INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Factors Influencing Malaysian Users' Satisfaction and Loyalty of Mobile Instant Messaging (MIM) Apps Services
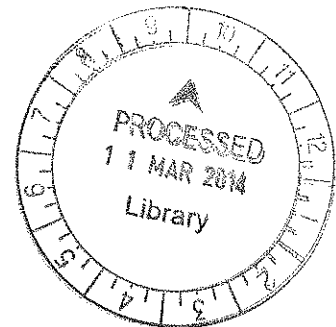
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Abstract

As wireless technology develops, more and more people are becoming familiar with Mobile Instant Messaging (MIM) as a means of communication due to its convenience for consumers. It is most widely adopted by young adults. As more people start using this mode of messaging there is an increase in the MIM providers' competition. In the face of competition, MIM service providers want to attract more users and increase their market share. However, in order to do this, providers need to build a good relationship with consumers which can develop consumer loyalty, which is the key factor to gain the market share. This study aims to investigate the factors influencing Malaysian user's satisfaction and loyalty of Mobile Instant Messaging (MIM) Apps services. The significance of this study is to better understand users' needs and to allow opportunity for MIM providers to create better apps in view of offering better services to customers. This research uses the descriptive research design and a primary method of data collection. In addition, SPSS 20 and PLS are used to analyze the data. SPSS was used to analyze the descriptive demographic and PLS was used to test the relationship of the constructs.

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Lu Wenwen

10 December 2013

Declaration by Candidate

I hereby declare that this research project is of my own effort except for the information that has been used from various authors that have been cited accordingly and ethically.

Lu Wenwen

10 December 2013

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

This chapter discusses the introduction. It begins with the background of the research in Section 1.2 and Section 1.3 is the problem statement discussion which highlights the main issues of importance leading to the research gaps. Section 1.4 further outlines the objectives of research. Section 1.5 is the significance of the study. Additionally, Section 1.6 spells the limitation of study, Section 1.7 discusses the scope and Section 1.8 is the operational definitions. Finally, Section 1.9 is the outline of the research.

1.2 Research Background

Wu et al (2010) indicates that with the increased usage of the internet as well as the emergence of various electronic communication channels, there is an enormous increase in computer-mediated communication (CMC) like synchronous CMC (such as IM) and asynchronous CMC (such as e-mail). Many people like to communicate via chatting tools, such as using IM to chat which help people maintain relationships.

"IM is a communication service that enables one to create a private chat room with another individual in order to communicate using the internet in real time" (webopedia.com). Instant Messaging (IM) is based on using text, not voice-based communication. They way IM works is there is a user name and a contact list. This list allows users to see which of your friends or families or other acquaintances are online and you are connected by the selected service for you to initiate a chat with them. Users can send messages to any one of the contacts in the list; the contact list can be managed by adding, deleting or editing the contacts' ID. Users are also able to create groups to send mass messages. When a user wants to send messages to his or her friends the software opens up a small interactive window. In the window, they can communicate with each other by sending text, pictures, files, voice or video clip messages. IM is in real-time and makes a continued message exchange simpler than

sending e-mail back and forth (Chavan, 2003).

IM was first used in 1996 when a company named Israeli launched their application-ICQ which is I Seek You. ICQ is a free application which rapidly gained popularity. America Online (AOL) launched its own IM software in 1997 and aptly called it AOL Instant Messenger. Microsoft and Yahoo released MSN messenger and Yahoo Messenger in 1998 (Salin, 2010). There are many popular IM Apps services, like "ICQ, AOL Instant Messenger (AIM), China Tencent (WeChat), Windows Live Messenger (MSN), Yahoo Messenger, Google Talk, and other IM" (Rouse, 2008). In addition, social networking websites are also equipped with IM functions, such as Facebook and Twitter. According to Wu et al (2010), IM appeared to be used in the office, it brought the convenience of communicating efficiently, and people use IM for tasks such as discussions as well as to arrange meetings. There are many functions where IM usage is applicable in the workplace, such as project discussion, arranging meetings and keeping in touch with relations.

Wireless telecommunication technology was developed at a very fast pace, and many consumers who used to use the computer for internet are transferring to smart phones (Deng et al and Wang et al, 2010).

