

Internet Service Providers In Thailand:
Evaluation of Determinants Affecting Customer Loyalty

By

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Declaration Form

The work I have submitted is my own effort. I certify that all the material in this Dissertation, which is not my own work, has been identified and acknowledged. No materials are included for which a degree has been previously conferred upon me.

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The Abstract

Recently, the Internet service industry in Thailand has been developing and improving their marketing strategies to retain existing customers and create new ones because of a highly competitive market. It is significant for Internet service providers to consider customer satisfaction and customer loyalty in order to help their businesses develop a competitive edge and increase their brand value. In addition, customer loyalty can be a significant factor that helps an Internet service provider increase its profits and create more competitive advantages in the long-term (Oliver, 1999; Lin and Wang, 2006). This research aims to explore the determinants, which affect customer loyalty in the context of Internet service providers in Thailand. A questionnaire survey was conducted with a sample consisting of Thai Internet users in the capital city, Bangkok. The determinants that affect customer loyalty have been tested and analyzed using several approaches so as to explore the significant determinants and understand relationship between the determinants and customer loyalty. The determinants that were analyzed in this research are tangible, reliability, responsiveness, assurance, empathy, pricing, switching cost, trust and brand image.

The findings of this research were that tangible, reliability, responsiveness, assurance, empathy, pricing, switching costs and trust are significant determinants which positively affect customer loyalty in the Internet service industry in Thailand. In addition, trust is the most important determinant that is associated with customer loyalty in the Thai Internet service industry. However, this research has shown that the impact of brand image is not significantly related to customer loyalty. This suggests that Internet service providers in Thailand have not much interest in creating their brand images with a view to retaining customers.

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CHAPTER 1

Introduction

Introduction

Customer loyalty is a major driver in marketing for organizations to gain and improve their profits and performance. Customer loyalty is not only about increasing sales, but also about understanding and developing other factors, which are related to goods, services and support. This research aims to explore the determinants that influence customer loyalty in the context of Internet service providers in Thailand. This chapter begins by providing background research on the Internet service industry in Thailand and outlines the research objectives and research questions. It will also present the research framework and hypotheses.

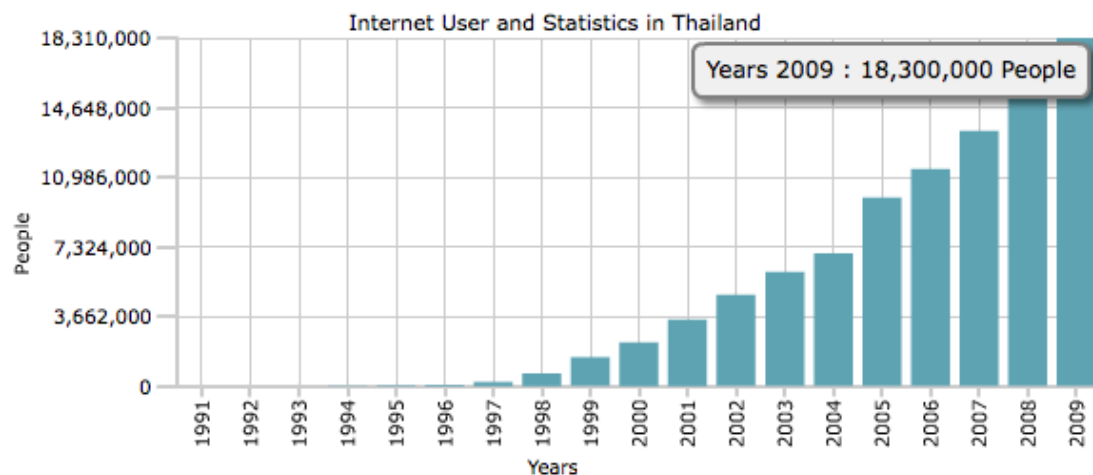
1.1 Research Background

According to Owen (2005) and Paltridge (2007), a majority of organizations have increasingly grown and expanded due to information technology. The information technology is a significant method of accessing data networks, which is used by businesses and individual customers. As the demand of customer needs has also been increasing, Internet service companies who supply Internet services, have been establishing and developing Internet networks to meet customers' demands as well as increase their competitiveness to compete with other providers.

Recently, the Internet service industry in Thailand has been rapidly growing in every year as shown in Figure 1.1. Nevertheless, Internet access across Thailand has been controlled by a Thai government policy since 2004 (Kasikorn Research Center, 2005; Winbroadband, 2008). There are a large number of Thai individuals who use the

Internet and it has been increasing more and more in virtually every place. Wireless Internet is one of the most important factors, which drives Internet usage in Thailand and is provided by different Internet service providers. Therefore, service quality, which is good and easy to access the Internet, is the main key for increasing and attracting customers (Thai National Statistical Office, 2008; Thuvasethakul, 2008).

Figure 1.1: Internet Statistics in Thailand



During the last few years, Internet broadband in Thailand has been growing and developing on a small scale. However, there are some challenges on dial-up services, which have an influence on the Internet broadband market. The government has come up to recover this issue by promoting DSL services into the Internet market. Also, many Internet service providers have invested in many services to develop its Internet networks (Internet Thailand, 2012). Another challenge for the Internet broadband market in Thailand is the contract issue 3G networks, which is still under the government control. This has caused slow growth in the Thai telecommunication networks (Point Topic, 2011).

Today, there are several Internet service providers in Thailand, which are highly competitive. TOT Public Limited Company was the first company, which started to

provide Internet access to customers. In addition, a majority of customers in Thailand have been using TOT Internet service, because their network and system has operated with Telecom Asia Company Limited that a fixed telephone line system (Mashpedia, 2012). During the same time, TT&T Public Limited Company came up with its new steam network via CAT Telecom. It provides Internet access for popularity, which is outside the capital city. In 2009, Jasmine International Company also launched its network under the brand name '3BB' by corporate with the Internet network of TT&T Company (Mashpedia, 2012). They have rapidly grown in the Internet service market in Thailand due to providing high-speed Internet connection and expanding their Internet networks more internationally. True Corporation is also one of the major companies in the Internet service market. It has provided and developed its technology to meet customer needs of both individuals and businesses. True Corporation also utilizes its own Internet networks to provide more Internet connectivity. Moreover, there are some other service providers such as CS Loxinfo, KSC Internet, Samart, A-Net, Buddy Broadband and Pacnet in Thailand, which provide a variety of Internet services (Mashpedia, 2012; Winbroadband 2008). Therefore, owing to such fierce competition in the Internet market, every service provider has to develop their marketing strategies and find innovative ideas so as to meet user's needs and provide Internet access in various forms.

It is very important for Internet service providers to have a strong understanding about customer satisfaction and improve the factors, which could increase customer loyalty. Customer satisfaction in the particular of the Internet service industry in Thailand is affected by customers' perception of service quality. The service quality is also influenced with factors of tangible, reliability, responsiveness, assurance and empathy (Anderson et al., 1994). If customers are satisfied with the perceived service quality, it

will lead to an increase in customer satisfaction, which becomes customer loyalty. Moreover, if customers become loyal, they will inform others by word of mouth in a positive way about the particular company (Anderson et al, 1994; Aydin and Ozer 2005). Customer loyalty can also be the main driver for Internet service providers to develop and increase competitiveness in the Internet market in the long-term (Reichheld, 1993; Reichheld and Teal, 1996). In addition, pricing, switching cost, trust and brand image can be possible determinants, which affect customer loyalty. However, there is no research, which suggests that customer loyalty is directly or indirectly affected by these factors. Customer satisfaction, which may steadily become customer loyalty, in some cases, can be influenced by these factors. As a result, this research has set out all the factors, which may influence customer loyalty. The research will explore the significant determinants that lead to customer loyalty in the context of the Thai Internet service industry.

1.2 Research Objectives

This research mainly aims to explore the determinants, which influence customer loyalty in the Internet service industry. It will measure and determine the relationship between the determinants in customer satisfaction and customer loyalty. This research will also explore the effect of customer loyalty in a specific context of Internet service providers in Thailand. The objectives of this research can be summarized as follows:

- To explore determinants that affect customer loyalty in the Internet service industry in Thailand.
- To explore determinants that affect customer satisfaction before becoming loyalty in the Internet service industry in Thailand.

- To determine the relationship between customer satisfaction and customer loyalty in the Internet service industry in Thailand.

