ABSTRACT. This study empirically tested the relationship between service quality, customer satisfaction, and behavioral intentions in pay television (pay TV) industry and examined the moderating role of switching barriers in predicting customer behavior. This research incorporates a new component of switching barrier which is social ties to understand customers’ behavioral intentions. Data were gathered from 245 pay TV customers via the application of a survey. The data were analyzed using structural equation modeling. The results show that there are positive relationships between service quality, customer satisfaction, and behavioral intentions. Furthermore, social ties moderate the relationships between customer satisfaction and behavioral intentions. The study has limited generalizability as it used a single satellite pay TV provider’s customers as samples. Conducting comparative research in other contexts such as IPTV or cable TV would be useful to understand the whole population. Pay TV service provider should not only concentrate on customer satisfaction to gain customers’ positive behavioral intentions, but also to consider switching barriers as a tool for competitiveness. Particularly, this study suggests service provider to raise social ties as a way to prevent customer to switch to another service provider. This study extends previous research on customer behavioral intentions in the context of pay TV and incorporating social ties as a new switching barriers’ component.

Keywords: Service quality, customer satisfaction, behavioral intentions, switching barriers, pay television.
Introduction

Entertainment and media industry is one of the important industries that contributed to Malaysia’s economy. According to a report by PricewaterhouseCoopers, this industry projected to grow at a compound annual growth rate of 6.1% over 2014 to 2019 (Menezes & Graham, 2015). One of the sub-sectors under the entertainment and media is TV broadcasting services. In Malaysia, the largest pay television (hereinafter referred to as pay TV) provider is offering satellite-based pay TV services. It has more than 3 million subscribers with a household penetration rate of 72% as at end-December 2017. According to Menezes & Graham (2015), it will continue to dominate the sector with forecasted 3.9 million subscribers at the end of 2019.

Its oligopoly status as pay TV provider and monopoly status as satellite pay TV provider gives the company advantages in term of competitiveness and profitability. However, the service has been long criticized by Malaysia’s consumers regarding its price offering and service disruption during rain. According to Fornell (1992), most of the monopolies are less sensitive to customer satisfaction compared to competitive market structures. In fact, Li & Zhang (2015) found out that pay TV service providers tend to produce inadequate program quality as they are too focusing on technology research and development and neglecting the quality of investment on the levels of price and advertising.

The emergence of Internet Protocol Television (IPTV) has made the so-called war of television services in Malaysia become intense and caused customers’ switching behavior. Therefore, the satellite pay TV service provider has to build stronger strategies in order to keep its business competitive. Apart from offensive strategy to catch new customer, a company should focus on defensive strategy where loyal customers will repurchase, maintaining the high market share (Fornell, 1992).

Maintaining customer’s favourable behavioral intentions such as repurchase intention, positive recommendation and willingness to pay more as stated by Zeithaml et al. (1996) will bring benefits in terms of profitability and sustainability of a company through customer satisfaction. Success in leading customers to engage in favourable behaviors would benefits companies in term of reducing marketing and operational costs, building brand loyalty, and increasing profit per customer (Reichheld & Teal, 2001; Kim et al., 2016).

Even though customer satisfaction has long been regarded as the key determinant of behavioral intentions (Xu et al., 2007; Ladhari et al., 2008; Jen et al., 2011; Chiabai et al., 2014; Sohn et al., 2016; Azizi et al., 2017), this conventional belief has been challenged by recent empirical studies that shown satisfaction does not always translate into positive behavioral intentions (Sánchez-García et al., 2012; Strielkowski et al., 2012; Chuah & Chuah, 2017; Vovk & Vovk, 2017). There are a growing number of studies that have investigated the role of switching barriers as a construct to explain customer behavioral intentions (e.g., Li & Zhang 2015; Ghazali et al. 2016; Giovanis 2016). Switching barriers make switching difficult or costly to customers (Jones et al., 2000). Hence, customer stays with the current service provider.

Based on social exchange theory (SET), individual’s decision to stay or leave a relationship is based on his/her judgment of the overall worth of a particular relationship by subtracting its costs from the benefits. If the costs of switching outweigh benefits they will get, they will remain with the current company while switching will happen when the benefits exceed costs. This would explain why customer satisfaction is not the only factors that predict behavioral intentions where switching barriers exist. Despite the importance of the topic, review of the existing literature found that studies on the effects of switching barriers on behavioral intentions are scarce in the context of pay TV market.
Many studies have employed different types of switching barriers such as switching costs, interpersonal relationship and attractiveness of alternatives by Jones et al. (2000). These types of switching barriers are imposed by service providers. Social switching barriers can occur as a result of interactions between customers in some service settings such as television network (Woisetschläger et al., 2011). Rooted in this notion, we included social ties as a switching barrier that affect customer behavioral intentions in pay TV setting. To the researcher's knowledge, there are only three studies by Shi et al. (2015), Woisetschläger et al. (2011) and Tsai et al. (2006) that have used this type of switching barriers in understanding customer behavior. Thus, there is a need to further study in this area.

