AN EMPIRICAL STUDY OF FACTORS AFFECTING CUSTOMER LOYALTY OF TELECOMMUNICATION INDUSTRY IN THE KINGDOM OF SAUDI ARABIA

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ABSTRACT: This research aims to evaluate the effect of the variables; namely, price, service quality, brand image and trends on customer loyalty of service providers of mobile phones in Saudi Arabia. A questionnaire was developed and distributed to a convenient sample throughout the major cities of Saudi Arabia. A total of 775 were returned representing a response rate of 89.6%. The study showed that the majority of respondents had prescribed to more than one service provider at the same time. Additionally, it was revealed that all the variables tested; price, service quality, brand image and trends, had a direct effect on customer loyalty of service provider. Results obtained from this research will offer necessary feedback for improving a company’s strategy, marketing mix, services, and product offerings, thereby, achieve customer satisfaction and improve their customer loyalty while attracting new ones.

KEYWORDS: Price, service quality, brand image, trends, customer loyalty, mobile phones, Saudi Arabia.

INTRODUCTION

Wireless communication technology, particularly cellular networks have spread rapidly throughout Saudi Arabia within the past decades making it the main form of telecommunication in the area. One manifestation of this is the move from analog to cellular system phones whereby, the proportion of analog versus digital users has steadily decreased. Additionally, the number of mobile telephone service providers has increased dramatically, to include Zain, Saudi Telecom Company (STC) and Mobily. The existence of these three main players has given way to high competition in a wide range of areas in pursuit of attracting customers and keeping present ones. Consequently, these companies were forced to develop aggressive marketing strategies aimed at improving service quality, price, product offerings, etc. in order to maintain
customer base and attract new consumers. With this strong competition, it would be interesting to examine the effect of these strategies on customer decision making of mobile service providers. Thus, this study aims to analyze factors which affect customer loyalty for a particular mobile service provider. Furthermore, an analysis of the relationships of the factors affecting the loyalty of the mobile service industry, namely; price, service quality, brand image and trends will be analyzed. However, despite the tremendous growth in the mobile communication market in Saudi Arabia, very limited number of studies have been conducted in this area. The scope of this study which focuses on the customer’s perspective will provide better insight regarding the relationship between the variables investigated.

**Statement of the Problem**

The fascination of digital gadgets amongst young consumers worldwide, in particular mobile phones, has presented an opportunity for telecommunication marketers to target this group. The vast majority of mobile phone users have a personal relationship with their phones. They no longer regard them as a mere luxury, but rather as a necessity for everyday life. Thus, choosing an appropriate mobile service provider becomes an important part of owning a phone. For this reason, it is important for mobile service providers to maintain their current customers and attract new ones. Based on a number of preliminary interviews with consumers, it was revealed that customer loyalty to a mobile service provider is affected by the, price, quality of service, brand image and trends. These factors affect primarily the young who are, by nature, influenced easily by their peers and tend to make hasty and abrupt decisions. Thus, this research will examine the factors that contribute to customer loyalty of mobile service providers among consumers in Saudi Arabia.

**Significance of the Study**

The popularity of mobile phones among young consumers is a worldwide phenomenon and Saudi Arabia is no exception. A fascination with mobile phones and their acquisition is rampant within the youth culture in particular. This has prompted researchers to explore this topic in depth. Numerous studies have been undertaken in various countries including, Pakistan (Nawaz and Usman, 2010), South Korea,(Shin and Kim, 2007), Greece (Santouridis and Trivellas, 2010), France (Lee, Lee and Feick, 2001), USA (Lim, Widdows and Park, 2006), Turkey (Aydin and Ozer, 2005), and South Africa (Van der Wal, Pampallis and Bond, 2002) to name a few, in an attempt to understand this phenomenon. Very few studies in this area have been undertaken in the Gulf region in general and in Saudi Arabia in particular. Although, customer loyalty is an important factor influencing company’s market share and profitability, has not been addressed (Buzzell et al., 1975; Raj, 1985; Jensen and Hansen, 2006). Most of the studies that have been carried out cover primarily utilizing mobile phones for communicating with friends and family, accessing news, sports and for personal entertainment. For this reason, a need for a model representing brand loyalty is essential (Nawaz and Usman, 2010). Thus, our research will help close the gap by providing empirical information on how to choose a mobile service provider and the factors which affect a consumer’s decision to stay or leave that provider. By doing so, rendered information will provide guidelines for service providers to help develop appropriate marketing strategies in order to satisfy their current customers and attract new ones.
LITERATURE REVIEW

