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ABSTRACT

Despite the high churn rates, the Malaysian telecommunications industry is growing. However, the lack of customer focus in this market has yielded one of the worst customer loyalty levels. The competitiveness of the domestic market has been further intensified with the implementation of mobile network portability (MNP), which has further complicated the issue of customer loyalty, as research has shown that better deals and low switching costs means that satisfied consumers never mind changing service provider. This shows that satisfaction no longer ensures loyalty (Grabowich & Guy, 2007). The purpose of this research is to identify the major antecedents that contribute towards customer loyalty among the established mobile service providers, moreover, to examine the relationship between these factors and customer loyalty in the context of the Malaysian telecommunications industry.

A conceptual model integrating the attributes of service quality, customer value, integration of branding elements and pricing that lead to customer loyalty towards mobile service providers is proposed in this study. In this paper, attention is drawn to the adoption of the full scale SERVQUAL model with mediating factors that proved to be relevant and applicable in the context of the present study.

Data was obtained from 300 mobile users from the Klang Valley, Penang and Ipoh through a questionnaire survey. Samples were selected using random sampling. The findings supported the proposed hypotheses and analysis results show that perceived service quality is necessary but not adequate in contributing to customer loyalty. These

findings will provide marketeers a comprehensive overview of the different factors that play an important role in influencing customer loyalty towards mobile service providers.

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ABBREVIATIONS

| | |
|-------------|--|
| 3G | Third generation |
| CBBE | Customer-Based Brand Equity |
| DV | Dependent Variable |
| <i>etc</i> | Et cetera |
| <i>i.e.</i> | That is |
| IVs | Independent Variables |
| MCMC | Malaysian Communications and Multimedia Commission |
| MNP | Mobile Network Portability |
| MV | Mediating Variable |
| P-E | Perception and Expectation |
| SERVPERF | Service Performance |
| SERVQUAL | Service Quality |
| <i>Sig.</i> | Significant |
| VAS | Value-added Services |
| % | Percent |

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