

FACTORS INFLUENCING CUSTOMER  
SATISFACTION TOWARDS UNIFI SERVICE IN  
MALAYSIA

BY

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## ABSTRACT

Customer satisfaction is the most important determinant of service provider sectors. These service companies are concerning about customer needs and expectations. Many of these service companies have provided and implemented customer satisfaction strategy as premier operational goal. And also they are concern finding factors that influence customer satisfaction in order to extend their business. The performance of any business existence depends on the growth in which customers have been satisfied. The increase of telecommunication industry in Malaysia explains clear signs of a consistently in network technologies and high demand of customer for high-speed data communication. Service provider companies are attempting to attract more customers and thus cause a competitive environment. For service provider companies to sustain in the competitive market economy, the need to centralize customers in their customer satisfaction strategy. The main objective of this study aimed to investigate the factors influencing customer satisfaction towards Unifi service in Malaysia. The study explored the different element that affect Unifi customer satisfaction and increase fulfillment of their needs and expectations. The study investigates three factors that influence customer satisfaction towards Unifi service in Malaysia which are network quality, billing/price and brand image. A self-questionnaire was adopted to give out 20 questions items to 200 respondents within Klang Valley area and online networking sites in Malaysia. The collected data was analyzed by employing Statistical Package for the Social Sciences (SPSS) software. The internal consistency reliability test of Cronbach's alpha demonstrated that all scale of items was been proved reliable. Multiple regression was used to investigates the relationship between independent variables and the dependent variable. The results have proven a significant relationship among the two independent variables, that are brand image and billing/price with dependent variable which is customer satisfaction. Brand image is the most influential and important factor customer satisfaction towards Unifi service in Malaysia. Whereas the network quality has given no significant relationship with customer satisfaction. The findings of this study have implications and recommendations for Unifi service, as it has provided a detailed and thorough understanding of Unifi service subscribers by considering network quality. The study also offered the Unifi service a suggestion of their network quality for better and high customer satisfaction in developing new strategies.

## مُلخّص البحث

يُعَدُّ رضا العملاء أهمّ مُحدّد للقطاعات المزوّدة للخدمات. تهتمّ الشّركات الخدميّة هذه باحتياجات العملاء وتوقعاتهم. تقدّم العديدُ من الشركات الخدميّة هذه وتنقّذ إستراتيجية إرضاء العملاء باعتبارها هدفًا تشغيليًا رئيسيًا. كما أنّها تُعنى بإيجاد العوامل التي تؤثر على رضا العملاء من أجل توسيع أعمالهم. يعتمد أداء أي وجود تجاري على التّموا الحاصل من إرضاء العملاء. وثُقِّبِر زيادة الاتصالات السلوكية واللاسلكية في ماليزيا المؤشّرات القائمة على استمرار وجود تقنيات الشّبّكة والطلب الكبير من العملاء على اتصالات البيانات العالية السّرعة. وتحاول الشّركات المزوّدة للخدمات جذب المزيد من العملاء، وبالتالي، خُلِق بيئة تنافسية. ولكي تحافظ الشّركات المزوّدة للخدمات على اقتصاد السّوق التنافسي، يتوجّب عليها التّركيز على العملاء في إستراتيجية إرضاء العملاء. تهدف هذه الدّراسة بشكل أساسي لكشف الثّقاب عن العوامل التي تؤثر على رضا العملاء تجاه خدمات Unifi في ماليزيا. تكشف الدّراسة العناصر المختلفة التي تؤثر على رضا عملاء Unifi وتزيد من تلبية احتياجاتهم وتوقعاتهم. وتبحث الدّراسة في ثلاثة عوامل تؤثر على رضا العملاء تجاه خدمات Unifi في ماليزيا وهي جودة الشّبّكة والفواتير / السعر وصورة العلامة التجارية. وقد تمّ اعتماد استبيان ذاتي لإعطاء 20 سؤالاً لـ 200 شخص في منطقة وادي كلاننج ومواقع التّواصل عبر الإنترنت في ماليزيا. وتمّ تحليل البيانات التي تمّ جمعها باستخدام برنامج الحزمة الإحصائية للعلوم الاجتماعية (SPSS). وأظهر اختبار الاتساق الداخلي لألفا كرونباخ أنّه تمّ إثبات موثوقية جميع مقاييس العناصر. تم استخدام الانحدار المتعدد للتحقق من العلاقة بين المتغيرات المستقلة والمتغير التابع. أثبتت النتائج وجود علاقة كبيرة بين المتغيرات المستقلة، وهي صورة العلامة التجارية والفواتير / السعر مع المتغير التابع وهو رضا العملاء. صورة العلامة التجارية هي العامل الأكثر تأثيرًا وأهمية في رضا العملاء تجاه خدمات Unifi في ماليزيا. في حين أنّ جودة الشّبّكة لم تعط أيّ علاقة مهمة مع رضا العملاء. نتائج هذه الدراسة لها آثار وتوصيات لخدمات Unifi، حيث تقدّم فهمًا تفصيليًا وشاملاً لمشاركي خدمات Unifi من خلال النّظر في جودة الشّبّكة. كما تقدّم الدّراسة إلى خدمات Unifi اقتراحًا بجودة شبكتها من أجل رضا العملاء بشكل أفضل في تطوير إستراتيجيات جديدة.

## APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science in (Marketing)

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## DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or currently submitted as a whole for any other degrees at IIUM or other institutions.

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*This dissertation is dedicated to my father Fofana Khalilou, my uncle Fofana Djime,  
my family and my friends who supported me in this achievement*

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Customer satisfaction is the most important determinant in brand's profitability and companies which are concern on their customer expectations and needs. The performance of any existing brand depends on the length in which customer is fulfilled. The number of high-speed internet provider has increased in Malaysia recently and each internet provider is making an effort to attract new customers and that create a competitive environment. To survive in such competitive market, the internet service provider need to hold customers as the center of their strategy. The satisfied customer turns into a representative for the brand and they recommend that particular brand to many other customers to purchase the brand's product or service (Khadka et al., 2017). Furthermore, the customer satisfaction has a high effect on the improvement of the business, through its profitability and suggestion of the brand's products or service to the customers which can generate huge income for the company, (Suchánek & Králová, 2015). However, many of dissatisfied customers are giving a negative image on the brand, since they have experienced bad services with the brand, they are not only switching to the competitive brand but also share their experience with others and they do it more frequently than the satisfied customer. This will ruin the image of that particular brand. Thus, business organizations are dealing with customer service in order to provide customer satisfaction service and improve network quality so that customers are satisfied and remain engaged with the brand's offering instead of switching to the competitor's brand, (Chen and Wang, 2009). In

this manner, they will be competent to keep up their operation and increase their deal. Consequently, the organization will accomplish better economic and financial related outcomes.

Customer satisfaction is essential for business imperishability. According to Wells and Prensky (1996), if customers are satisfied and experienced good thoughts with an organization product or service, it indicates that they would involve in a repurchase and willing to increase line extension. For that reason, enhancing the level of customer satisfaction is the main objective for an organization because fulfilling customer expectations can provide many advantages for organizations such as customer may be able to be with the brand in long-term profitable relationship. Today, in order for telecommunication networks to accomplish higher economic success, it is important to maintain customer satisfaction. The telecommunication companies are working hard to gain market share in Malaysia. These companies are giving a lot of effort to provide new high-speed internet packages to their customer in order to fulfill their expectations and needs, since nothing is important than customer satisfaction in the competitive environment. The success of a brand depends on the long-term relationship with their customer which is related to customer satisfaction. There are many researchers that have conducted surveys on the factors influencing customer satisfaction on telecommunication in various locations as well as in Malaysia.

The rapid growth of internet service industry and multimedia utilization by government, public sectors and organizations are boosting rapidly and the internet service is one of the key successes in gaining competitive advantages (Ahn, et al., 2006; Deng, Wei, and Zhang 2009). The fast-growing internet services and the use of higher level of data communication by business and residential users give support to the extension of internet-based services. It is also led to a higher demand for an

availability of high-speed internet service access (Owen 2005; Zhen and Qiang 2010). Furthermore, introduction of electronic mail has created a new paradigm in shifting people's behavior of communication. Besides, many governments around the world from the developing and developed countries are becoming fully aware of the importance of high-speed networking system to the nation's development by improving the high-speed internet for their citizens (Agboje, et al., 2017). They further develop this technology utilization in the confidence which will provide to economic and social evolution by improving productivity and introducing new services (Lee et al, 2011). Therefore, progressive enhancement of product and service providing is a key central point for organizations in their attempts to improve customer satisfaction.