Brand loyalty is an extremely important topic for researchers and marketers (Aaker, 1991). The concept of brand loyalty originated in the 1920’s (Bennett, 2001). Many definitions of brand loyalty exist, however, the most widely accepted one is provided by Jacoby (1971) “The biased (non-random) behavioral response (purchase) expressed over time by some decision-making unit with respect to one or more alternative brands out of a set of brands and is a function of psychological processes.” In recent times this concept has been receiving much attention. It is viewed as an important factor in maintaining and building brand equity (Aaker, 1991). This has been especially true in the area of telecommunications where an emphasis is put on developing a comprehensive model in the area of brand loyalty (Nawaz and Usman 2010; Asuncio, Martin, and Quintana, 2001). In the telecommunications sector, it is significant to ensure a good relationship among customers and mobile service providers as a vehicle to build customer loyalty. Several factors influence customer loyalty such as, service quality, brand image, trends, etc. (Aydin and Ozer, 2005; Reena, 2012). To create brand loyalty, companies should use their relationship with consumers to assist them to obtain new habits of purchase and reinforce these habits by reminding them of the value of their purchase, while, persuading them to continue purchasing their products in the future (Tepeci, 1999). In this regard, it is worth noting that customers have their own purchasing habits which are influenced by criteria such as price, quality, trends, etc. Finally before discussing the factors which affect customer loyalty, a brief view of the state of telecommunications in Saudi Arabia is in order.

Telecommunication Sector in Saudi Arabia

The telecommunication sector has contributed significantly to the economic development of Saudi Arabia. The factors which were instrumental in this development include the introduction of new communication systems, making smart phones possible (3G etc.) and creating a healthy competitive environment for customers (Algahtani, 2011). These factors resulted in a significant increase in the purchase and use of smart phones and phone service plans (Algahtani, 2011). Having said that, Saudi Arabia, the largest telecommunication market in the Gulf area, still has only 38 percent of its population with internet services (Arab News, 2013). This means there is more opportunity for mobile service providers to expand their market. Additionally, data services represent a new window of opportunity for mobile providers. One of the challenges facing mobile service providers is developing internet for all which entails, not only, building vast networks but developing the capacity for smooth flowing traffic. Upon completing this network, competition will be fought between the three main providers of mobile services in Saudi Arabia, namely, STC, Zain and Mobily. Hence, this competition is expected to have some effect on consumer loyalty of service providers in Saudi Arabia.

Factors Influencing Brand Loyalty

This research evaluates factors affecting customer loyalty in the Saudi Arabian telecommunications sector. Although other factors exist, the literature and preliminary interviews, mentioned above, revealed that the significant variables of concern are, price, service quality, brand image and trends. These variables will be reviewed in more detail below.
Price

