


SUPERVISOR VALIDATION

I hereby declare that I have read this thesis and in my opinion this project is sufficient in terms of scope and quality for the award of Bachelor Degree of Technology Management (Innovation Technology)

Signature : 

Supervisor Name : **DR. YUSRI BIN ARSHAD**

Date : *Pensyarah Kanan*
Fakulti Pengurusan Teknologi dan Teknousahawanan
Universiti Teknikal Malaysia Melaka.

Signature : 

Panel Name : **NOR AZAH BINTI ABDUL AZIZ**

Date : *Pensyarah*
Fakulti Pengurusan Teknologi dan Teknousahawanan
Universiti Teknikal Malaysia Melaka
15/6/17

**FACTOR AFFECTING CONSUMER LOYALTY TOWARD
MOBILE SERVICE PROVIDER IN MELAKA.**

AL-JANNAHTULNUR BINTI HAZIZI

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Universiti Teknikal Malaysia Melaka (UTeM)

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DECLARATION

I hereby declare that the report has been prepared by my own self except the summaries and citation that I been clarify the resources.

Signature : Jauh
Name : AL-JANNAHTUL NUR BINTI HAZI21
Date : 9/6/2017

DEDICATION

I would like to dedicate this work to my lovely parents for their encouragements, prays, support and such as financial and moral support and sacrifice along my life as a daughter and as a student. Thank you to all my siblings for their support, love and acquaint my title as a student so they gave their advice and experience as an ex-student. I will keep their advice in my mind to apply it while I am study. Another special thank you to my friends for their support and shared knowledge while doing this project. They give me a warm heart to help me finish this project and support me until I can complete this project.

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ABSTRACT

This thesis aims to identifying the most critical factors affecting consumer loyalty toward mobile service provider in Melaka. The independent variables which are price, core service, attraction by competitor, switching cost and employee responsiveness to service. In this thesis, quantitative approach is used to find out the factors affecting consumer loyalty toward mobile service provider. Quantitative approach is an excellent way to finalize the result and proved or disproved a hypothesis. An intensive literature review was carried out to find the relationship between the dependent variable and independent variable. In order to accomplish the objectives of the study. Questionnaire surveys have been distributed to the respondent. Therefore, a number of 200 questionnaires distributed to sample of community in Melaka for mobile service provider. The questionnaire contains 24 items measured on a five-point Likert scale. The data were analysed using Statistical Package for the Social Science (SPSS). Besides that, correlation, regression analysis has been applied on the consumer loyalty with the independent variable to fulfil the entire objective. The findings show that price, core service, and switching cost has significant relationship with the factors affecting consumer loyalty toward mobile service provider in Melaka.

ABSTRAK

Tesis ini bertujuan untuk mengenal pasti faktor yang paling penting yang mempengaruhi kesetiaan pengguna terhadap pembekal perkhidmatan mudah alih di Melaka. Pembolehubah seperti harga, teras perkhidmatan, tarikan oleh pesaing, penukaran kos dan responsif pekerja terhadap perkhidmatan. Dalam tesis ini, pendekatan kuantitatif digunakan untuk mengetahui faktor yang mempengaruhi kesetiaan pengguna terhadap pembekal perkhidmatan mudah alih yang digunakan. pendekatan kuantitatif adalah cara terbaik untuk memuktamadkan keputusan dan dibuktikan atau disangkal hipotesis. Satu kajian literature yang intensif telah dijalankan untuk mencari hubungan antara pembolehubah bersandar dan pembolehubah bebas. Dalam usaha untuk mencapai objektif kajian ini, tinjauan soal selidik telah diedarkan kepada responden di Melaka. Terdapat 200 soal selidik yang diedarkan kepada masyarakat di Melaka untuk pengguna mudah alih. soal selidik mengandungi 24 item dengan diukur menggunakan skala Likert lima mata. Data dianalisis menggunakan Pakej Statistik untuk Sains Sosial (SPSS). Selain itu, korelasi, analisis regresi telah digunakan kepada kesetiaan pengguna dengan pembolehubah bebas untuk memenuhi keseluruhan objektif. Hasil kajian menunjukkan bahawa harga, perkhidmatan teras, dan kos beralih mempunyai hubungan yang signifikan dengan faktor yang mempengaruhi kesetiaan pengguna perkhidmatan mudah alih pengguna di Melaka.