According to the findings of Global Speeds of Internet Quality Score (2019), Malaysia was listed as 35 in rank for high speed internet quality. Although Malaysia is straggling behind in high speed internet quality, Malaysia has shifted one step ahead by executing high speed internet technology. The Malaysia government has constructed Malaysian Implementation of Communication and Multimedia Strategy (MyICMS886) with the objective to encourage Malaysia to provide advanced information, communication and multimedia services from 2006 until 2010 (Suradi et al., 2008). Telekom Malaysia Berhad (TM) originated from 1946 as the Telecommunication Department of Malaysia which provides internet service. The country's telecommunication services emerged from Jabatan Telekom Malaysia into Syarikat Telekom Malaysia (STMB) in 1987 that construct the first private Service Company in Malaysia. STMB was listed on the main board of bursa securities in 1990. Starting up the national Telco as the fixed line, radio TV, broadcasting administrations, it has advanced to turn into the biggest telecommunications services



offering, even so to provides in data, fixed line, pay TV and network services system (Panji, 2015).

Telekom Malaysia Berhad (TM) has launched Unifi, the first nation's High Speed Broadband Access (HSBB) service introduced in March 2010. Unifi is a broadband service which uses fiber optics to offer high speed internet with a total of 1.22 million subscribers in 2018 (2Q18). Unifi, a premier brand under the Telekom Malaysia Berhad (TM) provides four convergences for technology leading products which are Unifi Home, Unifi Mobile, Unifi TV and Unifi Wi-Fi for residential and business customers. Unifi Home comprises a three-way of internet, Voice Over Internet Protocol or known as (VoIP) and Internet Protocol television service (known as HyppTV) for internal residential and business clients direct to an optical fiber network through fiber to the home for VDSL2 for multi-story buildings and a single housing individual in Malaysia. The VIP (Voice, Internet and Phone) plan previously called the residential package was changed to (Lite plan, Advance plan and Pro plan) which give video or IP Television, Internet Access, and telephone administration (Unifi home and General FAQ, 21 November 2018). According to the (TM Annual Report, 2012) in June 2015, TM reached 2.9 million subscribers, in which 51% are of great vertical extent high-speed internet. The Unifi customers were about 782,000 in June 2015 which appear as taking up rate of approaching on 46%. As of November 2015, HyppTV provided a comprising of 124 channels together with 49 channels of considerable definition (HD)-containing of 57 premium channels, 22 free channels, five radio channels, 15 Video on demand (VOD) channels and 25 interactive channels in a different types of packages or through à la carte options. As for Streamyx, there are now 1.09 million subscribers in 2018.

As stated by the UK-based Telco consulting organization, HSBB network is listed out as one of the high speeds and inexpensive cost in global. TM had been given an award in 2015 with second stage of the fastest speed internet (HSBB2) project as well as the Sub-Urban high-speed internet (SUBB) project by the government, to improve domestic core networks to offer end-to-end high-speed network infrastructure and services. Unifi is a combination of "Uni" which indicates togetherness and camaraderie, while "Fi" designates fiber optics. The Residential package is a three-way activity Unifi service that is appeal VIP which comes with three services, which are:

- V - Video or Internet Protocol Television
- I - High Speed Internet Access
- P – Phone

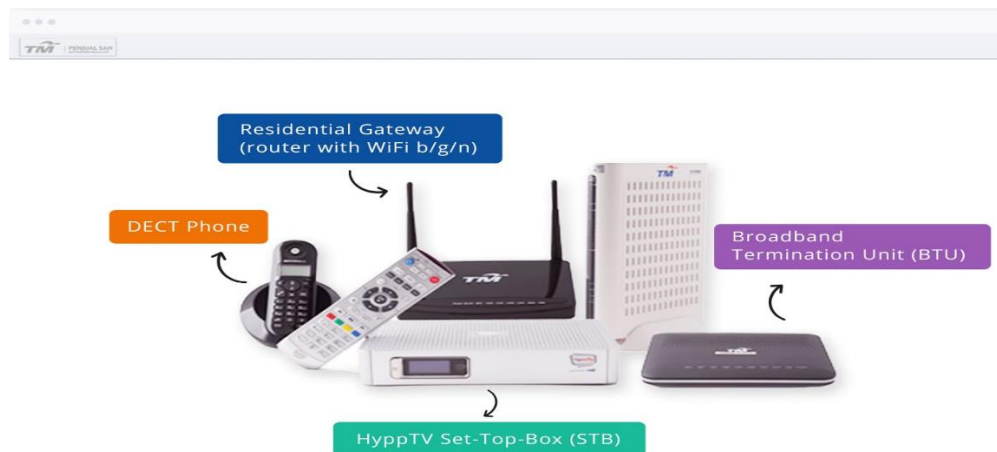


Figure 1.1 TM-Unifi Package Promotion

(Source Fibre Broadband-Unifi  
[https://unifi.online/?gclid=Cj0KCQjw4s7qBRCzARIsAImcAxZjxhLXqd\\_CbgXH-AXWMPBBgk5eQZvmOBKM4vJBYU5fbNCByQUAmPgaAvzKEALw\\_wcB](https://unifi.online/?gclid=Cj0KCQjw4s7qBRCzARIsAImcAxZjxhLXqd_CbgXH-AXWMPBBgk5eQZvmOBKM4vJBYU5fbNCByQUAmPgaAvzKEALw_wcB))