Zhang and Feng (2009) suggest that “price is the monetary cost for a customer to buy products or services.” Therefore, price is an important determinant that will reflect the customers purchasing decision. Price competition in the mobile phone sector is becoming very intense, whereby it plays a vital role particularly for mobile phone service providers (Kollmann, 2000; Reena, 2012). Price is determined by various factors including, willingness of the buyer to pay and accept markups, the legal environment, intensity of competition, etc. Due to the importance of cost and service charges, customers are most likely to commit to a company that provides cheaper services (Mokhtar et al., 2011). Haque et al. (2007) also suggest that, generally, a price dominated mass market leads to customers having more choice and the chance to compare price packages of different providers. Kollmann (2000) noted that the income of the total minutes of calls made will determine the success of the commercial basis for network providers. It should be noted that the success of the telecommunication provider does not depend only on sales but rather on actual total minutes used by subscriber’s mobile phone. This indicates that there are two potential subscriber decisions. One is the decision to accept and buy the telecommunication device (e.g. mobile phone) and the other is to accept the charges for using the product (service from a provider). In this regard (Kollmann, 2000) suggested a pricing policy for the success of service providers to give consumers free of charge mobile phones. On the other hand, (Reena, 2012) noted that variable charges are the most significant factors in the end-user’s decision to subscribe to a service. Additionally, Kollmann (2000) supports this view by stating that price, in particular, plays an important role in the decision to prescribe to a mobile communications service provider. Moreover, price perceptions among consumers toward the same products may be diverse. Nevertheless, there is an opinion that states that some consumers are more interested in where they purchase their product, as opposed to price or charges of service plan. Thus price and the service providers (where the service is purchased from) are important elements of value in the mind of the consumers. Companies should, therefore, maintain and continue to offer higher value in order to attract new customers and avoid the risk of customers switching to competitor, that is, to sustain customer loyalty (Lee and Murphy, 2005). Based on the arguments above, the following hypothesis is offered.

**Hypothesis 1**: There is a significant relationship between price and customer loyalty in mobile telephone services.

Service Quality

Throughout the past few decades, many studies and practitioners have paid close attention to service quality due to its strong impact on business performance, customer satisfaction, and customer loyalty. Service quality has been found to have an influence on customer loyalty and benefit companies as it improves customer retention rate (Nsiah and Mensah, 2014). It greatly influences a customer’s perception of a brand as he/she makes an assessment of overall quality of a brand as compared to its competitors (Aaker, 2004; Yousif, 2012; Jain et al., 2012). As Zeithaml et al. (2003) suggests that the two dimensions of service quality; namely, technical quality and functional quality, are what a customer receives and how a service is provided or delivered, consecutively. Zeithaml et al. (1996) have also noted that customer perceived quality, customer value, and satisfaction are integral to the success of business competition for
manufacturer and service providers. Furthermore, (Kumar and Vandana 2011) established an association between customer service, satisfaction and customer loyalty in the communication industry in India. Moreover, Zeithaml et al. (2003) discovered a conceptual model of service quality which says that service quality impacts particular behaviors that demonstrate whether consumers will remain loyal to or leave an organization. Kuo et al. (2009) contends that perceived service quality “is the consumer’s judgment regarding the superiority or excellence of a product.” He demonstrated that the service quality model conceptualized as a differentiation between perceptions and expectations. The model contains five specific dimensions, tangibles, reliability, responsiveness, assurance and empathy. Kim et al. (2004) and Kuo et al. (2009) found that service quality is positively related to customer loyalty. That is, behavioral intentions, such as repurchase intentions, recommending a provider, and resistance to switching are dependent on service quality (Deng et al., 2009, Lin, and Wang, 2006; Wang et al., 2004). Also, service quality, not only, entices new customers away from competitive firms but also induces customer’s repurchase intentions (Kumar and Vandana 2011). Finally, Aydin and Özer (2005) and Kuo et al. (2009) maintain that there is a positive relationship between service quality and customer loyalty. Hence, it can be assumed that service quality is one of the major variables influencing Saudi Arabian customers to switch service providers. Thus, service quality is a significant factor to assess the performance of products, therefore, the following hypothesis is offered.

**Hypothesis 2**: There is a significant relationship between service quality and customer loyalty in mobile telephone services.

