UNIVERSITI PUTRA MALAYSIA

ULTIMATE CUSTOMER LOYALTY’S HOLY GRAIL

OW MUN WAEI

FEP 2018 8
ULTIMATE CUSTOMER LOYALTY'S HOLY GRAIL

By

OW MUN WAEI

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in Fulfilment of the Requirements for the Degree of Doctor of Philosophy

September 2017
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This research aims to identify the causal factors of “Ultimate Customer Loyalty”—The Holy Grail of Customer Loyalty. Implementing these factors should enable a business enterprise (an entity) to increase its market share and achieve long-term customer loyalty, and, hence, profitability. Firstly, this study explains the conceptualization of three distinct states of the Customer Loyalty Continuum: 1) No customer loyalty (0% loyalty), 2) Simple Customer Loyalty (0% loyalty<Simple Customer Loyalty<100% loyalty), and 3) Ultimate Customer loyalty (100% loyalty i.e., totally loyal). Secondly, this study sets out mechanisms to explain how customers shift from the Customer Satisfaction state to the Ultimate Customer Loyalty state, through the mediating roles played by Simple Attitudinal Customer Loyalty and Simple Behavioural Customer Loyalty. Thirdly, this research focuses on two prominent constructs, namely Consumer Spending Self-Control, and Attractiveness of Alternatives as the moderators in the Satisfaction—Loyalty Link. The research context is mobile phone brands because mobile phones are high involvement products. A positivist approach was adopted in the research, utilizing four hundred and five (405) personally administered questionnaires which were distributed to respondents through purposive sampling: respondents who own and have repurchased mobile phones. A pre-test of three (3) experts and three (3) targeted respondents from the non-scientific community and a pilot test of 100 respondents was conducted. Consequently, the data collected were analyzed using SmartPLS-SEM. Results show that Customer Satisfaction has a positive effect on Simple Attitudinal Loyalty and Simple Behavioural Loyalty. Both Simple Attitudinal Customer Loyalty and Simple Behavioural Customer Loyalty have positive effects on Ultimate Customer Loyalty. In addition, both Simple Attitudinal Loyalty and Simple Behavioural Loyalty are found to have mediating effects between Customer Satisfaction and Ultimate Customer Loyalty. Finally, Consumer Spending Self-Control is found to strengthen the Customer Satisfaction—Simple Attitudinal Loyalty Link; while Attractiveness of Alternatives is found to weaken the Customer Satisfaction—Simple Attitudinal Customer Loyalty Link. Theoretical contribution to the field is achieved through the verification of the framework; and its practical contribution lies the viable basis by which business entities can enhance customer loyalty for their
products/services; and help marketers to differentiate between spurious and ultimate customer loyalty.
Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

KESETIAAN MUKTAMAD TERUNGGUL YANG DIIDAMKAN

Oleh

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dissahkan melalui pengesahan data analysis dan sumbangan praktikal ialah asas bagi
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Kesetiaan Muktamad.
ACKNOWLEDGEMENTS

I would like to take this opportunity to express my deepest gratitude to several individuals, who have supported me in various ways throughout my PhD journey.

First and foremost, a very special thanks to my supervisor, Dr Kenny Teoh Guan Cheng for his unconditional support, guidance and encouragement through the obstacles and triumphs of this project. Besides that, I would also like to thank the rest of the supervisory committee, Dr. Haslinda Hashim, Associate Professor Dr. Lee Chin, Dr. Lau Yeng Wai for their guidance and support.

Special thanks to my dearest family who supported me to pursue my PhD degree. Thank you for all the efforts and patience to build me into what I am today. To my husband, Dr. Foo Jhi Biau, thank you for supporting me all the time and telling me never give up. You have always been with me, motivate and cheer me up throughout my PhD journey.

