



Faculty of Economics and Business

**SERVICE BRANDING ON TELECOMMUNICATION: A CASE
STUDY IN KUCHING**

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**SERVICE BRANDING ON TELECOMMUNICATION: A CASE STUDY IN
KUCHING**

BONG EE BOON

**This project is submitted in partial fulfillment of the requirements for
the degree of Bachelor of Marketing with Honours**

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Statement of Originality

The work described in this Final Year Project, entitled
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Is to the best of the author’s knowledge that of the author except
where due reference is made.

8 May, 2009



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ABSTRACT

SERVICE BRANDING ON TELECOMMUNICATION

By

Bong Ee Boon

Service branding plays an important role for an organization which provides services that also includes telecommunication. Therefore, this study aims to explore the service brand equity associated with service satisfaction and brand loyalty in telecommunication service brand by using the Berry (2000) Service Branding Model. The questionnaires were collected from two hundred respondents in Kuching with ages ranging from 20 to 40 years old and above. Based on the survey of among the service branding dimensions, operation is mainly viewed through customers' perception, whereas the country-of-origin is the least important. The finding showed that service operation is critical in influencing customers' service satisfaction whereas brand image is critical in influencing brand loyalty. Grater satisfaction will lead to greater loyalty towards the telecommunication service brand. The findings suggest that service brand managers should try to emphasis on the importance of service operation in order to build a strong and positive brand image. Once customers have experienced the superior service operation provided by the mobile operators, it will then lead to customers' satisfaction. When customers are satisfied with the service operation, it will help to build up a good brand image towards the brand and consequently will lead to greater customers' loyalty.

ABSTRAK

PENJENAMAAN PERKHIDMATAN TELEKOMUNIKASI

Oleh

Bong Ee Boon

Penjenamaan memainkan peranan yang penting bagi sesebuah organisasi yang memberi perkhidmatan termasuklah telekomunikasi. Oleh itu, tujuan kajian ini adalah untuk mengkaji penjenamaan perkhidmatan ekuiti dengan menggunakan Model Penjenamaan Perkhidmatan Berry (2000). Terdapat dua ratus set soal selidik telah dikumpulkan di Kuching di antara umur 20 hingga 40 tahun ke atas. Antara penjenamaan perkhidmatan dimensi, operasi dianggap sebagai elemen yang penting pada pandangan responden, manakala, asalan kenegerian dipandang sebagai elemen yang tidak penting bagi penjenamaan perkhidmatan telekomunikasi. Tambahan pula, hasil kajian menunjukkan perkhidmatan operasi adalah kritikal untuk mempengaruhi kepuasan pelanggan, manakala imej jenama adalah kritikal untuk mempengaruhi kesetiaan pelanggan bagi sesuatu jenama. Selain itu, hasil kajian juga menunjukkan kepuasan yang lebih diperuntukkan pada pelanggan akan membawa kesetiaan yang lebih tinggi kepada jenama perkhidmatan telekomunikasi. Oleh itu, kajian tersebut mencadangkan kepada pengurus bahawa organisasi harus mementingkan perkhidmatan operasi untuk membentuk imej jenama yang baik dan positif. Sekiranya pelanggan mempunyai pengalaman dengan perkhidmatan operasi yang baik, pelanggan akan berpuas hati dengannya. Apabila pelanggan berpuas hati dengannya, ia akan membantu untuk membentuk imej yang baik

terhadap jenamanya dan mereka akan setia kepada jenama perkhidmatan telekomunikasi tertentu.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The mid 1990s was a period when the industry was making a jump from the agricultural age to move forward to the predominantly service industry for most countries in the world including Malaysia. In 2006, the service sector had accounted for about 54% in Malaysia GDP and it contributed the most as compared to the agricultural and manufacturing sector. The service sector consists of several segments or sub-sectors such as insurance, tourism, banking, retail, education, hospitality, real estates, as well as communication services. According to the Malaysia Yearbook 2007, the sub-sector of communication services had contributed 3.7% to the GNP in which it had increased from 6.8% in 2006 to 6.9% in 2007. Base on this, therefore the service sector is increasingly important for today's business. However, the communication services in Malaysia are still at a slow pace of growth in performance when compared to other sub-sector of services such as the finance and insurance, and real estates.