**Brand Image**

Consumers are more inclined to trust familiar brands. A good brand image perception of the quality of service makes a brand more attractive. Brand image is an important factor which impacts customer loyalty and is considered a vital factor for creating, building and maintaining relationships (Das, 2012). Ismail (2009) defined brand as “a name, term, sign, symbol, or design, or a combination of these that identifies the maker or seller of a product or service.” The definition of image given by (Shahzad and Sobia, 2013) is the perceptions about a brand as reflected by the brand association held in consumer memory. Moreover, brand image usually indicates to the set or bundle of beliefs which a customer holds concerning a particular brand. It conveys the overall image or impression of a brand in a customers’ mind developed from diverse sources (Upamannya and Mathur 2012). That is, brand image reflects the overall brand content which includes brand name, reputation, functionality and overall value. Aaker (1991) adds that brand image creates importance and helps the consumer in collecting information, differentiate the brand, create reason to purchase, and creates constructive feelings extension. Kuusik (2007) stated that brand image is among the most complex factors that influence the brand loyalty. Lazarevic (2011) noted that one of the significant steps to reach brand loyalty is through brand image. Based on the branding theory, brand image must be congruent with the customer's image about themselves. A study by Chen and Myagmarsuren (2011) explored the vital role of brand image which says that when a customer buys a product this leads to becoming faithful to that product. Therefore, positive brand image helps a company convey its brand value to customers. Furthermore, a good brand image is conducive to positive word-of-mouth by customers, favorable company reputation and marketing communication. On the other hand, negative brand
image has the opposite effect on consumers. As for a neutral or unfamiliar image, the effect may be insignificant; moreover, it does not increase the effectiveness of communication and word-of-mouth (Gronroos, 2000). Hence, based on the above arguments, the following hypothesis is offered.

**Hypothesis 3:** There is a significant relationship between brand image and customer loyalty in mobile telephone services.

**Trends**

According to (www.webref.org) trends are the collective effect of various uncoordinated individual or group actions. It is an ongoing change in social relations and social structure. (Chen and Ching, 2007) contend that today’s trends reveal that the internet and telecommunication technologies are seen as two major influencing aspects for creating new value and introducing new services to customers. Reena(2012) claims that when it comes to trends, people are most likely to select products/services as a result of marketing efforts and being influenced by the opinions and recommendations of their immediate surroundings, i.e., family, friends, school etc. This is because people are more confident buying something a family member or friend has expressed satisfaction with. A study by Pinki. (2014), noted that reference groups have a direct impact on forming a person trends. The effect of these groups is different across products and brands. Furthermore Hawkins et al. (1998) noted that reference groups include, not only, individuals whom a person has frequent contact with, i.e., classmates, friends, family members and work associates, but can also include ones from a different social group that a person does not have direct contact with but wishes to be part of. This social group is called an aspirational group. The customer, while wishing to be part of this group, will be greatly affected by its members and will buy the same products they buy. It must be noted the level of influence varies depending on individuals and groups. According to Close (2001) and Ayob (2012), people are thought to be brand loyal for a number of reasons as follows, they are involved in purchase decisions, they are targeted frequently by marketing communications efforts, and they use brands to become influencers and trendsetters. The factors that influence the purchasing decision may be due to increasing knowledge of the marketplace and product alternatives.