Table 1.1 Unifi Packages Available Offered to Customers

Residential Packages	Business Packages Dynamic IP
5Mbit/s – MYR 149	5Mbit/s – MYR 199
10Mbit/s- MYR 199	10Mbit/s- MYR 289
20Mbit/s- MYR 249	20Mbit/s- MYR 359
Business Packages Fixed IP	30Mbit/s- MYR 599
10Mbit/s- MYR 599	100Mbit/s – MYR 1,399 (Early Bird Promotion)   MYR 1,599
20Mbit/s- MYR 899	
100Mbit/s – MYR 1,799	

(Source Fibre Broadband-Unifi <https://unifi.com.my/personal/home/fibre-broadband>)

Table 1.2 High Speed Unlimited Internet with Unifi

Unifi Lite Plan 10Mbps	Unifi Advance Plan 30Mbps	Unifi Pro Plan 100Mbps
Download speed up to 10Mbps Upload speed up to 5Mbps Flat rate 20sen/min to all mobile and fixed lines nationwide Unifi play TV access on 2 devices FREE Wireless Router	Download speed up to 30Mbps Upload speed up to 10Mbps 60GBQuota, Voice, 20sen/min Free access to Unifi Play TV app with Free to-Air channels (complimentary of 30-days free viewing of all channels)	Download speed up to 100Mbps Upload speed up to 50Mbps Unlimited Quota Voice 20sen/min Free access to Unifi Play TV app for 2 devices with option of Unifi TV pack: Aneka Plus Pack OR Varnam Plus Pack OR Ruby Plus Pack (complimentary of 30-days free viewing of all channels)
Retail Package Price Starting at RM129/month	Retail Package Price Starting at RM179/month	Retail Package Price Starting at RM329/month

(Source Fibre Broadband-Unifi <https://unifi.com.my/personal/home/fibre-broadband>)

## **1.2 PROBLEM STATEMENT**

High-speed internet services are becoming more popular and the fast growing of information technologies is affecting almost every aspect of peoples' lives around the world. The development of high-speed internet service accessibility to achieve a huge distance of areas will have benefits for the nation and broader society since high-speed internet is a telecommunication service that can contribute to the economic development and the social progression of a nation (Ghosh, 2017). Therefore, Telekom Malaysia is the largest communication solutions provider in Malaysia. Besides, they have the highest number of complaints compared to other service providers. According to (MCMC, 2018), the average number of complaints centered on consumer dissatisfaction over pricing is 21%, the lack of coverage is 16%, service disruption 13%, billing disputes 14%, service delivery 14%, and others 22%.

Telekom Malaysia was losing more Streamyx subscribers from 2.33 to 2.23 million as of December 2018 compared to the number of customers they gained on Unifi. According to the latest fourth quarter 2018 (4Q18) it has been reported that 271 Streamyx subscribers terminated their subscription. However, Telekom Malaysia succeed to sign up 172 thousand new Unifi subscribers, although they have lost approximately 99 thousand subscribers who possibly signed with other competitors and these competitors offered via the same Unifi network but available at a much cheaper price compared to TM's Unifi plan.

According to Gobind Singh Deo, the Minister of Communication and Multimedia (2018) all existing subscribers with Unifi are not enjoying higher speeds with lower prices, hence the packages do not lower the price of services to existing customers. It means that the current users will not benefit from the new packages straightaway. The only way to opt for the cheaper and faster plan is to terminate the

current contract and sign up for a new package. Gobind statement on thestar.com.my- Unifi subscribers increased to 15% year-on-year and 3% quarter-on-quarter to 1.3 million (vs 1.26 million in third quarter, 2018) but was unable to compensate for the decrease in Streamyx subscribers which decreased to 23% year-on-year and 9% quarter-on-quarter to 936 thousand subscribers (1.03 million in third quarter, 2018), reported by (Angelin et al., 2018, thestar.com).

