Factors Influencing Customer to Switch Mobile Service Provider: A Case Study at UiTM KB

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Abstract: Malaysia's telecommunications services industry has grown significantly over the last few years especially in mobile service providers. Hence, mobile service provider have great challenges on how to retain their consumer, since there were so many elements that might cause customers to switch their mobile service providers. This study aimed to explore the effect element of price, sales promotion, peer and family influence and customer service in attracting user to switch mobile service providers. A set of questionnaire was used to collect data from 280 respondents using a simple random sampling technique. Reliability analysis, correlation analysis, multiple linear regression were conducted by using IBM SPSS. The findings showed that price and customer service has a significant effect on the customer switching. Pearson correlation analysis was tested to determine the relationship between all the factors that influence consumer switching. The result reveals that customer switching has highest correlation with price but lowest correlation with peer and family influence. This study will beneficial to mobile service providers to develop new marketing strategy in order to maintain their customers.

Keywords: Customer service, customer switching, peer and family influences, price, sales promotion, mobile service, service provider

1   Introduction

Telecommunication is a long-distance communication through cable, internet, telegraph, or radio but generally applies to telecommunication services. Telecommunications also act as a switch system and a line that interconnects with each other to provide communication between multiple parties. There are many telecommunication services in Malaysia and the main providers among others are Digi.Com Bhd, Celcom Axiata Bhd, Maxis Bhd, and Umobile.

As reported issues in the Malaysian mobile telecommunications industry intense to compete each other to be leading in price wars such as Maxis Bhd, DiGi.Com Bhd and Celcom Axiata Bhd has posed a significant challenge to growth in the industry [15]. [16] 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 [11]. 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. [12] 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.

After several years, the Monthly Bulletin of June 2020 by Malaysian Communication and Multimedia Communication agency (MCMC) reported that Maxis came back as a leader when own 2.66 out of 8.7 percent of the market capitalization of Bursa Malaysia stated in [1].

As related with current issus in education institution in adaption with online learning since coronavirus pandemic attack. Online learning will be effective if telecommunication user have a good internet access. A higher institution in Malaysia, Universiti Teknologi Mara (UiTM) has switched all classes to open and distance learning (ODL) mode from 13 April to the end of the semester for all its nationwide campuses stated by where two UiTM students were interviewed.

'Students with poor connections are unable to participate in online class' – Syafiqah Jalil, UiTM Segamat Johor student

'It is quite hard for some to focus on the topics that being discussed as they cannot interact and ask lecturers questions and my classmates could not fully experience e-learning due to poor internet connections' – Muhammad Firdaus Shariman, UiTM Seremban student

Hence, it is very clear that students may not be able to participate fully in ODL unless they switch to a good telecommunications service in order to fulfil the current need. Malaysians also want high-speed internet connection but, they might be problems in getting good coverage and due to high price.

A research from [10] supports that monetary factor plays a very important role in making consumer change their service provider. Meanwhile, another factor would be sales promotion, where it is one of the platforms used by the company to connect with customers who are interested in product offerings in [9]. Besides, the influence of family and peers is one of the reasons why students tend to switch their telecommunications services. An article stated that family and friends have more power of impact on decision-making in [14]. Customer service is also one of the problems facing by user. This is because when they have a problem regarding the telecommunication service, customer service is one of the places to seek help. There are lack of studies conducted on the switching mobile service provider especially in higher learning institution hence this study conducted to find out what effect elements that influencing customer switching. The result of this finding may useful to mobiles service provider in giving a good marketing strategy to attract more user and at the same time to retain the customer loyalty.

2 Method

A. Study Design and Data Collection

A questionnaire was distributed to 280 telecommunication user among university students. Respondent was selected using simple random sampling technique. The sample selection use SRS technique by using random number generator. The questionnaire covered the demographic information of the respondents and five main sections which are price, customer service, family and peers influence, sales promotion and lastly customer switching intention. Each main section have five questions which itemized with ranking scale of 1-5 (Strongly Disagree – Strongly Agree).

B. Data Collection and Stastical Analysis

The collected data were cleaned and analysed using Statistical Package of Social Sciences (SPSS) sotfware. Pearson Correlation applied to examine the correlation between all the factors influence customer switching. All assumptions for conducting regression analysis were fulfilled and model adequacy checking accepted when there is no multicollinearity problem for the variables, most of the points were lies on the straight line and there was no obvious outlier detected. We can conclude that the data is normally distributed. The graph of residual versus predicted value of customer switching has no obvious pattern, then analysis is considered to be acceptable. Multiple Regression Analysis (Enter method) then applied to examine the significant factors that influence customer switching. The level of significance was set at p-value <0.05 and 95% confidence intervals.

3   Result and Discussion

A.   *Reliability Coefficient*

Reliability coefficient tested by using Cronbach's alpha (α) analysis. The alpha coefficient values range between 0 and 1 with higher values indicating higher reliability among the indicators [8]. The minimum of acceptable value is 0.7 while 0.80 or greater is preferred [9].

The Cronbach's alpha coefficients for all sections were above 0.7 where customer switching (0.793), price (0.880), customer service (0.851), family and peers influence (0.727) and sales promotion (0.772). Thus, it can be concluded that all sections of the study were acceptable and in overall have high reliability factors.

