Influence of Service Quality and Switching Barrier toward Customer Loyalty: A Study of Saudi Mobile Telecommunication Services

¹Yomen Ghazii Bamatraf, ²Tabassum Rashid

Abstract--The Saudi telecommunication services industry is experienced many criticisms regarded the internet cost and speed. Hence, the industry is shifting strategic toward maintain existing customers through promotion of customer loyalty. The study aimed to determine the influence of service quality and switching barrier toward customer loyalty. The study was used a quantitative method. The study used correlation research design with survey method. The study population comprised resident in Jeddah who were subscribed to telecommunication service providers such as internet service. The study samples were people who living in Jeddah and subscribed to the telecommunication service provided that selected in this study. The primary data was collected used survey which distributed online to current users of Saudi mobile telecommunication services in Jeddah. The data was analyzed used SPSS. The statistical tools had been used included descriptive analysis, reliability test, descriptive statistics and Pearson's correlation to evaluate the relationship between service quality and switching barriers toward customer loyalty. The result showed that there was a relationship between service quality and customer loyalty. However, there was no relationship between switching barriers and customer loyalty.

Keywords--Service quality; switching barriers; customer loyalty; service provider

I. INTRODUCTION

In modern society, telecommunication tools such as mobile and internet are considered indispensable in daily life. In 2012, Saudi Arabia have 16.4 million internet users and largest number of mobile phone users in worldwide. Meanwhile, Google had released survey which showed that United Arab Emirates (UAE) and Saudi Arabia were among world slowest mobile download speed with mere 21.2 megabytes per second.

In 2016, mobile and internet users in Saudi Arabia began a campaign against the Saudi Mobile Service Provider (MSP) and most complained on slow and expensive internet service. According to Saudi Arabia internet usage and telecommunication report found average MSP charge was 0.6SR per minute while individual companies charge that cheaper, 0.35 SR per minute.

Telecommunications includes fixed and cellular phones, internet and other form of communication. There are three well known telecommunication companies in Saudi Arabia such as Saudi Telecom Company (STC) with 19.914 million subscribers, MOBILY UAE telecommunication company with 15.06 million subscribers and ZIN Zain, Kuwait company with 11.04 million users.

¹College of Humanities, Effat University, An Nazlah Al Yamaniyyah, Jeddah 22332, Saudi Arabia, ybamatraf@effatuniversity.edu.sa

²College of Humanities, Effat University, An Nazlah Al Yamaniyyah, Jeddah 22332, Saudi Arabia, trashid@effatuniversity.edu.sa

There are several factors that affect customer loyalty. Customers may be loyal due to high switching

barriers or lack of alternatives. Besides, the customer might be loyal because satisfied with the services and want to

continue the relationship.

In the telecommunication industry, the effects of customer loyalty can be assessed in these aspects: service

quality, switching barriers, and brand image. The age also plays important roles in determining the customer loyalty.

There was significant competition between mobile service provider companies in Saudi Arabia. In fact,

there are numerous new telecommunications companies such as Virgin mobile KSA, Bravo and Lebara KSA who

providing telecommunication service to fulfill with customer demand for effective telecommunication services.

Nowadays, customers become wise in considering many factors before choosing an MSP and particularly concerned

with price and quality of services. Therefore, this will become significant and beneficial for MSP marketer to

comprehend and determine customer preferences to retain hard earned customer loyalty. The study aimed to

determine the influence of service quality and switching barrier toward customer loyalty.

II. LITERATURE REVIEW

Service Quality

The service quality is defined as "those separately identifiable, essentially intangible activities which

provide want satisfaction and which are not necessarily tied to the sale of a product or another service" [1]. Besides,

service quality also considered as customer decision on an entity overall excellence or superiority [2]. Moreover,

service quality is customers; evaluation of perceived quality, instead of their satisfaction with an incident or

transaction [3].

Service quality evaluation method SERVQUAL was developed by Parasuraman et al. [4]. There are ten

components in SERVQUAL included reliability, responsiveness, competence, access, courtesy, communication,

credibility, security, knowing the customer and tangibles [5]. Meanwhile, Barnes and Vidgen (2001) had developed

WebQual scale based on SERVQUAL which contains five dimensions includes tangibles, reliability,

responsiveness, assurance and empathy [6]. Wolfinbarger and Gilly (2003) developed service quality in e-retailing

scale known as EtailQ which contains four quality dimensions such as fulfillment/reliability, website design,

customer service and security/privacy [7].