Taking into account the gaps in previous research, the objectives of the current research are twofold. Firstly, to investigate the effect of customer satisfaction on behavioral intentions in the context of Malaysia’s satellite pay TV customers, and secondly to identify the moderating effects of three switching barriers’ components i.e., switching costs, attractiveness of alternatives and social ties to the relationship between customer satisfaction and behavioral intentions.

1. Theoretical background and hypotheses

This study intends to explore the effects of customer satisfaction and switching barriers on customer behavioral intentions. In another aspect, while customer satisfaction influence behavioral intentions, it is also important to look on the antecedent of customer satisfaction. There are many studies that show a positive effect of service quality on customer satisfaction (e.g. Brady et al. 2005; Bei & Chiao 2006; Liu et al. 2011; Saghier 2013; Androniceanu, 2017). Thus, it is important to include service quality in the current research model to predict behavioral intentions. Our proposed research model is shown in Figure 1.

![Proposed research model](image-url)
1.1 Service quality and customer satisfaction

Customer satisfaction is the outcome that customers received when the service they experienced exceed their expectation. In marketing, it is being viewed as the global evaluation of service experience over time (Lim et al., 2006). Customer satisfaction is generally known as an outcome of service quality. Numerous studies in different industries have proved this relationship. For instance, Rod & Ashill (2009), Szwajca (2018; 2016) and Ngo & Pavelková (2017) in banking, Hussain et al. (2015) in airline, Srivastava & Sharma (2013) in telecommunication and Saghier (2013) in hotel industry. Nevertheless, the importance, research in pay TV industry on this relationship is scant and the subject deserves further investigation. Customer satisfaction portrays the quality of products or services provided to the customer in a positive manner, whereby the level of customer satisfaction enhanced along with an increased level of service quality (Bilan, 2013; Yeo et al., 2015). In other words, the more positive customers’ perceived service quality, the better their satisfaction level with the service provider is likely to be. Thus, the first hypothesis is:

H1: Service quality has a positive effect to customer satisfaction.

1.2 Customer satisfaction and repurchase intention

Repurchase intention refers to the customers’ judgment of using again a product or service from the same supplier in the future (Jones et al., 2000; Jang & Noh, 2011). There are a numerous number of studies that supported the notion of the direct relationship between customer satisfaction and repurchase intention (Park et al., 2004; Ladhari et al., 2008; Vázquez-Casielles et al., 2009; Jang & Noh, 2011; Srivastava & Sharma, 2013; Gao & Bai, 2014). In these studies, the overall customer satisfaction with specific service determines customer return and purchase from the same service. Therefore, the more satisfied a customer with service provider, the higher repurchase intention would be. The following hypothesis is offered:

H2: Customer satisfaction has a positive effect to repurchase intention.

1.3 Customer satisfaction and positive recommendation

A dissatisfied customer will likely complain, engage in negative word of mouth and switch to a competitor. On the other hand, a satisfied customer will likely to spread positive words and recommend the service/product to others. There are unambiguous empirical supports for the influence of customer satisfaction on positive recommendation. For instance, Vázquez-Casielles et al. (2009) in the mobile telecommunications industry, Jen et al., (2011) in the transportation industry and Shen and Choi, (2015) in the tourism industry found that there is a positive relationship between customer satisfaction and recommendation. It is believed that the expected benefits of switching to another supplier should be reduced when a customer perceived a higher level of satisfaction and consequently, it will increase the likelihood of giving a positive recommendation. The following hypothesis is offered:

H3: Customer satisfaction has a positive effect to positive recommendation.
1.4 Customer satisfaction and willingness to pay more

The effect of customer satisfaction on customer’s willingness to pay more has been studied by few researchers. Homburg, Koschate, et al. (2005) stressed out that customers are willing to pay more as they move from transaction-specific to cumulative satisfaction. The study of Ladhari et al. (2008) had found a significant effect of customer satisfaction to willingness to pay more in a restaurant context, while Vázquez-Casielles et al. (2009) that used price tolerance as a term to refer to willingness to pay more found the same result. Therefore, in this study we assert that the more satisfied a customer is, the more customer’s willingness to pay more for pay TV service. The following hypothesis is offered:

H4: Customer satisfaction has a positive effect to willingness to pay more.