I would also like to thank the members of the Kenny PhD Family: Dr. Aifa, Yvonne, Kimi, Geetha, Dr. Jacky, Dr. Francis, Dr. Leila, Dr. Majid, Dr. Hadhadh, Dr. Balami, Rodzaidah, Sithra and Deva. Thank you for making my life in UPM wonderful for the past 3 years. Besides that, I would also like to thank Dr. Phuah Kit Teng for her unconditional guidance and advice during my PhD journey.

Last but not least, I would also extend my sincere appreciation to individuals who directly or indirectly contributed to the success of this project whom I failed to mention.
I certify that a Thesis Examination Committee has met on 6 September 2017 to conduct the final examination of Ow Mun Waei on her thesis entitled “Ultimate Customer Loyalty’s Holy Grail” in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides an overview of the study. It consists of Eleven (11) sections. Section 1.2 introduces the background of the study, followed by Section 1.3 which highlights the problem statement of the study. Next, Section 1.4 depicts the definition of terms while Section 1.5 and Section 1.6 illustrate the research questions and research objectives respectively. This is followed by Section 1.7 and Section 1.8 which address the significance of the study and the scope of the study respectively. Section 1.9 discusses the overview of the mobile phone industry, and Section 1.10 outlines the organization of the study. Lastly, Section 1.11 summarizes the whole chapter.

1.2 Background of the Study

“For some time, customer satisfaction research has been king. Reported data in 1993 showed that post-purchase research largely included customer satisfaction” (Oliver, 1999, p. 33). In fact, over the decades, there has been a plethora of research on the goal of maximizing customer satisfaction by providing high quality products and services and thus, hopefully, improve financial performance (Martínez & Rodríguez del Bosque, 2013). However, researchers soon began to realize that satisfaction does not always lead to loyalty because they found out that satisfied customers are not necessarily loyal customers (Seiders, Voss, Grewal, & Godfrey, 2005; Yanamandram & White, 2006).

Since then, there has been a paradigm shift from Customer Satisfaction research to Customer Loyalty research, resulting in the Satisfaction—Loyalty link, viz., Customer Satisfaction has been recognized, and universally acknowledged, as the strongest (Etemad-Sajadi & Rizzuto, 2013), most important (Noyan & Şimşek, 2014), primary determinant (Agrawal, Gaur, & Narayanan, 2012), key determinant (Calvo-Porral & Lévy-Mangin, 2015), key driver (Voss, Godfrey, & Seiders, 2010), essential ingredient (Chen, 2012) of Customer Loyalty (Helgesen, 2006). Consequently, research on the Satisfaction—Loyalty Link have been extensively conducted.

Nonetheless, statistics still show that companies do lose market share every year (Vide Table 2.11 p.34). In addition, Kumar, Pozza and Ganesh (2013 p.246) reported that the “Satisfaction—Loyalty relationship has the potential to change over time. Models that encompass other relevant variables such as moderators and mediators … are better predictors of loyalty than just customer satisfaction.” Therefore, there is a real need to research the moderators and mediators of the Satisfaction—Loyalty link too.
Recently, Curran & Healy (2014) introduced the customer loyalty continuum which consists of three states, i.e., “Lower Loyalty”, “Intermediate Loyalty” and “High Loyalty”. However, this research contends that it is imprecise: What is lower, intermediate and high is open to interpretation. Therefore, this research is inspired to eliminate the imprecision in Curran & Healy’s (2014) work. Besides that, this research is also inspired to validate Oliver’s (1999) conceptualization of “Ultimate Loyalty” (p.33) which is still under-researched. Thus, this research is inspired by these two researchers because they have initiated some insights on the delimitation of customer loyalty, which consequently helps to illustrate the prediction of the Customer Loyalty phenomenon. Accordingly, this research postulates that the Customer Loyalty Continuum is a continuous sequence which consists of three distinct states, namely, No Customer Loyalty (0% loyalty), Simple Customer Loyalty (0% loyalty<Simple Customer Loyalty<100% loyalty) and Ultimate Customer Loyalty (100% loyalty). This may be explained as: 1) No Customer Loyalty (0% loyalty)—Customers who are totally not-loyal-at-all; 2) Simple Customer Loyalty (0% loyalty<Simple Customer Loyalty<100% loyalty)—Customers who are loyal but to more than one entity, and, 3) Ultimate Customer Loyalty (100% loyalty)—Customers who are loyal to only one entity. This may be shown diagrammatically as:

