A USER LOYALTY ANALYSIS OF MOBILE INSTANT MESSAGING (MIM) APPLICATIONS IN MANADO

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ABSTRACT

The growth of Mobile Instant Messaging (MIM) applications in Indonesia has become a prevalent phenomenon as it gradually has replaced the existence of traditional messaging tools such as SMS. With the emergence of these mobile instant messaging applications, consumers are inundated with choices as to which application should they install on their phones. Therefore, User loyalty is crucial to the survival of MIM application providers. Population of this research is users of MIM applications and/or people who are aware of the development of MIM applications in Manado, under the age of 30. This research employs exploratory method on qualitative research and interview as the tool to collect all data and information with informant as many as 6 informants. The internal factors i.e.: speed of loading, public image, loyalty program, intriguing features, user-friendly, price-friendly, post-installation care, and qualified product. The external factors i.e.: existence of a community, mobile internet network quality, ubiquitous connectedness, age group, and peer influence. This research suggests MIM providers to improve user loyalty by putting the same amount of effort into the advancement of both internal and external factors, as the MIM industry is highly dependent on the external factors as the findings suggested.

Keywords: user loyalty, MIM application

INTRODUCTION

Research Background

The proliferation of internet usage in Indonesia is a phenomenon. Until October 2012, Indonesia had over 55,000,000 internet users with 22% of internet penetration. A data from Internet World Stats (2012) shows that Indonesia is one of Asia's top five internet countries by June 30 2012, 4th place to be exact. One of the main factors affecting Indonesians to buy digital mobile devices is because of the internet service, and by internet service it means social networking sites such as Facebook and micro-blogging platform Twitter where Indonesia scored 43.8 million of social network users with Facebook alone, making it the third Asian country with the greatest social network users (fourth globally) and 19 million twitter account registered (the fifth highest globally).

The growth of mobile internet in Indonesia is also contributed hugely by the trend of MIM Applications. Many Indonesian users prefer using MIM Applications instead of SMS because the applications can accommodate longer messages, and can be used jointly to conduct a conference. With the advanced mobile technology, the mobile IM service could deliver vivid communication experience to users, such as voice chat, video chat, emoticon, and changeable communication interface (Huang and Li, 2013).

The emergence of these mobile instant messaging applications makes consumers to be inundated with choices as to which application should they install on their phones. This fierce competition among mobile instant messaging application companies leads to greater choice in a market for consumers and advances innovation of essential communication technologies. As a matter of fact, despite the wide range of choices users have, they will eventually install more than one MIM application in their phones out of needs or other factors which remain unanswered. In these past few years, a number of MIM applications had tremendous increases in terms of the number of their users. According to Kate Sohn, Vice President Global Business Development of KakaoTalk, during 2013, KakaoTalk users skyrocketed to 3,000% of increase in Indonesia. Line messenger has over 14 million of Indonesian users. Meanwhile, 30% of Tencent's Wechat over 100 million users comes from Indonesia. Despite the massive increases, these lead to one question of how is the consumer choosing behavior.

The great success of Instant Messaging Applications nowadays has lead to one goal that is the abundance of users. It is the most important goal to be pursued by MIM providers. Even further, user loyalty is crucial to the survival of MIM application providers (Chun-zhi and Kai, 2008). Prior studies and literatures on influencing factors of user loyalty is generally concluded employing general service such as hotel, bank, and airlines. The truth is, there is a significant difference between those services and Mobile Instant Messaging service, as MIM is open to users with no charge (freeware). So, as far as MIM industry is concerned, the existing conclusions generated from other service industries cannot be taken as granted.

Research Objective

The objective of this research is to examine the loyalty of Mobile Instant Messaging (MIM) applications users in Manado.

THEORETICAL FRAMEWORK

Theories

User Loyalty

User loyalty is crucial to the survival of any company. Typically, in increasingly competitive markets, building strong relationships with users, that is, developing the user loyalty is seen as the key factor in winning market share and developing a sustainable competitive advantage. There are plenty of good reasons for businesses to pursue user loyalty as a strategic objective. Users are expensive to acquire; keeping them loyal allows businesses to amortize those costs. Develop a brand that resonates with the audience, and users will be more loyal (Garrett, 2006). In order to approach and get close to customers and maintain successful investments, creating user loyalty is not only crucial, but also it is one of the key factors to success for many companies. The established companies' closeness to users becomes a high entrance barrier for new companies on the market. This because the new companies do not only have to meet the already established companies high standards, but also break into a system of strong personal relationships, trust and respect. Consumers' brand loyalty has decreased over the past decade (Riezebos, 2003:326). About twenty to thirty years ago consumer would consistently buy the same product from a product class. Today people are switching from two to four different brands.

