

YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

**THE EFFECT OF DETERMINANT FACTORS ON
CUSTOMER LOYALTY IN MYANMAR MOBILE
TELECOMMUNICATION INDUSTRY**

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TELECOMMUNICATION INDUSTRY**

This thesis submitted as a partial fulfillment towards the requirements for the
Degree of Master of Commerce

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ABSTRACT

This paper intends to find out the effect of determinant factors on customer loyalty in Myanmar mobile telecommunication industry. The objectives of the study are to examine the customer loyalty in Myanmar mobile telecommunication industry, to identify the determinant factors of customer loyalty in Myanmar mobile telecommunication industry, to analyze the effect of determinants factors on customer loyalty in Myanmar mobile telecommunication industry, to analyze the mediation effect of customer satisfaction on relationship between perceived service quality and customer loyalty and to analyze the mediation effect of customer satisfaction on relationship between perceived value and customer loyalty. Data collection was done through an online survey of 400 respondents who live in Yangon. SPSS software was applied to analyze data as means, standard deviation, correlations and regression analysis. According to the findings of the study, the most of customer have the behavior and attitude loyalty upon their first priority telecom operator. As the results of the study, all of the five independent variables; perceived service quality, perceived value, customer satisfaction, corporate image, and switching cost, are determinant factors for customer loyalty in Myanmar mobile telecommunication industry. Also, all of the determinant factors are positively correlated with customer loyalty. Moreover, the study found that customer satisfaction, corporate image, and switching costs are directly effect on customer loyalty. Perceived service quality and perceived value are directly effect on customer loyalty and also indirectly effect on customer loyalty through a mediation of customer satisfaction. As the findings, the study recommends that the telecom companies should build customer loyalty through good network quality and customer services, more offering value-added service, striving to meet customer expectation levels, strong image or reputation of the companies, and high switching cost.

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LIST OF ABBREVIATIONS

| | |
|-------|--|
| 2G | Second Generation of Cellular Network |
| 3G | Third Generation of Wireless Cellular Network |
| 4G | Fourth Generation of Broadband Cellular Network |
| DIA | Dedicated Internet Access |
| DPIC | Domestic Private Leased Circuit |
| FTTH | Fiber to the Home |
| GSMAi | Global System for Mobile Association Intelligence |
| IP | Internet Protocol |
| ISP | Internet Service Provider |
| MNP | Mobile Number Portability System |
| MOTC | Ministry of Transport and Communications (Myanmar) |
| MPT | Myanmar Posts and Telecommunications |
| PTD | Posts and Telecommunications Department |
| SIM | Subscriber Information Module |
| SMS | Short Message Service |
| VAS | Value-added service |
| VoLTE | Voice over Long-Term Evolution |

CHAPTER (1)

INTRODUCTION

Telecommunication becomes an attached part in people daily life. Nowadays, telecommunication companies provide an infrastructure which can send data in the form of words, voice and video to reach anywhere all over the country. Thus, telecommunication makes easier for everyone to communicate and becomes as an essential in digital age. In addition, telecommunication industry is one of undeniable factors needed for the economic growth and development of a country. Today, all social, economic, political, cultural, trade and commercial activities are processed through the telecommunication network. Therefore, economic activities and lifestyles of the country get affected by the nature of telecom industry.

Myanmar is one of the countries which is advancing the infrastructure and services of telecommunication. In Myanmar, telecommunication industry is overseen by the Ministry of Transport and Communications (MOTC). The Myanmar telecommunication industry was operated as monopolizing by Myanmar Posts and Telecommunications (MPT) until around the year of 2012; however this industry meets with the incredible changes in 2013. At 8 October 2013, Pyidaungsu Hluttaw enacted the Myanmar Telecommunications Law (Law No. 31, 2013). That enacted law comprised about an advanced regulatory structure for telecom industry in Myanmar.

According to this law, the international telecom operators are allowed to operate as telecommunication carriers in Myanmar. Till now, there are three international operators which get licensed and operate within Myanmar. They are Telenor Group which is a Norwegian majority state-owned multinational telecommunication company, Ooredoo which is managed by Qatar Government related entities' Group and Mytel which is run by Vietnam-based Viettel Group, Myanmar National Telecom Holding Public Ltd and Myanmar Army backed Star High Public Co., Ltd as a partnership. In Myanmar, there are mainly four operators which give services to public. Three of them are the above mentioned foreign companies. The last one is stated-owned company, Myanmar Posts and Telecommunication, which is jointly operated with KDDI Summit Global Myanmar. As a result, telecom industry becomes more competitive and effective because both

domestic and foreign companies take part in this industry and thus there also are more choices of services for users.

In Myanmar, there are about 68.24 million the number of mobile subscriptions based on the fourth quarter of 2019 according to the statement of Global System for Mobile Association Intelligence (GSMAi). This amount proves that mobile subscription rate is 126 percentages of total population. That is because some people use multiple connections. Together with the increase in the amount of mobile operators in Myanmar, increase in the amount of mobile subscriptions follows up. The subscribers are the essence for the telecom operator. Therefore, the operators need to strive not only to get new customers but also to keep them as loyal subscribers.

For all business entities, customer loyalty and customer satisfaction are vital and essential because they plays crucial role in the effort of trying not to be switching and it can create the long-term relationship with the customers. Thus, building customer loyalty is essential for any business since it not just makes customers remain with the company for a long time yet; in addition they make repeatedly purchases its products or services (Gangadhar, 2017). In addition, the customer's intention to stay loyal and repeat purchasing behavior is positively impact on the incremental of business's revenue (Edward Manoj & Sahadev Sunil, 2011). The sale expansion can be created with the loyal customer's behaviors like purchasing more often, and contacting them through marketing practices, referral and word of mouth (Srinivasan et al., 2002). Further, there are many previous studies which prove about maintaining the existing customers is more cost-saving than attracting new customers.

Customer loyalty is advantageous for business since they can lower marketing costs, greater profit potential, loyal customers are highly associated in positive word-of-mouth practices, and they want to try new products and give a useful suggestion for service development (Wallace, Giese & Johson, 2004; Bushoff & Du Plessis, 2009). In telecom industry, customer loyalty is crucial for all operating telecommunication companies in the industry. Thus, in order to achieve and maintain competitive advantages, not only attracting new customers but also retaining the existing customers is imperative for telecommunication companies (Mosley, R.W., 2007). If they have more loyal customers, they can experience greater the benefits of

customer loyalty. Therefore, the companies within the telecom industry attempt to accomplish to get the loyal subscribers in several ways.

1.1 Rationale of the Study

From the time of regulating the new telecommunication law, Myanmar telecommunication market trend changes as competitive market environment instead of monopoly. There are now fierce competition between four operators which are MPT, Telenor, Ooredoo, and Mytel after the five years of the government's liberalization (Stahelin, 2019). These operators compete aggressively to get more market share and become intensified competition. When the competition is becoming touch, to attract and retain the loyal customers is a way for the growth and survival of telecom operators.

According to GSMA intelligence, Myanmar's market penetration by connection is about 126 percentage based on fourth quarter of 2019 as stated above. Thus, the market has almost reached to peak levels, especially in Yangon, where the subscribers is said to be saturated because most of the people have at least one SIM card. Long and Chun asserted (2004) that for competing in this saturated market, mobile telecommunication operators not only can give advanced service quality but also can switch their marketing strategy into improving and upgrading customer loyalty from holding their current existing customers.

The competition is also exacerbated by lower switching costs among users of the various telecom operators. The cost of SIM card is less than 1000 MMK which can usually be afforded by all of the people in Myanmar. This cause to the mobile telecom users can change cheaply from one telecom operators to another. Thus, the telecom companies confront a problem of preventing and protecting their profitable customers from migration to other competing operators.

This study aim to know whether the mobile subscribers are loyal or not upon their using telecom operators and if they are loyal, which factors are reinforcing to become loyal subscribers. According to the above stated situations such as fierce competition, saturated market and lower switching monetary cost in Myanmar telecommunication industry, the essence of customer loyalty is important for the telecom operators in Myanmar. Therefore, the telecom operators have to discover the

determinant factors that will assure that acquired subscribers are retained as loyal subscribers. The study is intended to a great strategic implication for mobile telecommunication service providers relating to customer loyalty.

1.2 Objectives of the Study

The objectives of the study are –

1. To examine the customer loyalty in Myanmar mobile telecommunication industry
2. To identify the determinant factors of customer loyalty in mobile telecommunication industry
3. To analyze the effect of determinants factors on customer loyalty in mobile telecommunication industry
4. To analyze the mediation effect of customer satisfaction on relationship between perceived service quality and customer loyalty
5. To analyze the mediation effect of customer satisfaction on relationship between perceived value and customer loyalty

1.3 Scope and Method of the Study

The descriptive method was applied for conducting of the study. Although there are many consumers who are using mobile telecommunication service in Myanmar, this study was only focus on the mobile telecommunication users in Yangon region. The study used both primary and secondary data source to collect the data and information. Primary data was obtained from the online survey with the questionnaires which is using five-point Likert Scale. The study collected 400 respondents who are the subscribers of MPT, Telenor, Ooredoo, and Mytel. The sample size was calculated according to Cochran's formula. Secondary data were acquired from relevant books, journals, internet websites, research papers and the previous thesis papers.

1.4 Organization of the Study

The study was comprised of five chapters. Chapter (1) presented the introduction about customer loyalty and mobile telecommunication industry in general, rationale of the study, objectives of the study, scope and methods of the study, and

organization of the study. Chapter (2) focused literature review and theoretical framework that includes discussions of customer loyalty among mobile telecommunication users and theories. Chapter (3) described determinant factors of customer loyalty in Myanmar mobile telecommunication industry. Chapter (4) analyzed the effect of determinant factors on customer loyalty in Myanmar mobile telecommunication industry with data analysis and discussion of statistics. In chapter (5), the conclusion, recommendations and suggestions were provided.

CHAPTER (2)

LITERATURE REVIEW

This chapter presents about customer loyalty and its determinants factors. There are five sections in this chapter; including customer loyalty, classification of customer loyalty, determinants of customer loyalty, and previous studies of customer loyalty in mobile telecommunication industry and conceptual framework of the study.

2.1 Customer loyalty

Loyalty is one of the concepts of consumer behavior that are relating to the exhibition of practices, services or brands by the consumers (Boohene & Agyapong, 2010). There can be seen two types of loyalty; customer loyalty and brand loyalty. The main difference between them is that customer loyalty is more emphasized on a feature of people whereas brand loyalty is more underline in brands (Uncles et al., 2003).

There can be seen many concepts of customer loyalty in literatures. According to Lee & Cunningham (2001), customer loyalty is a basis for enduring the competitive edge of a company since it can provides a platform to sustain the competitive advantage of the company. Fornell (1992) also argued that customer loyalty is greatly relevant to the continuous sustainable development and sound growth potential of a company. A company operated in saturated or intense competition market, should accept a defensive strategy, in which it is more essential for retaining current customers than an offensive one, for continually contributing to a steady profitability (Ahmad & Buttle, 2002). The important factor of companies' growth and performance is greatly related to maintaining and sustaining of customer loyalty (Lee & Cunningham, 2001). Therefore, customer loyalty is greatly related to the continuous survival and future growth of the business and also supports to achieve long-term success of the business. In addition, customer loyalty can be used as competitive tools in the fierce competition.

Customer loyalty influences on intention of customer repeat-purchase behavior to the specific products or services in the long-term (Jones et al., 1995). When customers can achieve great benefit from a specific product, it will make them

keep on stay and give commitments on the same product (Grossman, 1998). Also, building customer loyalty is the practice of making the customers remain with the business for a long time and making repeatedly purchases its products and services, too (Gangadhar, 2017). One of the most influential advantages of customer loyalty is repeat purchase activity.