B.   *Demographic Profile*

A demographic characteristic of respondents were summarized in Table 1. This study covered 280 respondents where 222 (79.3%) of them were males and the remaining 58 (20.7%) were females. About 93.2% of the respondents were aged between 21 to 23 years and followed by age 24 to 27 years. The highest background of programme come from BA242 which is 32.5%. Referring to Table 1, majority of the respondents were Celcom and UMobile users and 42.5 % of respondents have used their current service provider for 1 to 4 years. The number of respondents who used a service provider over 10 years is 23 only. Staying with the same service provider for more than 10 years is a representation of a loyal customer.

Table 1: Demographic Characteristics of Respondents

Characteristics (n=280)	Frequency	Percent (%)
Gender		
Male	222	79.3
Female	58	20.7
Age		
18 -20 years old	3	1.1
21-23 years old	261	93.2
24-27 years old	15	5.4
27 years old and above	1	0.4
Course		
BA240	27	9.6
BA242	91	32.5
BA249	40	14.3
BA250	25	8.9
CS241	97	34.6
Current Service Provider Used by Respondents		
Celcom	73	26.1
Digi	57	20.4
Maxis	48	17.1
UMobile	70	25.0
Others	32	11.4
Number of Years Using the Current Service Provider		
Less than 1 year	54	19.3
1 – 4 years	119	42.5
5 – 10 years	84	30.0
Over 10 years	23	8.2

C. *Pearson Correlation Coefficient*

The relationship (or the correlation) between the two variables is denoted by the letter r and quantified with a number, which varies between −1 and +1. Zero means there is no correlation, where 1 means a complete or perfect correlation. The sign of the r shows the direction of the correlation. A negative r means that the variables are inversely related. The strength of the correlation increases both from 0 to +1, and 0 to −1. The correlation coefficients customer switching and price (0.639), customer switching and customer service (0.470), customer switching and family and peers influence (0.282) and customer switching and sales promotion (0.321).

There were a moderate positive linear relationship between both price and customer service, with customer switching. While the correlation for peer and family influence and sales promotion indicated that the two variables have a weak relationship. The coefficient value for price revealed that price has the most significant factor than other factors.[10] in their study on customer satisfaction also found a positive relationship of customer service with customer switching.

Table 2: Result of Pearson Correlation between customer switching and other variables

Variable	Pearson Correlation, r	Sig. (2-tailed)
Price (X1)	0.639	<0.0001
Customer Service (X2)	0.470	<0.0001
Family and Peers Influence (X3)	0.282	<0.0001
Sales Promotion (X4)	0.321	<0.0001

D. *Multiple Linear Regression*

The *F*-ratio shows in Table 3, tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable, *F* ratio = 54.160, $p < .0005$. Thus, the regression model is a good fit of the data well.

Table 3: Summary of ANOVA Table

Model	F-Value	Sig.
Regression	54.160	<0.0001

Table 4 summarized the multiple regression analysis result of this study. The R^2 value of 0.530 indicate that 53% of total variation in dependent variable, which is consumer switching behaviour can be explained by all the independent variables at 5% significance level. Furthermore, family and peers influence and sales promotion are not significant relationship towards customer switching behaviour in telecommunication industry as their p-value is greater than 0.05. But, the result of others two independent variables are consistent with previous studies such as [5, 7]. In [7] have proved that price has positive relationship with consumer switching behaviour toward telecommunication in their previous study. In [5] also proved that customer service have positive relationship with consumer switching behaviour toward telecommunication industry.

Table 4: Coefficients and significance of variables

Model	β-coefficient	Sig.	Decision Rule	Conclusion
Price (X1)	0.384	<0.0001	Reject H_0	Significant
Customer Service (X2)	0.182	<0.0001	Reject H_0	Significant
Family and Peers Influence (X3)	0.062	0.118	Failed to reject H_0	Not Significant
Sales Promotion (X4)	0.055	0.112	Failed to reject H_0	Not Significant

$R^2 = 0.530$
$\alpha = 0.05$

4   Conclusion

Based on the findings, it shows that majority of respondents are male students with age range between 21 to 23 years. This study found that all variables (price, customer service, family and peers influence; and sales promotion) have significant positive relationship with customer switching. However, regression analysis results show that only price and customer service significantly effect on customer switching behaviour. This indicates that when the price or rates of current service provider start to increase, it may trigger customers to switch their service provider to low rates or better in price. [6] was claimed in his study that most of the private service providers have understood whom customers are willing to switch providers by deciding on the price of the services. Service providers who offer lower charges may attract more customers to purchase from them.

This result supported by [12] where the study in Chennai, India also found that there is a positive relation between switching service provider and customer service. In [8] added that customer service and effective customer relations are in a high priority, in which less than twenty percent are in sales and marketing positions.

As a conclusion, telecommunication service providers may emphasis on price and customer service and improve more in these aspects in order to gain competitive advantages in the high competition market. For future research, it is suggested that other factors which may affect the consumer switching behaviour can be included too. This research believes that the finding will contribute to the telecommunication industry for having well marketing strategy and improvement on the weaknesses in order to provide a better products and services to consumers.

Acknowledgements

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