1.5 Moderating effects of switching barriers

Three moderators that will influence the relationships between customer satisfaction and behavioral intentions in pay TV setting were proposed: switching costs, attractiveness of alternatives and social ties. These moderators are believed to strengthen or weaken the relationship between customer satisfaction and the three components of behavioral intentions.

Switching costs refer to customer perceptions regarding time, money, and effort associated with changing pay TV service providers (Lu et al., 2011). Under a high level of switching costs, switching process is painful and customers are forced to stay with a service provider (Lam et al., 2004). Jones et al. (2007) called this situation as a “feeling of being locked” because the costs of switching are greater than the benefits gain. This situation caused customers to remain in the relationship. Thus, the positive effect of customer satisfaction on repurchase intention will increase when switching costs are high. In other words, the relationship between customer satisfaction and repurchase intention is stronger under a high level of switching costs (Vázquez-Casielles et al., 2009). The following hypothesis is posited.

H5a: The relationship between customer satisfaction and repurchase intention will be stronger for customers who perceive a higher level of switching costs than for customers who perceive a lower level of switching costs.

Being unable to switch service provider at will as a consequence of high switching costs may decrease customers’ tendency to be giving a positive recommendation to other customers. They prefer to speak unfavorable things about the provider (Lam et al., 2004). Even though customers have a commitment to stay with the provider, the feeling of being trapped in a relationship caused by high switching costs drive them to reduce favorable word of mouth (Fullerton, 2003). Therefore, it is expected that higher switching costs might weaken the relationship between customers’ satisfaction and their intention to provide a positive recommendation. The following hypothesis is posited.

H5b: The relationship between customer satisfaction and positive recommendation will be weaker for customers who perceive a higher level of switching costs than for customers who perceive a lower level of switching costs.

An interesting aspect of this study is that it is in accordance with Jones et al.’s (2007) recommendation that further research should examine the effect of switching costs on
willingness to pay more variable. As discussed earlier, when switching costs are high, dissatisfied customers are forced to stay with a service provider. Being unable to switch provider at will might reduce customers’ willingness to pay more. In this situation, the positive effect of customer satisfaction on a willingness to pay more will decrease with higher switching costs. The following hypothesis is posited.

H5c: The relationship between customer satisfaction and willingness to pay more will be weaker for customers who perceive a higher level of switching costs than for customers who perceive a lower level of switching costs.

According to Jones et al., (2000), attractiveness of alternatives refer to the customer’s perception of the extent to which other service providers are available in the marketplace. Customer retention might also happen due to the lack of viable alternative to make switching possible. Although customers are dissatisfied with the service provided, if there is no other alternative, customers must repurchase from the current service provider (Li, 2015). In the current study, the limited number of alternatives forces customers to continue subscribing with their current pay TV provider. As the result of regulatory restriction by Malaysia’s government, there are only three major pay TV providers with distinct types of products. Thus, there are no comparable substitutes that customers can switch. This low substitutability causes satellite pay TV customers to engage in repurchasing behavior. The following hypothesis is offered.

H6: The relationship between customer satisfaction and repurchase intention will be stronger for customers who perceive a lower level of attractiveness of alternatives than for customers who perceive a higher level of attractiveness of alternatives.

Social ties refer to customer’s perception of social bonds that is developed with other customers who share the same service consumption (Shi et al., 2015). Pay TV is one of the settings that relevant to develop social ties because the service consumption is being shared by one or more users (Woisetschläger et al., 2011). Frequent interactions with other users in the social group develop stronger social ties, and this embedded relationship create “exit barriers” which stop them from switching service provider. The following hypothesis is posited.

H7a: The relationship between customer satisfaction and repurchase intention will be stronger for customers who perceive stronger social ties than for customers who perceive weaker social ties.

Weak social ties offer fewer opportunities to recommend service to others. It is suggested in the SET when social ties are weak, benefits of recommending to others are lower compared to stronger social ties. This is because weak social ties offer limited reputational gains that can give influence to others. In such cases, even highly satisfied customers are less likely to be giving a positive recommendation. On the other hand, when social ties are strong, satisfaction gives more impact to positive recommendation because of the reputational gain and influence to others. According to Shi et al. (2015), customers will go to their social ties when they seek for advice pertaining their service consumption. Therefore, social ties give positive moderating effect to the relationship between customer satisfaction and positive recommendation. The following hypothesis is offered.
H7b: The relationship between customer satisfaction and positive recommendation will be stronger for customers who perceive stronger social ties than for customers who perceive weaker social ties.

