Exploring Relationship Marketing Tactics & Customer Loyalty: Issues in the

Malaysian Mobile Telecommunication Sector

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Abstract — **Most of today's business firms are facing numerous challenges in sustaining customer loyalty due to a ferocious competitive environment. This study explores issues on relationship marketing and customer loyalty within the mobile telecommunications sector. In-depth interviews with targeted respondents were conducted to understand their initial perceptions on relationship marketing tactics issues and its influence on customer loyalty. Specifically, the study aims to acquire deeper insights into the motivational drives behind customer loyalty amongst different classes of mobile phone users. Qualitative data were collected using a digital voice tape-recorder, while the transcribing and coding processes were carried out using qualitative software called ATLAS.TI version 7.0. Based on thematic analyses, the findings have identified several themes such as trust, branding, alternative attractiveness, emotions, service quality, price perception, switching barriers, and commitment. Further results revealed suggestions on how to strengthen customer loyalty behaviour in the mobile telecommunications market.**

Keywords: Relationship Marketing Tactics, Customer Loyalty, Thematic Analysis, Mobile Telecommunications Market

I. Introduction

Relationship marketing is a process aimed to set up, sustain, and enhance the relationships with customers and other parties at a profit, so that the objectives of those parties involved are met, and accomplished by a mutual exchange and fulfilment of promises (Gronroos, 1994). Morgan & Hunt (1994) view relationship marketing as the entire marketing actions that are aimed toward establishing, growing, and maintaining successful relational exchanges. The accumulation of these relationship marketing definitions summed up the contention that relationship marketing is an activity that can aid and preserve long term customer relationships, which subsequently results in a modification of both the focal point and process of marketing management. Furthermore, one of the superior objectives of most strategies are meant to develop a unique relationship with customers, and that, it could not be emulated by other rivals, hence resulting in its ability to provide sustainable competitive advantages (Berry & Gresham, 1986).

The focus of this study is to explore issues of relationship marketing tactics towards building customer loyalty and retention behaviour in a Malaysian competitive mobile telecommunications industry. Yaakub and Kaspin (2014) stated that the mobile telecommunications industry was first introduced in Malaysia using a first mobile systems analogue technology in the year 1985. During that year, Telekom Malaysia Bhd. used the Nordic system NMT450 for wider area coverage. In 1989, Celcom Axiata Bhd. became the second Malaysian mobile operator by using its ETACS 900 analogue network to provide mobile services. Ever since its inception, growth in market demand for mobile telecommunications services has exceeded the growth for fixed line services, to which mobile penetration has overtaken the fixed-line penetration by the year 2000. Based on the total number of subscriptions, the mobile services in Malaysia grew at a compound annual rate of approximately 66.7 % in the two years ending 31st December, 2001. Despite this significant growth, Malaysia's mobile penetration rate however, remained significantly below those of the most developed markets such as Singapore and Hong Kong (The Star, 2017; Yaakub and Kaspin, 2014).

II. Research Problem

Bansal, Taylor & James (2005) and Abdullah, Putit and Teo (2014) highlighted the need for a better understanding of relationship tactics that "pull" or "push" customers from their service providers. The authors pointed out several important factors comprising of quality, satisfaction, value, trust, price perception, commitment, alternative attractiveness, attitude towards switching, subjective norms, switching costs, prior switching experience and variety seeking on retaining customers. However, not many researchers have examined all the antecedents, resulting in the under - utilization of exploring these factors. For that reason, this study is specifically conducted to gain a deeper understanding on relationship marketing tactics (RMT) with the exploration of other variables in its influence on customer loyalty. Zhang and Feng (2009), Abdullah et al (2014), and Gupta and Sahu (2015) argued that even though comprehensive researches have been carried out toward RMT, there is still little knowledge about its effect on customer loyalty. The authors have pointed out that there is a positive influence of the RMT, relationship quality, and customer loyalty, but their studies have only focused on several variables (service quality, price perception, brand image and value offers), resulting in limited findings.

Meanwhile, Tseng (2007) has utilized different kinds of tactics to measure relationship quality. The research has explored five types of RMT's such as direct mail, tangible rewards, interpersonal communication, and preferential treatment on how they influence the customer's perception on long term relationship. Raza & Rehman (2012) on the other hand, discovered that relationship marketing has become a fundamental part of service industry but at the same time, argued that many of the marketing tactics were still a failure or ineffective to the customers. Rizomyliotis, Konstantoulak, Kaminakis, Giovanis and Papastathopoulos (2018) further found that trust does affect customer loyalty in the study of mobile telecommunication market. Without trust, chances for customers to switch to another brand would be inevitable, hence resulting in a behavioural display called switching. This behaviour acts as push factors for customers to move to other service providers that they believe can meet their expectations. In essence, most marketers are still struggling with the question of specific tactics that can be successfully applied to secure customer loyalty.