Nevertheless, telecommunication serves as a part of a segment in the communication services which it also plays an important role in economy due in the stride forward to the era of industrialization and information age. This has made the telecommunication industry expand into diversified functions to support the growth of technological advancement for better services demanded by any countries worldwide.

Entering the information and technology era, telecommunication organizations were facing even more severe competition in the market than ever before due to the increasing of demands. Nowadays in Malaysia, the mobile cellular industry is also experiencing a high competitiveness market where there are three major players in the mobile telecommunication service industry, Celcom, Maxis, and Digi. They have been in the market for many years. However, there is a new player entering to the market in 2007 which is called the U-Mobile. Four of these mobile operators have competed aggressively with one another in term of their operation, price, and other services to gain more subscribers or users to increase their market power.

1.2 Telecommunication Services

Telecommunication can be defined as the transmission of signal in electronic form and it involves a vast array of technologies in transferring information over a distance and today, it has become an important part in our lives for the purpose of communication. Telecommunications include land lines, mobile lines, satellite, radio, television, and the Internet.

Telecommunication services refer to any services provided by any telecommunication providers. In Malaysia, telecommunication service providers include Telekom Malaysia (fixed line), Celcom, Maxis, Digi and others. Basically, the telecommunication service user is responsible for information content of the messages. The telecommunication service provider also has the responsibility for the acceptance, transmission, and delivery of the messages. In mobile telecommunication services, the

services are offered to end users through mobile telecommunication by a particular mobile service provider such as Celcom, Digi, and Maxis. For example the services provided such as SMS (Short Message Service), MMS (Multimedia Messaging Service), GPRS (General Packet Radio Service), EDGE (Enhanced Data Rates for GSM Evolution), 3G (Third Generation) and others.

1.3 Problem Statement

The growth of the service industry has increased the competition among companies which provides services due to the intangible characteristic of such services. Service is intangibility because it cannot be touched, felt, or tested as compared to a tangible product such as mobile phone. Inseparability of production and consumption of a service is simultaneous and they performed at the same time. The heterogeneity of service deals with the prospective of inconsistency in service quality rather than product quality. Service is perishable when compared to a tangible product because it cannot be stored for usage at a later time. Indeed, branding has become an important tool for gaining competitive advantages because the service is essentially intangible and the lack of tangible attribute which causes the services tend to be harder to evaluate than any other product (Wolak & Harris, 1998; de Chernatony & McDonald, 1998).

This challenges the telecommunication service providers. Therefore, telecommunication service providers had to increasingly provide a variety of services to gain more customers and market share. Besides, customers' demands also increased due to the competitive environment. Hence, it is important for telecommunication service

providers to retain their customers by keeping them satisfied and loyal. However, it is difficult to identify customers' satisfaction because it can be either positive or negative as well as the brand loyalty. Therefore, this study is to find out the customers' perceptions towards telecommunication service branding.

1.4 Purpose of Study

The purpose of this study is to find out the customers' perceptions towards telecommunication service branding.

However, due to the different and various types of telecommunication, it is necessary to identify what kind of telecommunication is the most prominent in term of influencing and is attached in the mind of customers when the word of telecommunication is mentioned. Based on the most frequent mentioned type of telecommunications, this study will only focus on certain types of telecommunication. The important dimensions that influence the customers' perceptions in evaluating a service brand of telecommunications will be identified and then, this study is to figure out the correlation of these dimensions in relation to the customers' satisfaction and loyalty.

1.5 Importance of Study

In fact, among the many types of telecommunication, mobile telecommunication is one of the segments that has experienced a rapid market growth combined with the

rapid changes in technology and it also is fast growing among mobile users or subscribers worldwide (Gruber, 2005). This phenomenon is happening regardless of any country, as well as Malaysia. According to The World Fact Book of Central Intelligence Agency (CIA), in 2007, the mobile cellular user in Malaysia has reached 23.3 million among the 27.2 million people of Malaysia. The increasing numbers of mobile subscribers increase the competitiveness in mobile telecommunication service industry.

