The Inspection of Brand Loyalty towards the Mobile Phone Service Operator in Dili, Timor-Leste

Evita Barreto Abrantes, and Sirion Chaipoopirutana

Abstract—This study investigates the relationship between perceived value, customer satisfaction, perceived quality, and trust towards brand loyalty of the mobile phone service operator. To do so, a survey was conducted by distributing the questionnaires in 6 existence different stores of Timor Telecom (TT) in Dili, Timor-Leste. The Pearson Correlation Coefficient was applied in this study for the data analysis. The results show that there was a positive and significant relationship among the perceived value, customer satisfaction, perceived quality, and trust towards brand loyalty. However, the highest and the most important predictor to build brand loyalty was trust, followed by perceived value, and perceived quality. On the other hand, customer satisfaction was found as the lowest determinant factor contributed to brand loyalty. Based on these results, it seems that the operator company needs to provide comprehensive solutions to response to different type of customers with variety and distinct packages and services.

Keywords—Brand loyalty, perceived value, customer satisfaction, perceived quality, and trust.

I. INTRODUCTION

BRANDING plays an important role in all industries because it can build brand loyalty for customers, provide profitability to the firm and as a result make the firm to be successful. To gain more competitive advantages, there are significant ways for the firm to make the brand successful. When customers become loyal, they will tend to purchase more and they will recommend to other customers to buy from the brand. Several authors (Blackwell *et al.*, [4]; Vranesevic and Stancec, [24]; Taylor *et al.*, [22]) stated that brand value can build brand loyalty of a customer once they perceived the value of a product/service. In addition, loyalty also can be affected by customer satisfaction as argued by Abdullah *et al.*, [2] due to when customers have a pleasurable level after evaluating the product/service that they have consumed (Oliver [18]). On the other hand, perceived quality also can form the degree of brand loyalty. As said by Zeithaml [26],

Evita Barreto Abrantes is with the Graduate School of Business, Assumption University of Thailand (phone: 0989567696; e-mail: abrantes.evit@gmail.com).

Sirion Chaipoopirutana is with the Graduate School of Business, Assumption University of Thailand (e-mail: sirionc@gmail.com).

perceived quality is consumer judgment about a product's overall excellence or superiority. Therefore, it is important for all the businesses to increase their real objective quality in the business, particularly in the quality signals in its marketing activities, in order to increase the costumer's perceived quality towards the brand/service. Furthermore, it is also considered that the formation of the loyalty outcome can come from consumers' trust towards the brand or service. With trust, consumers can build a long-term consumers relationship. Taylor *et al.*, [22] suggested that the role of trust in a consumers' loyalty experience is even more significant, and it may affect both attitudinal and behavioral loyalty (Chaudhuri and Holbrook [5]; Taylor *et al.*, [22]; Matzler *et al.*, [12]). It is frequently said that in the telecommunication industry, when customers have been attained and connected to the telecommunication network of a particular operator; they will have a long term relationship with that company and this results in a creation of a successful company to compete in the market rather than in other industries as examined by Gerpott *et al.*, [8]. Currently, there are three mobile phone service operators in Timor-Leste, named Timor Telecom from Portugal, under the name of Timor Telecom/"TT" brand, Viettel Global Investment Joint Stock Company from Vietnam, under the name of Telemor brand and PT Telekomunikasi Indonesia International (Telin) from Indonesia, under the name of Telkomsel brand. Thus, many consumers may have different choices that can affect their purchasing decisions. As TT as the first and the oldest existing operator, therefore the researcher would like to investigate whether its customers will remain and stay loyal or they may switch to another competitors. The researcher applied 5 variables and 4 hypotheses to explore the factors affecting brand loyalty towards this operator. The variables applied in this study were perceived value, customer satisfaction, perceived quality, trust and brand loyalty.

II. LITERATURE REVIEW

A. PERCEIVED VALUE

Oliver [20] asserted that value is indeed a unique construct from satisfaction and quality. On the other hand, McDougall and Levesque [13] defined that value acts as the benefit

customers believe they receive relative to the costs associated with its consumption. In addition, Zeithaml and Bitner [27] pointed that it is an overall evaluation of a service's utility, based on customers' perceptions of what is received and at what cost.

B. CUSTOMER SATISFACTION

Oliver [18] suggested that satisfaction is a response that occurs when consumers experience a pleasurable level of consumption-related fulfillment when evaluating a product or service. Some authors (McGuire [14]; Oliver [18]; Tse [23]) mentioned that satisfaction (or dissatisfaction) was the perceived match or mismatch between prior expectations of performance and perceptions of the value of an exchange or transaction experience and, on the other, post-consumption evaluation of performance and value. The level of satisfaction or dissatisfaction reflects perceptions and attitudes formed from previous service experiences, and influences repurchase intentions as implied by McGuire [14].

C. PERCEIVED QUALITY

Perceived quality is defined as the consumer's judgment about the superiority or excellence of a product or service (Zeithaml [26]; Aaker and Jacobson [1]). Moreover, Parasuraman *et al.*, [21] examined that perceived quality is an attitude that results from the comparison of consumer expectations with the actual performance. Thus, the consumers perceived brand quality through their direct experiences with the brand and information obtained in the environmental factor (Groonroos [9]; Yoo *et al.*, [25]).

