

Factors Affecting Customer Loyalty Towards Yes Company in Malaysia

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ABSTRACT *Using internet has become an essential part of all customers. Within the recent time, internet services have grown to be wide in the whole world. Despite its attractiveness, customer loyalty towards internet company website has become an issue due to stiff competition among the internet company in Malaysia. As the development and validation of a customer loyalty model in internet company website context in Malaysia had not been addressed by past studies, this study attempts to propose a model based on the theoretical part. With the purpose to investigate factors influencing customer loyalty towards Yes company. A questionnaire survey was conducted with the sample consisting of Yes company internet users in Kuala Lumpur. The factors that influence customer loyalty towards Internet Company in Malaysia have been investigated and tested.*

Key Words: *Service Quality, Satisfaction, Reputation Trust, Yes Company.*

I. INTRODUCTION

The purpose of this research is to improve the understanding of customer loyalty towards Yes Company. The decision making process for a customer in choosing an Yes company can be affected by many variables such as Service Quality, Satisfaction, Reputation, Trust, and Yes Company. While having to manage all those challenges, Telecommunications are always facing strong competition.

One way to strengthen an Telecommunications companies competitive position is to retain customers as loyal users of their Telecommunications. Loyal customers not only increase the value of business, but also enable to maintain costs lower than those associated with attracting new customers. Customer loyalty has become a key factor for success in the service industry. In such a highly competitive market, service providers in many industries have discovered the importance of customer retention. The scope of this study which focuses on the customer's perspective will provide better insight regarding the relationship between the variables investigated.

II. PROBLEM STATEMENT

This research focuses on the factors of customer loyalty at Yes Company. Yes adopt with different types of customers loyalty in managing organizational outcomes.

In a highly competitive environment, customer loyalty has become an increasingly effective means for securing a firm's profitability, [17] Reichheld&Sasser, 1990; Reinartz& Kumar, 2002.

When the any company provides services in the world high service , good quality and low price to customer the customer will be loyal to this company, and when the Yes company offered best service and good access to the internet and are sold at a few of the customer will be demand more to this company .

Thus the above discussion will help us in modify and introduce our research problem according to the following question: What are the main program of customer loyalty follow by Yes Company? And what is the impact of the factors on customer loyalty.

III. Research Objectives:

The objectives of this research being demonstrated by the following points:

1. Presenting a thorough theoretical coverage to the subject studied (the factors affecting customer loyalty in Yes Company.) by focusing on the concepts of the customer loyalty factors.
2. Describing the impact of the main factors affecting customer loyalty on studied organization.
3. Testing the selected hypothesis of research.
4. Obtaining satisfying results to the research in an appropriate manner that consists with the problem studied and hypothesis of this research.

IV. SIGNIFICANCE OF THE STUDY

1. The significance of the subject studied the impact of customer loyalty at Yes company is very important which covers the main factors of customer loyalty.
2. The significance of ideas included within the theoretical section of this research to others.
3. Provide some insights for customers. Who should realize the importance of the customer facets used in this research .Which can enhance their loyalty?
4. The research includes outcomes and results that can be obtained from the subject studied.

V. LITERATURE REVIEW

Yes Company

Yes is a Malaysian communications service provider, owned by YTL Corporation. Yes uses a prepaid utility model for billing, charging 9 sen for 3 megabytes of data, a single SMS, or a minute of voice call respectively. Being based on the prepaid model, it requires subscribers to "top up" their accounts with credits before they can be used.

At launch, their coverage area spanned 65% of Peninsular Malaysia including major cities, towns, highways and secondary roads on the east coast which they now have 85% coverage and constructed 4,200 base stations in 2 years. The service is also provided for free on the high-speed KLIA Express train from Kuala Lumpur to KLIA. As a Mobile WiMAX provider, Yes uses Yes ID, a username authentication method that does not require the use of SIM cards.

A postpaid version of the service was launched in 2012, offering a monthly quota of 1.5 GB at RM48, to 6GB at RM98. The company had a 10GB package which was priced at RM168 but was ceased on 17 May 2013. Upon hitting the quota, the service will throttle all connections to 128 kbit/s, in contrast to the complete unavailability of the service once the credit has run out with the prepaid version of the service.

A triple-play service was in the works, with Sezmi as its content provider partner. However, with Sezmi defunct and no announcement as of 2013, it is largely assumed from a website that the project has been abandoned because of Sezmi due to its failure in September 2011.