According to Salin (2010), Instant Messaging systems saw a large growth in users. At the same time, mobile messaging became a new source of income as opposed to text messaging. Currently application service providers are migrating their IM software to the mobile environment in order to enrich mobile messaging that is mobile instant messaging (MIM). Li & Huang (2013) define MIM as the technology that allows mobile phone users to access instant messaging services by their smart phones. MIM allows users to send and receive messages in real-time via mobile phones.

Since 2002 IM solutions for mobile devices have been available. At that time, AOL and Yahoo began to access to IM networks using the SMS interface. However, these services were only for wireless carrier users who made an agreement with AOL or

Yahoo and it was not available worldwide. The SMS based IM services required users to remember phone numbers and hence it was not convenient to use. Application software and packet switched data transfer were then available to be installed on mobile devices, and this enabled companies to create their own MIM software for their proprietary protocols. For instance, recently Tencent has released an IM for mobile devices called WeChat (Salin, 2010).

MIM brings huge convenience for mobile users and is widely adopted by young people (Lu, 2010). McGrath (2009) says that young people see technology-especially the internet as an important part in their social life, and mobile phones also the key to young people's lives. Mostly young people like to use MIM due to its many benefits over text messaging as users can have multiple communications at the same time; when you want to go playing with your friends, just use your mobile phone and you will be able to find out whether your friend is available or not. At the same time, you are also able to find out where they are located, send messages to them and invite them to go out for playing. If you want to invite many friends, just put them into one group, and send the message to the group such as telling them the time and place to meet. It is very easy and convenient and that is why most people like to use MIM (Chai, 2012). As smart phones usage increase in the Asian region, chatting apps are growing very fast (Hui, 2013). According to Tsui (2013), Facebook messenger has the most awareness in Indonesia, the Philippines and India. Kakao Talk is the most famous in South Korea while it is QQ for China, Line in Japan. Whatsapp is most known in Malaysia, Singapore and Hong Kong.

1.2.1 Malaysian background

Internet World Stats (2012) reported that the number of internet users of the world has increased from 114 Million in 2000 to 1 Billion in 2012. In Malaysia, the number of internet users increased from almost 4 Million in 2000 to 18 Million in 2012. Ariffin (2011) states that Malaysians spend on average 20 hours per week online. The time online is spent for connecting with people for more than 68%, followed by learning is

66%, leisure is 55% and purchasing online is 54%. According to Nielsen News (2011), Malaysians highest internet users are those aged 20-24. When they were online, social networking sites, instant messaging (IM) and reading local news are the top three online activities that they primarily choose.

In Malaysia, the number of mobile phones users was 30 million in 2012, increased to about 36 million in 2013, and the number of Smartphone user has increased from 8 million in 2012 to 10 million in 2013 (Forest Interactive.com). As well as high adoption rate of the internet users (World Internet Stats, 2012), Malaysia MIM has gained great opportunity. Edge Newspaper (2011) reported that 57% mobile users in Malaysia have access to the internet on their mobile phones. 20% of mobile users use social media such as Facebook and Twitter. It is the main activity for them on mobile phones. In addition, about 18% of mobile users like to listen choose music or watch videos, 17% mobile users like to play games, 14% users like to search general information, such as Entertainment News, Cars, Sports, Technology, Finance, Novels. About 13% of mobile web users use emails, 9% use it for internet purchasing, and 9% report using it to search for local information. Choong (2011) reports that famous social networking sites in Malaysia are Facebook, followed by Twitter, Yahoo!, MySpace and Distimo.com. The most popular Apps reported in Malaysia are Whatsapp, WeChat, Line and Facebook, and they are mainly downloaded from Google App Store and Apple App Store. Hui (2010) reports that about 1.1 mil users are using twitter in Malaysia, Malaysia ass the 6th largest population of Twitter users in Asia. According to Martin (2012), Tencent's WeChat has 1 million users and they have seen about a 400% growth for their WeChat app in Malaysia. WeChat can be the No.1 or the most downloaded mobile social app in Malaysia. Kuittinen (2013) indicates that WhatsApp is the No. 1 app in Malaysia.