TABLE OF CONTENTS

| CHAPTER | TITLE | PAGE |
|------------------|---------------------------|-----------------|
| | DECLARATION | ii |
| | DEDICATIONS | iii |
| | ACKNOWLEDGEMENT | iv |
| | ABSTRACT | v |
| | ABSTRAK | vi |
| | TABLE OF CONTENTS | vii-xii |
| | LIST OF TABLES | xiii-xiv |
| | LIST OF FIGURES | xv |
| | LIST OF APPENDICES | xvi |
| | | |
| CHAPTER 1 | INTRODUCTION | |
| | 1.1 Introduction chapter | 1 |
| | 1.2 Background of study | 2-3 |
| | 1.3 Problem statement | 4-5 |

| | | |
|------|--|-----|
| 1.4 | Research Gap | 5 |
| 1.5 | Research question | 5-6 |
| 1.6 | Research objective | 6 |
| 1.7 | Scope of study | 7 |
| 1.8 | Limitation and Key Assumption of study | 7 |
| 1.9 | Significance of the study | 8 |
| 1.10 | Structure Thesis | 8-9 |
| 1.11 | Summary | 9 |

CHAPTER 2 LITERATURE RIVIEW

| | | |
|-------|---|-------|
| 2.1 | Introduction | 10 |
| 2.2 | Definition of Mobile Service Provider | 11 |
| 2.3 | Consumer loyalty | 11-12 |
| 2.4 | Consumer Switching Behaviour | 13 |
| 2.5 | Keaveney Model | 14-15 |
| 2.6 | Factor Affecting Consumer loyalty of Mobile Service User in Melaka | 15 |
| 2.6.1 | Price | 15-17 |
| 2.6.2 | Core Service | 17-19 |
| 2.6.3 | Attraction by Competitor | 19-20 |
| 2.6.4 | Switching Cost | 20-22 |
| 2.6.5 | Employee Responsiveness to service | 22-23 |

| | | |
|-----|------------------------|-------|
| 2.7 | Theoretical Framework | 23-24 |
| 2.8 | Hypothesis Development | 24-25 |
| 2.9 | Summary | 25 |

CHAPTER 3 RESEARCH METHODS

| | | |
|------|------------------------------|-------|
| 3.1 | Introduction | 26 |
| 3.2 | Research Design | 27 |
| 3.3 | Methodological Choices | 28 |
| 3.4 | Data Collection Procedure | 29 |
| 3.5 | Primary Data | 29 |
| 3.6 | Secondary data | 30 |
| 3.7 | Sampling | 30 |
| 3.8 | Research Location | 30 |
| 3.9 | Research Strategy | 31 |
| 3.10 | Scientific Canon | 32 |
| | 3.10.1 Reliability | 32 |
| | 3.10.2 Validity | 32-33 |
| 3.11 | Pilot Test | 33 |
| 3.12 | Questionnaires Development | 34 |
| 3.13 | Data Analysis Technique | 34-35 |
| 3.14 | Descriptive statistic | 35 |
| 3.15 | Multiple regression analysis | 36 |
| 3.16 | Correlation analysis | 36 |

| | | |
|------------------|--|-------|
| 3.17 | Summary | 37 |
| | | |
| CHAPTER 4 | DATA ANALYSIS | |
| 4.1 | Introduction | 38 |
| 4.2 | Pilot test | 39 |
| | 4.2.1 Reliability Test for pilot test | 39-41 |
| 4.3 | Descriptive Analysis | 41 |
| | 4.3.1 Descriptive statistic for mean and Standard deviation | 42 |
| | 4.3.2 Respondent Demographic Profile | 42 |
| | 4.3.2.1 Gender | 42-43 |
| | 4.3.2.2 Race | 44-45 |
| | 4.3.2.3 Age | 45-46 |
| | 4.3.2.4 Education Level | 46-47 |
| | 4.3.2.5 Types of Mobile Service Provider | 47-48 |
| | 4.3.2.6 Period of Using Mobile Service Provider | 49-50 |
| 4.4 | Scale Measurement | 50 |
| | 4.4.1 Internal reliability test | 50-52 |