D. TRUST

Trust is a willingness to rely on an exchange partner in whom one has confidence as defined by Mooreman *et al.*, [15]. Also, trust is an antecedent to commitment (Morgan and Hunt, [17]). Moreover, Delgado-Ballester and Munuera-Aleman [6] stated that brand trust was a feeling of security that the brand will meet consumer's expectations. Considering brand trust as expectancy, it is based on the consumers' belief that the brand has specific qualities that makes it consistent, competent, honest, responsible and so on (Andaleeb [3]; Doney and Cannon [7]; Larzelere and Huston [10]).

E. BRAND LOYALTY

Oliver [18] defined loyalty as a deeply held commitment to rebuy or repatrionise a preferred product/service consistently in the future, thereby causing repetitive same-brand of product or service. Morgan [16] also stated that the term "loyalty" can be interpreted in different ways, ranging from affective loyalty ("what I feel") to behavioral loyalty ("what I do"). Thus, it could be said that behavioral loyalty exists based on consumers' repeat-purchase behavior towards a brand/service, while attitude was created from affective and cognitive components of loyalty; or it can be said that brand loyalty is built when both behavior and attitudes are favorable. Therefore, Chaudhuri and Holbrook [5] proposed that purchase loyalty tends to lead to a greater market share, while attitudinal loyalty leads to a higher relative brand pricing.

III. RESEARCH FRAMEWORK AND METHODOLOGY

A. Research Framework

Base on previous empirical researches provided evidence. In the conceptual framework, brand loyalty, the dependent variable, is affected by four independent variables; perceived value, customer satisfaction, perceived quality and trust. The framework is shown in Fig.1. There were 4 hypotheses formulated based on the framework and they are shown as follows:

H1: There is a significant relationship between the perceived value and brand loyalty

H2: There is a significant relationship between customer satisfaction and brand loyalty

H3: There is a significant relationship between perceived quality and brand loyalty

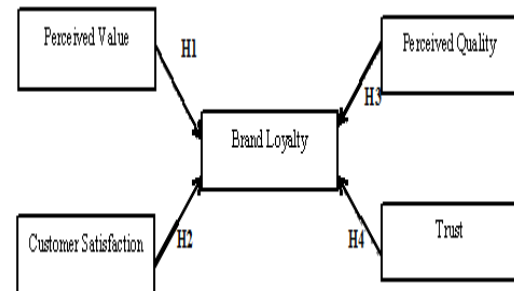H4: There is a significant relationship between trust and brand loyalty

Fig. 1.The inspection of brand loyalty towards the mobile phone service operator in Dili, Timor-Leste

B. Research Methodology

The purpose of this research is to investigate the factors affecting brand loyalty towards the mobile phone service operator in Dili, Timor-Leste.

This paper describes four independent variables which are perceived value, customer satisfaction, perceived quality, and trust, and their effects toward the dependent variables, brand loyalty. All 400 research questionnaires which were distributed to target population in Dili, Timor-Leste. The questionnaires consisted of four sections that represent screening question, independent variables (four questions), the dependent variable and demographic factors. The researcher applied quota and convenience non-probability sampling. The researcher selected the descriptive research methodology instrument to evaluate each variable. This means that the outcome of the research would be described by examining the relationship between different variables.

Sampling procedure

The researcher applied the non-probability sampling method to find the sampling unit in this study. The probability sample is the process of probability sampling which is randomly chosen and non-probability sampling is the probability of a specific member of the population which is unknown

information for the researcher. The sampling unit is an individual component or group of components which point to the selection of the sample. The researcher in this study applied Quota sampling and Convenience sampling to be the first and second step respectively; all details are as follows:

Step 1: Quota Sampling

Quota sampling is a non-probability sampling method and which is used in representing the subgroups of population. It is a specific quota for several individuals to be interviewed, each of them are fix numbers. In this research, the researcher selected the six existence different stores of TT allocated in Dili, Timor-Leste for the collection of primary data.

Step 2: Convenience Sampling

Convenience sampling is the sampling method used to gather information from people who are most conveniently available and it also called accidental or haphazard sampling. Convenience sampling is beneficial to obtain a large number of completed questionnaires quickly and economically. Therefore, most of the researchers generally use convenience sampling to obtain a large number of completed questionnaires quickly and economically.