Indeed, a mobile phone is just a tool or device which needs to work with a mobile telecommunication service so that it can be functional and it cannot stand alone on its own. Mobile telecommunication services provider always work beyond the cell phone. It is easier for consumers to choose the best among the different brands of the mobile phone which are able to meet their needs and wants due to the tangible attributions or features. Consumers are also able to gather and collect a lot of information in choosing and comparing a mobile phone with other brands and by getting involved in testing the mobile phone during the purchasing process. In contrast, customers cannot touch and test the mobile telecommunication services when choosing which mobile telecommunication service to be used. Customers can only rely on the information such as the advertisements, brand name, word-of-mouth and others. This makes consumers tend to focus on the tangible product but not on the mobile telecommunication services providers behind it.

Thus, mobile telecommunication services providers must be able to know what are the important dimensions that influence the customers' perception towards a mobile telecommunication service brand in order to build a strong brand that can lead to greater service satisfaction and brand loyalty.

1.6 Research Question

Mobile telecommunication service providers have to face the challenge in building a strong service brand when compared to other competitors. However, a service brand tends to be a success when the brand equity is effectively associated with the tangible products rather than the services. The revelation on branding literature is overwhelming but there is a tendency to study branding in term of physical goods (Turley & Moore, 1995) compared to study the branding of services.

Therefore, Berry's (2000) model is one of the model which suggest that brand equity can be evaluated through the Service Branding Model. There are thirteen dimensions which include advertisement, brand name, country of origin, word-of-mouth, publicity, operation, employee, environment, service feature, price, brand feeling, brand personality, and brand image. Among these dimension, it is important to know what dimensions are mainly influence service satisfaction and brand loyalty.

1.7 Research Objectives

Based on the Berry (2000) Service Branding Model, there are thirteen important dimensions, include advertisement, brand name, country of origin, word-of-mouth, publicity, operation, employee, environment, service feature, price, brand feeling, brand personality, and brand image. Hence, this study aim to find out the customers' perceptions associate with the telecommunication service branding towards service

satisfaction and brand loyalty. There are two research objectives as follows are used for the study.

RO1: To determine customers' perception towards telecommunication service branding.

RO2: To identify the relationship between customer service satisfaction and brand loyalty towards telecommunication service branding.