| | | |
|-----|--|-------|
| 4.5 | Inferential analysis | 53 |
| | 4.5.1 Pearson correlation Analysis | 53 |
| | 4.5.1.1 Correlation of Price | 54-55 |
| | 4.5.1.2 Correlation of Core Service | 55 |
| | 4.5.1.3 Correlation of Attracting by Competitor | 56 |
| | 4.5.1.4 Correlation of Switching Cost | 56-57 |
| | 4.5.1.5 Correlation of Employee Responsiveness to Service | 57-58 |
| | 4.5.1.6 Five independent variable and Dependent variable | 58-60 |
| | 4.5.2 Multiple Regression Analysis | 60-66 |
| 4.6 | Summary | 66 |

CHAPTER 5 DISCUSSIONS, CONCLUSION AND IMPLICATION

| | | |
|-----|--|-------|
| 5.1 | Introduction | 67 |
| 5.2 | Summary of Statistical Analysis | 67 |
| | 5.2.1 Descriptive Analysis | 67 |
| | 5.2.1.1 Respondent Demographic Profile | 68-69 |

| | | |
|-------|---|--------|
| | | xii |
| 5.2.2 | Scale Measurement | 69 |
| | 5.2.2.1 Summary of Reliability Test | 68 |
| 5.2.3 | Summary of Inferential Analysis | 70 |
| | 5.2.3.1 Pearson's Correlation Analysis | 70 |
| | 5.2.3.2 Multiple Linear regressions | 70-71 |
| 5.3 | Discussion of Research Findings | 72 |
| | 5.3.1 Objective 1 | 72-74 |
| | 5.3.2 Objective 2 | 74-75 |
| | 5.3.3 Objective 3 | 75-77 |
| 5.4 | Limitations of the study | 77-78 |
| 5.5 | Conclusion and Implication of the study | 78-79 |
| 5.6 | Recommendation for Future Research | 79-80 |
| | REFERENCES | 81-85 |
| | APPENDICES | 86-112 |

LIST OF TABLES

| TABLE | TITLE | PAGE |
|-------|--|------|
| 1.0 | Structure of thesis | 8 |
| 4.0 | Level of Reliability | 39 |
| 4.1 | Reliability Statistics for pilot test | 40 |
| 4.2 | Reliability Test on Actual Survey | 40 |
| 4.3 | Descriptive statistic for mean and standard deviation | 42 |
| 4.4 | Respondent demographic of Gender | 43 |
| 4.5 | Respondent demographic of Race | 44 |
| 4.6 | Respondent demographic of Age | 45 |
| 4.7 | Respondent demographic of Education Level | 46 |
| 4.8 | Respondent demographic of Types of Mobile Service Provider | 47 |
| 4.9 | Respondent demographic of Period of Using Mobile Service Provider | 49 |
| 4.10 | Reliability Test Statistics | 50 |
| 4.11 | Reliability Test of All Variables | 51 |
| 4.12 | Rules of Thumb about Correlation Coefficient Size | 54 |
| 4.13 | Correlation of Price | 54 |
| 4.14 | Correlation of Core Service | 55 |
| 4.15 | Correlation of Attracting by Competitor | 56 |
| 4.16 | Correlation of Switching Cost | 57 |

| | | |
|------|---|-----|
| | | xiv |
| 4.17 | Correlation of Employee Responsiveness to Service | 57 |
| 4.18 | Correlation of five Independent Variables and Dependent Variable | 59 |
| 4.19 | Multiple Linear Regression on Five Independent Variable and consumer loyalty of mobile service user in Melaka (Model summary) | 60 |
| 4.20 | Multiple Linear Regression on Five Independent Variable and Consumer loyalty of mobile service user (ANOVA) | 61 |
| 4.21 | Multiple Linear Regression on Five Independent Variable and Consumer loyalty of mobile service user (Coefficients) | 62 |
| 4.22 | Hypothesis Testing By T-Distribution Table | 65 |