![The Customer Loyalty Continuum](image)

Figure 1.1: The Customer Loyalty Continuum

Obviously, marketers do not want their customers to be “No Customer Loyalty” and “Simple Customer Loyalty” customers; certainly, they would prefer to have only “Ultimate Customer Loyalty” customers. Simple Customer Loyalty customers cause marketers an inconsistent share of market—that is, there are factors that can divide their loyalty between more than one entity (a brand, a product, a service, a store etc). Conversely, these factors—if used judiciously—can help marketers to convert “Simple Customer Loyalty” customers to become “Ultimate Customer Loyalty” customers. This is the Holy Grail of marketers: The magic formula to create “Ultimate Customer Loyalty”. Therefore, the objective of this thesis is to identify the factors that can create “Ultimate Customer Loyalty”. This research is expected to enrich the theory of customer loyalty.

1.3 Problem Statement

There are numerous studies (Kim, Wong, Chang, & Park, 2016; Lee & Wong, 2016; Suryati & Krisna, 2015) researching the determinants of customer loyalty. Nonetheless, statistics still show that companies do lose market share every year (Vide Table 2.11
There may be many factors that cause companies to lose market share. For examples, there is still no delimitation on customer loyalty which may cause companies to mis-identify their market. Another reason could be that there is no consensus in the operationalization of the customer loyalty construct (Vide Appendix G p.222 and Appendix H p.228) which may be causing companies to develop wrong marketing strategies. For example, some behavioural loyalty measures have been based on behavioural intention—Attitudinal Loyalty (Huarng & Ngoc, 2009; Taylor & Hunter, 2014) while others measures have been based on actual past purchase (Lopes & da Silva, 2015; So et al., 2015). Some customer loyalty scales measure uni-entity loyalty (Jooyoung et al., 2008) while some other scales measure multi-entity loyalty (Sivadas & Baker-Prewitt, 2000). The lack of consensus in the operationalization of customer loyalty might provide wrong information to the marketers, thus, causing business to possibly lose profit.

Consequently, scholars (Fraering & Minor, 2013; Oliver, 1999; Taylor, Hunter, & Longfellow, 2006) have begun to realize that there is a need to further investigate beyond loyalty: Interestingly, back in 1999, Oliver had already postulated that “Ultimate Customer Loyalty” could be achieved if there is a synergic effect between perceived product superiority, personal fortitude and social bonding. (By “Ultimate Customer Loyalty”, Oliver was referring to uni-entity loyal customers). In 2013, Fraering and Minor attempted to operationalize Oliver’s Ultimate Customer Loyalty concept and they named it “The Beyond Loyalty Model”. Unfortunately, they failed to prove the model. Taylor et al. (2006) also operationalized a construct that they named “Loyalty Intention,Fortitude” which focused on personal fortitude as an indicator of deeper loyalty: “… loyalty becomes “deeper” through the development of affective overtones and commitment” (p. 37). They found high composite reliability (0.85) and the average variance extracted was satisfactory (0.59). However, they operationalized only one dimension of Ultimate Customer Loyalty (i.e., fortitude) rather than three dimensions (personal fortitude, product superiority and social bonding) as conceptualized by Oliver (1999). As can be seen from the foregoing, this Ultimate Customer Loyalty conceptualization is still under-researched; and untested. Moreover, todate, there is still no validation on the operationalization of the “Ultimate Customer Loyalty” construct using all the three dimensions (perceived product superiority, personal fortitude and social bonding) as prescribed by Oliver (1999).