**Hypothesis 4:** There is a significant relationship between trends and customer loyalty in mobile telephone services.

**Customer Loyalty**

Much attention has been paid to customer loyalty by practitioners and through literature in recent decades (Nawaz and Usman, 2010). People in the field have used both attitudinal and behavioral measures to define and assess customer loyalty (Zeithaml, 2000). Loyalty, from an attitudinal stand point, implies a specific desire to continue a relationship with supplier and provider (Reza and Rehman, 2012). This means that a customer is loyal to a brand or firm if they have a positive and preferential attitude towards it. Whereas behavioral loyalty is when a customer repeatedly buys from the same company. (Reza and Rehman, 2012) thus the customer is faithful to the company. Oliver (1997) defined customer loyalty as “a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive
same-brand purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. According to Ahmed and Moosavi (2013) “brand loyalty is the customer’s willingness to stay with a brand when competitors come knocking with offers that would be considered equally attractive had not the consumer and brand shared a history.” Rahman, et al., (2010) and Deng, Lu, Wei, Zhang (2010), expressed that same notion. Furthermore, Reza and Rehman (2012) note that customer loyalty represents the repeat purchase and referring the company to other customers. They also stated that customer loyalty is a figure that may be measured directly by measuring the actual repeated sales to customers. Additionally, due to intense competition in the market place, businesses have increased efforts to implement the customer retention strategy in order to maximize the lifetime value of customers (Boshoff and du Plessis, 2009). It is important to note that Cheng et al. (2011) proposed that it is cost-effective to maintain existing customers than obtaining new ones. To this the authors proceeded to state that the cost of developing a new customer is between five and nine times the cost of maintaining existing customers. By the same token, (Lee, 2012; Kumar and Vandara, 2011; Boshoff and du Plessis, 2009), believe that the benefits of customer loyalty are that loyal customers are cheap to maintain, are price insensitive, spread free positive word-of-mouth, always provide suggestions, and always try the company’s new products. Several authors suggested that loyal customers are a competitive asset and that a way of increasing customer retention is through secure and collaborative relationship between customer and service providers (Rajeswari and Pradha, 2011; Wichai and Siriluck, 2010; Shannon, 2010). Brand loyalty takes precedence in the services sector, especially with regards to those providing services with little differentiations and ones competing in aggressive conditions, for example, the telecommunications sectors (Santouridis and Trivellas, 2010). Therefore, it is incumbent on providers to accommodate customer’s expectations in this tough competitive environment by developing strategies to strengthen brand loyalty. Thus, with regards to the telecommunication sector, it is significant to ensure a good relationship between customers and mobile service providers. Rahman, et al., (2010) stated that in order to create brand loyalty in customers, companies must help customers acquire new ways of purchasing and reinforce those ways as new habits by reminding them of the value of their purchase while encouraging them to continue purchasing those products in the future.

Research Framework

Educational author Smyth (2004) defined research framework as a framework that builds from a combination of a wide range of ideas and theories and helps studies identify problems, develop questions and search for relevant literature. Drawing from the research above and the preliminary interviews carried out, a conceptual model is developed in Figure 1. The model included five variables, four of which were independent (price, service quality, brand image and trends) and one dependent, namely customer loyalty. Conceivably, these four variables influence customer loyalty as has been presented in the hypotheses developed above. Furthermore, the proposed framework that incorporates the variables to be studied is illustrated in Figure 1.
METHODOLOGY

Research Design

An appropriate research design is essential to determining the type of data, data collection technique and sampling methodology (Hair et al., 2007). This study utilized a combination of qualitative or quantitative methods. Primary data collection was undertaken by way of survey from customers with experience in using mobile phones in Saudi Arabia. The Likert scale was used to measure response since it is widely used in market research and has been extensively tested in both marketing and social sciences (Hair et al., 2006). In this section we will discuss data collection and samples, data collection method and data analysis.

Data Collection and Samples

A total of 800 self-administered questionnaires were distributed, although only 775 being returned representing a response rate of 89.6%. The questionnaires were distributed to telecommunication customers throughout the various regions of Saudi Arabia. Beginning with the Makkah region: Jeddah, Makkah Al-Taif, Al-Qunfodah, followed by the Riyadh region, and
Abha region: Al-Baha, Abha Khammis Mshait, Beeshah, Jizan, , continuing to Al-Dammam region: Al-Khobar, Al-Dammam, Al-Ahsaa, Quteef, and finally the Madina region: Yanbu, Ohud and Khlays. Convenience sampling was used. According to Hair et al., (2007) a convenience sample allows researchers to solve a large number of interviews quickly and cost effectively.

Data Collection Method

The questionnaires were adopted and edited from the instruments that have been developed by Zhang and Feng (2009) and used by Reena (2012). This is because they have been validated and are suitable for the objectives of this study. The data collection method used consisted of three parts.

1st. Demographic information: age, gender, education, occupation, income and marital status.
2nd. Data about service providers, specifically the company used by the respondent and the factors which affected their choice.
3rd. Consists of five sections, all of which used the 5 item Likert scale with (1) strongly disagree and (5) strongly agree. These sections are as follows.

First section: service quality, is measured using four items.
Second section: company brand image consisting of five items
Third section: price, including four items
Fourth section: trends with four items
Fifth section: customer loyalty toward the service provider measured using five items.