LIST OF FIGURE

| FIGURE | TITLE | PAGE |
|---------------|--|-------------|
| 2.0 | Keaveney model for service switching behaviour | 15 |
| 2.1 | Theoretical framework for factor affecting consumer loyalty toward mobile service provider | 23 |
| 4.0 | Respondent Demographic of Gender (Pie Chart) | 43 |
| 4.1 | Respondent Demographic of Race (Pie Chart) | 44 |
| 4.2 | Respondent Demographic of Age (Pie Chart) | 45 |
| 4.3 | Respondent Demographic of Education Level (Pie Chart) | 47 |
| 4.4 | Respondent Demographic of Type of mobile service provider (Pie Chart) | 48 |
| 4.5 | Respondent Demographic of Period of Using Mobile Service Provider (Pie Chart) | 49 |

LIST OF APPENDICES

| APPENDICES | TITLE | PAGE |
|-------------------|--|-------------|
| A | Permission to Conduct Survey | 86 |
| B | Gantt chart (PSM 1) | 87 |
| C | Gantt chart (PSM 2) | 88 |
| D | Questionnaire | 89-97 |
| E | Scale Measurement – Reliability Analysis | 98-111 |
| F | T –Distribution Table | 112 |

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter includes several parts of the study. The first part of the study is research background and this part the researcher should give a general overview of the thesis topic and introduce the pivoting ideas you will be using throughout the thesis. The second part is the problem statement. The problem statement is a brief description of the issues that need to be addressed to solve this problem by researchers and submitted or created before researchers solve the problem. Next, research objectives, which is research objectives may be linked with a hypothesis or used as a statement of purpose in a study that does not have a hypothesis. The next part of the study is the research question. The research question is the research question guides and it should be clear and focused, as well as synthesize multiple sources to present the unique argument. The question is stating what are the factors affecting consumer loyalty toward mobile service loyalty in Melaka and how to fulfil customer satisfaction. Other than that, it has continued with the scope and key assumption of the study. Lastly, the last part of chapter one is the researcher will conclude with the summary of this chapter.

1.2 Background of Study

The study aimed at investigating and analyzing the factors affecting consumer loyalty toward mobile service provider in Melaka. Mobile service provider (MSP) is a company that gives offers transmission services to users of wireless devices like smartphones and tablet PCs through radio frequency (RF) signals rather than through end to end wire communication. A mobile service provider is called a wireless service provider (WSP), mobile carrier or wireless carrier (Margaret Rouse n.d.). Other than that, mobile service providers have their policies, own plans, packages and corresponding rates. Furthermore, there are many various offered by companies and they have only one common purpose such as to provide people with telecommunication services so that they could maintain good conversations either for personal purposes or for business reasons.

The factors that must be considered for mobile network carriers in Malaysia is to help people to make the best choice for service. It aims to give a full and fair comparison to any prepaid plans are discussed. In addition, to attract new customers is difficult than retaining existing customers. This is because, the service provider has information about existing customers and through that information, it can analyse the information to understand customer preferences and behaviour (Bashar 2010). Therefore, the researcher just focused on the four major mobile service provider in Malaysia which is Celcom, Maxis, Digi and U mobile.

There are several factors that affecting consumer loyalty toward mobile service provider which are price, core service, attraction by competitor, switching cost and response to service. In addition, according to (Malhotra & Malhotra 2013) that have stated that several factors that lead to switching have been identified, including pricing, inconvenience, core service failure, service encounter failure, response to service failure, competition, ethical problems, and involuntary switching.

Starting in 2016 there are a lot of telecommunications companies. This is because, there are more expensive plans offered and there is more data to be provided. At first, Maxis introduced an unlimited call plan to MaxisONE, with a relatively premium payment. After that, it was followed by Digi with SmartPlan voice. Other than that, U mobile launch Hero postpaid plan with viewed really give the best value to consumers at a lower price of only RM70 per month for unlimited calls with 7GB of data. After that, Digi responded by launching SmartPlan 75, committed RM75 per month to enjoy unlimited calls and 7GB of data. Besides that, Celcom also participated in this competition, with First Gold renewed plan with payment of RM80 per month and users receive unlimited calls and SMS, as well as 10 GB of data. Thus, the plan of the telecommunications company offering this causes the user to change the decision to have the best service.

