

UNIVERSITI TEKNOLOGI MARA

**THE INTERCONNECTED ROLES OF
BRAND PRESTIGE, ALTERNATIVE
ATTRACTIVENESS, BRAND
CREDIBILITY, CUSTOMER
SATISFACTION, AND TRUST IN
SHAPING CUSTOMER LOYALTY:
A STUDY OF THE MALAYSIAN
MOBILE NETWORK OPERATOR
SECTOR**

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ABSTRACT

The Malaysian telecommunications sector experienced substantial growth in 2022, spurred by endemic transition and increased mobile technology demand. Total mobile cellular subscriptions increased by 1.6% to 47.95 million, driven by improved nationwide connectivity, affordable mobile plans, and government programs. Despite growth, mobile network operators (MNOs) face persistent challenges in maintaining customer loyalty due to issues like poor service quality and limited-service differentiation. This study examines the dynamics among brand prestige, alternative attractiveness, brand credibility, customer satisfaction, trust, spirituality, and customer loyalty within Malaysia's MNO sector, employing Social Exchange Theory, Expectation Confirmation Theory, and Commitment-Trust Theory. The data was gathered from the survey questionnaire, and a total of 187 valid samples were collected and analysed. A quantitative research method was applied to test the hypotheses developed in this research using Partial Least Square Structural Equation Modelling (PLS-SEM). The research findings show that brand prestige is a key driver of customer satisfaction and loyalty, while alternative attractiveness empowers customers, increasing satisfaction with their current provider. Brand credibility plays a crucial role in building trust, which mediates the relationship between satisfaction and loyalty. Spirituality emerges as a moderating factor, with highly spiritual customers prioritising ethical over brand prestige considerations. These insights suggest that MNOs should integrate social responsibility into branding strategies to cater to diverse customer values. This research contributes both theoretically and practically by providing a framework for understanding customer behaviour in telecommunications and proposing strategic approaches for MNOs to strengthen customer loyalty in a competitive market.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides a high-level overview of the research. It begins by discussing the study's history and context. It then highlights the problem to be studied, as well as the research objectives and questions to be addressed in this study. This chapter will then outline the study's anticipated contributions and limitations. To provide clarity, discussions on the definitions of key terms and the organisation of the current proposal will be provided near the end of this chapter. This chapter concludes with a summary.

1.2 Background of the Study

The domestic economy has experienced strong growth, fueled by increased economic activity as the country moved into an endemic stage since April 2022. Mobile technology has become increasingly essential in people's lives and business operations, leading to a rapid adoption of digital tools, especially among Malaysian businesses.

In 2022, the total number of mobile cellular subscriptions grew by 1.6% to reach 47.95 million, up from 47.20 million in 2021 (MCMC, 2024). This growth can be attributed to improved nationwide connectivity, affordable mobile plans, and government programs that have increased access to the internet and smartphones. Postpaid subscriptions increased by 0.8% to 14.29 million, while prepaid subscriptions rose by 1.9% to 33.66 million (MCMC, 2024). Alongside the rise in mobile subscriptions, mobile broadband subscriptions also increased by 2.9% to 43.24 million in 2022, compared to 40.02 million in 2021 (MCMC, 2024).

The telecommunication sector saw a significant boost in revenue in 2022 as the economy reopened after periods of movement control. Despite facing challenges like increased bandwidth demand, supply chain disruptions, and workforce issues, service providers managed to adapt and maintain reliable networks for their customers. Government incentives like the Jaringan Prihatin Programme and various device