Factors that are used in this research as guidelines i.e.:

1) Continuance Use. Chun-zhi and Kai (2008) state that continuance use means the activity in which customers decided to use certain provider's service or goods for the first time and committed to use the provider on a regular basis and continue using it in the future.

2) Recommend Intention. Formulated by Chun-zhi and Kai (2008), recommend intention is the second factor to measure customer loyalty. Recommend intention occurs when loyal customers on their own will start to spread and recommend a certain product or service's advantages and benefits.

3) Perceived Product Quality. This third factor is proposed by Bei and Chiao (2006) and it is called Perceived Product Quality. Product quality is defined as the perceived quality of products obtained by consumers. In the case of Mobile Instant Messaging (MIM) Applications, users indicated their perception of the quality of the application.

4) Price Endurance. The fourth factor is Price Endurance (Chun-zhi and Kai, 2008). Price endurance occurs when there is a change in terms of the availability of a certain product (in this case mobile instant messaging application where it is assumed that it is freeware) where it is no longer free and for further use of the product customers have to pay certain amount of price, so as a result, a loyal customer will still use the product despite the price that customer will have to pay. Also, if the affiliated service is charged, the customer will still use this product.

5) Satisfaction. Huang and Li (2013) contextualize the three different roles of users in terms of MIM context. They argue that the integrated users' role framework is suitable for the investigation of the Mobile Instant Messaging Application. The roles are: a) Mobile Instant Messaging application user (Technology user) – Users download MIM apps from online store to their own mobile device, and then use the app to communicate with their friends and/or other people. In this process, perceived loyalty of MIM is influenced by the performance of the app. b) Mobile Mobile Instant Messaging app service subscriber (service consumer) - In this context, MIM app users subscribe (paid or free) the instant messaging service and the complementary service/product for communication. c) Relationship stakeholder (Network member) – The relationship stakeholder means the role that affects or can be affected by the relationship with others. It can represent the network member role of the integrated users' role framework.

6) Trustworthiness. Trustworthiness (Kuusik, 2007) of the partner is a factor that has certain impact on the establishment of loyalty – nobody expects a long-term relation with a partner that cannot be trusted. Uncertainty may be caused by dependence or large choice: people tend then to prefer popular or familiar brands or partners.

7) Image. Image (Kuusik, 2007) of brand or supplier is one of the most complex factors. It affects loyalty at least in two ways. Firstly, customer may use his preferences to present his own image. That may occur both in conscious and subconscious level. Secondly, according to social identity theory, people tend to classify themselves into different social categories. That leads to evaluation of objectives and values in various groups and organizations in comparison with the customer's own values and objectives.

8) Importance of Relationship. Loyalty is defined as a desire to retain a valuable or important relationship. That way the establishment of loyalty is predetermined by the importance of relevant relationship or selection. Weiss (2001) points out three aspects that may increase the importance of the relationship: a) Strategic importance of a product, b) High risks involved in the transaction or c) Costs incurred by cancellation of contracts.

9) Switching Cost. Switching cost is "the costs that the consumer incurs by changing one service provider to another" (Lee et al., 2001). Since it pertains to time and psychological effort involved in facing the uncertainty of dealing with a new service provider, switching cost can be a barrier to changing service providers.

10) Existence or Domination of Alternatives. The tenth factor is Existence of alternatives (Farley, 1964). In the increasingly competitive markets, companies have to keep up with the progress of their users. Whether they have fulfilled users' expectation and whether their users will stay loyal to their product. This can be incredibly crucial typically in markets with tight competitions. In this case of Mobile Instant Messaging Applications, these applications more or less have the same old basic functions with some additional embellishment of features. Once companies lose track of their users' needs and wants (e.g. unsolved bugs), there is a possibility that users will find replacement of the MIM application, especially when the alternative has something more to offer to users.

Mobile Instant Messaging (MIM) Applications

The mobile instant messaging (MIM), such as WhatsApp, Wechat, KakaoTalk, Line and Blackberry Messenger, is an integrated messaging system that includes: the app for mobile device, network and mobile instant messaging service (Deng, et al., 2010). MIM applications enable their users, whether sitting at the computer or on the road, to connect instant message (IM) with existing communities and across the mobile Internet (Deng et al., 2010). MIM applications bring tremendous convenience for users and are widely adopted by young people. Short message service (SMS) is another

popular handheld-based communication tool. The differences between these two message services used on mobile handsets are that MIM application provides more user-friendly features, such as various user portraits, emoticons (pictures expressing emotions, such as for happy), and convenient voice and video chatting, while SMS only offers simple text message (Gibbs, 2008). Furthermore, Deng et al. (2010) argues that the presence information of MIM allows users to know the status of their friends, whether they are online or offline, free or busy, which helps them to conduct real-time conversation, thus stimulating communication.