Customer loyalty

It is identified that customer loyalty as a construct is comprised of both customer's attitude and behavior. Customer's attitudinal component represents notions like. Repurchase intention or purchasing additional products or services from the same company, willingness of recommending the company to others, demonstration of such commitment to the company by exhibiting a resistance to switching to another competitor and willingness to pay a price premium [18] (Cronin & Taylor, 2007) On the other hand, the behavioral aspect of customer loyalty represents - actual repeat purchase of products or services that includes purchasing more and different products or service from the same company recommending the company to others, and reflecting a long - term choice probability for the brand. It can be concluded that customer loyalty expresses an intended behavior related to the product or service or to the company.

The Definition of Customer Loyalty

Customer loyalty can be defined as deeply held commitment to buy or patronize a preferred product service consistently in the future [16] (Oliver, 1993) .Loyalty is an important issue because it has a positive effect on the firm's bottom line. This is because it is easier, more direct and less costly to sell to existing customers (Barlow and Moller 1996. Bowen and Chen (2001) mentioned that loyal customers will help to promote, they will provide strong word - of - mouth, create business referrals, provide references and serve on advisory boards. These loyal customers will also increase sales by purchasing a wider variety of the hotels products and by making more frequent purchases. Despite that, some hotels are only worried about meeting customers' expectations. In having high levels of customer's satisfaction. These hotels think that repurchase will be increased if they satisfy customers' needs.

The Benefits of Customer Loyalty

According to [13] Kumar and shah (2004) it is difficult to build and sustain customer loyalty it is more economical for a company to keep customers loyal than if the company have to replace them (Marken, 2001)[13]

Kumar and shah (2004) states that a company that gains loyal customers receives different types of benefits, that most known are:

- 1- Loyal customers are less price sensitive.
- 2- Loyal customers spend more time with the company.
- 3- Loyal customers pass on their positive feeling about the company or the brand to others.

In general the end goal of companies marketing efforts is to generate profit. From the relationship marketing perspective, a successful company is according which manage to turn their customers into clients and from prospects into partners the most common argument for customer's retention is that it is less costly to retain customers than to acquire new customers, there are both economical and non - economic benefits of retaining customers. Based on the review of the literature, the factors that are investigated and expected to affect the Customer Loyalty are seen as follows:

Service Quality

The fact that the perceived quality of the product is becoming the most important competition factors in business world has been the reason of naming the present business era as Quality (peeler, 1996). Consequently service marketing. For example, berry (cited in kandampully, 1998, p 423) Calls it the most powerful competition weapon and Clown (1993) calls it the organization life – giving blood.

Throughout the past few decades, many studies and practitioners have paid close attention to service quality due to its strong impact on business performance, customer satisfaction, and customer loyalty. Service quality has been found to have an influence on customer loyalty and benefit companies as it improves customer retention rate (2).

Quality is a multi – dimensional phenomenon. Thus reaching the service quality without distinguishing the important aspects of quality is impossible in his discussion of service quality; [7]Gronroos (2000) refers to three dimensions of output technical quality, service performance quality, and organization mental picture.

Satisfaction

Clearly, satisfaction is important: indeed essential. But, taken in isolation, the level of satisfaction is not a good measure of loyalty. Many auto manufactures claim satisfaction levels higher than 90%, yet few have repurchase levels of even half that. The situation is stacked against the business: if customer satisfaction levels are low, there will be very little loyalty. However, customer satisfaction levels can quite high without a corresponding level of loyalty. Customers have come to expect satisfaction as part and parcel of the general deal, and the fact that they are satisfied doesn't prevent them from defecting in droves to a competitor who offers something extra.

The point is that, while high levels of customer satisfaction are needed in order to develop loyal customers, the measure of customer satisfaction is not good measure of the level of loyalty. The two are not measuring the same thing. There are two principal interpretations within the literature of satisfaction as a process and satisfaction as an outcome [20](Parker and Mathews, 2001) early concepts of satisfaction research have typically defined satisfaction as a post choice evaluative judgment concerning a specific purchase decision the most widely accepted model in which satisfaction is a function of disconfirmation, which in turn is a function and performance [16] (Oliver,1997) The disconfirmation in process theory provides the grounding for the vast majority of satisfaction studies and encompasses four constructs expectations , performance , disconfirmation

and satisfaction [7](Caruana et al , 2000) This model suggests that the effects of expectation are primarily through disconfirmation, but they also have an effect through perceived performance as many studies have found a direct effect of perceived performance on satisfaction[19] (spreng and page, 2001) swan and comds (1976) were among the first to argue that satisfaction is associated with performance that fulfills expectation while dissatisfaction occurs when when performance falls below expectation

Trust

The Researcher define trust as the willingness of the average customer to depend on the ability of the brand to perform its stated function[21] (Moormal et al ,1993) . [22]Moorman Zaltman, and Deshpande (1992) and Doney and Cannon (1997) Bothe also emphasis that the notion of trust is only related in situations of ambiguity (e.g. when greater versus fewer differences among brands occur) exclusively trust decrease the ambiguity in an environment which customers experience particularly vulnerable because they know they can rely on the trusted brand .[9]Doney and cannon .(1997) propose that the make up of trust includes a calculative process rely on the

capability of an object or party (e.g. a brand) to carry on to meet its responsibility and on an estimation of the costs against rewards of staying in the relationship. At the same time, [9]Doney and Cannon found that trust have an inference regarding the benevolence of the firm to do something in the greatest welfare of the consumer based on common goals and values.