In conclusion, there are many factors that affect consumer loyalty toward mobile service provider which are price, core service, attraction by competitor, switching cost response to service. According Keaveny (1995) and Ahmad (2002) the most important factor is price (Bashar 2010) and (Ingy Shafei Hazem Tabaa 2016) considers that the main factor in determining customer. Other than that, (Ingy Shafei Hazem Tabaa 2016) concluded quality of service is a factor which gives a huge impact on consumer loyalty as call quality, value added services, and customer support. Besides that, additional offerings is one factor that has been emphasized by the telecommunications company. This is because, there is fierce competition in the market for all networks to attract customers using the services offered.

1.3 Problem Statement

The aim of this section is to examine some of the issues and problems that researcher found. There are several problems that can be viewed based on the factors affecting consumer loyalty toward the mobile service provider. Firstly, the issue is related to coverage for a service provider which are coverage of internet line, 3G and 4G network. This is because, there are some areas that are experiencing network problems coverage especially in rural areas. Therefore, users had to choose the appropriate network according to their area of residence. Besides that, according to the (Srinuan et al. 2011) that shows the importance of the local network in decision making by users. Besides that, according to (Srinuan et al. 2011) loss of customers may be caused by offering the same prices but the supply is relatively weak network coverage.

The second issue is attracting new customers to enter into a new service or service offered is difficult than retaining existing customers in the service. This is because, the appeal of a service or the advantages derived from the conversion service to better service. This is because, the service provider to obtain information about existing customers and can analyse this information to understand the options and their behaviour (Bashar 2010). In addition, in a mature market, more intensive to acquire new customers from other service. Therefore, the change factors need to be identified to ensure that customers do not switch to another service.

The third problem is related to switching cost effect on consumer loyalty of mobile service provider. This is because, there is a huge impact on behavior change mobile service. According Burnham et al. (2003) (Bashar 2010), it has been suggested that switching costs are in contrast by switching costs, financial switching costs, and relational switching costs. The switching cost is the cost incurred when change supplier or operator which is time, money, and psychological cost (Srinuan et al. 2011). Other than that, switching costs are classified as a type of anti-competitive

behavior and switching costs in order to maintain the network and the user to make the user feel that it is too difficult to change mobile provider.

1.4 Research Gap

The researcher doing research in Malaysia's about consumer loyalty toward mobile service provider. While the past research make a study on the mobile service provider at other country (Ingy Shafei Hazem Tabaa 2016). The researcher focus more to customer loyalty and according (Bashar 2010) it more focus on the switching behaviour. The researcher focus on four service provider which is Celcom, Maxis, Digi and U mobile. But the past research focus on the one service provider or one industry telecommunication (Ingy Shafei Hazem Tabaa 2016).

1.5 Research Question

The research question relates to the factors affecting consumer loyalty toward mobile service provider in Melaka. These are question that construct as follows:

1. What are the factors affecting consumer loyalty toward mobile service provider in Melaka?

2. What are the relationship between price, core service, attracting by competitor, switching cost and employee responsiveness to service with consumer loyalty?
3. What are the most important factor of affecting consumer loyalty toward mobile service provider in Melaka?

1.6 Research Objective

Important objectives of the study are stated as follows:

1. To identify the factor affecting consumer loyalty toward mobile service provider in Melaka.
2. To analyse whether price, core service, attracting by competitor, switching cost and employee responsiveness to service have a relationship with consumer loyalty or not.
3. To determine the most important factor that affecting consumer loyalty toward mobile service provider in Melaka.

1.7 Scope of the Study

Nowadays there are many factors that changes users to switch to a new network services. Therefore, the focus this study is to identify about the factors affecting consumer loyalty toward mobile service provider in Melaka. The factors that contribute to the price, core service, attraction by competitor, switching cost and response to service. This study will used the data collect from survey which is questionnaire survey. Besides that, the questionnaire will be distributed to community people in Melaka. The target respond consist university student, secondary student, and community in Melaka. There are 200 respondents was been targeting to answer this question.

1.8 Limitations and Key Assumption of study

1. The researcher assume that respondent will provide honest answers.
2. The researcher assume respondent have adequate knowledge to be part of respondent for primary data collection.
3. The researcher assume respondent have more experience in handling research topic where he or she can provide justifiable answer.