Besides that, a meta–analysis on the Satisfaction—Loyalty Link reveals that although some mediators and moderators that have been identified, yet they are insufficient; and that there is a need to discover other mediators and moderators that might better account for this relationship (Kumar, Pozza, & Ganesh, 2013). In other words, there are still many opportunities to discover new mediators and moderators that might contribute to a better understanding of the Satisfaction—Loyalty Link.

**Mediator influences on the Satisfaction—Loyalty Link.** Dick and Basu (1994) conceptualized that attitude and repeat patronage are the mediators of satisfaction and resistance to counter persuasion. Dick and Basu’s (1994) resistance to counter persuasion is similar to the personal fortitude dimension of Oliver’s Ultimate Customer Loyalty Conceptualization. Therefore, this research postulates that Dick and Basu’s Loyalty relationship (both Simple Attitudinal and Behavioural Customer Loyalty) is a
mediator in the Customer Satisfaction—Ultimate Customer Loyalty Link. Moreover, to date, both Simple Attitudinal and Behavioural Customer Loyalty as mediators on the Satisfaction—Loyalty Link are still under-researched.

**Moderating influences on the Satisfaction—Loyalty Link.** Consumer Spending Self-Control has not been empirically tested as a moderator in the Satisfaction—Loyalty Link. In fact, Haw, Bearden and Nenkov (2012), when they researched consumer spending self-control, had shown that consumer spending self-control is a better predictor of spending related decisions than general self-control: customers with higher consumer spending self-control are less likely to make impulse purchase or buy unplanned things on impulse. Therefore, this research postulates that Consumer Spending Self-Control can also moderate the Satisfaction–Loyalty Link: Customers with higher consumer spending self-control are able to resist and fight off competitors’ overtures and remain as ultimate loyal customers.

On the other hand, Attractiveness of Alternatives has been found to be the factor that most commonly causes brand switching—(Al-Kwifi & Ahmed, 2015, p. 172). However, this factor has not been empirically tested as a moderator in the Simple Customer Loyalty—Ultimate Customer Loyalty Link. Hence, any research on customer loyalty would be incomplete without this construct—it will be incorporated in this research.

In terms of the research context, this research focuses on customer loyalty towards mobile phone brands. Mobile phones are highly involved products to Malaysians and the consumption of mobile phones has been growing tremendously so much so that it is almost ubiquitous. Besides that, mobile phones, especially smartphones, enable social bonding among users and the rapid advancement in technology enables innovative mobile phone brands to develop superior products which strongly influence customers to only buy the same brand repeatedly. However, there are limited studies on the customer loyalty of mobile phones (Kim et al., 2016). Furthermore, Figure 1.2 below shows that the worldwide mobile phone market growth rates have been decreasing since 2014. Moreover, to date, there is still no research on ultimate customer loyalty in the context of mobile phone brands.
A summary of the gaps that this research addresses is shown below:

1) Lack of consensus in the operationalization of customer loyalty. Ultimate Customer Loyalty conceptualization using all the three dimensions (perceived product superiority, personal fortitude and social bonding) as prescribed by Oliver (1999) is still under-researched and untested.

2) Simple Attitudinal Customer Loyalty and Behavioural Customer Loyalty as mediators in the Satisfaction—Loyalty Link is under-researched.

3) The moderators that strengthen/weaken the Satisfaction—Loyalty Link:
   a) The Consumer Spending Self-Control factor has not been empirically tested as a moderator in the Customer Satisfaction—Ultimate Customer Loyalty Link.
   b) The Attractiveness of Alternatives factor has not been empirically tested as a moderator in the Simple Customer Loyalty—Ultimate Customer Loyalty Link. (Vide Section 3.2, Figure 3.2 p.102)

1.4 Definition of Terms

This section clarifies the terminology used in this research:

Firstly, it is appreciated that some scholars have differentiated the word “customer” to mean the buyer; while “consumer” means the user. Nevertheless, there might be occasions where the customer might not be the consumer who consumes the products (user) because they might be helping other people to buy the product (buyer). For example, a husband buys sanitary pads for his wife. The husband is not the consumer but he is the buyer; while the wife is the user but not the buyer. Thus, for the purpose of this research, the word “customer” and “consumer” are used interchangeably, assuming that both customers and consumers are one and the same person (Masterson & Pickton, 2014).
Secondly, this research adopts Dick & Basu’s (1994) definition of the word “entity” which they use to refer to a brand/service/store/vendor. Dick and Basu developed the use of the word, “entity” to mean, “brand/service/store/vendor” because of their experience when they researched the customer loyalty construct—they came across quite many forms of business-loyalty contexts, namely, brands, services, stores and vendors. Hence, Dick and Basu collectively termed these four contexts as “entity”. However, this research has further clarified Dick and Basu’s representation of “entity” in Section 2.2.2 p.38; and extended it to include other contexts such as products, employees etc.

Thirdly, this research also adapts Dick and Basu’s (1994) term, “Customer Loyalty” to mean all forms of loyalty, namely, “Brand Loyalty” (Gremler & Brown, 1996); “Service Loyalty” (Gremler & Brown, 1996; Jones & Taylor, 2007); “Store Loyalty” (Demoulin & Zidda, 2008; Martos-Partal & González-Benito, 2013; Sivadas & Baker-Prewitt, 2000); and “Vendor Loyalty” (Yanamandram & White, 2006). Thus, the use of Dick and Basu’s “Customer Loyalty” is to arrive at a catch-all term to represent all the different forms of loyalty in the field. Further details on the taxonomy of customer loyalty will be discussed in Section 2.2.2 p.38.

Finally, the definition of key terms that are used in this research are presented below:

i) Customer Satisfaction
Customer Satisfaction is defined as an aggregation of all previous transaction-specific satisfactions (Yu & Dean, 2001) which involve both cognitive (evaluation of a product or service feature) (Frank, Herbas Torrico, Enkawa, & Schvaneveldt, 2015) and affective (emotional experience) components of the specific entity (Kuppelwieser & Sarstedt, 2014).

ii) Simple Customer Loyalty
Simple Customer Loyalty (Simple Attitudinal Customer Loyalty + Simple Behavioural Customer Loyalty) is defined as a relative (Dick & Basu, 1994) commitment (affective, economic, normative, habitual) (Keiningham, Frennea, Aksoy, Buoye, & Mittal, 2015) to rebuy preferred entities consistently, despite situation influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1999).

iii) Simple Attitudinal Customer Loyalty
Simple Attitudinal Customer Loyalty is defined as the mind-set that can take different forms (affective, normative, habitual and economic) (Keiningham et al., 2015) and which inclines a customer to rebuy preferred entities consistently, despite situation influences and marketing efforts having the potential to cause switching (Oliver, 1999).
iv) **Simple Behavioural Customer Loyalty**

Simple Behavioural Customer Loyalty is defined as a customer’s past actual share of purchase (the proportion of purchase frequency that a customer has committed to a particular entity) (So, Danaher, & Gupta, 2015).

v) **Ultimate Customer Loyalty**

Ultimate Customer Loyalty is defined as the combination of perceived product superiority, personal fortitude, social bonding, and their synergistic effects to rebuy (Oliver, 1999) a preferred entity (Dick & Basu, 1994) consistently in the future, despite situation influences and marketing efforts having the potential to cause switching behaviour, *against all odds and at all costs* (Oliver, 1997).

vi) **Consumer Spending Self-Control**

Consumer spending self-control is defined as the ability to monitor and regulate one’s spending-related thoughts and decisions in accordance with self-imposed standards (Haws, et al., 2012 p. 696).

vii) **Attractiveness of Alternatives**

Attractiveness of alternatives is defined as the customer perception regarding the extent to which viable competing alternatives are available in the marketplace (Jones, Mothersbaugh, & Beatty, 2000).