According to Cofie (2014), “customer loyalty is the establishment and sustainability of a long-term relation with the customer that will boost revenue through the life time value of the customer. One of the most significant priorities of many organizations in modern business world is to sustain this long-term relationship with their customers”. The authors and researchers see customer loyalty as a key strategic customer relationship management aspect, which not only helps to attract new customers through word of mouth marketing but also retain the existing customers. Gangadhar (2017) argued that loyal customers are long term customers who not only buy products or services now but will also buy in future. They have even the power to influence the buying decision of new customers by spreading positivity about the product or service. Therefore, loyal consumers are willingness to maintain long-term partnership with the brand or business. Further, they are also intentionally deliberating positive word-of-mouth and referral of the business that they are loyal to their relatives, friends, and other people who ask recommendations.

In addition, customer loyalty can create cost-saving for the business rather than attracting new customers. The cost consumption on loyal customer is less expense five or six times than a new customer(Pfeifer, 2005). Walsh et al., (2005) posited that it is better to take care of the existing customers before attracting new customers. “Generally, loyal consumers are more likely to extend their repurchase practices, make trade referrals, deliver favorable word of mouth and are also less likely to switch to alternative providers compared to less loyal customers in the confront of enticing price inducements (Cheng, Lai, and Yeung, 2008). It is necessary to understand the factors that lead to customer loyalty with the strategic implication of highlighting customer loyalty(Quaye, 2012).

2.2 Classification of Customer Loyalty

Customer loyalty can be mentioned into two dimensions as behavior loyalty and attitude loyalty (Ball et al., 2004).

2.2.1 Behavior Loyalty

Behavior loyalty is defined as “repeated transactions or percentage of total transactions and total expenditures”(Ball et al., 2004). Behavior loyalty also determines on the long-term choice probability for a particular brand (Xu-Xiaoli et al., 2006). Observation approach can be used to measure behavioral loyalty (Dick & Basu, 1994).

The main feature of behavior loyalty is repeat purchasing on a product. It can benefit for companies by more selling the product and more creating the profit. Moreover, behavior loyalty can discover the customer’s preference for a brand or product (Bowen & Shoemaker, 1998) and also can reveal the purchase intention of a customer(Mellens et al., 1996). However, Amine (1998) argued that it is not possible to assume all repeat-purchase habits as loyalty purchasing. There may be two circumstances: first, repeat-purchasing may be caused by the tendency of customer to decrease or eliminate new search efforts; second, when the choice of product category is small, the repeat purchasing is more occurred.

2.2.2 Attitude Loyalty

According to Ball et al. (2004), attitude loyalty is defined as “positive affect for relationship and desire for retaining relationship continuance”. Attitudinal loyalty causes to say positive brand recommendations, intent to repurchase, neglect to better alternatives and so no (Xu-Xiaoli et al., 2006). A questionnaire method can be used to measure attitudinal loyalty (Dick and Basu, 1994).

Oliver (1999) stated that attitude loyalty is caused by customer’s cognitive, affective, and co-native predispositions to continue relating to the brand or company with the customer commitment. Thus, it includes a function of psychological processes. Amine (1998) considers attitudinal loyalty as the commitment towards a brand while Rundle-Thiele (2005) measure word of mouth is seen as a measure of attitude loyalty.

Therefore, according to Ball and his partners (Ball. et. al., 2004), combining of behavior loyalty and attitude loyalty is powerful and is more useful for practical purposes. It can influence customer’s intention to recommend the brand or company to others and also impact on the horizontal communication among customers and

mouth-to-mouth communication. In addition, it may even predominant customer's resistance to competitors' offerings and persuasive tactics to attract new customers and buzz marketing (Wei, 2010).

According to Dick & Basu (1994), Customer loyalty should incorporate both behavioral and attitudinal properties, and dictate by the quality of the relationship between relative attitude and repeat-purchasing behavior. There are four main categories depend on the attitude and behavioral loyalty. They can be defined as true loyalty, latent loyalty, spurious loyalty and no loyalty.

True loyalty is a combination of high levels of relative attitude and repeat purchase. Truly loyal consumers are company's preferred customers because they have strong attitudinal preference and also high repeat-purchasing. So, this type of loyal customers are seen as a powerful competitive tool for companies as they patronize the company's products and the competitors of the marketing strategies can be greatly immunized. Thus, they are less likely to behave switching behavior and they also recommend the company to others.

Latently loyal customers have a strong attitude towards a specific company, but they are low in repeat purchase behavior. The latent loyal customers may be influenced by the situational or social factors on a buying decision. The common situational factors may be affordability, inconvenient, availability and so on. To convert latent loyalty into truly loyalty, companies search a solution of a problem faced by its customers.

Spurious loyalty customers have low level of commitment but highly repeat-purchase on a specific product. Thus, this type of customers has purely behavioral loyalty on the product. They purchase the product frequently but they haven't emotional attachment on this. Generally, the situational factors like convenience, financial incentives, habitual buying and a lack of alternatives may influence on repeat-purchase behavior of spurious loyalty customers. These customers may switch easily to another product as soon as it offers good incentives. To convert spurious loyalty to truly loyalty, the company develops the upright marketing strategies for competition.

A customer who is neither emotional attachment nor repeat patronage to the organization is called as no loyalty customer. This type of customer rarely converts into truly loyal customer. They usually buy a product based on the spur of the moment purchasing, comfortable, time saving and on-the-spot discounts. Generally, they are preference for switching and easily appeal to them from competitors.

2.3 Determinants of Customer Loyalty

To execute the customer loyalty, it is clear that need to understand which factors are determined to become the customer as loyal. This study applies only five determinate factors which have been researched in the previous studies about the determinants of customer loyalty in mobile telecommunication industry although there are others independent variables that could determine the customer loyalty. The determinant factors that were applied in the study describe as perceived service quality, perceived value, customer satisfaction, corporate image, and switching cost.

2.3.1 Perceived Service Quality

Service quality is root for business's success because it can reflect the whole business. The poor quality can represent a decrease in the capacity of a business and gradually drive away markets and customers (Lovelock and Wirtz, 2011). Providing higher service quality is one of the main differentiation strategies, since it can have a direct impact on customer satisfaction, customer loyalty, profitability and overall business results (Quaye, 2012). Thus, service quality can be assumed as a primary measurement tool for business performance.

Gronroos (1984) defined service quality as the outcome of comparison between the service they experience and the service they predict. He also suggested that the perception of service quality can be interpreted as a product of an appraisal process in which the customer contrasts his or her impressions of the service delivery process and the outcome of the service expectations; therefore, the quality of the service tests the discrepancies between the quality of the function or process and the quality of the technical or outcome. Similarity, Izogo's (2015) claimed that perceived service quality from managerial perspectives as the management for the perceived quality of service ensures that the organization must be balance the service anticipated

by customers and the service perceived from the customers in order to attain customer satisfaction.

Service providers may have a competitive advantage by providing a high degree of service quality (Yoo and Park, 2007). Berry et al. (1988) assumed service quality as a crucial differentiator and the most effective powerful tool desired by all service organizations. Ladhari and Leclerc (2013) suggested that delivering excellence service quality is one of key points for telecommunication companies to make differentiating them from their rivals and to build customer loyalty.

Service quality can be assessed with the SERVQUAL model, in which there are five measurement elements to evaluate the service quality with respect to reliability, responsiveness, assurance, empathy, and tangible (Parasuraman et al., 1985). The SERVQUAL model tests the entire service output with five components by contrasting service expectations and real performance. The measurement components of service quality can vary from industry to industry like hotels and airlines.

2.3.2 Perceived Value

Holbrook (1994) defined as customer perceived value is “the fundamental basis for all marketing activity”, as better value constitutes a key motivation for customer repurchase intentions. Recognizing the essence of perceived value and the influence of perceived value on consumer loyalty is a foundation of business management because it can provide a significant link between marketing and financial success (Cretu and Brodie, 2007).

Zeithaml (1988) postulated that perceived value as the overall evaluation of the utility of a product by the consumer based on expectations of what is obtained and what is offered. Customer perceived value is the perceived desire of a customer and assessment of certain product characteristics, its efficiency, and impacts emerging from utilization that promote the achievement of the objectives and intent of the customers in use situations (Woodruff, 1997).

The customers have a positive mind on perceived value of the specific service which turns to be loyalty on this service (Bauer et al., 2006). Day (1990) stated that the main objective of market-driven companies should be to have excellent consumer

value. Ravald and Gronroos (1996) founded that an added value to the core product would hardly boost consumer satisfaction if the value added is not customer-oriented.

Therefore, the customers who perceive value for money are more delighted to the specific services than the customers who have not perceived value for money (McDougall and Levesque, 2000). If a firm offers low perceived value, customers will be more likely to change to another alternative, so that the customers receive better value and thus the firm will decline the customer loyalty (Anderson and Srinivasan (2003).

2.3.3 Customer Satisfaction

Customer satisfaction is an overall assessment that contrasts the overall purchasing and usage experience of the particular performance of the product or service with the experience anticipated (Fornell, 1992).

Although customer satisfaction is explained differently, the general concept of customer satisfaction is that satisfaction is the feeling of pleasure or frustration of an individual resulting from comparisons consumption experience or perceived outcome of a product in relation to his or her expectations (Kotler, 2003). Oliver (1980) argued that customer satisfaction is a result of the perceived distinction between previous expectations and perceived actual consumption output, and it is also mean that when the overall perceived experience of a consumer varies substantially from expectations, dissatisfaction is considered to have occurred.

Anderson and Sullivan (1993) pointed out that a customer who are pleased or satisfied on a specific product or service, are more likely to be maintained and immune to substitute offerings. Fornell (1992) postulated that high satisfaction contributes to consumers who will likely to be more loyal and less susceptible to competitors' enticements. Fornell (1996) observed that decreased in customer complaints and improved in customer loyalty was directly accompanied by increased customer satisfaction.

Hansemark and Albinson (2004) concluded that satisfaction is a particular attitude of the consumer towards a service provider or an emotional response to the discrepancy between what customers expect and what they receive in relation to the fulfillment of certain needs, aims or desires. According to Santouridis and Trivellas

(2010), it is founded that the customer satisfaction affect positively on both behavioral and attitude loyalty.

Fornell (1992) was of the view that high customer satisfaction will result in increased loyalty for the firm and that customers will be less prone to overtures from competition. Similarly, Jones and Sasser (1995) found that an increase in customer satisfaction produces a stronger effect on loyalty among customers who are at the high end of the satisfaction scale. Many countries have carries out studies pointing out that factors like: service quality and perceived value are the important element that affects the satisfaction of customer satisfaction especially in the telecom industry.

2.3.4 Corporate Image

Barich and Kotler (1991) defined corporate image as the overall opinion of the public had on the company. According Aydin and Zer (2005), corporate image and customer loyalty are interrelated that is why corporate image is one of the major determining factors of loyalty and thus, it can impact on consumer buying behavior. Then, the loyal consumers' behavior impact on corporate image through delivering good word of mouth in respect to their loyal business and its word of mouth marketing also turn impact on corporate image. The consumers' view about a business in their mind may have a huge impact on their perceptions and/or opinion on the overall excellence or superiority of the business.

Corporate image also represents public assessments of the performance of an organization in areas such as quality of management, job orientation, and communication practices (Wan and Schell, 2007). Gronroos (1984) pointed out that corporate image is primarily focused on technological quality relating to the mechanism by which the service is provided, and functional quality relating to service delivering process. The organizations need to focus on those areas of continuity and firmly founded, social commitment to community, consumers' concern, credibility of what the organization claims and done, creative and forward that are main elements of construction in corporate image (Anderson and Fornell, 1994).

According to Nguyen and Leblanc (2001), corporate image is related to the organization's physical and behavioral characteristics, including brand name, variety of goods or services and its quality, and the sense of quality conveyed by each person

who interacts with the customers of the organization. They also concluded that corporate image or reputation is the significant factor in determining customer loyalty regarding with three sectors: telecommunication, education and retailing.