In addition, an observation on recent issues in the Malaysian mobile telecommunications industry further justified an execution of this study. Intense competition leading to ongoing price wars amongst the mobile service providers in the mobile space such as Maxis Bhd, DiGi.Com Bhd and Celcom Axiata Bhd has posed a significant challenge to growth in the industry (The STAR, 2017). Malaysian Reserve (2017) noted that the Maxis Bhd has lost more than one million subscribers since the year 2015. The report cited that in the first quarter of 2016, Maxis has lost about 400,000 subscribers. This situation continued in the second quarter, of which 149,000 subscribers had left the Maxis and another loss of 203,000 subscribers in the third quarter of 2016, which then was no longer recognized as the mobile telecommunications market leader in Malaysia. This has resulted in the significant fall of Maxis shares by 7% in the stock market. Experts have argued that this situation was due to its slow reaction to the market changes than its competitors. In addition, it was also heavily dependent on Maxi's brand reputation with a high price, rather than offering more attractive packages to the customers. RHB Research Institute (2016) also predicted that about 72% to 78% of Maxis customers would be attracted to the plan and more attractive prices offered by their competitors such as Digi, Celcom and U-Mobile. Although Maxis has implemented a marketing strategy that positioned its brand as a premium brand amongst other mobile service providers in an attempt to create loyal customers, the reliance on brand reputation is no longer seen as a successful marketing strategy.

III. Research Method

A semi-structured personal interview was conducted with eight selected participants at a public university in Peninsular Malaysia. The participants comprised of active mobile phone users registered with different telecommunications service providers such as Digi, Maxis and Celcom; and were given code names from U1 until U8. These participants were then interviewed based on a list of questions expanded from the study's primary research questions. The questions were open-ended, allowing the participants to freely express their experiences, thoughts, and feelings regarding the mobile telecommunication services. Subsidiary questions were improvised during the interview. In this study, all interviews were recorded by a digital voice tape recorder, while the transcribing and coding process was done with qualitative software called ATLAS.TI 7.0. Fereday and Muir-Cochrane (2006) stated that thematic analysis is a search for important themes that emerge from cases, involving theme recognition, analysing the relevant text and recurrent words, and identifying emerging themes become the categories for analysis. For this study, interpretations of responses were undertaken based on multiple readings, line by line, in order to capture a holistic image of participants' viewpoints. This analysis complemented the

research questions by allowing such phenomena to emerge concurrently with themes. In this study, the themes or subthemes are subsequently clustered and assigned pertinent phrases that amplified the meaning of themes.

IV. Results and Findings

Based on the interview results, the study has discovered several themes that were grounded in the semi-structured questions such as trust, branding, alternative attractiveness, emotions, service quality, price perception, switching barriers, and commitment, which were also supported in the literature. Figure 1 displays the main themes that have an impact on customer loyalty:

Figure 1:   Identified Themes of RMT Influencing Customer Loyalty in the Malaysian Mobile Telecommunication Sector
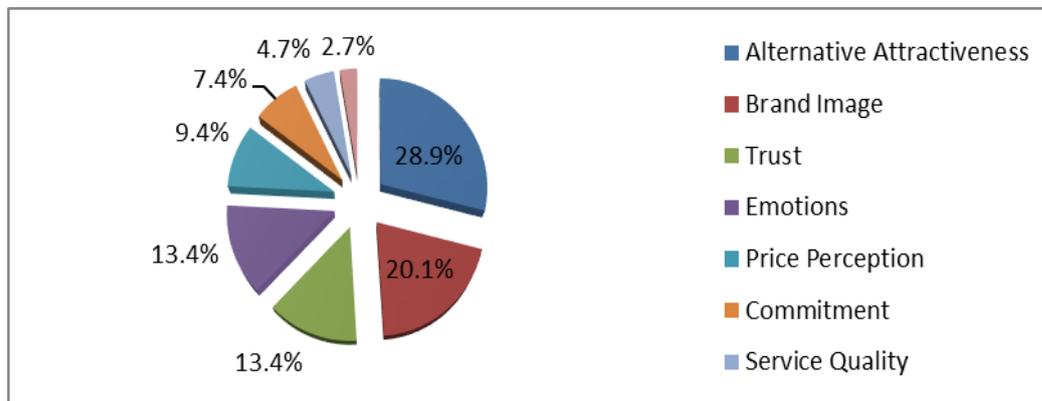