Data Analysis

Coding responses, screening data, cleaning and selecting appropriate data analysis strategy is what is involved in data analysis (Churchill and Lacobucci, 2004; Sekaran, 2000). For the purpose of data analysis and hypothesis testing, at three stage analysis was performed. First, a reliability test was conducted and upon satisfactory findings, factor analysis of the collected data was undertaken and finally an Exploratory Factor Analysis (EFA) was undertaken to confirm the results. Furthermore, SPSS was used to analyze the data and hypothesis testing. Descriptive statistics, data loss, treatment of outliers, normal, homoscedasticity, and multicollinearity were undertaken in this study. Analysis of data through validating instruments (instrument validity, instrument reliability) was conducted. Finally correlation analysis was used to reveal the relationship between the factors and regression analysis was used to test price, service quality, brand image, and trends on customer loyalty.

RESULTS AND IMPLICATIONS

Profiles of Respondents

The questionnaire generated information on selected socio-demographic characteristics of the respondents. This section describes the background of the participants in the research. More specifically, it provides the demographic information about respondent, age, gender, academic qualification, current mobile service provider and other relevant information. Among the 775 respondents, there were more male participants (67.2%) than females (32.8%). This result is
consistent with that demonstrated by previous studies (Reena, 2012; Ayob, 2010; Ismail, 2009). In terms of age most respondents were between 20 and 25 representing 21.5% of total respondents. The rest of the age groups were distributed as follows under 20 years (12.6%), 26-30 (20.3%), 31-35 (19.6%), 36-40 (13.2%), 41-45 (7.2%), over 46 (5.5%). With respect to academic qualifications, 10.7% had less than secondary school, 27.2% completed secondary school, 53.2% had a bachelor’s degree, 4.9% a Master’s degree and only 4% had diploma qualifications. Finally, the questionnaire found 396 respondents (51.1%) to be Zain users, 48 respondents (6.2%) Mobily users and 331 respondents (42.7 %) were STC customers. This shows that most of the respondents preferred Zain and STC to Mobily.

**Factor Analysis Results**

The constructs validity was investigated using Bartlett's Test of Sphericity and the Kaiser-Mayer-Olkin measure of sampling adequacy analyzing the strength of association among factors. The Kaiser-Mayer-Olkin measures of sampling adequacy (KMO) were first computed to determine the suitability of applying variables analysis. It also assesses whether the data is appropriate to conduct variables analysis. KMO was also applied to evaluate which factors to drop from the model due to multicollinearity. The values of KMO differ from 0 to 1, and KMO overall should be .60 or higher to conduct factor analysis. Findings for the Kaiser-Meyer-Olkin measure of sampling adequacy were over .700 in all investigations. The Bartlett test of sphericity (over 8892.795 in all variables) showed that the correlation matrix has significant correlations (p = 0.000 for all variables) which indicated very good overall sampling adequacy (Hair et al. 1998).

**Descriptive Statistics**

Table 1 shows the descriptive statistics. It offers summary statistics for continuous, numerical factors, mean, standard deviation and the number of respondents (N). The results shown in this table are for all five factors, as we note that N is 775. Looking at the means or average is a dimension of central tendency that provides a general picture of the data without unnecessarily inundating it with each of the observations in the data set. The Standard Deviation is another dimension of dispersion for interval and ratio scaled data and it provides an indication of the spread of a distribution or the variability of in the data.

<table>
<thead>
<tr>
<th>Component</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Loyalty</td>
<td>3.42</td>
<td>1.156</td>
<td>775</td>
</tr>
<tr>
<td>Price</td>
<td>3.25</td>
<td>1.173</td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>3.32</td>
<td>1.09</td>
<td></td>
</tr>
<tr>
<td>Brand Image</td>
<td>3.65</td>
<td>0.995</td>
<td></td>
</tr>
<tr>
<td>Trends</td>
<td>3.53</td>
<td>1.119</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Descriptive Statistics of Main Variables (n = 775)
Scale Reliability