2.3.5 Switching Cost

Switching cost is the kinds of cost incurred in shifting from one service provider to another (Porter, 1998). Switching costs are designated for customer lock-in, where customer buys repeatedly the same brand even there is rival brands at lower rates (Aydin and Ozer,2005; Shy,2002).

It has also been found that as customers' perceptions of switching costs increase, the longer they remain with a particular service supplier (Aydin and Özer, 2005). Porter (1980) pointed out that switching cost is the cost comprises of fee for changing from one to another service providers. He also argued that there are three types of switching cost: (1) procedural switching costs, primarily involving the loss of time and effort; (2) financial switching costs, involving the loss of financially quantifiable resources; and (3) relational switching costs, involving psychological or emotional discomfort due to the loss of identity and the breaking of bonds. Though his research, he proved that all the three types of switching cost have influence on consumers' intentions to stay with their current service provider, explaining more variance than satisfaction.

According to Klempere (1995), it can be classified switching cost as three categories: learning costs, transaction costs and contractual costs and he also explained that the learning costs and transaction costs has to do with social cost of switching brand, while the contractual cost done as a form of the firm's strategy, creating an intentional barriers to punish subscribers who wishes to switch. In addition, even when customer feels unsatisfied about the provider, perceived switching costs constructed by provider can be utilized with strategy for customers' retention (Lee et al., 2004).

According to Andreassen and Lindestad (1997), having higher switching barriers and or the absence of real other alternatives would be keeping the customers to stay loyal. It was realized that switching costs contain psychological, financial and procedural sub-dimensions (Aydin & Ozer, 2005). Kim et al. (2004) found that

although customers were not satisfied or pleased on the service provider, they would be more likely to remain with the current provider, especially when the customer perceptions on overall switching barriers are high.

2.4 Previous Studies of Customer Loyalty in Mobile Telecommunication Industry

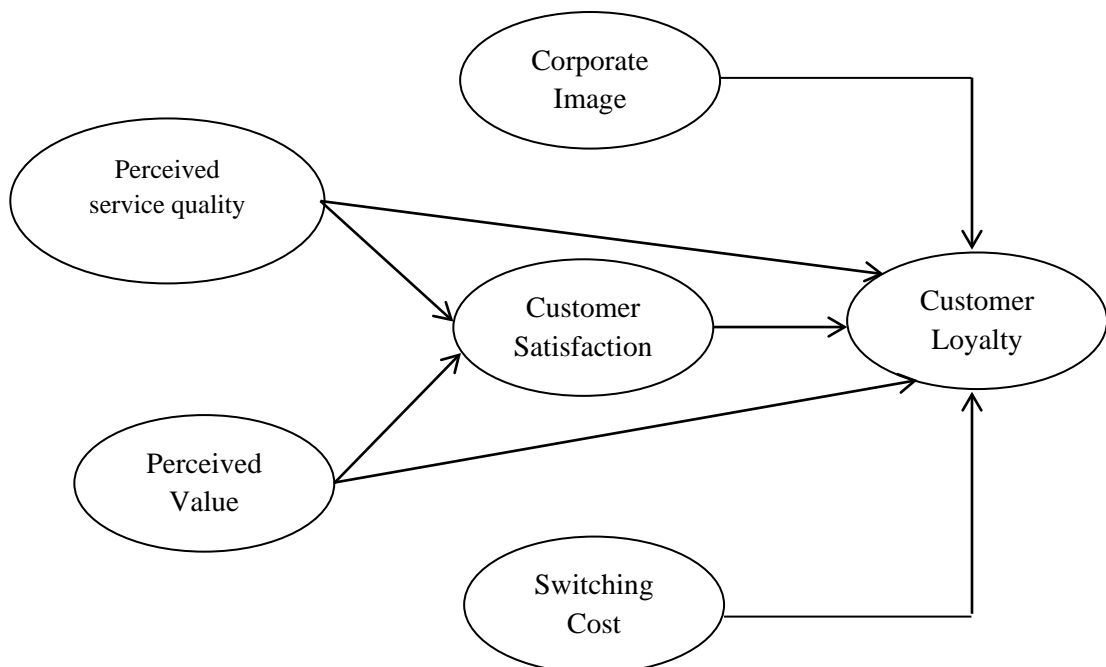
There are various studies related to customer loyalty in mobile telecommunication industry. Ramadania, Melyanti Theresia, Isfenty Sadalia (2018) analyzed the determinants of customer loyalty for telecommunication provider in Indonesia. This study researched that the three variables such as service quality, customer satisfaction, and switching cost as the determinant factors of customer loyalty in Indonesia telecommunication industry. This study has shown that customer satisfaction key factor in creating customer loyalty. This research also proved that the switching cost has a significant factor in determining the customer loyalty. The study found that the service quality affected on satisfaction and also service quality affected on customer loyalty through the intermediary of satisfaction.

Hafez & Akther (2017) studied about determinants of customer loyalty in mobile telecommunication industry in Bangladesh. The study found that four factors such as service quality, customer satisfaction, trust, corporate image were strongly impact on customer loyalty in telecom industry in the context of Bangladesh. Moreover, service quality was the most determinant factor of customer loyalty and the switching cost was insignificant in determining the customer loyalty in this study.

Feng-Cheng Tung (2013) explored customer satisfaction, perceived value and customer loyalty in the mobile services industry of China. The result of the study was that there was a strong effect of customer satisfaction on customer loyalty. The research found that if China's mobile services industry wants to effectively increase customer loyalty, it should work out a way to improve customer satisfaction. Customer satisfaction negatively directly influences customer complaints and also customer complaints have significantly negative direct impact on customer loyalty. Thus, as the level of customer complaints increases, the level of customer loyalty decreases.

Emmanuel Ato Silva Quaye (2012) researches an investigation of key determinants of customer loyalty which is evidence from Ghana's mobile telecommunication industry. In this study, the determining factors of customer loyalty are used as perceived service quality, perceived value, customer satisfaction, corporate image and switching cost. There is also customer satisfaction used as mediator for the relationship between perceived service quality, perceived value and customer loyalty. The conceptual framework of this study is shown in Figure (2.1).

Figure (2.1) An Investigation of key Determinants of Customer Loyalty (Evidence from Ghana's Mobile Telecommunication Industry)



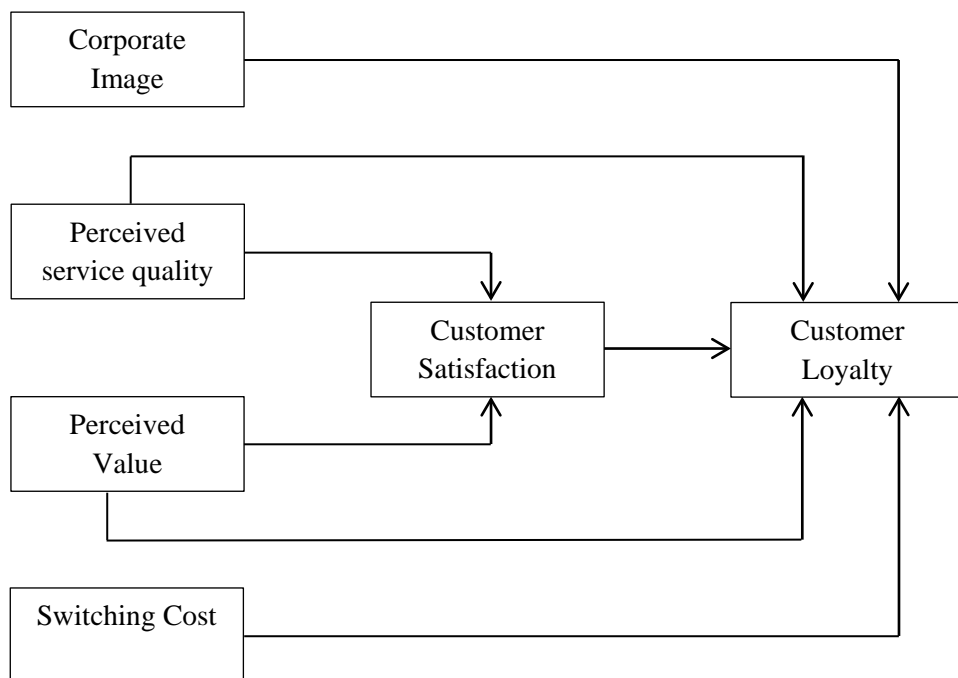
Source: Emmanuel Ato Silva Quaye (2012), Master of Science in Economics and Business Administration

From the findings of this study, customer satisfaction and corporate image have a direct and positive effect on customer loyalty. Perceived service quality and perceived value have a direct and positive effect on loyalty and also have indirect effect on loyalty through a mediation of customer satisfaction. Surprisingly, switching cost was negligible among the other factors determining customer loyalty in Ghana's mobile telecommunication industry.

2.5 Conceptual Framework of the Study

The conceptual framework of this study is adapted from the previous conceptual framework of Emmanuel Ato Silva Quaye (2012) who studied an investigation of key determinants of customer loyalty which is evidence from Ghana's mobile telecommunication industry and is shown in Figure (2.2).

Figure (2.2) Conceptual Framework of the Study



Source: Adapted from Emmanuel Ato Silva Quaye (2012), Master of Science in Economics and Business Administration

According to the conceptual framework of the study, the independent variables are used as perceived service quality, perceived value, customer satisfaction, corporate image and switching cost and customer loyalty is used as dependent variable. In addition, customer satisfaction is used as mediators for the relationship between perceived service quality, perceived value and customer loyalty.

CHAPTER (3)

DETERMINANT FACTORS OF CUSTOMER LOYALTY IN MYANMAR MOBILE TELECOMMUNICATION INDUSTRY

This chapter composed of seven sections. First section presents background of Myanmar mobile telecommunication industry and the mobile telecommunication operators in Myanmar in which MPT, Telenor, Ooredoo and Mytel; are also described in second section. In third, research design is explained. The demographics characteristics of respondents are described in fourth section and Cronbach's Alpha for reliability test is stated in fifth section. The customer loyalty in Myanmar mobile telecommunication industry in sixth and the final section is determinant factors of customer loyalty in Myanmar mobile telecommunication industry.

3.1 Background of Myanmar Mobile Telecommunication Industry

The country of Myanmar is improving the telecommunication infrastructure and services. Myanmar' telecom industry is supervised by the Ministry of Transport and Communications (MOTC) and this industry has encountered the incredible changes in 2013. Myanmar Posts and Telecommunication (MPT) operated as a monopoly in Myanmar telecommunication industry until around the year 2012 and the price of SIM card for MPT was expensive about US\$ 1,500 in 2010. Pyidaungsu Hluttaw enacted the Myanmar Telecommunications Law (Law No. 31, 2013) which was introduced on 8 October 2013, and including an advanced regulatory structure for Myanmar's telecommunication sector.

This new law permitted the international telecom operators to operate as telecommunication carriers in Myanmar. Ooredoo and Telenor are authorized to carry out as telecommunication operators in June 2014. MPT signed with KDDI Summit Global Myanmar (KSGM) owned by KDDI Corporation and Sumitomo Corporation for a joint operations agreement in July 2014. Mytel which is a partnership between Vitenam-based Viettel Group, Myanmar Army backed Star High Public Co Ltd, and Myanmar National Telecom Holing Public Ltd achieved license to operate the telecommunication services in January 2017 and has become the country's fourth and latest telecom service operators.

As market competitions, the prices of MPT and the others operators' SIM card become nearly about \$1. In addition, there are about 68.24 million numbers of mobile subscriptions in Myanmar in 2019 according to GSMA intelligence. This is showing that the mobile subscription rate is 126 percentages on total population and this is because of usage of multiple connections. The telecom operators compete not only to achieve the customer but also to improve the quality and infrastructure of telecommunication network.