1.3 Research Questions

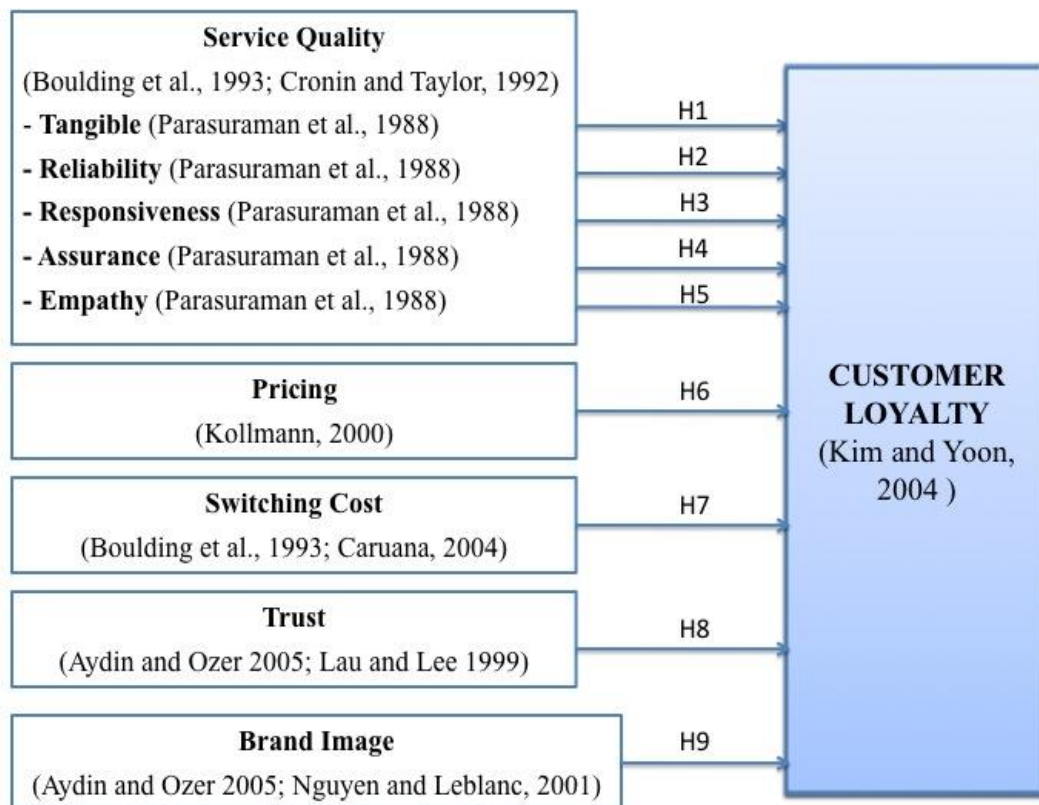
There are three main research questions related to this research, which are posed as below. These three questions will be analyzed and answers given in this research.

- What are the significant determinants, which affect customer loyalty in the Internet service industry in Thailand?
- What are relationships between customer loyalty and its determinants in the Internet service industry in Thailand?
- Is there any relationship between customer satisfaction and customer loyalty in the Internet service industry in Thailand?

1.4 Research Framework

The research framework below shows the idea of this research, which aims to explore the effect of customer loyalty which is influenced by factors such as service quality, pricing, switching cost, trust and brand image. A hypothesis of each determinant that affects customer loyalty is also presented.

Figure 1.2: Research Framework



CHAPTER 2

Literature Review

Introduction

This chapter will discuss the literature review in the field of customer loyalty and its determinants. There are three sections in this chapter: customer satisfaction, switching barriers and customer loyalty. The customer satisfaction section will provide a general definition and in the particular of the Internet service industry. It will focus on determinants, which influence customer satisfaction in Internet organizations, as well as the gap between real performances and expectations toward perceived service quality. This area will also present service quality factors. In addition, this chapter will examine switching barriers, which can affect customer loyalty in businesses. Finally, customer loyalty will be dealt with, including its determinants, especially in the Internet service industry. Recently, customer loyalty plays a vital role in the Internet service companies, it helps to develop and improve companies' performances as well as profits (Oliver, 1999).

2.1 Customer Satisfaction

Definition

Customer satisfaction is a significant concept in the marketing of many businesses (Kotler, 2009). It has several meanings and can be defined in several ways, but in general it relates to a consumer's overall evaluation of expectation and experience. Satisfaction can be connected to, for instance, processes of a consumer's buying, a consumer's buying behavior, a customer's decision making, repeat buying and consumer loyalty. It can also help an organization increase its profits and

performances, as well as enhance a business's reputation on the market, that it is created from customer demands and supplies (Gilbert, Churchill and Carol, 1982)

Customer satisfaction in the Internet service industry.

Indeed, most of Internet service providers have been seriously considering customer satisfaction in order to help their businesses develop a competitive edge and increase their brand values. In order to generate shareholder values and keep existing customers, which can influence brand reputation and loyalty, customer satisfaction are crucial to organizations and are fundamental necessities. (Guo, Xiao and Tang, 2009). When consumers feel dissatisfied with services or products, it affects the relationship between companies and customers in the long-term. As a result, it is difficult for businesses to fulfill customers' expectations, which can be either of satisfaction or dissatisfaction with customer services (Lin and Wu, 2011). The variety of products and stability of services can meet the demand of different customers, which could lead to customer satisfaction becoming customer loyalty (Auh and Johnson, 2005).

According to Parasuraman, Zeithaml and Berry (1985), satisfaction means the reaction of individuals to products, quality or services and its outcome reflects an individual's perspective in purchasing and offering. Service provider companies have used this understanding to help and develop their marketing strategies for the future (Anderson, Fornell and Lehmann, 1994). In addition, satisfaction can be defined as the overall judgment of consumers about their perceived value and experiences (Cadotte et al., 1987). Fe and Ikova (2004) also noted that in order to fulfill customer needs, the activities of companies influence customer satisfaction. It is based on past experiences with products and services, which leads to keeping existing customers and creating new customers.

Some studies have identified two aspects of customer satisfaction, which are transaction-specific and cumulative (Boulding et al., 1993). Transaction-specific or episode-based of customer satisfaction is an overall evaluation of customer expectation compared with a perceived value, which influences consumer decision buying and behavior (Anderson et al., 1994). Another aspect of customer satisfaction is cumulative, that it is about feelings and experiences with service provider companies. It refers to an evaluation of customer experiences, which would increase over time (Johnson and Fornell, 1991).

In terms of the service marketing area, it is believed that customer satisfaction is the main role in business strategies and also assists organizations achieving in service businesses (Kotler, 2009: Anderson et al., 1994). Service quality is a major factor for companies to make profits for businesses and influences customer satisfaction (Anderson et al., 1994). When customers have purchased goods or services, if they are satisfied or are likely to have positive attitudes with the received values, the satisfaction can lead to continued use more frequently. Moreover, customers are likely to purchase a variety of products or services, which are offered by the same company. Also, this satisfaction can lead to loyal, so that customers are willing to purchase goods or services even if they cost more. Furthermore, customers will tell other individuals about the companies by word of mouth in the positive way (Aydin and Ozer, 2005).

However, if they tend to find out more information about other companies or decide to use another company, it means they are dissatisfied with the company's goods or services. Therefore, it is very important for service provider companies to reduce customer dissatisfaction issues and develop products and services to meet customer

needs. The relationship between customers and their current service provider companies should also be created and developed (Anderson and Srinivasan, 2003).

Moreover, it is significant for organizations to consider customer satisfaction, which is created from understanding and fulfilling customer's needs and expectations. Most of the previous studies have investigated how customer satisfaction has a direct effect on customer loyalty. If customers are satisfied and have positive attitudes to their current service providers, they will tend to be loyal to the firm, and will consequently lead to better profits and business performances (Anderson, Fornell and Lehmann, 1994; Smith, Bolton and Wagner, 1999).

Determinants that have an effect on customer satisfaction

According to Zeithamal and Bitner (1996), there are several determinants, which directly influence overall customer satisfaction. These are as follows: service quality, corporate image, perceived value and trust. The main significant determinant is customer's perception of service quality, which is the relationship between perceived service quality and customer satisfaction. The perceived service quality is enhanced in the overall services of a firm by customers, as a result, it may cause a gap between a customer's expectation and real services or performances, which are delivered by firms (Parasuraman, Zeithaml and Berry, 1985).

The gap between real performances and expectations towards perceived service quality.

It is very important to consider the determinants, which influence perceived service quality as well as the interrelationship between the level of customer expectations and perceptions. All these factors lead to customer satisfaction within the service industry.

Parasuraman, Zeithaml and Berry (1985) have shown that there are differences among customer perceptions and expectations of perceived service quality. The relationship between these can also be identified as shown in Figure 2.1 below. It explains that the real performance and expectations of a customer are factors, which cause perceived service quality. Also, the gap between them can occur while receiving services. Moreover, there are five factors of the 'SERVQUAL' model that can measure service quality.

Figure 2.1: The relationship between customer perceptions and expectations towards perceived service quality



Source: Adapted from Parasuraman, Zeithaml and Berry (1985)

Figure 2.1 explains that customer's expectation is a vital determinant, which affects perceived service quality of customer satisfaction. The expectation of consumers can be drawn from past experiences, personal demands and word of mouth communication (Oliver, 1980). Because of these, differences can occur when a consumer receives the actual value of service from service providers (Parasuraman, Zeithaml and Berry,

1985). Therefore, it is significant for service providers to deliver or offer the actual value of service, which meets consumer expectation that leading to customer satisfaction. Anderson, Fornell and Lehmann (1994) have also noted that customer satisfaction is mostly influenced by the perceived service quality, which is affected by such factors as service quality, brand image and the brand value of the firm. As a result, the factors of service quality should be considered by service providers to create satisfaction in perceived service value. The determinants in service quality can be described as shown in Table 2.2 below.

Table 2.1: The description of the five determinants in service quality

Dimensions	Descriptions
Tangibles	Physical evidences of the service, equipment and personnel appearance. For example, service providers have modern tools and good perspectives.
Reliability	Consistency of performance and dependability. For example, when service providers promise to do a thing at a certain time, they will do it.
Responsiveness	The willingness of employees to help and provide services to customers. For example, employees tell customers exactly when service will be performed and are never too busy to respond to requests from customers.
Assurance	Knowledge and skills of employees to perform services for customers. For example, employees are consistently well mannered with customers.
Empathy	Caring and understanding customers' needs. For example, service providers offer customers with a good plan and it responds to customer's needs.

Source: Adapted from Parasuraman, Zeithaml and Berry (1985)

To sum up, customer satisfaction has been applied to marketing strategies in several industries across the world. The Internet service industry has also been highly competitive and realizes customer satisfaction as one of its business marketing strategies. Therefore, the determinants in service quality in the Internet service

industry, such as, installation, network quality, speed, product usage and sale operations can be considered as determinants that could increase customer satisfaction as well as profits and businesses performances. These factors have a positive effect on customer satisfaction within the Internet service industry.