The reliability of 22 items in the questionnaire is investigated with Cronbach’s alpha. Cronbach alpha reliability coefficient is 0.681 which exceeds the recommended level of 0.60 (Das, 2012). It shows that the questionnaire is reliable and can be used for further analysis. Furthermore, Table II reveals Cronbach’s Alpha (alpha coefficient) for each variable. All the factors demonstrated a high degree of reliability. Additionally, Table II shows that there were four independent factors of customer loyalty that were tested by the researcher.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Number of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td>4</td>
<td>0.752</td>
</tr>
<tr>
<td>Brand Image</td>
<td>6</td>
<td>0.839</td>
</tr>
<tr>
<td>Price</td>
<td>4</td>
<td>0.757</td>
</tr>
<tr>
<td>Trends</td>
<td>4</td>
<td>0.681</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>4</td>
<td>0.87</td>
</tr>
</tbody>
</table>

Table 2: Reliability Coefficients for the variables in the study

Regression Analysis

Multiple regression analysis was conducted to find the answer to the research question and hypothesis testing. Multiple regressions identify the relative contribution of each variable and determine the best predictor variables among a set of variables. For example, R2 shows how well a set of variables (price, service quality, brand image and trends) are able to predict a particular result (customer loyalty). The standard value for R2= 1 means that the continuous dependent variable and a number of independent variables have a perfectly linear relationship, on the other hand, R2 value = 0 means there is no linear relationship. The first stage of regression model analysis shows R2 value of .821 (see Table III) which indicates that the factors explain 82.1% variance of customer loyalty. Standard multiple regression also provides an adjusted R2 value that “corrects” R2 value to indicate a better anticipation of the true populations value (Pallant, 2007). ANOVA was used to assess the statistical significance of the result shown in Table III that is, the hypothesis (that the multiple R in the population is equal to 0) is accepted since the model of this study is statistically significant at p = 000.

<table>
<thead>
<tr>
<th>Mode</th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.371</td>
<td>.103</td>
<td>11.049</td>
<td>.000</td>
</tr>
<tr>
<td>Price</td>
<td>.625</td>
<td>.030</td>
<td>.566</td>
<td>20.623</td>
</tr>
<tr>
<td>Service Quality</td>
<td>.651</td>
<td>.033</td>
<td>.577</td>
<td>19.627</td>
</tr>
<tr>
<td>Brand Image</td>
<td>.779</td>
<td>.034</td>
<td>.639</td>
<td>23.119</td>
</tr>
<tr>
<td>Trends</td>
<td>.506</td>
<td>.038</td>
<td>.431</td>
<td>13.284</td>
</tr>
</tbody>
</table>

$R = .905$
Adjusted $R$ Square = .821
$R$ Square = .821
df = 4
$F$ statistics = 826.464

Table 3: Results of Multiple Regressions between Price, Quality of Service, Brand Image, Trends, and Loyalty of Customer

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Hypothesis Test

This study aims to detect which variables in the model have the most significant effect on the dependent variable using the Beta value. The contribution of each independent variable in the model has been compared and the hypothesis of this study is related to the individual relationship of four factors on customer loyalty. The hypothesis testing led to the achievement of the research goals. These findings demonstrate that pricing has a significant direct effect on customer loyalty of mobile service users ($\beta = .625$, $p = .000$). Service quality was shown to have a significant direct effect on customer loyalty of mobile service users ($\beta = .625$, $p = .000$). Additionally, brand image had significant direct effect on customer loyalty of mobile service users ($\beta = .779$, $p = .000$). Finally, trends had a significant direct effect ($\beta = .506$, $p = .000$) on customer loyalty of mobile service users.

Correlation of Analysis

Pearson correlation is used to describe the impact strength and direction of the relationship between two variables in the same area (Pallant, 2007). The value of the correlation coefficient ($r$) is given in Table III which shows the impact strength of the linear relationship between factors. The calculation of the correlation coefficient was conducted to gain an understanding of the relationship between all the factors in this study. The correlation among these five factors is revealed in Table IV, whereby it is considered high based on Cohen (1988), Pallant (2007), Cooper and Schindler (2006) as a score of more than .50 is seen largely correlated between variables.