3.2 Mobile Telecommunication Operators in Myanmar

There are now five mobile telecommunication operators in Myanmar in which they are MPT, Telenor, Ooredoo, Mytel and MEC. However, the customers using Myanmar Economic Corporation Telecommunication (MECTel) are insignificant and the use of MEC SIM-card in Yangon is rarely. And thus, the study focus on four telecom operators; one semi-government enterprise- MPT, and three foreign operators; Telenor, Ooredoo, and Mytel.

3.2.1 Myanmar Posts and Telecommunications (MPT)

Myanmar Posts and Telecommunications (MPT) is the first telecom operator of telecommunication sector in Myanmar and have been supporting the improvement of the telecommunications industry in Myanmar for over 130 years. Nowadays, MPT has more than 25 million subscribers and providing the telecommunication services through nationwide 3G and 4G network. MPT constructed the network coverage infrastructure which is 96% coverage of the country and to provide the services through the country. MPT aims to make telecommunications services more available cross country through its broad system of retail outlets and points of sale.

The vision of MPT is “Moving Myanmar Forward by leading ICT development and providing best-in-class affordable telecom services, aiming at enriching people’s life”. There are three mission statement; the first is Myanmar Developer: “Keeping people connected, Uniting Myanmar Connecting, Myanmar to the world”, the second is Technology Leadership: “The 1st operator, with the widest network, The 1st operator, with the best network, the only convergent one, The 1st operator, with the best technology” and the last is Lifestyle Environment: “Getting MPT has never been easier, Your service, your way, MPT improves your life”.

After the liberalization of the Myanmar telecommunication sector in 2013, MPT became 100% government owned company from the state owned operator. Under the Ministry of Communication and Information Technology (MICT), MPT works with the Posts and Telecommunications Department (PTD) serving as the regulator. MPT's monopoly has been replaced by a competitive market structure involving the international operator. Therefore, MICT fully realized that MPT needs assistance to become an autonomous commercial telecommunications operator to compete the international operators. And then, in July 2014, MPT and KSGM signed a joint operations agreement for a period of ten years and KDDI and Sumitomo have committed to invest over \$2 billion for developing of MPT operations and the telecommunications industry of Myanmar.

The general services of MPT are mobile phones, landline phones, international calls, internet and corporate network. The mobile phones services are mainly intended to be broader, faster, and more usable. According to broader intention, population coverage rate increased from 49% in 2014 to more than 90% in 2017 and LTE+ services also available in 280 townships in 2018 although 82 townships in 2017. For faster intention, MPT accelerated its service operations and then its services were accessible at 300Mbps and also rewarded as speedtest award of Myanmar's Fastest Mobile Network in 2016 and 2017 from Ookla. For more usability, MPT 4U mobile application was created and various promotion plans including voice plan and various data packages: social package, night time data package, and data carry, are offered to meet the users' needs.

MPT's fiber internet services commenced in Sule in August 2017 and the service area is expanded gradually. Dome Pyan home fiber internet services are now available in 20 townships in Myanmar. For business mobile services and business fixed line services, closed user group (CUG), B2B data plan, data only SIM, mobile remote access, B2B mobile package, and mobile enablement package (MEP) are provided.

The additional service of MPT is MPT money, which is digital cash transferring service, and easily makes pay and receive the cash through transactions in mobile phone. MPT Club is another added service or a reward privilege program for all MPT customers and created as loyalty program. The customers can get special

offer from MPT and MPT Club partners such as JOOX, rgo49, MyanCare telemedicine, etc. MPT always strives to achieve the advantages of offering several forms of services to its subscribers. In addition, MPT is committed to consistently supporting the growth and development of Myanmar telecommunication industry.

3.2.2 Telenor Myanmar (Telenor)

Telenor Group, a Norwegian multinational telecommunications, is one of the world's largest mobile operators around the Nordics and Asia. Telenor Group has currently 186 million subscribers and 9 markets worldwide. There are four Nordics market in such countries as Norway, Sweden, Denmark, and Finland; and five Asia market in such countries as Thailand, Bangladesh, Pakistan, Malaysia and Myanmar. As Telenor is one of the world's largest telecom companies, Telenor' operations builds based on its experiences and competence in Asia and globally and thus Telenor brings the world class telecom services to Myanmar.

Telenor's vision, mission and values point out "Telenor is headed and the role we will play both in transforming people's lives and empowering societies to grow and progress". The vision of Telenor is to empower societies while the mission is to help for the benefit of their customers. Telenor has four values like being respectful, keeping promises, making it easy, and being inspiring to guide the operation of the organization.

Telenor group submitted in a tender for newly available Myanmar mobile licenses in February 2013. It was revealed that Telenor has been selected as one of mobile telecom operators in Myanmar for 15 years to the development of telecommunication sector in June 2013. In 5 February 2014, Telenor was admitted a nationwide telecommunication license to officially start mobile network operations from the Government of Myanmar. The network trial was tested in April 2014 and the mobile services available in the cities of Mandalay and Naypyidaw in September 2014 and October 2014, respectively. In October 2014, Telenor achieved finally full coverage of Myanmar. Telenor offers mobile voice and internet services through 2G, 3G and LTE network to people throughout the country. Telenor starts the running of 4G network services in July 2016. Currently, the 4G LTE network covers 307 townships throughout the country and also connects to more than 92 percent of the population.

The headquarters of Telenor Myanmar is located in Yangon and the workforce is about 800 employees. The mobile data network of Telenor Myanmar consists of more than 7,700 locations and extends the point of sale to over 100,000 retailers. So, Telenor Myanmar has more than 22 million subscribers based on fourth quarter of 2019. 64% of subscribers are active data users and an average data usage is about 4.3 GB per month. Telenor SIM card can buy both in Telenor Myanmar website with 1500 Kyats from online and in many other retail stores throughout the country. Telenor Myanmar offers that the basic charges for internet is 10 Kyats per MB, the charge for local call is 28 Kyats per minute, and the charge for local SMS is 15 Kyats per SMS.

Telenor Myanmar achieved “Myanmar’s Fastest Mobile Network” award for the Q3-Q4 period in 2017 from Ookla, the global leader in internet testing. Telenor Myanmar offers the variety of services including prepaid services, post-paid service, home internet, international services, payment, and VoLTE. Telenor’s prepaid services include buy SIM card online, price plan, promotion and package, Value-added service (VAS) service, recharge service, Kyo Thone service, balance transfer and super number service. Telenor star prepaid consumers can convert to star post-paid plan in which billing can fill monthly. Home internet service comprises power fiber internet service and wireless services. International services consist of tourist SIM, international call and SMS, and roaming. VoLTE is Voice over Long-Term Evolution which provides voice calls over 4G LTE networks, not about 2G or 3G network that is usually used. Payment services can be conveniently made from MyTelenor app or other online payment systems through transactions in mobile phone.

Telenor Myanmar also provides the services to business organization. Telenor offers the variety of services such as mobile services: prepaid, post-paid, bulk data/private APN; fixed line services: dedicated internet access (DIA), IP VPN-Layer 3, domestic private leased circuit (DPIC), international leased line, global IP transit; business solutions: bulk messaging, SIP trunk solution, cloud PBx solution, location based tracking, web shield service; IOT/ICT service: fleet management and machine to machine (M2M) services.

Telenor Myanmar was introduced 'STAR' program in June 2018 and it is created as loyalty program. There are three ranks – silver, gold, platinum depending on both the period of usage with Telenor and the average spending of the last three months. The program offers to its members for a range of advantages including up to 30% reductions from over 60 different brands such as online shopping, tour, cosmetics, airways, education and restaurants.

Telenor Myanmar actively carries out corporate social responsibility (CSR) activities. Telenor's Light Houses' activity aims to growth and develop for digital literacy in Myanmar and 'Myanmar Mobile Education Project' also intends to underprivileged children to learn non-formal education. The other emergency response initiatives or humanitarian supports are done such as donation to flooding area; and also donate to various social organizations like orphanages from the funding of the Special Numbers Auctions. In addition, mHealth application also provide for easily access health information. Further, Telenor implements 'Tech Classroom' which aims to learn underprivileged children in all parts of the country by digital education project.

Not only Telenor Myanmar intends to improve telecommunication technology in Myanmar but also it help to improve Myanmar' businesses and society through its services and CSR activities.

3.2.3 Ooredoo Myanmar (Ooredoo)

Ooredoo, an international telecommunications company in Qatar, provides wireless, mobile and fixed telecommunication services not only in domestic but also broad international telecommunication markets. Ooredoo operates in diverse markets including North Africa, the Middle East and Southeast Asia and the countries operated in are Algeria, Indonesia, Iraq, Kuwait, Maldives, Myanmar, Oman, Palestine, Qatar, and Tunisia. Ooredoo has over 117 million worldwide subscribers as of 2019 and its subscribers providing a variety of services such as mobile, broadband, digital, and fiber services.

Ooredoo efforts in enriching their subscribers to the best communication option enhance the experience of customers and meet their expectations and needs in full. They are willing to empower customers across their global footprint to access

and enjoy the best of the Internet in a way that is personal and unique to them. Therefore, the vision of Ooredoo is “Enriching people’s digital lives” and its values on 3 “C”; connecting, caring, and challenging. Connecting aims for reliable and trustworthy network, caring refers to make easy, simple, transparent, and quick services, and challenging intent to get the benefit for customers from change and innovation.

In June 2013, Ooredoo was granted as qualified applicants to operate in Myanmar. In January 2014, the government of Myanmar permitted the formal license to Ooredoo and it committed to invest \$ 15 billion to develop the telecommunication sector of Myanmar. In August 2014, Ooredoo launched the network services officially. At that time, network coverage was reached to the urban areas of Yangon, Mandalay and Nay Pyi Taw and covered approximately 15% of the population. The network had gradually expanded 40% of the population by the end of 2014 and then available 84% coverage as of 2017 for both data and voice.

Ooredoo focused on delivering 3G and 2G national coverage and has also set up Myanmar's biggest and fastest 4G network. It continues to extend its 4G coverage in townships, which ultimately stands at 300 townships as of November 2018 and Ooredoo was awarded in Q2-Q3 2018 for the fastest mobile network in Myanmar based on Ookla Speedtest Intelligence results. As of March 2020, Ooredoo Myanmar is supporting 15.6 million subscribers with the telecommunication services.

However, the development of a mobile network in Myanmar has faced a range of challenges, including underdeveloped transport infrastructure that makes it difficult to transport equipment, a lack of rural electrification, the location of tower sites and monsoon rains. It is predicted that these difficulties will be much greater as Ooredoo spreads to more rural parts of the country.

Ooredoo Myanmar provides a large variety of services such as mobile telecommunication services, mobile money, FTTH (Fiber to Home) fixed internet services and Supernet Wireless, etc. In addition to individual customers, Ooredoo Myanmar also provides a range of business to business services to offer businesses; government and SME customers for developing their business to its full potential. These programs offer a human development and empowerment forum and are built to

help individuals reach their full potential and to make companies work more efficiently. It's offering services builds for a platform for people growth and development and aims to help to individual for achieving full potential and business for more working efficiently.

Ooredoo Myanmar is dedicated to enhancing the lives of people in Myanmar through its service facilities and CSR initiatives. The one minute one kyat project, "The more you speak, the more Ooredoo will donate" program donate MMK 1.2 billion for social development and education of underprivileged children in Myanmar. Digital literacy campaign, namely "Internet 101" campaign provides for informing and educating to first time or new internet users about how to use internet safely and responsibly. During the outbreak of COVID-19, Ooredoo Myanmar provided more than 13,000 SIM cards in quarantine centers in Yangon Region, Naypyitaw, Kayin and Mon States.