2.2 Switching barriers

Definition

Switching barriers can be another important factor that has an effect on customer loyalty. It may be utilized to prevent and cause consumer's attitudes to be positive with service providers (Anderson and Sullivan, 1993; Boulding et al., 1993). Switching barriers makes it difficult for customers to change from a current company to another, which is based on customers' perceptions and behaviors. If customers are dissatisfied with the current services or products, it may result in a switch to a new provider (Fornell, 1992). As a result, to increase switching barriers is a significant role for businesses in order to gain more loyal customers, which feel satisfied with the existing products and services, as well as trust the provider to continue using the services in future.

Switching barriers in the Internet service industry

Earlier studies identified that switching barriers is considered as switching costs, which is affected by financial costs, adaptation costs, move-in costs and convenience costs (Hu and Hwang, 2006). A feeling of customer dissatisfaction may occur if they not received good service quality or offers. However, they may still use that provider because of the relationship (Kim and Yoon, 2004). However, once customers find better alternative providers, they will definitely change and defect from the current provider (Eshghi et al, 2007). To prevent this from occurring, service providers need

to minimize defection by creating a good relationship with customers, that leading to true loyalty.

Indeed, the Internet service industry has been rapidly growing and is highly competitive in many countries. A vast majority of Internet service providers have substantially invested in many strategies in order to increase and improve customer loyalty. According to Jones et al., (2002), Lee and Cunningham (2001), switching barriers can play a vital role in adjusting variables in the interrelationship between customer satisfaction and customer loyalty. Because, customers choose a service provider, which has better Internet access, if they are satisfied with the service quality, they will remain with this provider. Consequently, this decision may lead to customer loyalty. In other words, the level of switching barriers will have an impact on customer decision-making. Moreover, if the current service provider has high switching barriers, customers will definitely defect to another provider (Anderson and Sullivan, 1993; Boulding et al., 1993). In addition, if the current service provider could balance the relationship between customer satisfaction and switching barriers, it will be another competitive advantage for businesses. Thus, it is very important for Internet service providers to increase the level of switching barriers in order to make customers continue using their Internet services.

The impact on customer loyalty of switching barriers

Some previous studies have indicated that switching barriers has a direct or an indirect effect on customer loyalty and may influence customer satisfaction, which may become loyalty in some cases. When customers are dissatisfied with the products or services of the current provider, switching barrier may be a factor that makes customers feel the need to continuously remain with their current provider (Bendapudi and Berry, 1997). To increase and develop switching barriers, a service

provider should find methods to meet customer needs and offer a better service quality to compete with other providers.

In addition, the interrelationship between customer satisfaction and switching barriers could make customers want to continue using the services with a service provider. This interaction can lead to a greater long-term relationship between customers and companies. To sum up, most customers want to make purchases and continue their businesses with a company, which can offer value and provide convenience to them (Gwinner et al., 1998). Hence, switching barriers can also help the company keep existing customers and create new ones, which may lead to customer loyalty.

2.3 Customer loyalty

Definition

Customer loyalty can be defined as the willingness of customers to sustain their purchasing or relations with a particular firm (Oliver, 1999; Kim and Yoon, 2004). It could be described as a consequence of customer satisfaction, which leads to repurchasing with a particular firm as well as referring the firm to others in a positive way (McIlroy and Barnett, 2000). In addition, Guillén, et al. (2011) have noted that customer loyalty can be divided into two elements which are based on customer behavior and attitudes. These two elements influence a customer's willingness to be with the current firm in order to keep using its services and have a good relationship with each other. Also, it creates a positive feeling, which makes customer recommend their particular service provider to others. A majority of organizations have been successful because they take a customer loyalty into account as an essential process (Vesel and Zabkar, 2009). With fierce competition in the business market recently, customer loyalty can be a significant factor that helps increase its profits and create

more competitive advantages for companies in the long-term (Oliver, 1999; Lin and Wang, 2006).

The antecedent of customer loyalty

As customer satisfaction directly affects customer loyalty, it can be noted that the factors that influence customer satisfaction may also be the antecedents of customer loyalty (Boulding et al., 1993; Cronin and Taylor, 1992). Moreover, pricing (Kollmann, 2000), switching costs (Boulding et al., 1993; Caruana, 2003), trust (Aydin and Ozer 2005; Lau and Lee 1999) and brand image (Aydin and Ozer 2005; Nguyen and Leblanc, 2001) can be more factors, that affect customer loyalty. This section will describe how these factors affect customer loyalty.

Service Quality

According to Boulding et al. (1993); Cronin and Taylor (1992), they have investigated that there is a relationship between service quality and customer satisfaction through customer loyalty. Boulding et al. (1993) showed that the relationship between them has a positive effect that makes customers continue using the particular service provider and recommend the particular provider to others. The reasons and main theories to support this have also been provided at the beginning of this literature review.

Pricing

Pricing can be another significant element, which influences customer loyalty. Many providers attempt to offer more choices and opportunities with appropriate pricing to customers in order to meet their needs. Companies will also compare prices with other competitors so as to offer a lower price to consumers. The success of companies

in the Internet service industry depends on customer satisfaction, which results in them. Furthermore, pricing is a significant factor for companies in the Internet service industry, which influence customers in making decisions to use their services. Thus, the pricing will definitely be a consideration for customers (Kollmann, 2000). Moreover, it will lead to the creation of more loyal customers for that particular provider.

Switching Costs

Switching costs have been lightly touched on earlier in this literature review as has switching barriers. These two factors are related and they influence customer loyalty. Switching costs are generally defined as onetime costs, which prevent customers from defecting from the current provider to another (Burnham, Frels and Mahajan, 2003). Thus, costs can be one effect on customer loyalty that makes a customer's decision whether to continue or switch to a particular company or another competitor (Ravald and Gronroos, 1996). Nevertheless, if customers receive a good price or benefit from the current provider, they will proceed to use its services or products in the future, as well as recommend to others.

Many previous studies have demonstrated that switching costs can affect customer retention in both a direct and an indirect way (Lee, Lee and Feick 2001). Because switching costs are related to switching barriers for customers, if customers feel disloyal to the products or services of the current provider, they may find alternative providers in order to receive better value. Therefore, so as to create and increase customer satisfaction and loyalty, it is important for service providers to minimize the defection of customers by finding appropriate solutions to offer them (Stewart, 1998).

Trust

Trust is a major determinant in customer loyalty and has been built up in every business (Oliver, 1999). According to Koller, (1988); Moorman et al., (1992), trust can be implied as the willingness or gratification of individuals to believe in an idea or recommendation from others in order to fulfill their needs. The idea or recommendation from others will come from past experiences that will be told and spread to others (Deutsch, 1958).

In short, trust can be defined as perceptions. To support this, Hawes, Mast and Swan (1989) explain that customers should express their expectations and providers should offer a service that is appropriate for a particular client in order to be effective. As a result, if a customer is confident in purchasing services with a provider, it means they believe in that service and will tell others about it (Oliver, 1999; Chow and Holden, 1997). Consequently, trust has a positive effect on customer loyalty, which helps and improves businesses in the long-term (Dick and Basu, 1994; Lin and Wang, 2005).

Brand Image

Brand image is another element driver of customer loyalty that attracts both existing and new customers (Andreassen and Lindestad, 1998; Kapferer, 2008). If to individuals, service providers have a good brand image, it could attract more customers who tend to be more loyal (Aydin and Ozer 2005; Nguyen and Leblanc, 2001). In addition, some researchers have noted that brand image can affect the repurchasing of services by a customer and the customer may become loyal (Reynolds, Darden and Marktin, 1974). According to Andreassen (1994) and Kapferer (2008), brand image is a positive driver that leads to customer satisfaction and loyalty. Certainly, brand image can have a potential effect on increasing

competitiveness for service providers. Therefore, understanding and improving brand image are significant in creating customer loyalty (Keller, 2008; LeBlanc and Nguyen, 1996).

Customer loyalty in the Internet service industry.

According to Edvardsson et al. (2000), in order to increase profits and performances, customer loyalty has a strong positive effect on service providers. Customer loyalty in the Internet service industry essentially derives from customer satisfaction with products and services (Bruhn and Grund, 2000). A majority of service providers tend to maintain loyal customers in order to gain profits and create a strong brand value. Moreover, if service providers do not consider customer loyalty, it could influence their competitive advantages in a highly competitive area. Hence, many Internet service providers have been attempting to create good long-term relationships with customers to ensure their customers become loyal (Oliver, 1999; Reichheld and Teal, 1996).

CHAPTER 3

Research Methodology

Introduction

This chapter describes how the data was analyzed in order to test the hypotheses for this research. Furthermore, this chapter will also present the research approaches, research methods, data collection, sampling and method of analysis. Also, an ethical approach is considered and will be reviewed at the end of this chapter.

3.1 Research Approaches

In order to explore the effect of customer loyalty in the Internet service industry in Thailand, this research has extensively used textbooks, articles, journals and reports as primary data to consider the development of Internet marketing. The Internet service marketing has increasingly used customer loyalty as the main key to create more customers and profits. As a result, Internet service providers have to consider the effect of customer loyalty as their strategy in order to increase competitiveness. This research focuses on the context of the Thai industry, because there are some issues and new growth in the market. The secondary data presents the framework of customer loyalty and also the situation of the Internet service market in Thailand, which have been reviewed in several previous studies. The methodology used in this research is quantitative and the data was collected using questionnaires.

The quantitative research method will conduct and analyze the data from the respondents. The most common approach is to review the relationship between the different independent variables and a dependent variable. The data will be described as descriptive statistics and presented in table form. Moreover, the quantitative research method will show determinants which affect customer loyalty and which

determinant is the most influential on customer loyalty in the context of the Thai Internet service industry.