Figure 1 demonstrates themes that were grounded from the interview. Firstly, most participants spoke about alternative attractiveness. Staying loyal to a current mobile service provider would depend on the alternative attractiveness to be offered. Secondly, most discussed issues were on the service providers' brand image. The respondents talked about the advantages of consuming a mobile service provider with strong brands, and how a strong brand can influence their level of confidence. These results were subsequently followed by other issues regarding trust, emotion factors, price perception, commitment, service quality, and switching barriers respectively. The findings also revealed suggestions and opinions from the participants on how to strengthen customer loyalty in the Malaysian mobile telecommunications sector, and they further discussed on the "push" factors that could be a major point of why the customers might have a switching behaviour. This section begins with the discussion and justification of each theme discovered as follows:

•   **Alternative Attractiveness**

Bansal et. al. (2005) defines alternative attractiveness as any attractive factors at a destination that can act as a pull factor for the customer to the said destination. This statement is supported by Bashir (2011), who insisted that customers will switch to services that are friendlier, reliable, or higher quality. The result shows that 28.9% of the participants' conversation talked about the attractive packages provided by their current mobile service providers. Examples are good network coverage, high internet speed, and data plan which cause them to switch over to that particular service provider and stay loyal. The following comment from U1and U5 presented these points: *U1: "Since I use it, I haven't got any problem to get a signal". U5: "They provide a good package which can attract me to stay"*. Meanwhile, U7 has mentioned that: "*Digi provides a very attractive package, for example, Easy Prepaid which allows the customers to enjoy a long call for free".*

•   **Brand**

Measuring brand image enables the marketers to recognize their brand's strengths and weaknesses, including customer's perception toward their products or services (Sondoh Jr. et.al., 2007). Brand image occurs when the brand retention is retained in the consumer's mind; it causes the assumptions about a brand (Keller, 1993). The result has shown that 20.1% of the participants' conversation involved brand image, which represents the second most significant factor that affect their loyalty behaviour. Therefore, it is very important for the

telecommunications service firm to build a strong brand image for their customers (Malik et.al., 2012). For example, PM1, has mentioned: *"Maxis can be considered as a premium mobile service provider in Malaysia. They are one step ahead from others"*. The statement above shows that MAXIS is considered an established brand, which creates a positive perception in consumer's mind. It will lead towards positive impact over other messages related to the brand (Hsieh & Li, 2008). Customer will have more trust and loyal to brands with good image and reputation (Chinomona, 2016).

- **Commitment**

Morgan & Hunt (1994) stated that commitment reflects desire to maintain a relationship. Nowadays, customer commitment can be regarded as a key variable in relationship marketing (Fullerton, 2003) and affect customer loyalty (Eskandari, Aali & Heris, 2017). Result reported that 7.4% of the respondents spoke that a

commitment has a significant influence to customer loyalty in the Malaysian mobile telecommunication industry. This study also found that a customer commitment is based on shared values and identification, thus it can develop a significant impact on customer loyalty. U4 has mentioned: *"Commitment is very important to strengthen the loyalty from the customer. If we are not committed towards something, it's easy for us to switch"*. In addition, U2 and U8 also highlighted similar sentiments on level of confidence and commitment needed to remain loyal wth the service provider: *"If we don't have the confidence and commitment to the service provider, we'll never stay with them"*

- **Trust**

Trust can be viewed as one of the most relevant factors for a constant and collaborative relationship in business (Akhbar & Parvez, 2009). According to Rizomyliotis et al (2018) and Abtin & Puoramiri (2016), trust has a positive effect on relationship marketing in converting ordinary customers to loyal customers. Moorman et.al. (1993) defined trust as "a willingness to rely on an exchange partner in whom one has confidence". In addition, Morgan & Hunt (1994) also stated that a trust exists when one party has confidence in an exchange partner's reliability and integrity. This study has discovered that a total of 13.4% of the respondent's conversation has spoken about the impact of trust on their loyalty. Most of them revealed that trust is the main factor why they did not have any intention to switch brands. For example, U2 has mentioned: *"If I don't have the trust for my service provider, I won't stay long with them"*. Meanwhile, U3 also mentioned: *"For me, as long as I have the confidence with CELCOM, I will continue to consume the services"*. In service industry, trust is influenced by perceptions of the service provider's ability, integrity, and goodwill, and also by the customer's experience and service provider's reputation (DeWitt et.al, 2008).