Switching Barriers

Switching barriers are factors that contribute to difficulty among customer to change service providers [8].

Switching barriers is defined as encompassing several aspects for customers included lack of interesting alternative,

high relationship investment and high correlation costs with switching to another attractive alternative [9,20].

The high costs in attracting new customers and difficulties in customer satisfaction, hence companies had increased

their switching barriers to encourage customer loyalty [10].

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Customer Satisfaction

Customer's need and satisfaction are monitored by geographical and economic factors, context usage, local

and international administration, resource usage and standards [11,19]. Customer satisfaction is defined as customer

psychological reaction with respect to their prior experience with comparison between expected and perceived

performance [12]. Customer satisfaction contributed to many effects and known as indicator for company future

profit and future [13]. Customer satisfaction in mobile internet services is influenced by both product quality and

counter service quality [14]. In addition, customer satisfaction is significant affected by customer evaluation on the

company service features [15]. Customer also found to decrease the costs for attracting new customers and dealing

with many quality, defeate and complaints [10] The annullent coming quality in order to ordinar the anatomorphism

with poor quality, defects and complaints [16]. The excellent service quality in order to achieve the customer

satisfaction is main goal of companies because of advantage of customer retention [17].

III.METHODOLOGY

The study was focused on customer loyalty which contained two factors such as service quality and

switching barriers. There were two hypotheses to determine the relationship between service quality and switching

barriers on customer loyalty. The customer loyalty was the dependent variable while other factors were the

independent variables.

The study population comprised resident in Jeddah who were subscribed to telecommunication service

providers such as internet service. The sample sizes were 271 telecommunication service users that consisted female

(69.7%) and male (30.3%), aged less than 18 years old were 3%, more than 46 years old (15.1%), between 26 years

old and 35 years old (16.6%), between 36 years old and 45 years old (18.1%) and most respondents aged between 18

years old and 26 years old (47.2%).

The sample characteristics in mobile telecommunication services usage were such as STC (63.5%),

MOBILY (34.7%), ZAIN (11.4%) and other companies (2.2%).

The study used correlation research design with survey method. Besides, a quantitative method was used in

this study. There were two main sections in the questionnaires. The first section consisted of respondent's

demographic characteristics. The second section of the questionnaire was pertaining to the dependent variables such

as customer loyalty and independent variables such as service quality and switching barriers.

The primary data was collected used survey which distributed online to current users of Saudi mobile

telecommunication services in Jeddah. The data was analyzed used SPSS. The statistical tools had been used

included descriptive analysis, reliability test, descriptive statistics and Pearson's correlation to evaluate the

relationship between service quality and switching barriers toward customer loyalty.

IV. RESULT AND DISCUSSION

Result

In Figure 1, there were 8 respondents (3%) aged less than 18 years old and 128 respondents (47.2%) aged

between 18 years old and 25 years old. Meanwhile, 45 respondents (16.6%) aged between 26 years old and 35 years

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old and 49 respondents (18.1%) aged between 36 years old and 45 years old. There were 41 respondents (15.1%) aged more than 46 years old.

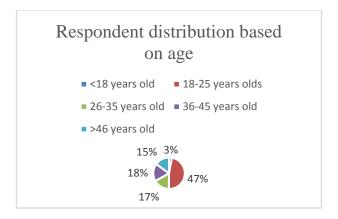


Figure 1: Respondent distribution based on age.

In addition, 82 respondents (30.3%) were male and 189 respondents (69.7%) were female as shown in Figure 2.

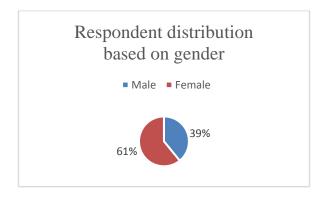


Figure 2: Respondent distribution based on gender.

There were 76 respondents (28%) had completed high school and 1175 respondents (64.6%) had completed degree. Besides, 20 respondents (7.4%) had completed other education level as shown in Figure 3.