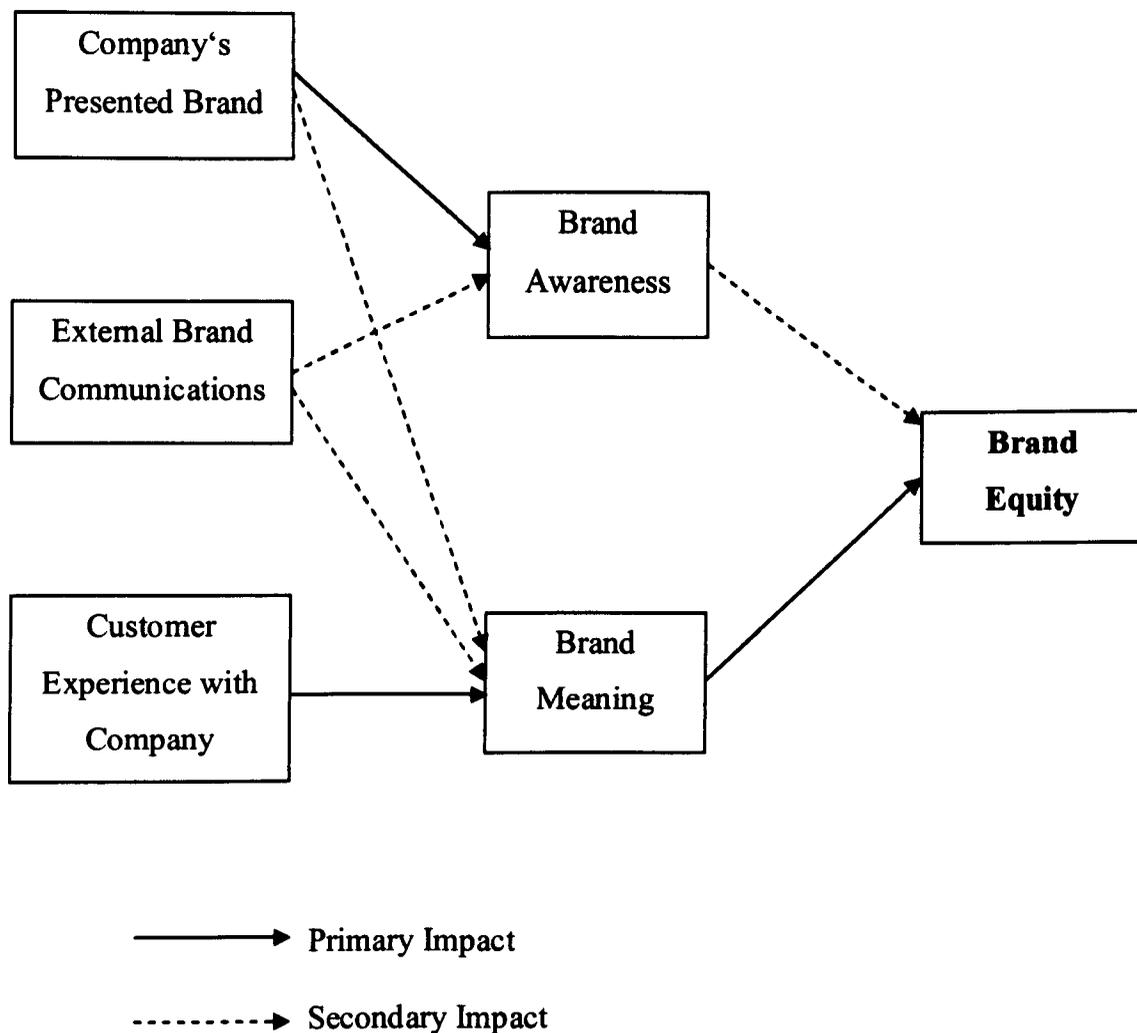
1.8 Conceptual Framework

The Berry's (2000) service branding model is the conceptual framework used in this study (Please Refer to Figure 1). Berry (2000) emphasized that the main difference in building brand equity for products compared to services is by giving greater importance to service performance which is based on human performance for services rather than machine performance for products. In Berry's (2000) model, brand equity is built up by brand awareness and brand meaning where meaning serves as the primary impact and brand awareness serves as a secondary impact. This means that brand meaning has a greater impact towards brand equity than brand awareness.

In turn, the company's presented brand, its external brand communications, and customer experiences with the company are the components that build up the brand awareness and brand meaning. The brand awareness is primarily affected by the company's presented brand and it is also indirectly affected by external brand

communication. For branding meaning, it is primarily composed by customer's experiences with the company, but it is also indirectly affected by external brand communication and the company's presented brand.