<table>
<thead>
<tr>
<th>Correlation Matrix</th>
<th>Quality</th>
<th>Image</th>
<th>Price</th>
<th>Trends</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image</td>
<td>.643(**)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>.533(**)</td>
<td>.635 (**)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trends</td>
<td>.342(**)</td>
<td>.370(**)</td>
<td>.299(**)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>.577(**)</td>
<td>.639(**)</td>
<td>.596(**)</td>
<td>.431(**)</td>
<td>1</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed)

Table 4: Pearson Correlation for Independent and Dependent Factors

CONCLUSION

The results obtained in this study accept the model and hypotheses proposed therein. As was presented in the literature, the results of the study showed that price, quality of service, brand image and trends offer four important factors that influence mobile users to change service providers. Furthermore, the research contributes to the theory of loyalty by conducting factor analysis to reveal the impact of these factors on the consumer’s loyalties. Prior research had emphasized mainly on the significance of service quality and its effect on a service provider’s profitability and customer retention. For service providers, the challenge was identifying key
variables that measure customer satisfaction and loyalty (Aydin and Ozer, 2005). This research, however, evaluated the variables influencing customer loyalty of phone services in the context of Saudi Arabia. The findings of the path analysis showed that price, service quality, brand image and trends significantly affected customer loyalty. The results are in agreement with that reported by a previous study by Reena (2012) who explored a significant and positive relationship between attitude, price, and trends on customer loyalty. Ayob (2012) also investigated the relationship between switching cost, trust and promotion on customer loyalty. Similar findings were reported by Belal Uddin and Bilkis (2012) who demonstrated that switching cost and brand image had a positive influence on customer loyalty. Furthermore, service quality had the strongest total affect on customer loyalty. These results suggest that customer loyalty is most significantly affected by the high quality service. That is, if the customer considers the mobile service as high quality, they are more likely to stay with their existing service providers and suppliers and to recommend them to others. Thus, the literature reveals that customer retention is very significant to provide companies from seeking new customers because the cost of acquiring new customers is better than maintaining customers (Lee, 2012; Kumar and Vandara, 2011). Currently customers can keep their mobile phone and easily switch their service provider with a minimum charge. Finally, the results of this study can assist researchers and academicians to understand the impact these variables have on the customer’s intention to change service provider and the correlation between these factors.

RECOMMENDATIONS

The current study investigated aspects often neglected in a research context in Saudi Arabia, namely–customer loyalty. For this, it is expected that the findings of this empirical study will provide constructive new insights and implications to both academicians and mobile phone practitioners across the board and more specifically in Saudi Arabia. In particular, mobile phone providers need to pay extra attention to service quality and offer customer-oriented services to increase customer satisfaction, in turn influencing customer loyalty. At the same time, mobile service providers should exert effort to minimize switching to competition by investing in long-term relationship with customers through customer relationship management. Furthermore, providers need to focus on developing value-added services for their customer’s. Extra care must be directed at maximizing customer support, especially when dealing with customer grievances by speedily processing questions through a variety of channels. Ongoing customer reward programs, such as price discounts and mileage programs should be incorporated to compensate customers and entice their continued loyalty. Finally, forming a relationship between customer and provider help retain customers and ward off the effect of competitors trying to win them over by way of lower prices, better offer etc.

MANAGERIAL IMPLICATIONS AND FURTHER RESEARCH INSIGHTS

The study adds to the already existing knowledge about customer loyalty in the telecommunications sector in developing countries, more specifically to the rich Gulf region. Although, by way very little of practical and theoretical research has been developed in Saudi Arabia, the results obtained in this study will assist service providers improve customer brand loyalty. Moreover, in order to compete in the existing dynamic environment concise well thought of comparative pricing and well-designed service quality programs must be introduced.
to improve brand loyalty. As shown in the study, providers also need to build strategies to enhance their brand image and address aspects relating to customer trends.

Nevertheless, this research has some limitations. In order to overcome these limitations, more variables such as satisfaction, switching barrier on customer loyalty, perceived value, demographic characteristics of customers, i.e. life cycles, usage pattern of mobile services can be explored in order to understand their effect on brand loyalty in Saudi Arabia. Finally, this research can be expanded to other Arab countries to help them understand the different factors which influence brand loyalty.

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