Trust leads to brand loyalty or obligation because trust develops switch over relationships that are extremely valued in different words, trust and commitment should be linked, because trust is significant in relational exchanges and commitment is also set aside for such appreciated relationships. in this association, [22] Moorman, Zaltman, and Deshpande (1992) and [15]Morgan and Hunt (1994) discover that trust leads to commitment in business-to business relational interactions trusted brands should purchase more frequently and should suggest a superior degree of attitudinal commitment.

Reputation

[10]Herbig and Milewicz (1993) have defined reputation as an estimation of the consistency over time of an attribute of an entity. An organization can therefore have numerous reputation (i.e. price, product quality and innovativeness reputations) and /or global reputation. According to [23]casalo et al, (2008), reputation must be understood as referring not only to the website, but also the entire organization. The website is simply the main communication channel between consumer and organization. Thus, this study considers a holistic perspective of reputation, not limited to online services that the customer loyalty are offering to their customer. The proliferation personal data on the internet can have significant effect on people's reputations. As the sociologist Steven Nock defines it a reputation is a shared or collective perception about a person. Our reputations are forged when people make judgments based upon the mosaic of information available about us our reputation is one of our most cherished assets.

The reputation affects our ability to engage in basic activities in society. We depend upon other to engage in transactions with us to employ us, to befriend us, and to listen to us, without the cooperation of others in society, we often are unable to do what we want to do .Without the respect of others.oure action and accomplishments can lose their purpose and meaning. Without the appropriate reputation our speech though free may fall on deaf ears. Our freedom in short depends in part upon how others society judge us [24] (Daniel J. Solove).

VI. RESEARCH THEORETICAL FRAMEWORK

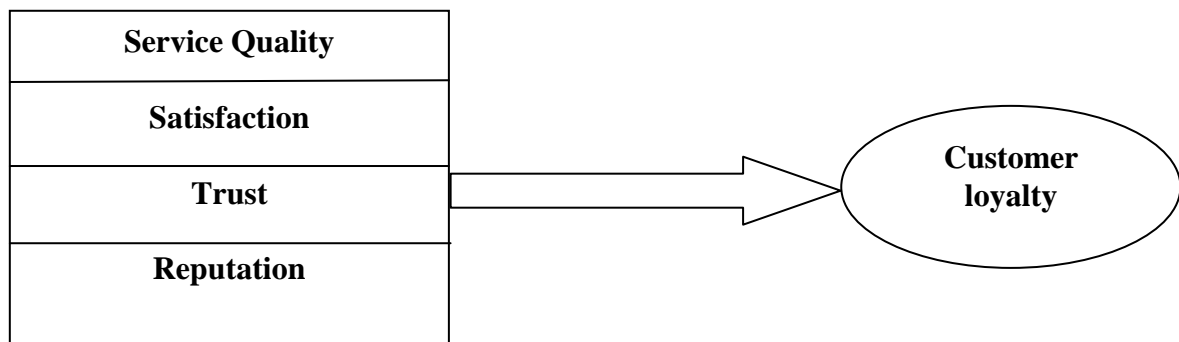


Figure 1

Based on the theoretical framework, the following hypotheses can be developed

Hypothesis 1 (H1): Service Quality is positively affect the customer loyalty in Yes Company.

Hypothesis 2 (H2): Satisfaction is positively affect the customer loyalty in Yes Company.

Hypothesis 3 (H3): Trust is positively affect the customer loyalty in Yes Company.

Hypothesis 4 (H4): Reputation is positively affect the customer loyalty in Yes Company.

VII. RESEARCH METHODOLOGY AND DATA COLLECTION

DATA ANALYSIS

In this study, researchers used descriptive statistics to better understanding about demographic profile of respondents and test the level of respondent's understanding towards Service Quality, Satisfaction, and Reputation, Trust.