3.2.4 Mytel

Mytel is the country's fourth and latest telecom service operators and is a joint-venture between the militaries of Vietnamese and Myanmar. Mytel is 49% owned by Viettel, a Vietnamese enterprise wholly owned and operated by the defense ministry and MyTel's other shares, 28% are owned by Star High, a subsidiary of Myanmar Economic Corporation (MEC), a conglomerate belonging to Myanmar's military. The rest of 23% are held by Myanmar National Telecom Holding, a group of 11 domestic firms.

When the telecommunication market in Vietnam has become as a saturated market, the business strategy of Viettel has decided to invest in foreign market. Nowadays, Viettel has operated in ten overseas markets such as Myanmar, Cambodia, Laos, Timor Leste, Cameroon, Mozambique, Burundi, Tanzania, Haiti, and Peru. While they want to prioritize in rural and remote areas where the competitors have not penetrated and Viettel has achieved advanced success in its other overseas markets, Viettel focuses on developing regions as Mytel's core market in Myanmar.

The joint-venture agreement for Mytel is signed up with the Viettel in September 2016. Mytel was granted a license to provide telecommunications services on 12 January 2017 and formally became Myanmar's fourth telecom operator. In mid-

February 2018, after one year of developing the telecommunications network infrastructure, Mytel piloted technological calls; including 4G Long Term Evolution (LTE) based video calls, achieving reliable quality and high speed. In March 2018, Mytel launched trial sales in some cities of Myanmar, contributing to the booming stage and Mytel finally launched the operation to the public on 9 June 2018. In the first ten days of operations, Mytel reported more than 1 million subscribers and even registered 2 million subscribers within one month. Those reaching the subscribers fast are amazing result for Mytel. Further, Mytel has currently passed the milestones of 10 million subscribers after two years operating in Myanmar.

Mytel has total investment capital of \$2 billion for its 15-year license period and has already invested \$1 billion in its infrastructure developments and operations. Mytel took one year to set up nationwide network in Myanmar and it has extensive telecom infrastructure even before beginning the operations. Mytel has laid 36,000 km of fiber-optic cable which cover 80 percent of national coverage. Mytel have already been provided 4G services in 300 townships throughout the country. Mytel has become the first operator in Myanmar with introducing the services of VoLTE, eSIM, and 5G services in Myanmar. 75% of Mytel customers are now using 4G network.

Mytel' headquarter is in Yangon and currently employs about 2,000 employees in branches throughout the country. Mytel also provide nation-wide distribution system with 50 stores and 50,000 agents that aim for customer easily receive the service. Its distribution system and investment in BTS cover most of Myanmar's territory, and especially in ensure to provide the rural and remote areas of the country.

Mytel offers the variety of services with affordable price. The personal services include mobile services, VAS services, and internet services. The mobile services offers data packs, double shiled, voice packs, smart packs, Xchage packs, international services, prepaid plans and postpaid plans. VAS services provide entertainment, infotainment, call management, and utility services. Mytel also offers the services to enterprises including mobile service, connectivity, an ICT and IDC solution.

Mytel plan to invest \$80 million as corporate social responsibility project for 15 years in Myanmar. As a part of its project, Mytel agreed an argument as internet school project with the Ministry of Education of Myanmar to provide internet service to more 1,350 schools, supply computers and develop education management software throughout the country. The project provides the school with free fiber broadband service and the internet speed limit starting from 2Mbps which is relying on the school for unlimited data. The project aims the country's education empowerment through its advanced technology and nationwide internet access.

3.3 Research Design

This study applied quantitative research method and uses the survey method to collect the data. In this research, a web-based questionnaires survey was employed because there is a problem to collect the data necessary in the field survey due to Covid-19 pandemic. Online survey is conducted through the questionnaires using systematically developed 5-point Likert scale. The sample random sampling method is applied and the sample size is 400 respondents. These respondents are subscribers of MPT, Telenor, Ooredoo, and Mytel. The questionnaires are divided into three sections, section A includes the demographic information of respondents while section B consists of demographic characteristics of respondents relating to use of mobile telecommunication service and section C contains about five determinants factors such as perceived service quality, perceived value, customer satisfaction, corporate image and switching cost; and customer loyalty. This study applied SPSS (Statistical Package for Social Science) to conduct the data analyses of mean value, correlation coefficient and regression.

3.4 Demographic Characteristics of the Respondents

Demographic characteristic of respondents are analyzed by gender, age, education, occupation and income (monthly) and are showed in Table (3.1).

Table (3.1) Demographics characteristics of Respondents

| Demographic Factors | Description | No of Respondents | Percentage (%) |
|---------------------|------------------------------|-------------------|----------------|
| Gender | Male | 134 | 33.50 |
| | Female | 266 | 66.50 |
| Age | Under 20 years | 27 | 6.80 |
| | 20-30 years | 268 | 67.00 |
| | 31-40 years | 63 | 15.80 |
| | 41-50 years | 29 | 7.20 |
| | 51-60 years | 10 | 2.50 |
| | Above 60 years | 3 | 0.80 |
| Education | Primary and Elementary Level | 6 | 1.50 |
| | Under Graduate Level | 77 | 19.30 |
| | Graduate Level | 251 | 62.70 |
| | Post-Graduate Level | 66 | 16.50 |
| Occupation | Student | 87 | 21.80 |
| | Government Staff | 86 | 21.50 |
| | Company staff | 191 | 47.80 |
| | Self-employed | 20 | 5.00 |
| | Un-employed | 3 | 0.80 |
| | Others | 13 | 3.30 |
| Monthly Income | 100,000 Kyats or less | 54 | 13.50 |
| | Kyats 100,001 - 200,000 | 52 | 13.00 |
| | Kyats 200,001 - 300,000 | 144 | 36.00 |
| | Kyats 300,001 - 400,000 | 81 | 20.30 |
| | Kyats 400,001 - 500,000 | 28 | 7.00 |
| | Above 500,001 Kyats | 41 | 10.30 |
| Total | | 400 | 100.00 |

Source: Survey Data (2020)

From Table (3.1), 134 respondents were male, accounting for 33.5% and 266 respondents were female, accounting for 66.5% of the total 400 respondents. Majority of the respondents are 20-30 years which is 67% of total respondents. 15.8% of respondents are 31-40 years while 7.2% of respondents are 41-50 years. The respondents of under 20 years, 51-60 years and above 60 years are 6.8%, 2.5%, and 0.8% respectively.

Education of respondents has four sections: primary and elementary level, under graduate level, graduate level and post-graduate level. It is observed that 62.7% of total respondents are graduate and 19.3% are under graduate. The respondents of 16.5 % are post-graduate and the rest of 1.5% is primary and elementary level. The occupation of the respondents is also divided into six groups. The majority of the respondents are company staff. The respondents of company staff, students, government staff, self-employed, others and un-employed are 47.8%, 21.8%, 21.5%, 5%, 3.3 %, 0.8% are respectively.

The monthly income level of respondents is classification into six groups. The majority of respondents' income is 200,001 – 300,000 kyats (36%). 20.3% are in the category 300,001 – 400,000 kyats, the category of 100,000 kyats or less with 13.5% and 13% are in the category of 100,001 – 200,000 kyats and 10.3% are in the category of above 500,000 kyats and the rest of 7% are in the category of 400,001 – 500,000 kyats.

The demographic characteristics of respondents relating to use of mobile telecommunication service are showed in Table (3.2). This table includes the category of the first priority or primary carrier of respondents, second priority carrier and years of primary carrier used.

Table (3.2) Demographic Characteristics of Respondents Relating to Use of Mobile Telecommunication Service in Yangon

| Description | | No of Respondents | Percentage (%) |
|-----------------------------------|-------------------|-------------------|----------------|
| First Priority or primary carrier | MPT | 132 | 33.00 |
| | Telenor | 104 | 26.00 |
| | Ooredoo | 90 | 22.50 |
| | Mytel | 74 | 18.50 |
| Second priority carrier | MPT | 77 | 19.30 |
| | Telenor | 89 | 22.30 |
| | Ooredoo | 54 | 13.50 |
| | Mytel | 86 | 21.50 |
| Years of primary carrier used | None | 94 | 23.50 |
| | Less than 1 years | 21 | 5.30 |
| | 1 to 2 years | 59 | 14.80 |
| | 2 to 4 years | 103 | 25.80 |
| | 4 to 6 years | 98 | 24.50 |
| | 6 to 10 years | 89 | 22.30 |
| Above 10 years | 30 | 7.50 | |
| Total | | 400 | 100.00 |

Source: Survey Data (2020)

According to table (3.2), the majority of the first priority or primary carrier is MPT which is 33% of the total respondents and the second largest is Telenor which is 26%. The third is Ooredoo which is 22.5% of the total respondents and followed by the Mytel with 18.5%. For the second priority carrier, the only-one carrier user is the majority which is 23.5% of the total respondents and followed by Telenor with 22.3%. Mytel is 21.5% of the total respondents and the rest of 13.5% are Ooredoo.

The years of primary carrier used is also classified into six groups. Most of the respondents (25.8%) used the carrier for 2-4 years, 24.5% of respondents used 4-6 years, 22.3 % of respondents used 6-10 years, 14.8% of respondents used 1-2 years, 7.5% of respondents used above 10 years and the only 5.3% of the total respondents used less than 1 years.

3.5 Reliability Analysis

A reliability test is applied for testing whether the different statements about a certain variable are investigating that specific variable. This can be done by the statistical tool Cronbach's alpha that is used to measure the internal reliability (Bryman & Bell, 2010). Cronbach's Alpha is range in value from 0, meaning no consistency, to 1, meaning complete consistency. The scales with a coefficient alpha between 0.80 and 0.90 are considered to have excellent reliability. The scales with a coefficient alpha between 0.7 to below 0.80 is considered as good reliability while an alpha value between 0.60 to below 0.70 indicates accepted reliability (Manerikar & Manerikar, 2012). The analysis of reliability test is showed in Table (3.3):

Table (3.3) Analyzing of Reliability with Statistics

| Category | Number of Items | Cronbach's Alpha |
|---------------------------|-----------------|------------------|
| Perceived Service Quality | 10 | 0.753 |
| Perceived Value | 5 | 0.719 |
| Customer Satisfaction | 5 | 0.771 |
| Corporate Image | 5 | 0.744 |
| Switching Cost | 5 | 0.765 |
| Customer Loyalty | 6 | 0.702 |

Source: Survey Data (2020)

According to table (3.3), perceived service quality, perceived value, customer satisfaction, corporate image, switching cost, and customer loyalty have alpha value above the 0.7 which present good reliability. Therefore, all of the variables are consistent and reliable for the study.

3.6 Customer Loyalty in Myanmar Mobile Telecommunication Industry

This section is to analyze the customer loyalty in Myanmar mobile telecommunication industry. Customer loyalty is measured with five-point Likert scale. Customer loyalty is analyzed with six statements and the customer perception of customer loyalty is presented with the mean and standard deviation of each statement in Table (3.4)

Table (3.4) Customer Perception on Customer Loyalty

| No. | Statements | Mean | Std. Deviation |
|---------------------------|---|-------------|----------------|
| 1 | First choice for mobile telecommunication services | 3.89 | 0.839 |
| 2 | Patronizing for more in the next few years | 4.09 | 0.755 |
| 3 | Positive word of mouth | 3.47 | 0.898 |
| 4 | Recommendation | 3.50 | 0.926 |
| 5 | Continue to use the current service provider if there has the better alternatives | 3.45 | 1.103 |
| 6 | Encourage to use for friends and relatives | 3.42 | 0.925 |
| Overall Mean Value | | 3.64 | |

Source: Survey Data (2020)

According to Table (3.4), the highest mean value is the statement of patronizing for more in the next few years with 4.09. The second highest mean value is first choice for mobile telecommunication services with 3.89 and the third is recommendation about their service providers is 3.5. In forth, the willingness to continue to use the current service provider although there has the better alternatives is 3.45. The lowest mean value is the statement of encourage to use for friends and relatives with 3.42. The customer perception on customer loyalty has the overall mean value of 3.64.