Reliability and Validity

Reliability can be defined as the consistency of a measure of variables. It can also be shown as the acceptable level of stability and internal reliability (Neuman 2006; Zikmund 2000). The questions in the questionnaire are all related to the factors, which affect customer loyalty. If customer loyalty is affected by each determinant, then they are likely to consider these factors in choosing appropriate service providers and will almost certainly be loyal to that particular provider. Hence, the analysis of the sample is likely to be reliable.

On the other hand, validity refers to the accuracy of indication, which can be measured so as to meet the research objectives (Neuman, 2006; Zikmund, 2000). To create a content of validity, the research questionnaire used was related to several previous studies, but adapted for this study. Therefore, the questions were discussed and tested on a group of respondents similar to the sample of this research. In addition, the recommendations of many previous studies can also help to modify the research in order to ensure that the results of the research are supposed to be measured.

3.2 Research Method

To explore the research objectives as stated in the Chapter 1, a quantitative research method was used and the results of the questionnaire completed by the respondents who use the Internet in Thailand were analyzed. The first stage of the data collection is to design the questions, which relate to the research questions and hypotheses (Ticehurst & Veal 2000). The questionnaire was designed so that it was relevant to

the research question in Chapter 1. The design of the questions were also changed and developed. The questions in the questionnaire were simple and easy to be understood by any group of respondents. Also, each question was not too long to read, so the respondents could not lose their interest in answering.

The survey was taken into the SurveyMonkey site (<http://www.surveymonkey.com/>). At the beginning of the questionnaire, the survey purposes and objectives as well as the name of the researcher and the institution represented were presented in order to explain the main survey objectives to all respondents.

The questionnaire in this research was divided into three sections as shown in Appendix 1, and it would take approximately 5 minutes to complete. The first section enquired about the respondents' demographics: gender, age, occupation and the level of education. The second section was about the general characteristics of the respondents, for instance, type of usage, Internet service provider used and how long their usage with that Internet service provider was. This section can review the experiences of the respondents with Internet service providers in Thailand. Some questions in this section were opened-ended questions with blank spaces provided in order to draw individual answers from the respondents. In the last section, the respondents were asked their opinions using the Likert Scale. The responses to the questions were based on the following five scale answers: (1 = Strongly Disagree, 2 = Disagree, 3 = Natural, 4 = Agree, 5 = Strongly Agree). This section consisted of 27 questions and aimed to measure the effect of customer loyalty based on the differences in determinants within the context of the Thai Internet service industry.

3.3 Data Collection

The data from the self-completed survey was collected from participants in Thailand. Thailand was chosen as the representative country, because it has seen substantial growth of Internet usage in practically every area of business. Moreover, in order for Thai businesses to increase their profits and brand values they have seen the need to take into consideration factors such as customer loyalty. As a result, the importance of customer loyalty in the context of the Thai Internet service industry can lead to the development of a marketing strategy for Internet service providers in the future. The survey was conducted via the online survey service from the SurveyMonkey site (<http://www.surveymonkey.com>). It was distributed to my friends via email, my friends' contacts and social media networks, such as, Facebook and Twitter. The survey was conducted at the beginning of August and 261 completed questionnaires were received in about two weeks.

3.4 Sampling

Sampling can be described as the process of choosing an adequate population proportion, which will be a sample population for data analysis (Sekaran 2000). It is important to use this sampling method to control the resource of targeted individuals, which may be too large or not appropriate for a target group.

Target population

In this research, the target group is individuals, who use the Internet in Thailand as individual customers, not corporate customers. In addition, the capital city of Thailand (Bangkok) was also chosen to be a target location because a large number of the Internet users can be found in this area.

Sample size

According to Zikmund (2000), sample size refers to the number of the population that will complete the survey. It is important to consider the sample size of the survey. The sample size should be large enough to answer the survey questions. In this research, the questionnaire was answered by 261 respondents. However, there were 193 respondents completed all the questions in the survey. Therefore, the sample size of this research was only 193 Internet users in Thailand.

3.5 Method of Analysis

Quantitative research presents data using statistics. To describe the data, a researcher has to collect, edit and code the data from the results of the questionnaires, as well as interpret the raw data into numerical data. The data will be collected and analyzed by using the Statistical Package for the Social Sciences Program (SPSS). The program aims to analyze the data in order to calculate the Arithmetic mean and Standard Deviation (SD) for each question result. This process will check the ideas regarding central tendency and frequencies of the data. Also, the program will test the results with the hypotheses in terms of reliability and validity. The data analysis via the SPSS program will describe the data as descriptive statistics. It will be presented as a summary of the data in table form.

Analytical techniques

There are several techniques that can be used to analyze the data from different approaches. This research will use the Factor analysis, Correlation coefficient and multiple regression analysis. The Factor analysis measures all the determinants, which affect customer loyalty in the context of the Thai Internet service industry. It will analyze the data, which has several variables, as well as determine which determinant is highly related to customer loyalty (Hair et al., 2006; Ticehurst and Veal, 2000).

Moreover, the research will use a multiple regression analysis approach to analyze the relationship between many independent variables and a dependent variable. It will identify and describe the simultaneous effects of different factors on customer loyalty.

3.6 Ethical Considerations

According to Polonski (2004), ethical considerations have become a significant issue to researches. Ethics refer to the appropriateness of morally good conduct to researches (Suanders et al., 2009). Therefore, every researcher should take ethical issues into consideration when doing research. The data of this research was collected via questionnaires. At the beginning of the survey, the research purposes and objectives were presented to all respondents, giving them the option to accept or refuse to respond to the questions in the questionnaire. Moreover, the questions were not designed to ask individual names or information. Thus, all respondents can ensure that the questionnaire is protected and secured.

CHAPTER 4

Findings and Discussions

Introduction

This chapter will evaluate the results of the data as well as provide an interpretation of the research findings which are related to the effect of customer loyalty in the Thai Internet service industry. The main objectives of this chapter are to answer the research questions, as well as test the research hypotheses.

4.1 Data analysis of the respondents

The data collection methodology for this research was self-administered survey questionnaires. It was taken during August 2012 in Thailand. There were 261 respondents who participated in the survey. The data of this research was analyzed by using the Statistical Package for the Social Sciences program (SPSS). The program also helped the researcher screens and tests the data before analysis. Hence, it was ensured that the data was accurate enough to use. However, there were 68 respondents who did not complete all the questions of the survey. As a result, the data collection in this research utilized a completed 193 questions from those respondents who completed all questions. Also, the eligible response rate for this study is 73.9 % (193/261).

4.1.1 Demographic characteristic of the respondents

The demographic characteristics of the 193 respondents were classified into four categories: gender, age, occupation and education. The frequency and percentage of each demographic characteristic are also presented in Table 4.1

Table 4.1: Demographic characteristics of the respondents

	Item	Number of respondents	Percentage
1. Gender	Female	125	64.8
	Male	68	35.2
	Total	193	100
2. Age	20 and below	5	2.6
	21 - 30	148	76.7
	31 - 40	33	17.1
	41 - 50	4	2.1
	50 and above	3	1.6
	Total	193	100
3. Occupation	Student	33	17.1
	Government sector	20	10.4
	Self-Employed or Business owner	55	28.5
	Private business sector	55	28.5
	Other (please specify)	30	15.5
	Total	193	100
4. Education (The highest level)	High School	7	3.6
	Diploma	4	2.1
	Bachelor Degree	125	64.8
	Master Degree	55	28.5
	Doctoral Degree	1	0.5
	Other (please specify)	1	0.5
	Total	193	100

Gender

Based on the results of the respondents, there is quite a large difference between the genders, of which females comprise respondents are 125 or 64.8% of all the respondents and there are 68 mal respondents which make up 35.2 % of the total number of respondents. It means the number of female Internet users is higher than the number of male users. Surprisingly, based on statistics Internet users in Thailand shown by TrueHits (2011), the number of male Internet users in 2011 was slightly higher than the number of female users. This research survey can conclude that the popularity of female users shows a growing number interested in Internet usage.

Age

Of all 193 respondents, the group aged between 21 – 30 years was the largest number that participated in the survey: 148 respondents or 76.7%. Also, the age range between 31 – 40 years was the second largest group in this survey: 33 respondents or 17.1%. The remaining age group was not interested much in using the Internet. Similarly, the teen age group and working age were the major groups who use the Internet in Thailand (Thai National Statistical Office, 2008).

Occupation

In this survey, there were two occupation sectors, which are business owners and private business employees made up a majority of the respondents, with 55 from each sector or 28.5%. The second largest group was students. However, the survey of TrueHits showed that the majority group, who used the Internet in 2011, was students totaling 34.2% of the 87,920 respondents. (TrueHits, 2011)

Education (The highest level)

Table 4.1 also shows that a majority of the respondents have attained a bachelor's degree as their highest education level: 125 respondents or 64.8% of all the respondents. While the second large group of the respondents has succeeded a master's degree as their highest education level: 28.5 % of the all respondents. In addition, the remainders of the respondents have attained a high school level, diploma level, doctoral degree and other education level: just only 13 respondents of this survey. Unsurprisingly, the survey from Nectec in 2007 showed that the largest number of Internet users in Thailand was a master's degree graduates (The Thai National Statistical Office 2008).