1.5 **Research Questions**

The research questions are as follows:

1. Does Customer Satisfaction influence Simple Attitudinal Customer Loyalty and Behavioural Customer Loyalty?
2. Does Simple Attitudinal Customer Loyalty and Behavioural Customer Loyalty influence Ultimate Customer Loyalty?
3. Do both Simple Attitudinal Customer Loyalty and Simple Behavioural Customer Loyalty have a mediating effect between Customer Satisfaction and Ultimate Customer Loyalty?
5. Does Attractiveness of Alternatives moderate the Customer Satisfaction—Simple Attitudinal and Behavioural Customer Loyalty—Ultimate Customer Loyalty Link?
1.6 Research Objectives

The general research objectives are to examine the relationships between Customer Satisfaction, Simple Attitudinal Customer Loyalty, Simple Behavioural Customer Loyalty, Ultimate Customer Loyalty, Consumer Spending Self-Control, and Attractiveness of Alternatives.

Specifically, this research intends to
i) Examine the Customer Satisfaction—Simple Attitudinal Customer Loyalty Link.
ii) Examine the Customer Satisfaction—Simple Behavioural Customer Loyalty Link.
iii) Examine the Simple Attitudinal Customer Loyalty—Ultimate Customer Loyalty Link.
vii) Examine the moderating effect of Consumer Spending Self-Control on the:
   c) Simple Attitudinal Customer Loyalty—Ultimate Customer Loyalty Link.
viii) Examine the moderating effect of Attractiveness of Alternatives on the:
    c) Simple Attitudinal Customer Loyalty—Ultimate Customer Loyalty Link.

1.7 Significance of the Study

Theoretical Contribution
Firstly, this research contributes to customer loyalty theories by proposing a clear illustration of the Customer Loyalty Continuum beginning with Customer with “No Customer Loyalty” to “Simple Customer Loyalty” and ending at “Ultimate Customer Loyalty”. A clear delimitation of the Customer Loyalty Continuum, with distinct conceptual definitions for each state of customer loyalty, provides the basis for a better prediction, of customer loyalty.

Secondly, this research will create a taxonomy of customer loyalty (Vide Section 2.2 p.38). In the past literature, there exists different forms of customer loyalty such as Brand Loyalty, Service Loyalty, Store Loyalty etc. However, there is a lack of consensus on the meaning of each term. For example, Dick and Basu (1994) define
“Brand Loyalty” to be the loyalty to frequently purchased package goods; and “Service Loyalty” to be the loyalty to services; while Salegna and Fazel (2011) acknowledge the differences between brand and product and thus defined “Brand Loyalty” to be the loyalty to a particular brand and “Product Loyalty” to be the loyalty towards tangible consumer goods. Therefore, this researcher’s taxonomy will provide a more precise delimitation in the customer loyalty literature.

Thirdly, this research reviews the psychometric scales of the Attitudinal Loyalty and Behavioural Loyalty constructs (Vide Appendix G p.222 and Appendix H p.228). There is a lack of consensus on the operationalization of the customer loyalty construct. For example, some researchers have used words like “Word-of-Mouth” (Qiu, Ye, Bai, & Wang, 2015), “Intention to stay” (Shi, Ma, & Ji, 2015), and “Willing to pay” (Lee, Moon, Kim, & Yi, 2015) interchangeably with the concept of loyalty. Different applications of psychometric scales in constructs may lead to an indeterminate state of affairs in the field. Therefore, this review is expected to help future researchers to improve the prediction of customer loyalty by using the right psychometric scales.

Fourthly, this research validates the Customer Satisfaction—Simple Attitudinal Customer Loyalty and Simple Behavioural Customer Loyalty—Ultimate Customer Link, especially in the mobile phone brand context, by applying Dick and Basu’s Customer Loyalty Model (1994) and integrating two micro-theories, namely a) Social Exchange Theory by Homan (1958); and b) Brand Relationship Theory by Fournier (1998) to explain the interrelationship between them.