RESEARCH METHODOLOGY

Type of Research

Qualitative method is employed in conducting this research in order to explore and reveal the user loyalty of MIM applications in Manado. Cooper and Schindler (2006:58) argue that qualitative research is particularly useful "to understand the different meanings that people place on their experiences often requires research techniques that delve more deeply into people's hidden interpretations, understandings, and motivations."

Place and Time of Research

This research is conducted in Manado. The interview takes place in Manado. Research started in mid-January 2014 after the proposal has been approved. After that, finding informants for the research were done and interviews were held.

Instrument and Sample of Research

The main instrument in conducting qualitative research is the researcher itself with additional supportive instruments for the interview process such as recorder, writing tools, diary book.

Population and Sample

The population of this research is users of at least one Mobile Instant Messaging (MIM) application and/or people who are aware of the development of MIM applications in Manado, North Sulawesi, with the age range below 30. It is important to take into consideration both type of people (user and non-user) to avoid bias tendency. Meanwhile, the samples of this research are 6 (undetermined; just as standard) Manadonese with the required characteristics as aforementioned earlier, but it all comes down to the quality of the interview. Once all the interview results have circulated around and shown the same pattern, idea, and phenomenon, the interview will cease and there will be no further interviews to be conducted.

Data Collection Method

Two sources of data that are used in this research are: Primary data and secondary data. This research uses interview method as its primary data where researcher used open-ended questions that are not limit informant's perspective, and give spontaneously answers instead. *Semi structured interviews* involve a series of open ended questions based on the topic areas the researcher wants to cover. The open ended nature of the question are able to provide opportunities for both interviewer and interviewee to discuss some topics in more detail. If the interviewee has difficulty answering a question or provides only a brief response, the interviewer can use cues or encourage the interviewee to consider the question further. In a semi structured interview the interviewer also has the freedom to probe the interviewee to elaborate on the original response or to follow a line of inquiry introduced by the interviewee. The secondary data in this research are gathered from articles and books regarding to the study of this research.

Data Validity Method

With the goal of making the study credible and rigorous, Guba (1981) constructs the criterias that he believes should be considered in qualitative research i.e.: Credibility, Transferability and Conformability.

Data Analysis Method

Miles and Huberman (1994:87) state that there are three concurrent flows of activity in the data analysis: data reduction, data display, and conclusion drawing/verification.

RESULT AND DISCUSSION

Result

The results of this research are divided into two categories: Internal factors and External factors. Internal factors:

1. *User-friendly* – an MIM app ought to be user friendly, considering that not all MIM apps users are technology-savvy, and it should not be complex but rather simple. Sometimes, what users need from an MIM app is simply to connect them with other people as quickly as possible without having to go through long list of steps or procedures.

2. *Speed of loading* – Length of time or speed of loading refers to the time distance between the moments when a user click on an MIM app's icon until the app is fully loaded its home page (user interface). It should not be time-consuming but rather efficient.

3. *Public Image* – Public image is described as how is the public perception of the MIM application's personality or image. The more public favors the application, the better the public image of that application.

4. *Loyalty Program* – Loyalty program related to the attempts of MIM app companies to provide their users with post-installation service. Continuous improvements of companies' MIM apps also suppose to be the first priority.

5. *Intriguing Features* – Intriguing Features is a very broad term. From all the interviews conducted, each informant has showed different reaction and answer regarding the so-called intriguing features. Intriguing features including stickers, emoticons, and the ability to send pictures in original quality or uncompressed.

6. *Price-friendly* – Price-friendly means there is no incurred extra cost for basic functions of MIM apps. In other words, users shall not spend any additional expenses when using Mobile Instant Messaging applications' features for basic features such as chatting, sending pictures, voice note, and other basic features, except of those mobile data expenses (internet quota).

7. *Post-installation Care* – Post-installation care is the service given by MIM applications developers or companies to their users, specifically by improving the applications. It is important for app developers to continually update the apps. This can be seen as a mean of treating users in the best way.

8. *Qualified Product* – Qualified product is bug-free or glitch-free MIM applications. Often there are a lot of bugs or problems in an application. For example, the app crashes, the app stop responding, the app quits on its own and so on. These can be quite annoying for users, especially when those bugs occur on a regular basis. Hence, a bug-free application or at least not-so-many bugs MIM application is more preferable by users.

External factors:

9. *Existence of a community* –When there is a community already built inside the app, users will linger on. Community in this sense refers to a collection of people who share the same interest with other users so that it creates a reason for users to chat with those other users. Community can be the friends of users who are using the same app, or other users who share congruities.

10. *Mobile Internet Network Quality* – When cellular network does not function the way as it should be, the application itself is considered useless because basically MIM apps are internet-based; they are solely dependent on the internet network quality from the phone and mobile carrier.