This points out that the customer highly intendeds to use continuously their current service provider for near future although it is low in the encouragement to use the particular service provider. Even when they are low in encouragement, they are good in recommendation to someone who asks for advice about their service provider. Moreover, they assume their service provider as a first choice and have a little willingness to switch to other better alternatives. Therefore, the majority of subscribers have the loyalty on their service provider to their actions or behavior and attitude, according to the overall assessment.

3.7 Determinant Factors of Customer Loyalty in Myanmar Mobile Telecommunication Industry

The perception of respondents on perceived service quality, perceived value, consumer satisfaction, corporate image, and switching costs was analyzed with respect to the determinant factors of customer loyalty in the mobile

telecommunication industry. The five-point Likert scale is used to assess all these factors. Each factor has been represented in its respective table in terms of the mean value and the standard deviation of each statement.

3.7.1 Perceived Service Quality

Among the variables of determinants factors, perceived service quality is measured with ten statements and in which the numbers (1 to 5) relating with the networks quality and the numbers (6 to 10) relating with the customer service quality. Perceived service quality is analyzed with these ten statements and the customer perception on customer loyalty is presented with the mean and standard deviation of each statement in Table (3.5).

Table (3.5) Customer Perception on Perceived Service Quality

| No. | Statements | Mean | Std. Deviation |
|---------------------------|---|-------------|----------------|
| 1 | Good in overall network quality | 3.77 | .678 |
| 2 | Good in coverage of the network | 3.72 | .720 |
| 3 | Fast access of connection to the networks | 3.75 | .772 |
| 4 | Good quality in voice calls | 3.98 | .718 |
| 5 | Good in internet services quality | 3.76 | .848 |
| 6 | Good quality of service for customer care | 3.31 | .873 |
| 7 | Good in access for contact centers | 3.25 | .943 |
| 8 | Good in promptness for handling of complaints | 2.92 | .879 |
| 9 | Good ability of personnel in call center | 3.07 | .801 |
| 10 | Variety of service plans that meets my needs | 3.50 | .989 |
| Overall Mean Value | | 3.50 | |

Source: Survey Data (2020)

According to Table (3.5), the mobile telecommunication users chose their primary carrier upon good in voice quality of calls which is highest mean score (3.98). On the other hand, they feel their primary carrier's promptness in complaint handling is not satisfied (2.92). The quality of network items (1 to 5) have mean values of above 3.7 while the customer service items (6 to 10) have mean values of between

2.92 and 3.5. This points out that the users are satisfied in the quality of network but they think the customer service is still needed to satisfy. In term of overall mean value 3.5, the mobile telecommunication users feel good in perceived service quality from their service provider.

3.7.2 Perceived Value

Among the variables of determinants factors, perceived value is measured with five statements and the customer perception on perceived value is presented with the mean and standard deviation of each statement in Table (3.6).

Table (3.6) Customer Perception on Perceived Value

| No. | Statements | Mean | Std. Deviation |
|---------------------------|--|-------------|----------------|
| 1 | Good value-for-money | 3.24 | .950 |
| 2 | Overall better pricing plan | 3.37 | .996 |
| 3 | Charging a reasonable price for services | 3.44 | .877 |
| 4 | High ability to satisfy my wants and needs | 3.14 | .924 |
| 5 | Receiving high value of services | 3.21 | .891 |
| Overall Mean Value | | 3.28 | |

Source: Survey Data (2020)

According to Table (3.6), the highest mean value is the statement of charging a reasonable price for its services with 3.44. The lowest mean value is the statement of high ability to satisfy my wants and needs with 3.14. This points out that the mobile telecommunication users prefer on their service provider's pricing although they feel a little satisfy their needs and wants. In term of overall mean value 3.28, the users are satisfied in perceived value from their service provider.

3.7.3 Customer Satisfaction

Among the variables of determinants factors, customer satisfaction is measured with five statements and the customer perception on customer satisfaction is presented with the mean and standard deviation of each statement in Table (3.7).

Table (3.7) Customer Perception on Customer Satisfaction

| No. | Statements | Mean | Std. Deviation |
|---------------------------|---|-------------|----------------|
| 1 | Satisfied with the offering quality of services | 3.59 | .827 |
| 2 | Happy overall service experience | 3.60 | .795 |
| 3 | Satisfied with the professionalism | 3.38 | .785 |
| 4 | Satisfied upon the performance and response of the customer service | 3.41 | .817 |
| 5 | Pleased with decision of using the services | 2.70 | .926 |
| Overall Mean Value | | 3.33 | |

Source: Survey Data (2020)

According to Table (3.7), the highest mean value is the statement of happy overall service experience with 3.6. The lowest mean value is the statement of pleased with my decision to use the services with 2.7. This points out that the mobile telecommunication users feel satisfied in service experience but they don't fully satisfy on their decision and they hope to use new better service provider. In term of overall mean value are 3.33, the mobile telecommunication users are satisfied upon their service provider.

3.7.4 Corporate Image

Among the variables of determinants factors, corporate image is measured with five statements and the customer perception on corporate image is presented with the mean and standard deviation of each statement in Table (3.8).

Table (3.8) Customer Perception on Corporate Image

| No. | Statements | Mean | Std. Deviation |
|---------------------------|---------------------------------------|-------------|----------------|
| 1 | Innovative and pioneering | 3.69 | .867 |
| 2 | Taking CSR activities seriously | 3.47 | .914 |
| 3 | Reputation for quality | 3.48 | .816 |
| 4 | Positive-image in the consumers' mind | 3.61 | .830 |
| 5 | Good customer relation | 3.46 | .825 |
| Overall Mean Value | | 3.54 | |

Source: Survey Data (2020)

According to Table (3.8), the highest mean value is the statement of innovative and pioneering with 3.69. The lowest mean value is the statement of good

customer relation with 3.46. This point out that the users think their service provider is good corporate image in innovative and pioneering and the telecom companies have a little necessary to have good customer relation. In term of overall mean value are 3.54, the mobile telecommunication users chose their service provider upon good corporate image.

3.7.5 Switching Cost

Among the variables of determinants factors, switching cost is measured with five statements and the customer perception on switching cost is presented with the mean and standard deviation of each statement in Table (3.9).

The mean value and standard deviation of each statement on switching cost are described in Table (3.9)

Table (3.9) Customer Perception on Switching Cost

| No. | Statements | Mean | Std. Deviation |
|---------------------------|--|-------------|----------------|
| 1 | High in Monetary cost | 3.17 | 1.084 |
| 2 | High in Cost in time and effort for changing service provider | 3.18 | 1.022 |
| 3 | Inconvenient for switching | 3.21 | 1.018 |
| 4 | Making no much difference | 3.35 | 0.943 |
| 5 | Bothering for not reaching contact on previous number by changing phone number | 3.96 | 1.058 |
| Overall Mean Value | | 3.37 | |

Source: Survey Data (2020)

According to Table (3.9), the highest mean value is the statement of bothering for not reaching contact on previous number by changing phone number with 3.96. The lowest mean value is the statement of high in monetary cost with 3.17. This points out that the mobile telecommunication users think the price of new SIM-card as moderate because the cost of mobile SIM-card is less than 1,000 kyats. However, for them, it is the most worries about loss of contact with their friend if they change their phone number. In term of overall mean value are 3.37, the switching cost can be seen as a barrier to change a new mobile operator.

3.7.6 Summary of Customer Perception of Determinant Factors on Customer Loyalty in Myanmar Mobile Telecommunication Industry

The summary of customer perception of determinant factors on customer loyalty in Myanmar mobile telecommunication industry is showed in Table (3.10).

Table (3.10) Summary of Customer Perception of Determinant Factors on Customer Loyalty in Myanmar Mobile Telecommunication Industry

| No. | Description | Mean |
|-----|--------------------------|------|
| 1 | Perceived ServiceQuality | 3.50 |
| 2 | Perceived Value | 3.28 |
| 3 | Customer Satisfaction | 3.33 |
| 4 | Corporate Image | 3.54 |
| 5 | Switching Cost | 3.37 |

Source: Survey Data (2020)

According to Table (3.10), corporate image has highest mean value, 3.54. The next highest mean value is perceived service quality with 3.50. The third is switching cost which has overall average mean value is 3.37 and customer satisfaction has 3.33 in forth. The lowest determinant factor is perceived value which has overall average mean value 3.28.

According to the analysis of mean value, corporate image, perceived service quality, switching cost, customer satisfaction, perceived value are the determinant factors on customer loyalty in Myanmar mobile telecommunication industry. Further, corporate image has the highest overall mean value and so, the telecom companies had to maintain a good corporate image to retain the loyal customer.

CHAPTER (4)

THE EFFECT OF DETERMINANT FACTORS ON CUSTOMER LOYALTY IN MYANMAR MOBILE TELECOMMUNICATION INDUSTRY

This chapter includes two sections to present the analysis of the effect of determinant factors of customer loyalty in Myanmar mobile telecommunication industry. The first section describes the analysis of relationship between determinant factors and customer loyalty in mobile telecommunication industry. Analyses on the effect of determinant factors on customer loyalty in mobile telecommunication industry are shown in second section.

4.1 Analysis of Relationship between Determinant Factors and Customer Loyalty in Mobile Telecommunication Industry

Correlation analysis is applied to measure the association between two variables. The correlation coefficient (r) is measured on a scale that varies from +1 through 0 to -1. The value of r is either +1 or -1 called as complete correlation between two variables. The correlation is positive when one variable increases as the other variable increases; the correlation is negative when one decreases as the other variable decreases. Complete absence of correlation is represented by 0. The correlation matrix between determinant factors and the customer loyalty is shown in table (4.11).

Table (4.11) Analysis of Relationship between Determinant Factors and Customer Loyalty

| | Perceived Service Quality | Perceived Value | Customer Satisfaction | Corporate Image | Switching Cost | Customer Loyalty |
|---------------------------|---------------------------|-----------------|-----------------------|-----------------|----------------|------------------|
| Perceived Service Quality | 1 | | | | | |
| Perceived Value | .626** .000 | 1 | | | | |
| Customer Satisfaction | .650** .000 | .722** .000 | 1 | | | |
| Corporate Image | .647** .000 | .615** .000 | .708** .000 | 1 | | |
| Switching Cost | .349** .000 | .420** .000 | .412** .000 | .421** .000 | 1 | |
| Customer Loyalty | .554** .000 | .589** .000 | .621** .000 | .627** .000 | .539** .000 | 1 |

Source: Survey Data (2020)

Note:

**indicates 1% significance level (2-tailed)

Table (4.11) demonstrates the correlation coefficient for dependent variable, customer loyalty, and independent variables, such as perceived service quality, perceived value, customer satisfaction, corporate image and switching cost. The correlation coefficient between perceived service quality and customer loyalty is 0.554 at 1% significant level. The correlation coefficient between perceived value and customer loyalty is 0.589 at 1% significant level. The correlation coefficient between customer satisfaction and customer loyalty is 0.621 at 1% significant level. The correlation coefficient between corporate image and customer loyalty is 0.627 at 1% significant level. The correlation coefficient between switching cost and customer loyalty is 0.539 at 1% significant level.

According to a result, all the independent variables are significantly correlated with customer loyalty and thus, the perceived service quality, perceived value, customer satisfaction, corporate image and switching cost have positively significant relationships with customer loyalty. Among the other determinant factors, corporate image has the highly correlated relationship with customer loyalty.