A. Reliability Test

Table 1 shows the reliability test of the variables of the study. Cronbach's Alpha was employed to determine the reliability of the measures and to find the internal consistency of the scales and its items. In Cronbach's Alpha reliability analysis, the closer Cronbach's Alpha to 1.0, the higher the internal consistency reliability. According to Cronbach's Alpha reliability less than 0.6 considered poor, reliability in the range 0.7 is considered acceptable, and reliability more than 0.8 are considered good. The table below shows that all the scales are reliable. The table states that all the scales have acceptable, good and very good reliability.

Scale	Number Of Items	Cronbach	Statuses
Customer loyalty	11	0.989	Very Good
Service Quality	9	0.916	Very Good
Satisfaction	6	0.872	Good
Trust	6	0.748	Acceptable

TABLE 1: RELIABILITY TEST

All the scales are having good internal consistency.

B. Hypotheses Testing

Three research questions were meant to find the relationship between the Customer loyalty (dependent variable) and service quality, Satisfaction, Trust and Reputation (independent variables). The following subsections tested the hypotheses by using Pearson correlation.

2) Pearson Correlation

Table 2 shows the results of Pearson correlation analysis. The relationship between all the independent variables and the dependent variables are significant. The highest correlation is found between Customer loyalty adoption and Service Quality with correlation of 0.797. The lowest positive correlation is found between Trust and Customer loyalty with correlation of 0.554. The negative yet significant relationship is found between Customer loyalty and Reputation with correlation of 0.550.

Variable		Customer loyalty
Service Quality	Pearson Correlation	.797**
	Sig. (2-tailed)	.000
	N	143
Satisfaction	Pearson Correlation	.631**
	Sig. (2-tailed)	.000
	N	143
Trust	Pearson Correlation	.618**
	Sig. (2-tailed)	.000
	N	143
Reputation	Pearson Correlation	.554**
	Sig. (2-tailed)	.000
	N	143

3) Results of Hypotheses Testing

H1: There is a relationship between Service Quality and the Customer loyalty by Yes Company.

The first hypothesis of this research stated that "H1: There is a relationship between Service Quality and the adoption of Customer loyalty in Yes company"

Based on the result which has been generated in Table 2, the relationship between the two variables is significant because at correlation of 0.797 and it is positive because of the positive sign in front of the coefficient. Therefore, an increase in the Service Quality will lead to increase in the adoption of Customer loyalty. The first hypothesis is accepted.

H2: There is a relationship between Satisfaction and the Customer loyalty by Yes Company.

The second hypothesis of this research stated that, "H2: There is a relationship between Satisfaction and the Customer loyalty by Yes Company". The second research question was to find the relationship between Satisfaction and the Customer loyalty by Yes Company.

The Pearson correlation presented in Table 2 shows the relationship is positive due to the positive sign in front of the coefficient with correlation of 0.631. This result indicates that the increase of the Satisfaction will lead to increase in Customer loyalty. The second hypothesis is accepted.

H3: There is a relationship between Trust and the Customer loyalty by Yes Company.

The Third hypothesis of this research stated that "H3: There is a relationship between Trust and the Customer loyalty by Yes Company The Third question of this study was to find the relationship or association between Trust and Customer Loyalty.

Based on Table 2 show the relationship is positive due to the positive sign in front of the coefficient with correlation 0.618. This result indicates that the increase of the Trust will lead to increase in Customer loyalty. The Third hypothesis is accepted.

H4: There is a relationship between Reputation and the Customer loyalty by Yes Company.

The fourth hypothesis of this research stated that "H4: There is a relationship between Reputation and the Customer loyalty by Yes Company. At the same time, the fourth question of this study was meant to find the relationship between Reputation and the Customer loyalty by Yes Company.

Based on Pearson correlation in Table 2, the relationship is positive at correlation of 0.554 due to the positive sign in front of the coefficient. The result indicates that when Reputation increase, the Customer loyalty will increase. Therefore, the fourth hypothesis is accepted.

VIII. RESULTS

This study has been conducted in Yes Company, in Malaysia. The purpose of this study is to find the factors that affect in the Customer Loyalty by Yes Company in Malaysia. An intensive review of the related literature was conducted to cover the variables of this study.

The results obtained in this study accept the model and hypotheses proposed therein. As was presented in the literature, the results of the study showed that Service Quality, Satisfaction, Reputation and Trust four important factors that influence internet users to change service providers. Furthermore, the research contributes to the theory of loyalty by conducting factor analysis to reveal the impact of these factors on the consumer's loyalties. Prior research had emphasized mainly on the significance of service quality and its effect on a service provider's profitability and customer retention. For service providers, the challenge was identifying key variables that measure customer satisfaction and loyalty.

Finally, the results of this study can assist researchers and academicians to understand the impact these variables have on the customer's intention to change service provider and the correlation between these factors.

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