11. *Ubiquitous Connectedness* – Ubiquitous connectedness refers to users' perception about the extent to which the Mobile Instant Messaging application facilitates the experience of connectedness ubiquitously. It represents the experience of users with the feelings of "being with friends" any time regardless of geographical constraint. This factor is in line with the finding of Huang and Li (2013), where they propose that the higher users perceive ubiquitous connectedness, there is a high likelihood that they will be loyal.

12. *Age Group* – The age group really matters in terms of loyalty. Usually, younger users (teenagers, young adults) are more likely to adapt and try many MIM applications, thus loyalty is questioned. However, for older users (adults), they tend to have a monogamous relationship with MIM apps and they do not want to be bothered with too many technologies since they are more conservative and not tech-savvy.

13. *Peer Influence* – Peer influence is defined as how a user starts using an MIM app out of influences or pressures from friends and families who are users of that app. It is not because that user decides to use the app, but because that is the only option he has in order to be in touch with friends who are using that app. Influence of peers is very effective because as long as the peers are still using a certain app, no matter what that one user will be dependent on it.

Discussion

There are ten questions being asked to interviewees during the interviews as basic guidelines of procuring correct and accurate information. The questions are formulated based on prior studies on the researched subject that is the determinants of user loyalty in the case of Mobile Instant Messaging (MIM) applications. All the questions are designed to measure user loyalty of MIM apps.

The internal factors as suggested by this research are in alignment with the findings of Chun-zhi & Kai (2008). They suggest that service quality – users' comparison results of what the MIM provider should offer with the actual performance by that MIM provider – should be considered first when advancing the user loyalty. The service quality refers to the attempts of MIM providers to fulfill users' demands by implementing the critics, suggestions and demands from users to the improvement of the app that is evaluated from the performance from the app itself.

Kuusik (2007) proposes that the importance of relationship has a major impact on making the decision to terminate contract with current vendor. This research reveals that the importance of relationship does not necessarily related to the personal relationship a user has towards an MIM app, but rather how vital the app itself for the user in order to stay connected with their friends, the existence of a community inside an MIM app, so to speak. This existing community is tightly related to the so-called peer influence. Huang and Li (2013) have explored that peer influence is especially important for the analysis of the network-based mobile application, such as the MIM apps. Users communicate with their friends via MIM apps, the positive evaluation from peers can motivate the users to stay committed to that certain app they are using.

In this internet era, the flow of information and how communication works have drastically changed. Not only does technology has pretty much changed through the invention of Mobile Instant Messaging applications, but also it has brought impacts on the way of people communicating with other people. The traditional communication tool such as SMS is no longer the prime mover of today's communication. The theory is cellphone plus internet equal communication. This is supported by the

fact that in recent years, the booming of Mobile Instant Messaging Applications was massive and it has been increasing ever since.

This research suggests that people are hard to stay loyal only to one MIM application – many are using more than one application. Existing MIM application developers provide their apps freely for people to download, as long as they have access to the internet. Thus, it has eliminated the price barrier, price competition and all of the MIM apps are automatically put in the same level. This has brought opportunities and choices to people out there where they can choose whatsoever app they want to use regardless of its quality, but rather the popularity or the public image. It is undeniable that there is not single MIM application can solely fulfill all the demands, wants and requirements coming from its users. Another thing is that companies or developers cannot control the market or its users. People act and make decisions based on their own will or influence from other people. Many of Manadonese people use more than one MIM application because there are features they expect to find in one MIM application, but instead they are found in another MIM application.

CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions are: internal factors affecting user loyalty of MIM Applications are Speed of loading, Public Image, Loyalty Program, Intriguing Features, User Friendly, Price Friendly, Post-installation Care and Qualified Product. External factors affecting user loyalty of Mobile Instant Messaging Applications are Existence of a community, Mobile Internet Network Quality, Ubiquitous Connectedness, Age Group, and Peer Influence.

It is found that in Manado specifically, the so-called loyalty is not that pure loyalty whereas users stay committed or loyal only and solely to one particular Mobile Instant Messaging (MIM) application. Rather, a user is more likely to be loyal to more than one Mobile Instant Messaging application simultaneously and use them in synergy. Through this research, this phenomenon is then defined as: Mobile Instant Messaging Loyalty.

Recommendation

ForMIM application companies or developers, it is hoped that this research will give anew understanding of how to retain users by following the factors proposed in this research. Companies ought to give the same amount of effort of developing both the internal and external factors of user loyalty of MIM applications, hoping that it will balance the result and hence bring significant result on the user loyalty. Hopefully this research can serve as a foundation for further studies, as it surely needs continuous improvements, especially in field of Applications, Internet, and Telecommunication technologies that are increasing and evolving as ever.

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