4.1.2 General characteristics of the respondents

The general characteristics section was completed by 193 respondents, and also classified into five categories of type of usage: current Internet service provider, period of time, most common places of usage and factor considerations of Internet users. The frequency and percentage of the respondents' experiences with an Internet service provider were also included in Table 4.2

Table 4.2: General characteristics of the respondents

	Item	Number of respondents	Percentage
1. Type of usage	Personal (Individual Internet)	127	65.8
	Business (Corporate Internet)	10	5.2
	Both	56	29
	Total	193	100
2. Current ISP	TRUE	94	48.7
	Triple T Broadband (3BB)	58	30.1
	TT&T	16	8.3
	TOT	51	26.4
	CAT Telecom	4	2.1
	Other	19	9.8
	Total	193	100
3. Period of time	Less than 1 year	17	8.8
	1 - 2 years	56	29
	2 - 3 years	71	36.8
	More than 3 years	49	25.4
	Total	193	100
4. Often usage places	Home	175	90.7
	Workplace	105	54.4
	Education place	36	18.7
	Café or restaurant	25	13
	Car or any transportations	20	10.4
	General public places	37	19.2
<i>Comment of Question 4: The respondents can choose more than one answers</i>			
5. Factor considerations	Speed	2	1.0
	Network Quality	5	2.6
	Price	14	7.3
	Brand Image	22	11.4
	Customer Service	38	19.7
	Support After Sale	79	40.9
	Promotion	33	17.1
	Total	193	100

Type of usage

The results of the respondents who use personal Internet connection were a very large amount: 127 or 65.8% of all the respondents. It means the Internet networks in

Thailand have expanded and are used in many places. Also, individuals prefer to use their personal Internet connection, rather than a corporate Internet connection, because of prices. There were 56 respondents in this survey that use both a personal Internet and a corporate Internet.

Current Internet service providers

Table 4.2 indicates that nearly half of all the respondents use True Internet as their current Internet service provider. Furthermore, Triple T Broadband (3BB) service provider was used by 58 respondents or 30.1% of all respondents in this survey, followed by 26.4% using TOT and 8.3 % using TT&T. This question could conclude that the new Internet service provider like Triple T Broadband Company, which was only established in 2008, has been growing rapidly in the Thai Internet market. (Triple T Broadband, 2008)

Period of time

This survey also presents the period of time that the respondents had used their current Internet. The largest number of respondents (71 respondents or 36.8%), have used their particular Internet service provider for 2-3 years. Moreover, there were 29% of all the respondents that had been with the current Internet service provider for 1 – 2 years. Significantly, 49 respondents or 25.4% of this sample had used their current Internet service providers for more than 3 years. It reflects that most respondents had used and been with their current Internet service providers more than 2 years.

Most usage places

In this question, the respondents were asked where they most often use the Internet and they could choose the answer more than one choices. Thus, the result of this survey points that home was the most common place of usage for 175 respondents, followed by the workplace with a total of 105 respondents or 54.4%. In addition, education places, cafés or restaurants, transportation and general public places were also the usual places of usage for 118 respondents.

Factor considerations of Internet users

The respondents were asked using a ranking scale about factors, which are considered when choosing an Internet service provider. As Table 4.2 shows, the most important factor that was considered by the respondent is support after sale: 79 respondents or 40.9%. Furthermore, there was the customer service factor, which was also considered by 38 respondents (19.7%). Moreover, speed and network quality were not of much interest to the respondents in this survey. It might be due to the fact that, recently, within the Thai Internet service industry, several Internet service providers do not have much difference between them in speed and network quality. Therefore, clients need to be more interested in other factors, such as, support, promotion and pricing as shown in this survey.

4.1.3 Descriptive analysis of data

In this research, there are 11 variables that have to be analyzed, which are Tangible, Reliability, Responsiveness, Assurance, Empathy, Pricing, Switching cost, Trust, Brand image, Customer satisfaction and Customer loyalty. Customer loyalty is measured by each of the 11 variables through the questionnaire used in this research. Also, there are 11 composite variables that were created by taking an average across

the questions in section 3. For instance, the composite variable, ‘Tangible’, was generated from the mean score across two individual questions 1 and 4 in section 3. The remainder composite variables of this research were generated and shown in Table 4.3. The validity and reliability were also analyzed in this chapter of the research.

Table 4.3: Questions related to each composite variable

Variables	Questions No.	Questions
Tangibles	10.1	The Internet company has modern tools and perspectives
	10.4	The staff are always polite and courteous
Reliability	10.6	When the Internet company promises to do things at a certain time, they will do
	10.7	When I have problems with my Internet, the company will show sincere to fix it
	10.8	The Internet company is dependable
Responsiveness	10.2	The staff are willing to help customers
	10.12	The staff are never too lazy to respond my requests
Assurance	10.10	I can trust staff of this Internet company and their Information
	10.11	I feel this Internet company would provide me with good services
	10.13	It will take too much time to get Information I need to feel comfortable if I change the company
	10.16	I feel safe to do a business with this Internet company
Empathy	10.3	The staff have service-mind to customers
	10.5	The Internet company takes attention to customers
Pricing	10.20	The Internet company offers me value of money
	10.21	The Internet company gives me good services with the price
Switching cost	10.18	The Internet company offers me a good plan and its responds my need
	10.19	It will take too much time to get Information I need to feel comfortable if I change the company
Trust	10.15	I have complete trust in doing business with this service provider
	10.17	I believe if there are any conditions change, they will be ready to help me
	10.22	My current Internet company meet my needs and expectations
Brand image	10.9	The Internet company has a good reputation
	10.14	I have always had a good impression of my current internet service provider.
Customer Satisfaction	10.23	I think I satisfy enough to join this company
	10.24	Overall, I am happy to use my current Internet company
Customer Loyalty	10.25	If I had to do it in the future, I would still choose to use this Internet company
	10.26	I would recommend this Internet company to my friends and others
	10.27	I will continue to use this Internet company

The descriptive analysis of data aims to summarize the data collected for analysis, in order to present a minimum, maximum, mean, standard deviation and variance in each question (Zikmund, 2003). These scores can also show the value of each variable. Moreover, the data for descriptive analysis was generated from the questions

in section 3 of the survey. A Likert-type scale was used as responses to the questions asked in order to measure the composite variables of each question.

Table 4.4 presents the scores of each question, which show that the mean score of the descriptive statistics of this research was between 3.3031 and 3.5984, followed by the standard deviation scores, which were between 0.71553 and 0.87224 as well as the variance scores which were between 0.512 and 0.761 for composite variables of each question.

Table 4.4: Descriptive statistics of research variables

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Tangible	193	1.50	5.00	3.5984	.76079	.579
Reliability	193	1.33	5.00	3.4249	.76393	.584
Responsiveness	193	1.50	5.00	3.4119	.81010	.656
Assurance	193	1.25	5.00	3.3860	.74080	.549
Empathy	193	1.00	5.00	3.5337	.78572	.617
Pricing	193	1.00	5.00	3.3187	.79926	.639
Switching	193	1.00	5.00	3.3031	.75869	.576
Trust	193	1.33	5.00	3.3696	.71553	.512
Brandimage	193	1.00	5.00	3.3523	.75188	.565
Satisfaction	193	1.00	5.00	3.4301	.81747	.668
Loyalty	193	1.00	5.00	3.3610	.87224	.761
Valid N (listwise)	193					

4.2 Factor analysis

Factor analysis is a statistical technique used to combine information from several variables. The purpose of factor analysis is to investigate whether a large number of variables are related to a smaller number of factors (Hair et al., 2006). The factor analysis of this research was analyzed and shown as separated variables, which was conducted from the question items of the questionnaire. Also, the validity and reliability tests were analyzed with each variable shown in tables below.

Tangible

Table 4.5: Factors analysis of variable 'Tangible'

Question in Section 3		Factor
No.	Item	1
1	The Internet company has modern tools and perspectives	0.739
4	The staff are always polite and courteous	0.739
<i>Eigenvalue</i>		1.478
<i>% of variance</i>		73.907

Table 4.5 shows that question 1 and 4 in section 3 of the questionnaire had the same amount of factor values, which were 0.739. Both of these two question items had a factor value of more than 0.5. As a result, this 'Tangible' variable was considered in the validity and reliability test as shown in Table 4.6. In addition, the eigenvalue was 1.478, accounting for 73.907% of the variance in this variable.

Table 4.6: Validity and reliability test of variable 'Tangible'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
1	The Internet company has modern tools and perspectives	0.478	-
4	The staff are always polite and courteous	0.478	-

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.647, which is less than 0.70 and not acceptable as a reliability value. Also, the corrected item-total correlation was lower than 0.5, but not a very large difference. However, the reliability value was very close to 0.70, which is the acceptable range as well as the corrected item-total correlation was also close to the acceptable level. As a result, the tangible factor can be acceptable according to the analysis (Hair et al., 1998).

Reliability

Table 4.7: Factor analysis of variable 'Reliability'

Question in Section 3		Factor
No.	Item	1
6	When the Internet company promises to do things at a certain time, they will do	0.721
7	When I have problems with my Internet, the company will show sincere to fix it	0.769
8	The Internet company is dependable	0.660
<i>Eigenvalue</i>		1.200
<i>% of variance</i>		71.682

Table 4.7 shows that all these three question items in section 3 of questionnaire had factor values of more than 0.5, as a result, this 'Reliability' variable was considered in the validity and reliability test as shown in Table 4.8. In addition, the eigenvalue was 1.200, accounting for 71.682 % of the variance in this variable.

Table 4.8: Validity and reliability test of variable 'Reliability'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
6	When the Internet company promises to do things at a certain time, they will do	0.655	0.722
7	When I have problems with my Internet, the company will show sincere to fix it	0.701	0.669
8	The Internet company is dependable	0.597	0.781

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.801, which was good because it was above 0.8 as a good reliability value. Also, all the corrected item-total correlation values were more than 0.5. Therefore, the reliability factor is reliable and can be acceptable according to the analysis (Hair et al., 1998).