2. Research Methodology

2.1 Measurement development

Research method was adopted to test the research model and hypotheses. Measurement items of the constructs from previous literature were adapted and modified in order to suit the research setting. A five-point Likert Scale was employed to measure the items. Table 1 shows the measurement items for each construct along with the related literature.

Table 1. Measurement items

<table>
<thead>
<tr>
<th>Construct</th>
<th>Measurement Items</th>
<th>Related Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible</td>
<td>Your pay TV service provider has modern-looking equipment.</td>
<td>(Samen et al., 2013; Seth et al., 2008)</td>
</tr>
<tr>
<td></td>
<td>Your pay TV service provider physical facilities are visually appealing.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Your pay TV service provider employees appear neat.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Materials associated with the service (such as pamphlets or magazine) are visually</td>
<td></td>
</tr>
<tr>
<td></td>
<td>appealing at your pay TV service provider.</td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td>Error seldom occurs to this pay TV service system.</td>
<td>(Chen &amp; Kuo, 2009; Erman &amp; Matthews, 2008; Samen et al., 2013; Seth et al., 2008)</td>
</tr>
<tr>
<td></td>
<td>The transmission is good regardless of weather.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>When your pay TV service provider promises to do something by a certain time, it</td>
<td></td>
</tr>
<tr>
<td></td>
<td>does so.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The pay TV service provider performs the service right the first time.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The pay TV service provider keeps its customers informed about when services are</td>
<td></td>
</tr>
<tr>
<td></td>
<td>performed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The pay TV operator provides good video quality of all the channels.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The pay TV operator provides good audio quality of all the channels.</td>
<td></td>
</tr>
<tr>
<td>Content Quality</td>
<td>The number of channels offered by the service provider is enough.</td>
<td>(Chen &amp; Kuo, 2009; Crawford &amp; Shum, 2007; Jan et al., 2012; Mayo &amp; Otsuka, 1991)</td>
</tr>
<tr>
<td></td>
<td>The channels are orderly arranged.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The pay TV service operator provides the most current movies and programs.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The pay TV service operator provides channels that are not offered by competitors.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The pay TV service operator provides good religion-based channel.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The tutor channel is very useful for the school students.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The news channels provided by the service provider are better than news channels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>in non-paid TV.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The sport channels provided by the service provider are better than sport channels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>in non-paid TV.</td>
<td></td>
</tr>
<tr>
<td>Customer Service</td>
<td>The pay TV operator provides a variety of customer support system for their</td>
<td>(Chen &amp; Kuo, 2009; Hossain &amp; Suchy, 2013; Jan et al., 2012; Kim et al., 2004; Srikanjanarak et</td>
</tr>
<tr>
<td></td>
<td>customers to communicate when they have problems.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I can easily access to the customer service through the free</td>
<td></td>
</tr>
</tbody>
</table>
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24 hours customer service hotline. The customer service personnel are knowledgeable in giving technical support by phone. In case of unresolved technical support through telephone, the technical personnel will come within a short period. Complaints from customer are processed speedily. The customer service personnel speaks politely.

### Convenience
- Application formalities are simple.
- This pay TV operator provides multiple packages options.
- I can change my package type easily.
- I can pay the pay TV bill at many places.
- It is easier for me to watch my favorite TV program with the VOD features, such as playback and fast forward provides by the pay TV operator.

### Price
- The installation fee is reasonable.
- The monthly fee is reasonable.
- The re-installation fee is reasonable.
- The price for pay program is reasonable.
- The price for promotion package is reasonable.

### Interactivity
- I can control over the content of this pay TV that I wanted to watch through the interactive buttons (e.g skip advertisement while watching recorded program using the fast forward button).
- I can control the information display, format and condition when using this pay TV service through the interactive buttons (e.g. customer can choose their preferred audio and subtitles language).
- I can get real time information using the interactive buttons (e.g. total current votes for live program).
- This pay TV had the ability to respond to my specific questions pertaining to information on pay TV programs quickly.
- This pay TV had the ability to respond to my specific questions pertaining to information on pay TV programs relevantly.
- This pay TV enables me to order products (e.g films) that are customized for me using the remote control.
- This pay TV makes me feel that I am a unique customer.