- **Emotion**

Bagozzi et.al. (1999) viewed emotion in marketing as a mental state of readiness that arise from cognitive appraisals of events or thoughts, accompanies by psychological processes, often expressed physically such as in gestures, posture, facial features, etc. In other words, an emotion refers to a person's positive and negative feelings (Lee et.al, 2009). Naturally, the emotions experienced by the customers affect their loyalty (DeWitt et.al., 2008). This study has discovered both positive and negative emotions from the customers, resulted from the services that they have experienced with their mobile service providers. A total of 13.4% of the conversations result spoke about how emotions affect the level of loyalty. When the customers recognize that services are good, they would likely be experiencing positive emotions (Westbrook & Oliver, 1991), On the other hand, services are perceived poorly, they would then be likely to experience negative emotions instead (DeWitt et.al., 2008). For example, U5 has mentioned a positive emotion: *"I am so happy and I felt very satisfied with anything related to Celcom"*. On the other hand, U1 and U4 stated that: *"Sometimes, my mobile service provider makes me so angry"*. *"If the customer can see they are promoting something that not related, they will feel annoying and angry"*

- **Price Perception**

Ziethaml (1988) describes perceived price as anything that a customer gives up or sacrificed in order to gain product or services. Most of the customers will select their service providers strongly depending on price (Nakhleh, 2012; Zhang & Feng, 2009). Interview result has shown that 9.4% of the participants spoke about the influence of price on their loyalty towards Malaysian mobile service providers. However, the perceptions may differ among individual even to the same service provider (Zhang & Feng, 2009). For example, U1 and U7 both

used the same service provider, but both have a different perception about the price. U1 has mentioned *"Maxis has provided cheap services"*. Meanwhile, U7 insisted that: *"For MAXIS, in term of price of their services, they are quite high for me. But it's okay since they give a good one"*

• **Switching Barriers**

The customers may still remain with the current service provider even they are not satisfied due to the financial or social loss and psychological burden (Kheiry and Alirezapour, 2012). This situation is called a switching barrier. Jones, Mothersbaugh and Beatty (2000) defines switching barrier as a factor that makes it difficult for any customer to switch a service provider. One example is perceived switching costs (Mannan et.al., 2017). In addition, it is also influenced by economical and psychological incontinences, to which a customer has to tolerate in order to change to a new provider (Kim et.al. 2004). Based on the interview, this study has found that only a small portion of the participants' conversation spoke about how switching barriers affect their loyalty to a current service provider, with a total of 2.4%.

In addition, Jones et.al (2000), Kovesi and Demontrond (2010) also insisted that although unsatisfied, customers are likely to stay with current service providers if factors such as inconveniences of switching or loss of special treatment are high, in order to avoid potential further losses and costs. For example, U2 mentioned: *"For me, in order to switch to another service provider, it will take some time and costs me a lot, so I decide to just stay"*. On the other hand, U3 stated that: *"If I change to another service provider, I don't know how good they are, so it's better for me to just stay since I am comfortable with current service provider"*

• **Service Quality**

The result also revealed that service quality has an impact on customer loyalty in the Malaysian mobile telecommunication industry. A total recorded conversation of 4.7% revealed that the participants decided to stay with their current service providers due to better services and the effectiveness of their service person or salesperson. Parasuraman, Zeithmal & Berry (1988) stated that service quality reflects a customer's judgment about a firm's overall excellent or superiority. In order to capture a long term loyal customer, the service provider needs to maintain the relationship by always offering what the customers need and want (Zhang & Feng, 2009). For example, U1 has mentioned that: *"They have provided good services". "They solved my problem in a good way, so I felt very satisfied"*. Previous research has shown that service quality is one of the important contributing factors towards customer loyalty (e.g. Parasuraman et al. (1988); Lin & Wang (2006); Zhang & Feng (2009); Zekiri (2011). In a mobile service industry, service quality is an important factor to assess a service provider's performance (Zhang & Feng, 2009

V. Conclusion

In essence, this paper was aimed at gaining a deeper understanding into the underlying motives for customer loyalty of mobile phone service users. It can be concluded that the exploratory qualitative findings in this study is quite harmonious with the literature. The results have provided key managerial contributions in the areas of relationship marketing strategy and consumer loyalty. Firstly is the ability to provide initial knowledge of customer insights on their consumption preferences, and secondly, is on how RMTs could influence the mobile phone users' decisions to choose their mobile service providers in Malaysia. From the results, it was evident that a mobile service provider's availability of alternative attractiveness in the Malaysian telecommunications market was the strongest factor that could influence customer loyalty. Also, the speed of mobile internet, wider coverage, an attractive package, positive word of mouth (WOM) communication were some of the identified factors that further encouraged customers to choose and remain faithful with a service provider.

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