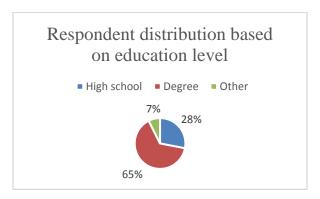


Figure 3: Respondent distribution based on educational level.

Furthermore, 133 respondents (49.1%) were single and 130 respondents (48%) were married and 8 respondents (3%) were in other marital status as shown in Figure 4.

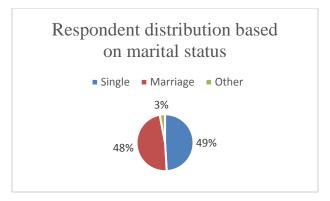


Figure 4: Respondent distribution based on marital status.

In Figure 5, 119 respondents (43.9%) were students, 91 respondents (33.6%) were employees and 61 respondents (22.5%) were other employment status.

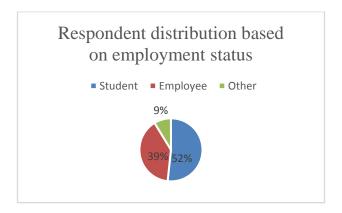


Figure 5: Respondent distribution based on employment status.

There were 172 respondents (63.5%) used STC telecommunication service company, 94 respondents (34.7%) used MOBILY telecommunication service company and 31 respondents (11.4%) used ZAIN telecommunication service company. Meanwhile, 6 respondents (2.2%) used other telecommunication service company as shown in Figure 6.

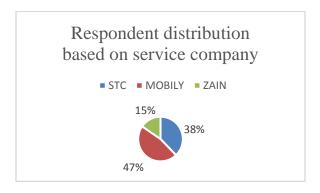


Figure 6: Respondent distribution based on Service Company

Table 1, reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research situations. In this study, the Cronbach's alpha showed the reliability for each variable such as customer loyalty with 0.83, 0.707 for service quality and 0.705 for switching barriers. Therefore, the results were accepted.

Table 1: Reliability analysis

Variables	Cronbach's alpha	
Independent variable		
Service quality	0.707	
Switching barriers	0.705	
Dependent variable		
Customer loyalty	0.83	

Table showed correlation coefficient between all variables. This study showed significant positive relationship between service quality and customer loyalty (r=0.357, p=0.000<0.01. The correlation was significant at 0.01 level (2-tailed). The Pearson coefficient for positive relationship between customer loyalty and service quality was 0.357 which meant service quality increased and customer loyalty increased.

There was no significant relationship between switching barriers and customer loyalty. However, the analysis showed significant positive correlation between service quality and switching barriers (r=0.341, p=0.000<0.01).

Table 2: Correlation analysis

Variables	Customer	Service	Switching
	loyalty	quality	barriers
Customer	0.357**		
loyalty			
Service	0.098	0.341**	
quality			
Switching			
barriers			

^{**} Correlation was significant at 0.01 level (2-tailed)

Discussion

In this study, a model that determined influence of service quality and switching barriers toward customer loyalty for mobile telecommunication services.

There was significant positive relationship between service quality and customer loyalty. This study had supported with previous studies. Omar, et al. (2016)had investigated effect of gender on the relationship between service quality and customer's satisfaction in Arabic restaurant which used five service quality attributes such as

tangibles, reliability, responsiveness, assurance and empathy. The result showed there was significant correlation between tangibles, assurance and empathy and customer satisfaction [1]. Besides, Segoro (2013) mentioned perception on service quality had positive correlation influence customer satisfaction [18].

Meanwhile, the result also showed there was positive relationship between switching barriers and customer loyalty. There were many factors contributed to the difficulty for customers which lead their cancelation on telecommunication provider. The factors which contributed to the customer satisfaction such as customer inertia that considered as fake loyalty. In Iran, a study found satisfaction, trust and switching barriers had positive influences on the customer loyalty among 380 respondents [8].

V. CONCLUSION

In conclusion, this study had determined the factors influenced customer loyalty in mobile telecommunication services. The findings showed that there was significant relationship between service quality and customer loyalty. In addition, there was positive significant relationship between service quality and switching barriers. Hence, the switching barriers had no influence on customer loyalty. The service quality was key factor for customer loyalty rather than switching barriers. Although, the switching barriers had no relationship with customer loyalty but still was important factor and need to consider in formulating strategies for developing customer loyalty.

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