Fifthly, this research contributes to the validation of mediating effects of both Simple Attitudinal and Behavioural Customer Loyalty between Customer Satisfaction and Ultimate Customer Loyalty Link. Past literature has called for the composite approach of customer loyalty with both attitude and behaviour dimensions but the majority of the literature measure the customer loyalty construct by using Simple Attitudinal Customer Loyalty items. Therefore, this research is expected to provide insights on the mediating effect of both Simple Attitudinal and Behavioural Customer Loyalty as the mediators between Customer Satisfaction and Ultimate Customer Loyalty Link.

Lastly, the identification and inclusion of moderators (Consumer Spending Self-Control and Attractiveness of Alternatives) is expected to better explain specific construct relationships (strengthen/weaken the relationship) in the Customer Satisfaction—Ultimate Customer Loyalty Link.

**Practical Contribution**

Firstly, this research is expected to help the marketers to differentiate between spurious loyalty (a type of Simple Customer loyalty) and Ultimate Customer Loyalty, thus enabling marketers to create different positioning strategies to address different customer segments.
Secondly, the general conceptualization of the Customer Satisfaction—Simple Attitudinal Customer Loyalty and Simple Behavioural Customer Loyalty—Ultimate Customer Loyalty Link is expected to provide entities a viable basis by which they can enhance customer loyalty for their products/services (i.e. food products, financial services, pharmaceutical, fashion, consumer electronics etc).

Thirdly, the validation of the Customer Satisfaction—Simple Attitudinal Customer Loyalty and Simple Behavioural Customer Loyalty—Ultimate Customer Loyalty Link in the research is expected to provide marketers, especially in the mobile phone brand industry, some insights on the prediction of Ultimate Customer Loyalty which should did the marketers to make improvement to enlarge their ultimate loyalty customer base.

Fourthly, the identified moderators (Consumer Spending Self-Control and Attractiveness of Alternatives) in the Customer Satisfaction—Simple Attitudinal Customer Loyalty and Simple Behavioural Customer Loyalty—Ultimate Customer Loyalty Link are expected to help the marketers to solve the problem of brand switching behaviour, thus leading to long-term customer loyalty.

Finally, this research is expected to provide government, a guideline to make policies that can better stimulate the economy.

1.8 Scope of the Study

This research first presents a conceptual framework on the Customer Satisfaction—Simple Attitudinal and Behavioural Loyalty—Ultimate Customer Loyalty Link, which hopes to provide a general conceptualization which can be applied to different types of products and services. However, in terms of data findings, this research is limited to the context of brand loyalty in mobile phones; it advances the theoretical model in a static, content specific context, i.e. ‘all other variables remaining constant’.

Section 1.4 clarifies that this research adopts Dick & Basu’s (1994) definition of the word “entity” which refers to a product, service, brand, employee, and store (Vide Section 2.2.2 p.38). The word “entity” is used in order to provide a catch-all term for the different business-loyalty contexts. However, since products, services, brands, employees and stores have their own unique characteristics, an investigation into all contexts would be too broad a scope and beyond the capacity of this research. Therefore, for the purpose of this research, the word “entity” is taken to refer only to brands. Investigations into the contexts shall be left for later investigation.

Lastly, this research focuses on loyal customers who purchase the entity at least twice and they are committed to repurchase again. However, those new customers who only bought the entity for the first time and those ex-customers who no longer purchase the entity anymore are not recognized as loyal customers. Therefore, these new- and ex-customers are excluded in this research.
1.9 Overview of Mobile Phone Industry

Mobile phones are small, lightweight and portable devices (Sung, Chang, & Yang, 2015). According to Euromonitor (2016), the brand share of mobile phones in Malaysia are as follows: Samsung (43.5%), Iphone (22.2%), Oppo (7.2%), Nokia (3.6%), Asus (3.5%), HTC (3.3%), Lenovo (3.1%), Huawei (2.7%), Xiaomi (2.6%), ZTE (2.3%), Sony (1.6%), Blackberry (1.0%), LG (0.6%), Lumia (0.2%) and others (2.6%). Besides that, these mobile phones are mostly adapted with operating systems such as iOS, Android, BlackBerry OS, and Windows mobile.