Figure 1: Berry's Service-Branding Model



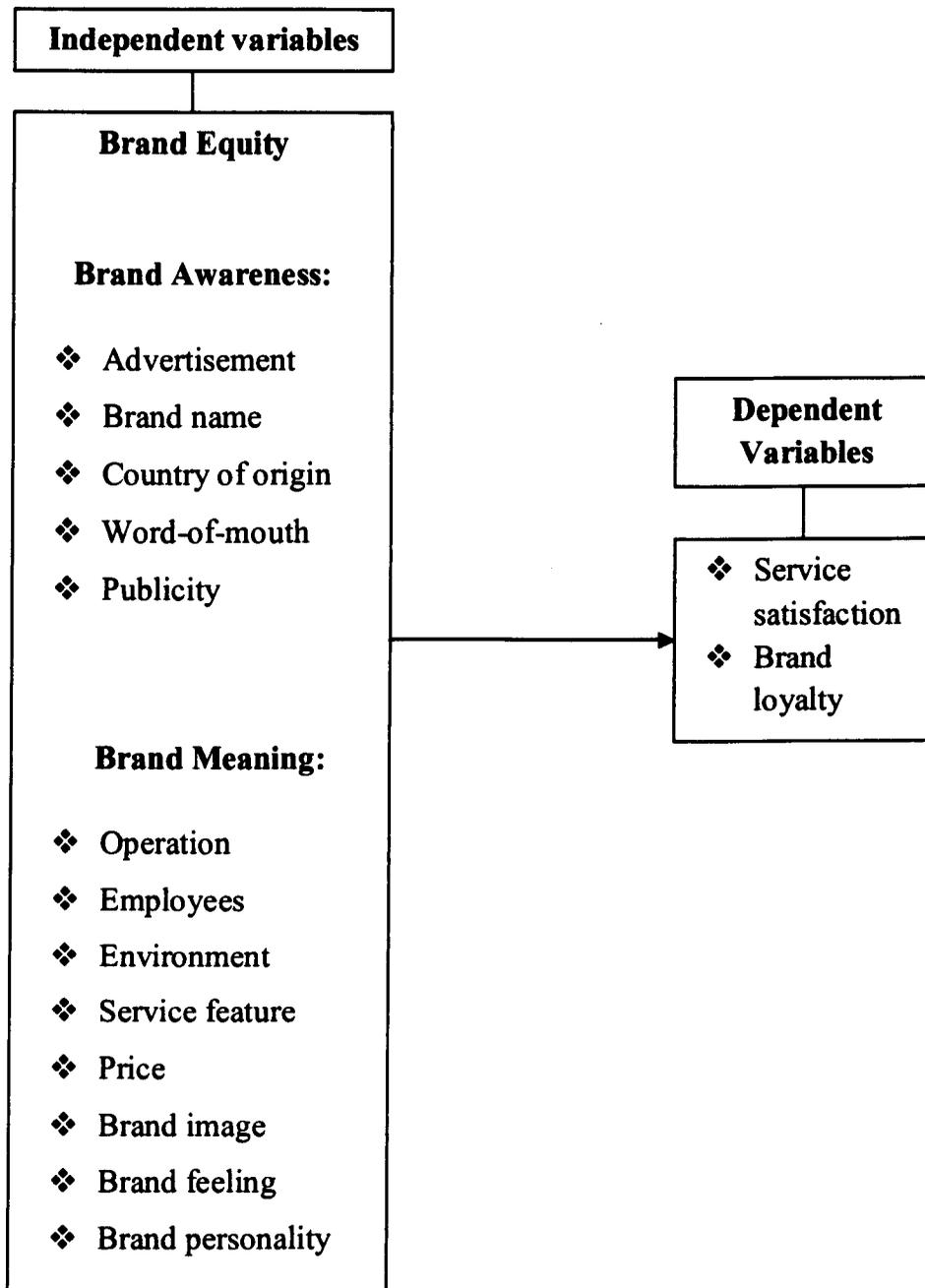
Source: (Berry, 2000, p. 130)

1.9 Independent Variable and Dependent Variable

Due to the intangible nature and complex measurement in service brand equity in term of customer's perceptive (Krishnan & Hartline, 2001), the dimensions of service branding would be used in this study as the independent variable to figure out which dimensions influence customers' perception the most and the how these important dimensions are correlated with service satisfaction and brand loyalty (Please Refer to Figure 2).

In this study, there are thirteen dimensions that contribute to the service brand equity and in affecting customers' perception towards the mobile telecommunication service brand that would lead to satisfaction and loyalty. It is important for a service firm to understand the importance of service branding dimensions because different dimensions will have different level of influence towards customers' satisfaction and loyalty which in turn may affect a marketing manager's decision making and implementation of marketing strategy.

Figure 2: Independent Variable and Dependent Variable



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature with regards to the service branding of mobile telecommunication. In this study, how important dimensions are determined will be discussed as well.

2.2 Brand

A brand serves as a name or trademark, term, sign, symbol, design or the combination which enable consumers to identify and differentiate the product or service that is offered by a particular organization or company compared to other competitors (Kotler, 1991). The brand enables consumers to efficiently encode their functional and emotional values in their minds (Franzen & Bouwman, 2001). Brand plays several functions in business as well as to consumers which include enabling the consumers to identify the products or services as an indicator to create signal in terms of price and quality. It also serves as a legal and intangible property for a company in which the owner can invest and through law is protected from competitor trespass. Besides, it also reduces the financial, social, and safety risk when the consumers have limited information about the products or services (Montgomery & Wernerfelt, 1992).