For that reason, it is strongly suggested that Telekom Malaysia should maintain to assess and organize its current customer service strategies differently in order to sustain being at par with changing customer trends. Therefore, it is beneficial for the Unifi which is a premier brand under Telekom Malaysia Berhad (TM) to identify factors of customer satisfactions and the response on the usage and adoption in order to establish an ideal strategic to improve customer satisfaction level.

### **1.3 THE RESEARCH OBJECTIVES**

This research consists of general and specific objectives.

#### **1.3.1 The General Objectives**

The study aims to determine the important factors influencing customer satisfaction towards Unifi service in Malaysia, and measuring which of the factors causes the most significant effect of customer satisfaction. Besides this study aims to suggest ways of improving overall customer satisfaction level.

#### **1.3.2 The Specific Objectives**

1. To analyze the influence of network quality on customer satisfaction towards Unifi service's subscribers in Malaysia.

2. To measure the influence of billing/price distribution on customer satisfaction towards Unifi service's subscribers in Malaysia.
3. To measure the influence of brand image on customer satisfaction towards Unifi service's subscribers in Malaysia.

#### **1.4 THE RESEARCH QUESTIONS**

1. Does network quality have a positive influence on customer satisfaction towards Unifi service's subscribers in Malaysia?
2. Does billing/price-distribution has a positive influence on customer satisfaction towards Unifi service's subscribers in Malaysia?
3. Does brand image have a positive influence on customer satisfaction towards Unifi service's subscribers in Malaysia?

#### **1.5 SIGNIFICANCE OF THE STUDY**

The use of high speed internet has been increasing among the population in recent years. It is an important issue for internet users, both for working well as everyday usage. The accessibility of high-speed internet has given an attention by international organization to be a most important leading to the economic growth for many countries and enhancing the levels of competitiveness (Götz, 2013). The telecommunication providers market is expanding in many countries in which dedicated to the high-speed internet. It results in a large amount of revenue to internet service industry (Badran, 2012). Many high-speed internet organizations are trying hard to achieve new customers and at the same time making an effort to emphasis on maintaining existing customers. According to Hu and Hwang (2006), in terms of being cost effective in the telecommunication providers, the more subscribers a

service provider has, the lower its average unit cost will be and the better its operating performance will be. For the organization to maintain their current customers they can provide many benefits such as increasing company profits, and preventing customer defection from switching to other companies (Murphy and Davidshofer 2001; Chen and Wang 2009; Jahanzeb et al., 2011; Ning & Feng 2014; Suchánek & Králová 2015). Therefore, this research will provide Unifi service with valuable insights considering how to gain new customers and maintain the existing customers in order to enhance their business performance.

The research will explore the factors that are influencing customer satisfaction towards Unifi service in Malaysia, and this research will be the first which attempts to investigate these three main areas; (Network Quality, Billing/Price and Brand Image) particularly in the context of Unifi high speed internet service using an online survey methodology. This research will provide useful and valuable information for Unifi in terms of understanding the factors that will influence their subscriber's behavior. For the successful future expansion of Unifi service, it is very essential to acquire a good understanding of the critical factors that influence customers to select the service, as well as the drivers of customer satisfaction. The research will aim to identify the most important variables influencing customer satisfaction so which areas of potential improvement can be noted and addressed in future developments. Furthermore, it will help Unifi service to determine how to acquire new customers and to retain their existing customers in order to ensure that a profitable business is developed. These issues are important for the long-term business success (Chen, Gupta & Xiaolin 2014).

## **1.6 SCOPE OF THE STUDY**

The study is aims at investigating the factors influencing customer satisfaction towards Unifi service in Malaysia. This research targets the Telekom Malaysia Unifi's customers as the major respondents.

## **1.7 ORGANIZATION OF THE CHAPTERS**

This study is organized and divided into five distinct that focus on different elements of the research. The study included introduction, literature review, research methodology, research findings and results, and the last part of the chapter is discussion and conclusion.

Chapter One is providing an overview or introductory section of the research which will be started with the introduction, and then explanation on the research background, and problem statements of the research. The objective of the research as well as research questions and the significant of the research will also be discussed. This section will then be concluded with the layout of the study and conclusion of the chapter one.

Chapter Two contains literature review of the research which examines the different relevant sources regarding the topic of the study. This section will define the terms of independent variables to see if there is a relationship with the dependent variables. In addition, other various studies are analyzed, regardless of published information in order to clarify the relationship with correct constructs that relate to this research. Besides, developing conceptual framework will be included in this chapter and the hypotheses development as well which based on the investigation from the theory formed.