Responsiveness

Table 4.9: Factor analysis of variable 'Responsiveness'

Question in Section 3		Factor
No.	Item	1
2	The staff are willing to help customers	0.757
12	The staff are never too lazy to respond my requests	0.757
<i>Eigenvalue</i>		1.514
<i>% of variance</i>		75.704

Table 4.9 shows questions 2 and 12 in section 3 of the questionnaire had the same amount of factor values, which were 0.757. Both of these question items had a factor value of more than 0.5. Thus, this 'Responsiveness' variable was considered in the validity and reliability test as shown in Table 4.10. In addition, the eigenvalue was 1.514, accounting for 75.704% of the variance in this variable.

Table 4.10: Validity and reliability test of variable 'Responsiveness'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
2	The staff are willing to help customers	0.514	-
12	The staff are never too lazy to respond my requests	0.514	-

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.678, which is less than 0.70 and not acceptable in the reliability value. However, the reliability value was very close to 0.70, which is the acceptable range. Moreover, the corrected item-total correlation was higher than 0.5. Consequently, the responsiveness factor can be acceptable according to the analysis (Hair et al., 1998).

Assurance

Table 4.11: Factor analysis of variable 'Assurance'

Question in Section 3		Factor
No.	Item	1
10	I can trust staff of this Internet company and their Information	0.701
11	I feel this Internet company would provide me with good services	0.75
13	It will take too much time to get Information I need to feel comfortable if I change the company	0.721
16	I feel safe to do a business with this Internet company	0.552
<i>Eigenvalue</i>		2.724
<i>% of variance</i>		68.102

Table 4.11 indicates that all these four questions in section 3 of the questionnaire had a factor value more than 0.5. Consequently, this 'Assurance' variable was considered in the validity and reliability test as shown in Table 4.12. In addition, the eigenvalue was 2.724, accounting for 68.102% of the variance in this variable.

Table 4.12: Validity and reliability test of variable 'Assurance'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
10	I can trust staff of this Internet company and their Information	0.693	0.793
11	I feel this Internet company would provide me with good services	0.738	0.774
13	It will take too much time to get Information I need to feel comfortable if I change the company	0.711	0.786
16	I feel safe to do a business with this Internet company	0.575	0.842

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.842, which was good because it was above 0.8 and can be acceptable in the reliability value. Also, all the corrected item-total correlation values were high, more than 0.5. Therefore, the assurance factor is reliable and can be acceptable according to the analysis (Hair et al., 1998).

Empathy

Table 4.13: Factor analysis of variable 'Empathy'

Question in Section 3		Factor
No.	Item	1
3	The staff have service-mind to customers	0.785
5	The Internet company takes attention to customers	0.785
<i>Eigenvalue</i>		1.57
<i>% of variance</i>		78.52

Table 4.13 indicates that questions 3 and 5 in section 3 of the questionnaire had the same amount of factor value, which was 0.785. Both of these question items had a factor value of more than 0.5. Therefore, this 'Empathy' variable was considered in the validity and reliability test as shown in Table 4.14. Moreover, the eigenvalue was 1.570, accounting for 78.52% of the variance in this variable.

Table 4.14: Validity and reliability test of variable 'Empathy'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
3	The staff have service-mind to customers	0.57	-
5	The Internet company takes attention to customers	0.57	-

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.726, which is higher than 0.70 and to be acceptable as a reliability value. Also, the corrected item-total correlation was more than 0.5. Therefore, the empathy factor can be acceptable according to the analysis (Hair et al., 1998).

Pricing

Table 4.15: Factor analysis of variable 'Pricing'

Question in Section 3		Factor
No.	Item	1
20	The Internet company offers me value of money	0.849
21	The Internet company gives me good services with the price	0.849
<i>Eigenvalue</i>		1.698
<i>% of variance</i>		84.885

Table 4.15 shows that questions 20 and 21 in section 3 of the questionnaire had the same amount of factor value, which were very high by 0.849. Both of these questions had a factor value more than 0.5. Thus, this 'Pricing' variable was considered in the validity and reliability test as shown in Table 4.16. In addition, the eigenvalue was 1.698, accounting for 84.885% of the variance in this variable.

Table 4.16: Validity and reliability test of variable 'Pricing'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
20	The Internet company offers me value of money	0.698	-
21	The Internet company gives me good services with the price	0.698	-

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.817, which is higher than 0.70 and to be acceptable in the reliability value. Also, the corrected item-total correlation was more than 0.5. As a result, the pricing factor can be acceptable according to the analysis (Hair et al., 1998).

Switching Cost

Table 4.17: Factor analysis of variable 'Switching Cost'

Question in Section 3		Factor
No.	Item	1
18	The Internet company offers me a good plan and its responds my need	0.73
19	It will take too much time to get Information I need to feel comfortable if I change the company	0.73
<i>Eigenvalue</i>		1.461
<i>% of variance</i>		73.035

Table 4.17 indicates that questions 18 and 19 in section 3 of the questionnaire had the same amount of factor value, which was 0.73. Both questions had a factor value more than 0.5. Therefore, this 'Switching Cost' variable was considered in the validity and reliability test as shown in Table 4.18. Moreover, the eigenvalue was 1.461, accounting for 73.035 p% of the variance in this variable.

Table 4.18: Validity and reliability test of variable 'Switching Cost'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
18	The Internet company offers me a good plan and its responds my need	0.461	-
19	It will take too much time to get Information I need to feel comfortable if I change the company	0.461	-

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.630, which is less than 0.70 and not acceptable in the reliability value. Also, the corrected item-total correlation was lower than 0.5 but not very large different. However, the reliability value was very close to 0.70, which is the acceptable range as well as the corrected item-total correlation was very close to the acceptable level. As a result, the switching cost factor can be acceptable according to the analysis (Hair et al., 1998).

Trust

Table 4.19: Factor analysis of variable 'Trust'

Question in Section 3		Factor
No.	Item	1
15	I have complete trust in doing business with this service provider	0.732
17	I believe if there are any conditions change, they will be ready to help me	0.732
22	My current Internet company meet my needs and expectations	0.636
<i>Eigenvalue</i>		2.091
<i>% of variance</i>		69.705

Table 4.19 indicates that all these three questions in section 3 of the questionnaire had a factor value of more than 0.5. Consequently, this 'Trust' variable was considered in the validity and reliability test as shown in Table 4.20. Moreover, the eigenvalue was 2.091, accounting for 69.705 % of the variance in this variable.

Table 4.20: Validity and reliability test of variable 'Trust'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
15	I have complete trust in doing business with this service provider	0.651	0.671
17	I believe if there are any conditions change, they will be ready to help me	0.646	0.677
22	My current Internet company meet my needs and expectations	0.568	0.755

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.780, which was presented as an acceptable reliability, because it was more than 0.7. Also, all the corrected item-total correlation values were more than 0.5. So, the trust factor is reliable and can be acceptable according to the analysis (Hair et al., 1998).

Brand Image

Table 4.21: Factor analysis of variable 'Brand Image'

Question in Section 3		Factor
No.	Item	1
9	The Internet company has a good reputation	0.818
14	I have always had a good impression of my current internet service provider.	0.818
<i>Eigenvalue</i>		1.637
<i>% of variance</i>		81.828

Table 4.21 indicates that questions 9 and 14 in section 3 of the questionnaire had the same amount of factor value, which was 0.818. Both questions had a factor value of more than 0.5. Therefore, this 'Brand Image' variable was considered in the validity and reliability test as shown in Table 4.22. Also, the eigenvalue was 1.637, accounting for 81.828 % of the variance in this variable.

Table 4.22: Validity and reliability test of variable 'Brand Image'

Question in Section 3		Corrected	Cronbach's
No.	Item	Item - Total	Alpha if item deleted
9	The Internet company has a good reputation	0.637	0.405
14	I have always had a good impression of my current internet service provider.	0.637	0.405
<i>Eigenvalue</i>			
<i>% of variance</i>			

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.774, which is higher than 0.70 and an acceptable reliability. Also, the corrected item-total correlation was higher than 0.5. Consequently, the brand image factor can be acceptable according to the analysis (Hair et al., 1998).

Customer Satisfaction

Table 4.23: Factor analysis of variable 'Customer Satisfaction'

Question in Section 3		Factor
No.	Item	1
23	I think I satisfy enough to join this company	0.879
24	Overall, I am happy to use my current Internet company	0.879
<i>Eigenvalue</i>		1.758
<i>% of variance</i>		87.911

Table 4.23 shows that questions 23 and 24 in section 3 of the questionnaire had the same amount of factor value, which were very high by 0.879. Both question had a factor value of more than 0.5. Thus, this 'Customer Satisfaction' variable was considered in the validity and reliability test as shown in Table 4.24. Additionally, the eigenvalue was 1.758, accounting for 87.911% of the variance in this variable.

Table 4.24: Validity and reliability test of variable 'Customer Satisfaction'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
23	I think I satisfy enough to join this company	0.758	-
24	Overall, I am happy to use my current Internet company	0.758	-

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.862, which is higher than 0.70 and to be acceptable in the reliability value. Also, the corrected item-total correlation was more than 0.5. As a result, the customer satisfaction factor can be acceptable according to the analysis (Hair et al., 1998).

Customer loyalty

Table 4.25: Factor analysis of variable 'Customer Loyalty'

Question in Section 3		Factor
No.	Item	1
25	If I had to do it in the future, I would still choose to use this Internet company	0.849
26	I would recommend this Internet company to my friends and others	0.848
27	I will continue to use this Internet company	0.851
<i>Eigenvalue</i>		2.548
<i>% of variance</i>		84.922

All three questions in section 3 of the questionnaire that are presented in Table 4.25 had very high factor values, which were more than 0.5. As a result, this 'Customer Loyalty' variable was considered in the validity and reliability test as shown in Table 4.26. In addition, the eigenvalue was 2.548, accounting for 84.922% of the variance in this variable.

