a total population of UTeM as at 9 March 2016.

1.6 Research Limitation

This research only 377 respondents from UTeM student and it can't represent the private university as UTeM is public university because researcher uses simple random sampling. This research is not generalizability because researcher obtains information at UTeM only. Students represent not working and they don't have any income, they are depending on their parent. Researcher conduct this research using quantitative method better in-depth study using qualitative approach might be useful.

1.7 Research Significant

The importance of this research is to determine which factors are most affecting UTeM students to switch brand. This research could help mobile service providers understand UTeM students need and want. It is important for students to need reliable mobile service, cost, and coverage. Students always need access to online for search

information to complete the assignment and pass up coursework via the internet. Other than that, mobile services also are one of communication tools to each other.

1.8 Summary

This chapter is the structure as the introduction of this research. It introduces the topic of the study including background, problem statements, research objectives, research questions, limitation of study as well as the importance of this research. This research aims to identify factors that affect brand switching among mobile service users of UTeM students and to examine the cause relationship between factors and brand switching among mobile service users of UTeM students. The research scope is done to focus on the research requirements and achieve the research objectives. The results from this research, it is assumed that the marketers can improve and understanding the mobile service users among UTeM students.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of extant literature relevant to this study. Previous studies showed that researchers have been investigating and studies about consumer switching behavior. Further, researcher has reduced the scope by investigating factors that affecting brand switching.

2.1 Overview of Consumer Switching Behavior

Consumer switching behavior is the process by which a consumer abandons the relationship with a current service provider and replaces it with a competitor partially or entirely for a given time period (Nimako and Owusu 2015). Previous research in different contexts indicates consumers switching are influenced by customer loyalty, switching cost, customer satisfaction, price, and service quality. Keaveney (1995) is first presented brand switching model in service industries with containing eight variables such as pricing, inconvenience, core service failure, service encounter failure, response to service failure, competition, an ethical problem, involuntary switching.

For banking industries, if bank management would influence consumer switching behavior it must develop through an understanding of the consumer

switching behavior. The banks can enhance long-term relationships with their customers and avoid the harmful consequences of customer defection (Clemes, Gan, and Zhang 2010). On the other hand, it can be assumed customers influenced by one single reason to switch service providers, defection also will continue to occur if the multiple problems encounter over time.

According to Chiu et al. (2005), customers who dissatisfaction with their previous service firms would switch firms. Switchers may be had experiences within the industry and received similar services which would change their expectation compare with the stayers. Therefore, behavioral would account for the different level of customer perceptions and expectations.

A single customer leave from a service provider might not have an effect on the profitability and survival of the service provider, but the loss of many customers switching to another within a short time would be detrimental for a firm (Njite, Woo Gon, and Lisa Hyunjung 2008). The mass loss of customers also can be a threat to a firm in term of profitability and survival.

2.2 Brand Switching

S. Al-Kwifi, U. Ahmed, and Yammout (2014) refer to Xavier and Ypsilanti (2008) state that when users switch from one product to another they are clearly not satisfied their need offered by original product and competing firm offered a product that is more attractive. Brand switching means that users switch from one brand to another to achieve the satisfaction level. Switching from one brand to another brand is a critical issue for a company because the original brand is not satisfied and meet customer's expectation and the new brand is more attractiveness. The negative side of brand switching will reflect in reduction market share of the company and bring the negative image of the company and bad reputation (O. S. Al-Kwifi and Ahmed 2015). On the other hand, customers switch brand not they didn't satisfy with existing service provider but customers want to try the service provided by the new service provider.

This brand switching occurs when customers didn't stay loyal toward their service provider.

According to ASHFAQ (2015) through features and brand image, consumers would switch towards another brand because the companies offer and provide the customer need that makes consumer satisfied. The mobile phone company is aware the latest technologies now a day. So, this could mitigate the customers switch brand to another. From research of Jibin (2011) about additive good consumers stated that consumer switch brand because of changes of self-concept even higher than brand mismanagement and poor quality of product and service. When consumers aware there is a mismatch between self-image and brand image this will trigger themselves toward brand switching. From the study of Nagar (2009) found out that sales promotion was one of the factors that differentiate brand switchers and loyal consumers on fast moving consumer goods. Switchers influenced by promotions while loyal consumers had more influence on brand name and style.

In service industries, customers switching because of core service failure, service encounter failure and price. These three factors because the mistakes included longitudinal problems and yet decrease in service level, uncaring service personnel and customers did not get the concern, customers felt cheated or price charged was unfair (Keaveney 1995). Customers will switch to another service provider if did not get satisfied and expected service. A market performance indicator measures and found out the increase of market performance indicator it also increases the actual switching behavior compare to satisfaction and with service providers (Steven and Gray 2015). Customers expect the supplied information clear as communication effort which can lead to loyalty, if the service providers do not have enough attention toward their customers it would trigger customers switching behavior (Moreira, Silva, and Moutinho 2016).

Most research on brand switching of high-technology products is focused on competitive market products such as high-tech capital equipment (S. O. Al-Kwifi and McNaughton 2011), cellular phone industry (ASHFAQ 2015), addictive goods consumers (Jibin 2011), consumer goods (Nagar 2009), service provider (Steven and Gray 2015), service industries (Keaveney 1995), and telecommunications service industry (Moreira, Silva, and Moutinho 2016). Customers unsatisfied, complaint,