The reason mobile phones are chosen as the research context is because there are limited studies on the customer loyalty on mobile phones (Kim et al., 2016) and the consumption of mobile phones has been growing tremendously and become an indispensable part of modern day life. Recent data shows that the number of mobile phone users have increased to about 10 times from about 500 million in the year of 2000 to 5 billion in the year 2014 (accounting for 63.5% of global population) with a fraction of 1.75 billion being smartphone users (Barra, Casanova, Narducci, & Ricciardi, 2015; Sarath, Bonda, Mohanty, & Nayak, 2015). Furthermore, the World Bank (2012) and Euromonitor (2013) as cited in Wong (2014) show that the mobile phone penetration in Malaysia is about 140%. The Statistic Portal (2017) estimated that the number of smartphone users in Malaysia will increase from 14.5 million in 2015 to 21.3 million in 2021. In addition, the Malaysian Communications and Multimedia Commission (2015) shows that the majority of them claim that mobile phones are highly important to them. Therefore, this research is expected to produce important insights that might be useful to researchers and marketers because they are considered to be highly involved products to all Malaysians.

Besides that, the rapid advancement in technology has forced rigorous improvement to provide customers with better models and shorten the life span of mobile devices to an average of 2-3 years, thus forcing customers to change their mobile devices more often (Sarath, Bonda, Mohanty, & Nayak, 2015). Hence, this rapid changing of mobile devices is expected to contribute to the Malaysia’s gross domestic product.

In addition, the Malaysian Communications and Multimedia Commission (2015) has reported that Malaysians have increased the number of hand phones owned from owning one mobile phone previously to two or three mobile phones currently. The recent trend shows that 87.1% of users who carry one mobile phone in the year of 2004 has decreased to 66.8% in the year of 2014, 11.6% of users who carry two mobile phones has increased to 28.9% in the year of 2014 and 1.2% of users who carry three and more mobile phones in the year of 2004 has increase to 4.3% in the year of 2014. Therefore, from this statistic, customers are decreasing in their uni-product loyalty (users who possess only one mobile phone) but leading to multi-product loyalty (users who possess more than one mobile phone or who have changed brands). Table 1.1 shows key statistic of mobile users in Malaysia.
Table 1.1: Key Statistics of Mobile Users in Malaysia

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<th>No.</th>
<th>Description</th>
<th>Statistic</th>
<th>Source</th>
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<td>1.</td>
<td>Mobile Phone Penetration</td>
<td>140%</td>
<td>(Wong, 2014)</td>
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<td>3.</td>
<td>Importance of Mobile Phone</td>
<td>3.7%</td>
<td>(Malaysian Communications and Multimedia Commission, 2015)</td>
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Lastly, mobile phones especially smartphones enable social bonding among users and the rapid advancement in technology enables innovative mobile phone brands to develop superior products to create ultimate loyal customers who buy only the same brand in all purchases. Therefore, mobile phones as the context in this research is expected to provide some insights to the customer loyalty literature.

1.10 Organization of the Study

This research comprises six (6) chapters. Chapter Two (2) reviews the past literature of Ultimate Customer Loyalty, Simple Customer Loyalty (Simple Attitudinal Customer Loyalty and Simple Behavioural Customer Loyalty), Customer Satisfaction, Consumer Spending Self-Control, and Attractiveness of Alternatives. Chapter Three (3) depicts the proposed theoretical framework with hypothesis illustrated. Chapter Four (4) presents the methodology used in this research. Chapter Five (5) discusses the data analysis and results and finally Chapter Six (6) presents the discussion and conclusion of the research.
1.11 Chapter Summary

This chapter introduces the research which provides an overview of the background of the study; problem statements; definition of terms; research questions; research objectives; significance of study (Theoretical and Practical Contributions); the scope of the study; and the overview of mobile phone industry. The issues discussed in this chapter, set the tone for all the discussions in the rest of this thesis.
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