Table 4.26: Validity and reliability test of variable 'Customer Loyalty'

Question in Section 3		Corrected Item - Total Correlation	Cronbach's Alpha if item deleted
No.	Item		
25	If I had to do it in the future, I would still choose to use this Internet company	0.821	0.871
26	I would recommend this Internet company to my friends and others	0.821	0.873
27	I will continue to use this Internet company	0.823	0.87

Based on Table 4.27, the overall Cronbach's Alpha value of this variable was 0.910, which was very good reliability value. Also, all the corrected item-total correlation values were very high, more than 0.5 the acceptable level. As a result, the customer loyalty factor is reliable and can be acceptable according to the analysis (Hair et al., 1998).

Table 4.27: Overall Cronbach's Alpha values with composite variables

Composite Variable	Cronbach's Alpha
Tangible	0.647
Reliability	0.801
Responsiveness	0.678
Assurance	0.842
Empathy	0.726
Pricing	0.817
Switching Cost	0.630
Trust	0.780
Brand Image	0.774
Customer Satisfaction	0.862
Customer Loyalty	0.910

According to Table 4.27, Reliability, Assurance, Pricing, Customer Satisfaction and Customer loyalty composite variables were very high values of overall Cronbach's Alpha and good reliability. In addition, Empathy, Trust and Brand Image composite variables were more than 0.7 and also acceptable reliability. Moreover, the overall Cronbach's Alpha values of Tangible, Responsiveness and Switching Cost composite variables were very close to the acceptable level (0.7). Therefore, these three composite variables were considered reliable. Also, the factor analysis can prove that all the factors influence customer loyalty and it can be analyzed in further analyzes for this research.

4.3 Multiple Regression Analysis

(Hair et al. 2006) Multiple regressions analysis is another technique used to measure and analyze the relationship between many independent variables and a dependent variable. There are two relationships that were considered in this research in order to examine the effect of customer satisfaction and loyalty. The first relationship was between 9 independent variables (Tangible, Reliability, Responsiveness, Assurance,

Empathy, Pricing, Switching cost, Trust and Brand image) and customer satisfaction. The second relationship was these 10 independent variables, including customer satisfaction and customer loyalty. Based on the literature review in Chapter 2, it was noted that the effect of these two issues could be examined.

However, it is important to screen the variable values before entering to the analysis. Because, the values that change from a distribution may cause some errors while calculating statistics. To prevent this issue, the variables should be screened and tested before analyzing by Skewness and Kurtosis. The Skewness and Kurtosis test aims to screen variables for the distributions in order to examine several variables and the distribution frame (Tabachnick & Fidell, 2007).

For this research, Skewness and Kurtosis test was used for screening the variables before doing the multiple regression analysis. It was also to ensure that the distribution of the variables is 'Normal'. Skewness and Kurtosis value of each variable was shown as Table 4.28 below.

Table 4.28: Skewness and Kurtosis value of variables

Variable	N	Skewness			Kurtosis		
	Statistic	Statistic	Std. error	Z-score	Satatictic	Std. error	Z-score
Tangible	193	-0.302	0.175	-1.726	0.012	0.348	0.034
Reliability	193	-0.098	0.175	-0.560	-0.363	0.348	-1.043
Responsiveness	193	0.074	0.175	0.423	-0.229	0.348	-0.658
Assurance	193	-0.089	0.175	-0.509	0.058	0.348	0.167
Empathy	193	-0.210	0.175	-1.200	-0.087	0.348	-0.250
Pricing	193	-0.102	0.175	-0.583	0.122	0.348	0.351
Switching cost	193	0.075	0.175	0.429	0.495	0.348	1.422
Trust	193	0.027	0.175	0.154	-0.047	0.348	-0.135
Brand image	193	0.218	0.175	1.246	0.286	0.348	0.822
Customer satisfaction	193	-0.502	0.175	-2.869	0.559	0.348	1.606
Customer loyalty	193	-0.343	0.175	-1.960	0.084	0.348	0.241

As table 4.28, there are 11 variables, which were tested by Skewness and Kurtosis. The Z-score values of each variable in Skewness and Kurtosis are calculated from Skewness or Kurtosis statistic values divide by standard error values. If the Z-scores value is greater than the absolute value, that variable will have to be applied to a square root transformation to prevent the problem of distribution in the further analysis. According to Schinka A. J. and W. F. Velicer (2003), an absolute value is based on a sample of research. If the sample of research is more than 100, the absolute value will be 3.3 or higher. Thus, the sample of this research is 193; the absolute value should be more than 3.3.

In this research, the Z-score values of all variables were higher than 3.3 (absolute value). Hence, these variables are now ready to analyze in the multiple regression analysis.

4.3.1 Determinants effect of customer satisfaction in the context of Thai Internet service industry

The nine independent variables of tangible, reliability, responsiveness, assurance, empathy, pricing, switching cost, trust and brand image and customer satisfaction dependent variable was analyzed in this research by multiple regression analysis to examine the relationship between these independent variables and customer satisfaction. Table 4.29 presents that all the independent variables, excluded brand image were found to relate with customer satisfaction. For instance, the values of tangible were $sri^2 = 0.524^2 = 0.274$, $t = 8.504$ and its Sig. value was 0.000 ($p < 0.05$), as a result, tangible variable was found to likely relate with customer satisfaction dependent variable. Nevertheless, brand image independent value was not found to relate with customer satisfaction (Sig. value was 0.860, $p > 0.05$). This analysis shows

that trust and assurance are highly significant determinants influencing customer satisfaction in the Thai Internet service industry.

Table 4.29: Multiple regression analysis for the effect of customer satisfaction

Variable	Standardised Coefficients Beta	t	Sig.	Correlations Part
Tangible	0.524	8.504	0.000	0.524
Reliability	0.605	10.508	0.000	0.605
Responsiveness	0.586	10.005	0.000	0.586
Assurance	0.604	10.470	0.000	0.604
Empathy	0.579	9.825	0.000	0.579
Pricing	0.596	10.265	0.000	0.596
Switching Cost	0.486	7.680	0.000	0.486
Trust	0.727	14.636	0.000	0.727
Brand Image	0.013	0.176	0.860	0.013

4.3.2 Determinants effect of customer loyalty in the context of Thai Internet service industry

In this analysis, customer satisfaction was included with the independent variables to examine the effect of customer loyalty. Table 4.30 presents that all the independent variables, excluded brand image were found to relate with customer loyalty. For example, the values of assurance were $sr_i^2 = 0.626^2 = 0.391$, $t = 11.081$ and its Sig. value was 0.000 ($p < 0.05$), as a result, assurance variable was found to likely relate with customer loyalty dependent variable. Nevertheless, brand image independent value was not found to relate with customer loyalty (Sig. value was 0.678, $p > 0.05$). In addition, customer satisfaction is the most significant determinant influencing customer loyalty in the Thai Internet service industry.

Table 4.30: Multiple regression analysis for the effect of customer loyalty

Variable	Standardised Coefficients Beta	t	Sig.	Correlations Part
Tangible	0.579	9.822	0.000	0.579
Reliability	0.650	11.826	0.000	0.650
Responsiveness	0.632	11.284	0.000	0.632
Assurance	0.626	11.081	0.000	0.626
Empathy	0.626	11.083	0.000	0.626
Pricing	0.639	11.466	0.000	0.639
Switching Cost	0.474	7.438	0.000	0.474
Trust	0.736	15.046	0.000	0.736
Brand Image	0.030	0.416	0.678	0.030
Customer Satisfaction	0.829	20.514	0.000	0.829

4.4 Hypotheses Testing

The hypothesis testing was the final method to determine the idea of this research, which is about the effect of customer loyalty. The results of hypotheses testing were analyzed and presented in Table 4.31.

Table 4.31: Summary results of hypotheses testing

Hypotheses	Significant Value	Results
H1: Tangible of service quality has a positive effect on customer loyalty	0.000	<i>Accepted</i>
H2: Reliability of service quality has a positive effect on customer loyalty	0.000	<i>Accepted</i>
H3: Responsiveness of service quality has a positive effect on customer loyalty	0.000	<i>Accepted</i>
H4: Assurance of service quality has a positive effect on customer loyalty	0.000	<i>Accepted</i>
H5: Empathy of service quality has a positive effect on customer loyalty	0.000	<i>Accepted</i>
H6: Price perception is positively related to customer loyalty	0.000	<i>Accepted</i>
H7: Perceived switching cost is positively related to customer loyalty	0.000	<i>Accepted</i>
H8: Perceived trust is positively related to customer loyalty	0.000	<i>Accepted</i>
H9: Perceived brand image is positively related to customer loyalty	0.678	<i>Rejected</i>

H1: Tangible of service quality has a positive effect on customer loyalty

The result of tangible independent variable in Table 4.31 was indicated that there is a positive effect of tangible on customer loyalty at 0.000 ($p < 0.05$). As a result, the hypothesis 1 was accepted. In other word, tangible has a positive effect on customer loyalty in Thai Internet service industry.

H2: Reliability of service quality has a positive effect on customer loyalty

The result of reliability independent variable in Table 4.31 was indicated that there is a positive effect of reliability on customer loyalty at 0.000 ($p < 0.05$). As a result, the hypothesis 2 was accepted. In other word, reliability has a positive effect on customer loyalty in Thai Internet service industry.

H3: Responsiveness of service quality has a positive effect on customer loyalty

The result of responsiveness independent variable in Table 4.31 was indicated that there is a positive effect of responsiveness on customer loyalty at 0.000 ($p < 0.05$). As a result, the hypothesis 3 was accepted. In other word, responsiveness has a positive effect on customer loyalty in Thai Internet service industry.