4.2 Analyses on the Effect of Determinant Factors on Customer Loyalty in Mobile Telecommunication Industry

This section presents the multiple regression analyses on relationship between determinant factors such as perceived service quality, perceived value, customer satisfaction, corporate image, and switching cost; and customer loyalty. Multiple regression analyses have been used in order to analyze both direct and mediation effects on consumer loyalty. There are two separate regression analyses were applied. The first analysis describes the multiple regressions for testing the direct effects on customer loyalty in which the variables are customer satisfaction, corporate image, and switching cost. The second analysis explores the multiple regressions for the direct effect of perceived service quality and perceived value on customer loyalty; and the mediation effect of customer satisfaction on a relationship between perceived service quality and customer loyalty and a relationship between perceived value and customer loyalty.

4.2.1 Analysis on the Direct Effects of Customer Satisfaction, Corporate Image, and Switching Cost on Customer Loyalty

This section presents the multiple regression analysis of the direct effects of customer satisfaction, corporate image, and switching cost on customer loyalty.

Table (4.12) Analysis for testing Direct effects of Customer Satisfaction, Corporate Image, and Switching Cost on Customer Loyalty

| Independent Variable | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
|--|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| Constant | 0.575 | 0.149 | | 0.387 | .000 |
| Customer Satisfaction | 0.321** | 0.056 | 0.286 | 5.744 | .000 |
| Corporate Image | 0.295** | 0.049 | 0.3 | 6.004 | .000 |
| Switching Cost | 0.281** | 0.037 | 0.295 | 7.613 | .000 |
| n=400 $R^2 = 0.525$ Adjusted $R^2 = 0.443$ | | | | | |
| F= 146.104** (p-value=0.000) | | | | | |

Source: Survey Data (2020)

Note:

Dependent variable: Customer Loyalty

**indicates 1% significance level

In the table (4.12), the dependent variable of the model is customer loyalty and the independent variables (predictors) are customer satisfaction, corporate image, and switching cost. As expressed by R square, the predictors (customer satisfaction, corporate image, and switching cost) show 52.5% of variation in customer loyalty. The value of F test, overall significance of the model, is highly significant with 146.104 at 1 percent level.

The regression coefficient of customer satisfaction is 0.321 at 1% significant level and thus, this shows that there is direct relationship between customer satisfaction and customer loyalty. The regression coefficient of corporate image is 0.295 at 1% significant level and thus, this also shows that there is direct relationship between corporate image and customer loyalty. The regression coefficient of switching cost is 0.281 at 1% significant level and therefore, this shows that there is direct relationship between switching cost and customer loyalty.

Based on the results of multiple linear regression analysis, it can be concluded that customer satisfaction, corporate image, and switching cost have positive effect on customer loyalty in mobile telecommunication industry.

4.2.2 Analyses on the Direct and Mediation effects of Perceived Service Quality and Perceived Value on Customer Loyalty through Customer Satisfaction

This section presents the multiple regression analysis of the direct and mediation effects of perceived service quality and perceived value on customer loyalty through customer satisfaction. Mediation is observed when an antecedent variable or independent variable affects a mediating variable, which then affects an outcome variable or dependent variable. Baron and Kenny (1986) revealed that there must be three specific situations in order for a mediation relationship to arise. The first situation is that there is a significant effect of mediator regression on the independent variable, the second situation is that there is a significant effect of the dependent variable regression on the independent variable, and the last situation is that there is an effect of the independent variable must be less than in the situation 2 when regression the dependent variable on both the mediator and the independent variable. If all these three situations exist, the mediation model is supported. Moreover, Baron and Kenny explained that when the independent variable drops out, representing it becomes insignificant in situation 3, it said to be the maximum mediation effect or full mediation (Quaye, 2012).

Table (4.13) Analysis for testing Direct and Mediation effects of Perceived Service Quality and Perceived Value on Customer Loyalty through Customer Satisfaction

| | | | | | | |
|--|--------------------------|-----------------------------|------------|---------------------------|--------|------|
| Model (1) | Independent Variable | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
| | | B | Std. Error | Beta | | |
| | Constant | 0.826 | 0.124 | | 6.645 | .000 |
| | Perceived servicequality | 0.355** | 0.045 | 0.327 | 7.886 | .000 |
| | Perceived Value | 0.386** | 0.031 | 0.517 | 12.486 | .000 |
| n=400 $R^2 = 0.586$ Adjusted $R^2 = 0.583$ F= 280.414** (p-value=0.000) Dependent variable: Customer Satisfaction | | | | | | |
| Model (2) | Independent Variable | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
| | | B | Std. Error | Beta | | |
| | Constant | 1.245 | 0.167 | | 7.439 | .000 |
| | Perceived servicequality | 0.371** | 0.061 | 0.305 | 6.139 | .000 |
| | Perceived Value | 0.333** | 0.042 | 0.398 | 8.004 | .000 |
| n=400 $R^2 = 0.403$ Adjusted $R^2 = 0.400$ F= 134.104** (p-value=0.000) Dependent variable: Customer Loyalty | | | | | | |
| Model (3) | Independent Variable | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
| | | B | Std. Error | Beta | | |
| | Constant | 0.942 | 0.170 | | 5.546 | .000 |
| | Perceived servicequality | 0.192** | 0.047 | 0.229 | 4.055 | .000 |
| | Perceived Value | 0.242** | 0.063 | 0.199 | 3.856 | .000 |
| Customer Satisfaction | 0.366** | 0.065 | 0.326 | 5.619 | .000 | |
| n=400 $R^2 = 0.447$ Adjusted $R^2 = 0.443$ F= 106.811** (p-value=0.000) Dependent variable: Customer Loyalty | | | | | | |

Source: Survey Data (2020)

Note:

**indicates 1% significance level

According to Table (4.13), the testing results show there is all the situations required for mediation to hold. As it was previously outlined, the model (1) expresses customer satisfaction regressing on perceived service quality and perceived value, the model (2) explores customer loyalty regressing on perceived service quality and perceived value, and the model (3) also calculates customer loyalty regressing on the two independent variable as well as customer satisfaction. According to the value of F test, all of the models were highly significant at 1% level (F=280.414 for model 1, F=134.104 for model 2, F=106.811 for model 3). Each model significantly accounted for 58.6%, 40.3%, and 44.7% respectively of variation in their respective outcomes measured by R square.

The adjusted R square of model (2) was 40% in which measuring perceived service quality and perceived value directly effect on customer loyalty while in model (3) in which measuring perceived service quality, perceived value and customer satisfaction on customer loyalty; the adjusted R square was 44.3%. Thus, the results of the adjusted R square increase in model (3) than model (2). This can be concluded that including customer satisfaction as mediator (model 3) results more effect on customer loyalty. Therefore, this also shows that there is a mediation effect on customer loyalty in the study.

According to Table (4.13), the effects of perceived service quality on customer satisfaction and customer loyalty, and their relations can be described as follows. In order to the result of model (2), the perceived service quality has 40.3% of variation in customer loyalty as measured by R square and the value of F test is highly significant with 134.104 at 1 percent level. As well, perceived service quality has the regression coefficient of 0.371 at 1% significant level and this shows that perceived service quality is directly positive effect on customer loyalty.

In order to the result of model (1), perceived service quality has also a significant effect on customer satisfaction ($\beta=0.355$, $p<0.01$), (F-value= 280.414, $p<0.01$), 58.6% of variation measured by R square and therefore; there is also direct positive effect of perceived service quality on customer satisfaction.

The effect of perceived service quality on loyalty through mediation effect, model (3) in which beta value was 0.192, is much smaller than that of model (2), the direct effect of perceived service quality on loyalty, in which beta value is 0.371. The decrease in coefficient values shows there is mediation effect so that the influence of service quality on customer loyalty is partially mediated by customer satisfaction. However, there is the beta value of perceived service quality is also still significant ($\beta=0.192$, $p<0.01$) in model (3) and thus this mediation cannot be described as full or maximum mediation.

Considering all three models together for perceived service quality, there is directly positive effect on both customer satisfaction and customer loyalty by service quality; in addition, there is a mediation effect of customer satisfaction on the relationship between perceived service quality and customer loyalty.

According to Table (4.13), the effects of perceived value on customer satisfaction and customer loyalty and their relations can be explained as follows. In order to the result of model (2), the regression coefficient of perceived value is 0.333 at 1% significant level and there is also F-value expressing 134.104 ($p<0.01$) and 40.3% of variation measured by R square and thus, this concluded that perceived value is directly positive effect on customer loyalty.

In order to the result of model (1), perceived value has also a significant effect on customer satisfaction ($\beta=0.386$, $p<0.01$), (F-value= 280.414, $p<0.01$), 58.6% of variation measured by R square and therefore; there is also direct positive effect of perceived value on customer satisfaction.

The effect of perceived value on loyalty through mediation effect, model (3) in which beta value was β is 0.242 is much smaller than that of model (2), the direct effect of perceived service quality on loyalty, in which beta value was 0.333. The decrease in coefficient values indicates there is mediation effect so that the influence of perceived value on customer loyalty is partially mediated by customer satisfaction. However, there is the beta value of perceived value is also still significant ($\beta=0.242$, $p<0.01$) in model (3) and thus this mediation cannot be claimed as full or maximum mediation.

Considering all three models together for perceived value, there is directly positive effect on both customer satisfaction and customer loyalty by perceived value; in addition, there is a mediation effect of customer satisfaction on the relationship between perceived value and customer loyalty.

CHAPTER (5)

CONCLUSION

This chapter presents discussions on the research findings of the effect of determinant factors on customer loyalty in Myanmar mobile telecommunication industry by analyzing the previous chapter. The suggestions and recommendations and needs for further research are also described.

5.1 Findings and Discussions

The purpose of this study was to investigate the effect of determinant factors on customer loyalty in Myanmar mobile telecommunication industry, which can provide valuable information and suggestion for telecom operators to sustain their customers. The study tries to achieve the understanding on the effect of determinants factors on customer loyalty in Myanmar mobile telecommunication industry.

Data for the study was collected from online survey and the survey received 400 respondents who are the subscribers of four telecom operators (MPT, Telenor, Ooredoo, and Mytel) and live in Yangon. According to the survey data, MPT is mostly used as first priority or primary telecom operator. In Myanmar telecommunication industry, MPT also owns the largest market share. The second majority of primary telecom operator is Telenor. There are few respondents who use single mobile telecom operator and the most of respondents having the second priority carriers. Thus, most of the people use more than one telecom operator. The majority of second priority carrier is Telenor and follows by Mytel. The subscribers mostly used their primary carrier for 2 to 4 years and then follow by 4 to 6 year. This shows that the most of the respondents used their primary carriers for a long time and thus they can assumed as loyal subscribers.

According to the analysis of mean value, customer perception on loyalty is that the subscribers intend to use continuously their current service provider for near future although it is low in the encouragement to use the particular service provider. The five independent variables including perceived service quality, perceived value, customer satisfaction, corporate image and switching cost are determinant factors on

the customer loyalty and corporate image has the highest overall mean value and so, the telecom companies had to a good corporate image to maintain the loyal customer.

According to the results of correlation coefficient, all five independent variables are positively significant with customer loyalty. Perceived service quality, perceived value, customer satisfaction, corporate image and switching cost are positively significant relationship with customer loyalty and among these determinant factors, the corporate image has the highest significant relationship with customer loyalty.

The regression analysis shows that perceived service quality is the most determining factor on customer loyalty and there is perceived service quality direct effect on customer loyalty and indirect effect on customer through customer satisfaction. According to the analyses, the subscribers feel good in perceived service quality from their service provider. The subscribers have more positive feeling on the quality of network especially in voice quality than in customer service.

Perceived value is another most determinant factor on customer loyalty and perceived value have a direct positive effect on customer loyalty, as well as an indirect positive effect on customer loyalty through customer satisfaction base on the result of regression analysis. According to the analyses, the subscribers are satisfied in perceived value from their service provider and the subscribers feel they receive high-value of service especially in quality services at reasonable prices.