1.3 Problem Statement

As the internet users and mobile phone usage increases in Malaysia, many MIM apps have made its way into the Malaysia market. As the number of MIM apps are ever increasing, mobile users have more choices to choose from. There are many MIM service providers who are competitors in the market and MIM service providers want to attract more users and increase their market share (Teoh, 2012). Therefore, there is an urgent need to understand the customers' satisfaction of MIM in Malaysia. In the competitive market, in order to differentiate competitors, providing high customer satisfaction is important to providers and more specifically building a strong relationship with consumers is essential (Zhou & Lu, 2011). In addition, there has been very little research that has examined the factors influencing Malaysian users' satisfaction and loyalty towards MIM Apps services.

1.4 Research Objectives

The overarching research objectives are as follows:
1. To identify the factors that influence customer satisfaction of MIM in Malaysia.
2. To investigate the relationship between customer satisfaction and customer loyalty of MIM in Malaysia.

1.5 Significance of the Research

As previously mentioned, MIM is very popular with mobile users. According to research, there are many MIM applications available in Malaysia. Consumers choose different MIM apps based on their different needs. There are many choices for consumers to choose from. It is important to establish the factors which impact user satisfaction and loyalty of MIM application services in Malaysia. This study is to better understand users' needs and to allow MIM apps providers to create better apps in view of offering better services to customers.

Secondly, customers will be able to receive better services. When service providers create better apps or update the current available apps for customers, the customers will believe that the choice for selecting theses MIM App services is a wise choice. They will satisfied with the MIM Apps services and continue to use these MIM apps. Or it could lead them to recommend these MIM apps to other potential users. This can create satisfaction and loyalty for mobile users.

Thirdly, this research is important to businesses as it is an attractive business tool for a variety of reasons: messages are sent in real-time and replies can be instantaneous; presence awareness is one of the features of IM. In business, this feature can help to quickly find right person to handle an urgent matter. For example, when you have an urgent matter, you can send a mobile message to the person and if the person is online, he or she can receive the message immediately. People can get a quick reply from him or her; it is flexible and works anywhere. Many businesses use IM to keep in contact with their consumers as it is easy and convenient to connect to the consumers.

Lastly, the study is important to marketing researchers as it will establish the factors that affect users' satisfaction and loyalty to MIM App services in Malaysia. Based on current available research, there is a lack of MIM research in Malaysia. This study will help other researchers to understand the satisfaction and loyalty of Malaysian users towards MIM Apps. At the same time it will fill the gap of knowledge in this area and in the future allow for continuation of more research in this area in Malaysia.

1.6 Limitation of the Study

This research was carried out with several limitations. First is the limitation of sample size, whereby there are only 300 respondents to answer the questionnaires. This sample cannot represent the whole population opinions. Second is the restriction of the location. This research focused on one sub-urban area in Negeri Sembilan and as such the findings cannot be generalized to the whole of Malaysia. Thirdly, it only

focuses on young adults aged between 18 to 24 years old and it means other age groups may also use MIM.

1.7 Scope of the Study

This research focuses on customer's satisfaction and loyalty towards MIM App services. The geographical area that was selected for this research was focused on one sub-urban area in Negeri Sembilan. The focus of the study was young adults between the ages 18-24 years who own smart phones in Malaysia. This focus target was chosen because young adults are the people who most often make use of recent technology. Quantitative research method was used for this study. It involves a survey questionnaire. In this research, SPSS and PLS software was used to analyze the profile of the respondents.

1.8 Operational Definitions

Acronyms: IM - Instant Message; MIM - Mobile Instant Message; CMC - Computer-Mediated Communication; ICQ - I Seek You; AOL - America Online; AIM - AOL Instant Messenger ; TAM - Technology Acceptance Model; TRA - Theory of Reasoned Action; ACSI - American Customer Satisfaction Index;

Key terms: mobile instant message; Trust, Perceived customer value, Perceived service quality, Customer satisfaction, Switching cost, Customer loyalty

Any other related terms/concepts: Structural Equation Modelling - SEM; Partial Least Square - PLS; covariance-based SEM-CBSEM.

1.9 Outline of Research

This research is made up of five chapters which are the introduction, literature review, methodology, finding and discussions, conclusions and references. *Chapter one* is the introduction which covers the background of research, research objectives, significant, limitations and scope of the study. *Chapter two* is the literature review part and is