IV. RESEARCH AND FINDINGS

The hypotheses testing, is supported by the conceptual framework. There are a total of four hypotheses which were tested in this research. Based on the research objectives, Pearson's Correlation analysis was used in this study. After analyzing the hypotheses, all the null hypotheses were rejected. The results are summarized as follows:

TABLE I
SUMMARY OF HYPOTHESES TESTING

Hypothesis	Statistical Test	Significant Value	Correlation Coefficient	Result
H1$_a$: There was a significant relationship between the perceived value and brand loyalty	Pearson's Correlation	0.000	0.722[**]	Reject H$_o$
H2$_a$: There was a significant relationship between customer satisfaction and brand loyalty	Pearson's Correlation	0.000	0.700[**]	Reject H$_o$
H3$_a$: There was a significant relationship between perceived quality and brand loyalty	Pearson's Correlation	0.000	0.712[**]	Reject H$_o$
H4$_a$: There was a significant relationship between trust and brand loyalty	Pearson's Correlation	0.000	0.745[**]	Reject H$_o$

V. SUMMARY AND CONCLUSION

In this research, the majority of respondents are males which accounted for 54.5% or 218. Most of the respondents are married which are accounted for 50.8% or 203. Most of the respondents are in the age level of "20 – 30 years old" which are accounted for 53.5% or 214. Moreover, the majority of the respondents held a Bachelor Degree which is accounted for 46.5% or 186. Most of the respondents were government sector employees which are accounted for 33% or 132. Furthermore, the highest percentages of the respondents earn $201 to $300/month which are accounted at 33.3% or 133. For hypothesis testing, the data had been analyzed by using SPSS (statistical package of social science) to test the hypotheses and find the results for this research.

From the results, it can be concluded that all the variables have significant affect that leads to brand loyalty which include trust, perceived value, perceived quality and customer satisfaction respectively. However, Trust indicated the highest correlation in the formation to brand loyalty and customer satisfaction showed the lowest correlation in building brand loyalty.

VI. RECOMMENDATIONS

According to the data analysis of this study, the result can help marketers not only to understand the Timorese consumer's loyalty towards TT mobile phone brand operator but also to gain more competitive advantages. Regarding to the research findings, the answers from the questionnaires of this research paper and based on the researcher's observation, the researcher would like to make some suggestion as follows;

Based on the results of hypothesis one, the researcher found that perceived value is introduced as an important formation to brand loyalty of TT mobile phone service operator (correlation coefficient 0.722). A higher level of perceived service performance leads to a high level of perceived value as implied by Lim *et al*., [11]. Therefore, the researcher would like to recommend to this company to put more attention on rebuilding their brand, particularly regarding their brand image and also innovate their brand with the technological advancements as well as provide various additional package services that may differentiate them from other competing brands like Telemor and Telkomsel, with the aim of increasing the importance of the relationship for customers. This study also shows that most customers are male aged between 20 to 30 years old. They are mostly government sector employees with the earnings of $200 to $300/month. This means that TT Company needs to invest more in the research and development program (R&D) in order for them to create the innovation and quality of their brand, for example by providing more value-added services, and offering more sales and promotions.

Based on the results of hypothesis two, the researcher found that customer satisfaction and brand loyalty has the lowest level of relationship at the significant level of .700. Therefore, the researcher would like to recommend to the

marketer of this company to improve their integration into Customer Relationship Management strategies (CRM). By employing a CRM database, it enables TT marketer to analyze and predict for its potentials customers, understand better the customers and respond to their needs and wants at a certain period of time. This can be achieved by collecting a customer profile, their history, their preferences and their purchasing patterns as well as a better information empowerment at all customer touch points, whether with employees or other media interfaces.

Based on the results of hypothesis three, the researcher found that perceived quality also contributes to the formation of brand loyalty (correlation coefficient 0.712). Therefore, the researcher would like to recommend that this company must communicate the useful information about its brand in order for customers to be well informed continuously. They may send a brochure or simple newsletters; conduct a seminar and other related campaigns related to its brand.

Based on the results of hypothesis four, the researcher found that trust and brand loyalty has the highest level of the relationship. Thus, trust is initiated as an important predictor of brand loyalty towards Timor Telecom mobile phone service operator. Customers' trust of this operator was highly associated with their loyalty (correlation coefficient 0.745). This means that trust plays an important role in determining brand loyalty. Therefore, the researcher would like to recommend to this company to sustain and improve the perception of its brand trust. They may put attention to their employees or the service staff by providing training and development programs needed such as relationship building skills, interpersonal skills, listening skills, customer care skills, problem solving skills as well as product knowledge so that the employees can advise customers on how useful the product or service is that they bought. On the other hand, this company may also conduct such important events like workshops and seminars within their organization to inculcate a shared understanding about the corporate brand values to the staff. Besides, they also need to have faith in their staff in order to increase the staff commitment with their brand values. The staff tends to perform the job well when they stay committed to it. They will be more willing to deal with and solve the customers' problems about the product or brand. The alternative way to build customers trust is by offering a service guarantee. This may differentiate the company product with the other competitors such as Telemor and Telkomsel and it can result in the company having a potential competitive advantage.

FURTHER RESEARCH

Further studies could be carried out in other sector industries. This research focused on one mobile phone operator only. The researcher focused only upon the (4) variables in this study according to the limited timeframe and the cost. Further studies could focus on other variables; such as brand image, perceived switching cost, etc. This study is conducted in Dili, Timor-Leste, and it can represent only the brand loyalty of customers who lived in Dili. Further research could be conducted in other different geographic areas in Timor-Leste, such as Bobonaro, Baucau, etc.

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