Customer satisfaction is one of the determinant factors on customer loyalty in mobile telecommunication industry and it has a direct effect on customer loyalty according to the result of regression analysis. Base on the result of the analyses, the subscribers are happy with their service experience, and thus they repeat patronage their service providers.

Corporate image is one of the determinant factors on customer loyalty and it has a direct positive effect on customer loyalty base on the result of regression analysis. According to the analyses, the subscribers chose their service provider upon good corporate image and thus good corporate image can influence the subscribers to attract and retain to stay loyal.

Switching cost is one of the determinant factors on customer loyalty and it has a direct positive effect on customer loyalty based on the result of regression analysis. According to the analyses, the most of subscribers stay loyal to their service provider because they worry about losing contact with their friends and relative if they change their phone number.

5.2 Suggestions and Recommendations

The results of this study provide valuable guidance on identifying key factors of customer satisfaction for management and brand managers of telecommunication companies. These guidelines would help drive marketing success in areas required to attract new customers and maintain existing ones once in a highly competitive sector, such as the mobile telecommunications industry.

Management of the every organization should mainly focus on the quality of their service since it is the major determining factor to become loyal. The telecom companies should effort in the improvement of their network quality, especially in coverage, connection, and voice call; and customer service, especially in complaints promptly, service personnel abilities. In addition, management should regularly evaluate its service quality by collecting feedback from customers.

The brand manager should ensure that subscribers feel that they get good value for money than they pay for money. The telecom operators can do more to provide value-added services such as free data allowance, talk time or tariff benefit, and other features not initially included in the price of the service since it is consumers would be more pleased. The more subscribers are likely to deliver positive word of mouth and continue to patronize the offering of service providers as they become more pleased.

The loyal subscribers becomes from the subscribers who are satisfying on the absolute evaluation of the specific service provider. Management and employees of telecom companies must take into account the expectations of customers on overall service experiences and strive to meet those expectations. Brand manager must regularly evaluate the customer satisfaction levels on their service providers.

A strong corporate image or reputation in the market effects on the customer to stay loyal. The telecom companies may have good reputation or corporate image

that can attract the subscribers to continue using on their service provider. Thus, it is essential that management monitors corporate image improvements and creates favorable impressions in the public' mind.

The most of subscribers worry about their contacts not being able to reach them when they switch to another operator. However, Telecom operators should not rely on this point as a switching cost. Because some countries are now applying Mobile Number Portability (MNP) system in which a subscriber could change from one service provider to another without any changes to all the digits of a subscriber's mobile phone number. Thus, the telecom operators should prepare to improve in creating of high switching cost by building loyalty program if one day, MNP system will be used in Myanmar.

5.3 Needs for Further Research

As a time constraint, the sample data was collected from 400 subscribers who live in Yangon. Thus, further study could be conducted in other regions in Myanmar or in other countries. The study measures customer loyalty in mobile telecommunication industry by only five independent variables. There may be other independent variable to determine the customer loyalty like trust, promotion, and brand awareness. Moreover, the further study should be carried out the five independent variables used in the study as the determinants factor of customer loyalty in other industry like hotel, airline, and manufacturing.

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APPENDIX I

QUESTIONNAIRES

This research is intended to explore “The Effect of Determinant Factors on Customer Loyalty in Myanmar Mobile Telecommunication Industry”. The survey is concerned with Master of Commerce conferred by Yangon University of Economics. Information collected is for academic purpose and will be strictly treated as confidential. Thanks for taking the time to help out me.

Part A: Demographic information

1. What is your gender?

- Male Female

2. Please select your age?

- Under 20 years 20-30 years
 31-40 years 41-50 years
 51-60 years Above 60 years

3. What is your education level?

- Primary and Elementary Level Under Graduate Level
 Graduate Level Post-Graduate Level

4. What is your occupation?

- Student Government Staff
 Company Staff Self-employed
 Unemployed Others

5. What is your average monthly income?

- 100,000 Kyats or less Kyats 100,001 – 200,000
 Kyats 200,001 – 300,000 Kyats 300,001 – 400,000
 Kyats 400,001 – 500,000 Above 500,001 Kyats

Part B: Demographic Characteristics of Respondents Relating to Use of Mobile Telecommunication Service in Yangon

6. Which of the following mobile telecom operators is you're most preferred or primary carrier?

- MPT
- Telenor
- Ooredoo
- Mytel

7. If you use more than one service provider, please select the operators from the list below.

- MPT
- Telenor
- Ooredoo
- Mytel
- None

8. How long have you used your main mobile telecom operator?

- Less than 1 years
- 1 to 2 years
- 2 to 4 years
- 4 to 6 years
- 6 to 10 years
- Above 10 years

Part C: Determinants of Customer Loyalty

In this section, a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5) will be used to analyze determinants of customer loyalty in mobile telecommunication industry regarding to perceived service quality, perceived value, customer satisfaction, corporate image and switching cost. With respect to your own thinking, please answer the following statements by ticking one in the scale which best reflects the strength of your agreement or disagreement in relation to statement.

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |

Please answer the following questions with respect to your main mobile operator.

Perceived Service Quality

| No. | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | My service provider is good in overall network quality. | | | | | |
| 2 | My service provider is good in coverage of the network. | | | | | |
| 3 | My service provider is good in ease of network connection. | | | | | |
| 4 | My service provider is good in voice quality of calls. | | | | | |
| 5 | My service provider is good in overall quality of Internet services. | | | | | |
| 6 | My service provider is good in quality of customer care services. | | | | | |
| 7 | My service provider is good in ease of access to contact centers. | | | | | |
| 8 | My service provider is good in promptness in complaint handling. | | | | | |
| 9 | My service provider is good in call center personnel ability to help with problems. | | | | | |
| 10 | My service provider meets variety of service plans with my needs. | | | | | |

Perceived Value

| No. | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | My service provider offers good value for money. | | | | | |
| 2 | My service provider offers overall better pricing plan compared to its competitors. | | | | | |
| 3 | My service provider charges a reasonable price for its services | | | | | |
| 4 | Compared to what I had to give up, the overall ability of the company to satisfy my wants and needs is high. | | | | | |
| 5 | Overall, the value of the company services to me is high. | | | | | |

Customer Satisfaction

| No. | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | Overall, I am very satisfied with the quality of services offered by my service provider. | | | | | |
| 2 | In general, I am very happy with my overall service experience. | | | | | |
| 3 | I am satisfied with the professionalism of my service provider. | | | | | |
| 4 | I am satisfied with the performance and response of the customer service of my service provider. | | | | | |
| 5 | I feel pleased with my decision to use the services of this company. | | | | | |

Corporate Image

| No. | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | My service provider is innovative and pioneering. | | | | | |
| 2 | My service provider takes social responsibility seriously. | | | | | |
| 3 | My service provider has a reputation for quality. | | | | | |
| 4 | My service provider has a positive image in the minds of consumers. | | | | | |
| 5 | My service provider has good customer relation. | | | | | |

Switching Cost

| No. | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | I feel that switching to a new operator causes monetary cost. | | | | | |
| 2 | The cost in time and effort for changing my current operator will be high for me. | | | | | |
| 3 | It would be very inconvenient for me to switch to another service provider. | | | | | |
| 4 | Changing my service operator will not make much difference. | | | | | |
| 5 | If I change my phone number, I would be bothered people will not reach me on my previous number. | | | | | |

Customer Loyalty

| No. | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | I consider my service provider as my first choice of mobile services. | | | | | |
| 2 | I will patronize my service provider more in the next few years. | | | | | |
| 3 | I have said positive things about my service provider to other people. | | | | | |
| 4 | I have recommended my service provider to anyone who seeks my advice. | | | | | |
| 5 | I would not switch my service provider even if another operator offers a better service. | | | | | |
| 6 | I have encouraged my friends and relatives to use my service provider. | | | | | |

APPENDIX II

Reliability Statistics

Perceived Service quality

| Cronbach's Alpha | No of items |
|------------------|-------------|
| 0.753 | 10 |

Perceived Value

| Cronbach's Alpha | No of items |
|------------------|-------------|
| 0.719 | 5 |

Customer Satisfaction

| Cronbach's Alpha | No of items |
|------------------|-------------|
| 0.771 | 5 |

Corporate Image

| Cronbach's Alpha | No of items |
|------------------|-------------|
| 0.744 | 5 |

Switching Cost

| Cronbach's Alpha | No of items |
|------------------|-------------|
| 0.765 | 5 |

Customer Loyalty

| Cronbach's Alpha | No of items |
|------------------|-------------|
| 0.702 | 6 |

Regression Analysis

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .669 ^a | .447 | .443 | .49131 |

a. Predictors: (Constant), CS, SQ, PV

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 77.347 | 3 | 25.782 | 106.811 | .000 ^b |
| | Residual | 95.588 | 396 | .241 | | |
| | Total | 172.935 | 399 | | | |

a. Dependent Variable: CL

b. Predictors: (Constant), CS, SQ, PV

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | .942 | .170 | | 5.546 | .000 | | |
| | PV | .192 | .047 | .229 | 4.055 | .000 | .437 | 2.288 |
| | SQ | .242 | .063 | .199 | 3.856 | .000 | .526 | 1.901 |
| | CS | .366 | .065 | .326 | 5.619 | .000 | .414 | 2.413 |

a. Dependent Variable: CL

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .635 ^a | .403 | .400 | .50987 |

a. Predictors: (Constant), PV, SQ

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 69.727 | 2 | 34.863 | 134.104 | .000 ^b |
| | Residual | 103.209 | 397 | .260 | | |
| | Total | 172.935 | 399 | | | |

a. Dependent Variable: CL

b. Predictors: (Constant), PV, SQ

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized | t | Sig. | Collinearity Statistics | |
|-------|------------|-----------------------------|------------|----------------------|-------|------|-------------------------|-------|
| | | B | Std. Error | Coefficients Beta | | | Tolerance | VIF |
| 1 | (Constant) | 1.245 | .167 | | 7.439 | .000 | | |
| | SQ | .371 | .061 | .305 | 6.139 | .000 | .609 | 1.643 |
| | PV | .333 | .042 | .398 | 8.004 | .000 | .609 | 1.643 |

a. Dependent Variable: CL

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .765 ^a | .586 | .583 | .37905 |

a. Predictors: (Constant), PV, SQ

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 80.578 | 2 | 40.289 | 280.414 | .000 ^b |
| | Residual | 57.040 | 397 | .144 | | |
| | Total | 137.618 | 399 | | | |

a. Dependent Variable: CS

b. Predictors: (Constant), PV, SQ

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized | t | Sig. | Collinearity Statistics | |
|-------|------------|-----------------------------|------------|----------------------|--------|------|-------------------------|-------|
| | | B | Std. Error | Coefficients Beta | | | Tolerance | VIF |
| 1 | (Constant) | .826 | .124 | | 6.645 | .000 | | |
| | SQ | .355 | .045 | .327 | 7.886 | .000 | .609 | 1.643 |
| | PV | .386 | .031 | .517 | 12.486 | .000 | .609 | 1.643 |

a. Dependent Variable: CS

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .725 ^a | .525 | .522 | .45528 |

a. Predictors: (Constant), SC, CS, CI

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 90.853 | 3 | 30.284 | 146.104 | .000 ^b |
| | Residual | 82.083 | 396 | .207 | | |
| | Total | 172.935 | 399 | | | |

a. Dependent Variable: CL

b. Predictors: (Constant), SC, CS, CI

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized | t | Sig. | Collinearity Statistics | |
|-------|------------|-----------------------------|------------|--------------|-------|------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | .575 | .149 | | 3.870 | .000 | | |
| | CS | .321 | .056 | .286 | 5.744 | .000 | .483 | 2.071 |
| | CI | .295 | .049 | .300 | 6.004 | .000 | .479 | 2.089 |
| | SC | .281 | .037 | .295 | 7.613 | .000 | .797 | 1.255 |

a. Dependent Variable: CL