H4: Assurance of service quality has a positive effect on customer loyalty

The result of assurance independent variable in Table 4.31 was indicated that there is a positive effect of assurance on customer loyalty at 0.000 ($p < 0.05$). As a result, the hypothesis 4 was accepted. In other word, assurance has a positive effect on customer loyalty in Thai Internet service industry.

H5: Empathy of service quality has a positive effect on customer loyalty

The result of empathy independent variable in Table 4.31 was indicated that there is a positive effect of empathy on customer loyalty at 0.000 ($p < 0.05$). As a result, the hypothesis 5 was accepted. In other word, empathy has a positive effect on customer loyalty in Thai Internet service industry.

H6: Price perception is positively related to customer loyalty

The result of pricing independent variable in Table 4.31 was indicated that there is a positive effect of pricing on customer loyalty at 0.000 ($p < 0.05$). As a result, the hypothesis 6 was accepted. In other word, price perception is positively related to customer loyalty in Thai Internet service industry.

H7: Perceived switching cost is positively related to customer loyalty

The result of switching cost independent variable in Table 4.31 was indicated that there is a positive effect of switching cost on customer loyalty at 0.000 ($p < 0.05$). As a result, the hypothesis 7 was accepted. In other word, perceived switching cost is positively related to customer loyalty in Thai Internet service industry.

H8: Perceived trust is positively related to customer loyalty

The result of trust independent variable in Table 4.31 was indicated that there is a positive effect of trust on customer loyalty at 0.000 ($p < 0.05$). As a result, the hypothesis 8 was accepted. In other word, perceived trust is positively related to customer loyalty in Thai Internet service industry.

H9: Perceived brand image is positively related to customer loyalty

The result of brand image independent variable in Table 4.31 was indicated that there is a negative effect of brand image on customer loyalty at 0.678 ($p > 0.05$). As a result, the hypothesis 9 was rejected. In other word, perceived brand image is not related to customer loyalty in Thai Internet service industry.

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CHAPTER 5

Conclusions and Recommendations

Introduction

The final chapter will discuss the implications and conclusions of the research. The limitations of this research and recommendation for further study are also presented. The implication of the study is to answer the research objectives and questions based on the results of the findings. It will also draw on the analyzed hypotheses and compare it with the literature review of this research. Then, this chapter will demonstrate the limitations that the research has found and provide some suggestion, which may be useful for further research.

5.1 Implication of the study

The findings of this research show that service quality, which has tangible, reliability, responsiveness, assurance and empathy, pricing, switching cost and trust have positive effects on customer loyalty, particularly with reference to the Thai Internet service industry. The research questions of this research, which are based on the literature review, are revealed and supported by the results of this research. The result of this research can answer the research questions presented below.

- What are the significant determinants, which affect customer loyalty in the Internet service industry in Thailand?

As the results of this research have shown, tangible, reliability, responsiveness, assurance, empathy, pricing, switching cost and trust are significant determinants which positively affect customer loyalty in the Internet service industry in Thailand.

As Fornell and Lehmann (1994) have noted service quality, which includes factors such as tangible, reliability, responsiveness, assurance and empathy, influence customer loyalty. Also, pricing (Kollmann, 2000), switching costs (Boulding et al., 1993; Caruana, 2003) and trust (Aydin and Ozer 2005) can influence customer loyalty. Therefore, the literature review is supported by the results of this research.

- What are the relationships between customer loyalty and its determinants in the Internet service industry in Thailand?

Based on the results of multiple regression analysis, it can be described that tangible, reliability, responsiveness, assurance, empathy, pricing, switching costs, trust and as well as customer satisfaction are related to customer loyalty. In addition, trust has the most important association with customer loyalty, because trust has the highest standardized coefficients beta value in the results of analysis. However, this research has shown that in the Thai Internet service provider market, the impact of brand image is not significantly related to customer loyalty. This suggests that Internet service providers in Thailand have not much interest in creating their brand images with a view to retaining customers.

According to Parasuraman et al., (1985), many previous researchers have claimed that service quality, pricing, switching cost and trust are connected with customer loyalty and have an influence on customer satisfaction, including loyalty. Hence, the existing literature is also supported by the findings of this research.

- Is there any relationship between customer satisfaction and customer loyalty in the Internet service industry in Thailand?

There is a significant relationship between customer satisfaction and loyalty in the Internet service industry in Thailand. As the results of multiple regression analysis have shown, customer satisfaction was included in the independent variables to measure the relationship with customer loyalty. Customer satisfaction is the most important connection with customer loyalty as indicated in Table 4.30. It showed the highest standardized coefficients beta value in the analysis results. Moreover, the findings support the literature review, which demonstrated that customer satisfaction has a positive relationship with customer loyalty (Anderson et al., 1994; Smith et al., 1999).

5.2 Conclusion

In conclusion, this research found that the Internet service providers in Thailand should consider the effect of customer loyalty and the determinants that affect customer loyalty in order to retain existing customers and create new ones. Because customer loyalty has a strong positive effect on Internet service providers and derives from customer satisfaction with products and services (Bruhn and Grund, 2000). In addition, customer loyalty can be a significant factor that helps to develop and improve companies' performances as well as increase profits in the long-term. The findings of this research show Internet service providers, the factors that influence customer loyalty. This research has also proposed and justified the theoretical framework to explain customer loyalty in the particular, in the context of the Thai Internet service industry. Moreover, the research objectives and questions were answered and supported by the results of the study.

5.3 Limitation and recommendation for further research

There are several limitations in this research; however, the limitations may be useful for further research. First of all, there are other factors that influence customer loyalty,

but were not analyzed in this research, for example, promotion, market share and commitment. Therefore, other factors that effect customer loyalty should be considered in further studies.

Secondly, the data of this research was collected only in Thailand and in particular, from the business-to-customer Internet area. As a result, the findings of this research could not be generalized to other user groups or Internet markets, such as business-to-business and online businesses. Further research may explore and analyze in other specific markets and countries.

Thirdly, switching barriers was analyzed as a switching cost factor in this research. Nevertheless, Oliver (1999) demonstrates that switching barriers can be one main factor, which is likely to keep customers loyal to a brand. Hence, switching barriers should be analyzed and its importance explored in order to create customer satisfaction or loyalty in further researches.

Moreover, it would be useful for Internet service providers to explore what are the reasons for customers' loyalty or disloyalty. If these reasons are considered, it could help and direct Internet service providers to develop their marketing strategies in the future.

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Appendices

Appendix 1: Survey Questionnaire

Dear Participants,

I am Saruta Tangjai, MBA student at the University of Roehampton. I am currently undertaking a research to investigate the effect of customer satisfaction and switching barriers toward customer loyalty among the Internet service providers in Thailand.

I would be very grateful if you could participate my study by completing these following questions. The survey will take approximately 5 minutes to complete.

Thank you so much for your time and assistance.

Saruta Tangjai

MBA student

University of Roehampton, United Kingdom

Section 1 - Demographics Characteristics

1. What is your gender?

Female

Male

2. What is your age group?

20 and below

21 - 30

31 - 40

41 - 50

50 and above

3. What is your occupation?

Student

Government sector

Self-Employed or Business owner

Private business sector

Other (please specify)

4. What is your highest level of education?

High School

Diploma

Bachelor Degree

Master Degree

Doctoral Degree

Other (please specify)

Section 2 : General Characteristics

5. What type of Internet do you use?

Personal (ADSL or individual Internet)

Business (Corporate Internet)

Both

6. Which Internet service provider do you use? (You can choose more than one company)

True

Triple T Broadband (3BB)

TT&T

TOT

CAT Telecom

Other (please specify)

7. How long have you been using this Internet company?

Less than 1 year

1 – 2 years

2 – 3 years

More than 3 years (please specify)

8. Please indicate where do you most often use the Internet? (You can tick more than one answer)

Home

Workplace

School or college or university

Cafe' or restaurant

Car or any transportation

General public places

9. Please indicate your ranking of factors to be considered for choosing the Internet service provider?

Speed

Network Quality

Price

Brand Image

Customer Service

Support after sale

Promotions

Section 3 : Factors Analysis

10. Please tick the answer, which closely matches with your opinion.

(1) Strongly Disagree

(2) Disagree

(3) Natural

(4) Agree

(5) Strongly Agree

10.1 The Internet company has modern tools and perspectives

10.2 The staff are willing to help customers

- 10.3 The staff have service-mind to customers
- 10.4 The staff are always polite and courteous
- 10.5 The Internet company takes attention to customers
- 10.6 When the Internet company promises to do things at a certain time, they will do
- 10.7 When I have problems with my Internet, the company will show sincere to fix it
- 10.8 The Internet company is dependable
- 10.9 The Internet company has a good reputation
- 10.10 I can trust staff of this Internet company and their Information
- 10.11 I feel this Internet company would provide me with good services
- 10.12 The staff are never too lazy to respond my requests
- 10.13 The staff have good knowledge to answer me
- 10.14 I have always had a good impression of my current Internet service provider
- 10.15 I have complete trust in doing business with this service provider
- 10.16 I feel safe to do a business with this Internet company
- 10.17 I believe if there are any conditions change, they will be ready to help me
- 10.18 The Internet company offers me a good plan and its responds my need
- 10.19 It will take too much time to get Information I need to feel comfortable if I change the company
- 10.20 The Internet company offers me value of money

10.21 The Internet company gives me good services with the price

10.22 My current Internet company meet my needs and expectations.

10.23 I think I satisfy enough to join this company

10.24 Overall, I am happy to use my current Internet company

10.25 If I had to do it in the future, I would still choose to use this Internet company

10.26 I would recommend this Internet company to my friends and others

10.27 I will continue to use this Internet company

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