

# Telecommunications Subscriber's Satisfaction and Loyalty: The Impact of Contractual Switching Cost, Price Fairness, and Brand Image

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## 1. INTRODUCTION

Customer satisfaction and loyalty provides the base of a firm's continued competitive border (Aydin & Özer, 2005; Reichheld, Markey Jr, & Hopton, 2000) and is a major factor for brand's long term feasibility (Amin, Rezaei, & Tavana, 2015; Krishnamurthi & Raj, 1991). However, telecommunication industry suffer from consumer voluntary churn and low loyalty rate when compared to other industries with an average between 10% and 67% (Hughes, 2007). Satisfaction is appeared as a forecaster of loyalty to wireless services suppliers (Gerpott, Rams, & Schindler, 2001). Customer satisfaction is the backbone for business survival. Earlier studies indicate that "satisfaction encourage favorable future behavior, such as recommendation and positive word of mouth". Fulfilled client become loyal customers and disappointed purchaser change their loyalty (Jacobson & Mizik, 2009). According to Gerpott et al. (2001), in telecommunication services, it is commonly said that once clients are related to a specific operator, their long-standing relations with the crucial operators are of superior significance to the achievement of the corporation in competitive marketplaces when compared to other manufacturing divisions.

However, there are very limited studies in Malaysian telecommunication industry. In specific, there are little studies which investigative relationships among aspects influencing customer loyalty. Appendix 2 depicts the definitions of key terms in this study. With the swift growth of "*information and communication technologies (ICT)*" the model of mobile telecommunication services are currently moving from voice -centered communication to a mixture of high velocity data communication and multimedia" and becoming a mature market phase. Malaysian government had intended to liberalize the telecommunication sector, whereby it resulted in involving several players in this field. Thus, the innovative applicants are aiming to draw other subscribers, to upgrade their support quickly.

Therefore, the aim is to investigate the effect of customer satisfaction towards customer loyalty among Malaysian telecommunication providers. This study will permit innovative information on the theme to be obtained and therefore, suggestions can be prepared to the management of the telecommunication providers to overcome the trouble that is linked to the topic. Noticeably, because this investigation applied western theories to establish particular Malaysian practices and to identify the inter-relations

amongst the two constructs, it is accepted that the results can be incompatible with obtainable Malaysian and western perceptions, and can present useful suggestions and implications for both Malaysian and western practitioners and investigators.

## 2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Loyalty is a main factor in purchaser growth and productivity and, it is imperative to utilize this considerate to increase the connection with loyal customer. Oliver (2010) “defined customer loyalty as a profound devotion to regularly repurchase a favored product or service”. Baumann, Burton, Elliott, and Kehr (2007) point out, it is imperative fee.

One description of customer loyalty, proposed by Shoemaker and Lewis (1999), is descriptive of feelings, a psychological features of loyalty and they feel their needs are best met. Reinartz and Kumar (2002) indicated the customer loyalty between provider and purchaser. Some scholars also argued customer loyalty were difficult to measure, so the integrated approach, which included attitudinal and behavioral dimension of loyalty, was employed through variety of combination (Dick & Basu, 1994). Several researchers suggested that a purchaser loyalty model explains the differentiations among long and short-term manners (Oh, 2002). The customer satisfaction-repurchase linkage can receive one of two instructions. A model of customer loyalty shows that a knowledge method emphasizes the link among behavioral and attitudinal loyalty (Oliver, 2010). Dick and Basu (1994) classify, customer loyalty as manner and replicate patronage, indicating attitudinal and behavioral components respectively.

Customer loyalty in the marketing literature can be defined as behavior approach and attitude approach (Jacoby & Kyner, 1973). According to behavior viewpoint, purchaser loyalty is acknowledged as real repurchase manners of a consumer (Cunningham, 1961). The attitude based viewpoint refers to the purchaser loyalty as intent to buy (Fournier & Yao, 1997). Particularly in “*Telecommunication services*”, it is commonly critical that on one occasion clients have used a specific operator, their long-standing relationships is of superior significance. Figure 1 depicts the theoretical research model.

### 2.1. Subscriber's Satisfaction

Customer satisfaction is an important marketing subject for more than forty years. The initial investigation on connecting the dimension of purchaser satisfaction happened in the middle of 1960s. A determining investigational research by Cardozo (1965) established that client satisfaction was not only affected by product quality but was also influenced by the general storing knowledge and their expectations. After that, purchaser satisfaction is defined in a variety of viewpoints. From the viewpoint of predecessors, satisfaction is the buyer's reaction to the appraisal of the apparent difference between expectations and actual performance. Singh and Sirdeshmukh (2000), defines satisfaction as “the favorableness of individual's subject evaluation of the various outcomes and experiences associated with buying or using it”. Tse and Wilton (1988) defines it as “the consumers' response to the evaluation of perceived discrepancy between prior expectation and the actual performance of the product as perceived after its consumption”.

Jones and Sasser (1995) stated that, a higher degree of satisfaction guides to highest customer loyalty. Indeed, the merely truthfully loyal clients are wholly fulfilled consumers. General satisfaction must clarify various difference in intent to return (Amin et al., 2015; Johnson & Fornell, 1991). Customers' general satisfaction is a suggestion of how well consumers like their knowledge at the place, and a sign of their motivation to go back to the place once more.

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