### Customer Satisfaction
- Overall, I am happy with my pay TV company.
- My pay TV company meets my expectations.
- I think I did the right thing when I purchased this pay TV service.

### Switching costs
- If I switched to a new operator, the service offered by the new operator might not work as well as expected.
- It would be a hassle to change service provider.
- I am not sure that the billing of a new operator would be better for me.
- Even if I have enough information, comparing the operators with each other takes a lot of energy, time and effort.
- If I switched to a new operator, I could not use some services, until I learned to use them.
- It takes time to go through the steps of switching to a new service provider.
- The process of starting up with new service provider is hard.
- There are a lot of formalities involved in switching to a new service provider.
- Switching to a new operator causes monetary cost.
- I like the social class image my service provider give to me.

(Chen & Kuo, 2009; Aydin et al., 2005; Burnham et al., 2003; Hossain & Suchy, 2013; Jan et al., 2012; Kuo et al., 2009; Seth et al., 2008; Ranaweera & Prabhu, 2003)
Attractiveness of alternatives

If I had to change pay TV provider, I’m aware of at least one other company that would be at least as good as this one.

If I needed to find another pay TV provider to subscribe, there is at least one with whom I could be satisfied.

I would probably be happy with the products and services of another pay TV provider.

Compared to this pay TV provider, I think there probably is another company with whom I would be equally or more satisfied.

(Wolloway & Beatty, 2003; Jones et al., 2000)

Social ties

If I do not watch the pay TV programs regularly, I feel disconnected from family and friends.

Subscribing this pay TV is common in my circle of family and friends.

This pay TV connects me with my family and friends.

Pay TV shows are usually the main topic of conversation when I meet my family and friends.

(Woisetschläger et al., 2011)

Repurchase intention

I intend to continue with this pay TV service provider in the future.

I hope my relationship with this pay TV service provider will be long-lasting.

If I had to choose again, I would choose this pay TV service provider again.

(Vázquez-Casielles et al., 2009)

Positive recommendation

In the past, I have recommended pay TV service provider that I subscribed to others.

I say positive things about this firm.

I will recommend pay TV service provider that I subscribed to my friends and colleagues.

I would recommend this firm to anybody who asked me.

Whenever I get the opportunity, I tell my friends and relatives how satisfied I am with this firm’s services.

(Vázquez-Casielles et al., 2009; Woisetschläger et al., 2011)

Willingness to pay more

Even if other providers offered me lower prices, I would continue as a customer of this firm.

I would be prepared to pay more to be able to keep receiving this firm’s services.

I would remain a customer of this firm even if it raised the prices of its services, as long as the price rise were reasonable.

I would accept a reasonable price rise because the services this firm provides match my expectations.

(Vázquez-Casielles et al., 2009)

Service quality stands as a second order, reflective latent construct represented by seven first-order dimensions namely tangible, reliability, content quality, customer service, convenience, price, and interactivity. Customer satisfaction measures the overall satisfaction, reflecting emotional and evaluative categories of satisfaction (Ranaweera & Prabhu, 2003). Switching costs are measured from the perspectives of procedural, financial and relational switching costs (Burnham et al., 2003). Attractiveness of alternatives reflect the extent to which customer perceived other viable pay TV service providers are available in the marketplace (Jones et al., 2000). Social ties measure customers’ perception of the social bonds that is developed with other customers who share same service consumption (Woisetschläger et al., 2011). Repurchase intention captures the likelihood of a customer to remain their contract with the service provider (Vázquez-Casielles et al., 2009). Positive recommendation is measured in terms of customer’s past and future recommendation behavior. Willingness to pay more measures customers’ willingness to continue purchasing from the service provider despite an increase in price for the benefits that they are currently received (Vázquez-Casielles et al., 2009).
A pre-test was conducted with a sample of two professors and eight post graduate students in order to detect any problems with the flow, wording, phrasing and the need for item and dimensionality modification. Taking into considerations the information gathered from the pre-test, a pilot test was then conducted using 38 pay TV customers. The results were analyzed using Cronbach’s alpha to check the internal consistency. According to Nunnally (1994), a Cronbach’s alpha of 0.7 or more is an acceptable reliability coefficient. All of 14 constructs are found to be above 0.7 which conclude that the instrument was suitable and usable for the study.

2.2 Sample and data collection

The model was tested in the pay TV industry in Malaysia. This industry is most appropriate for this study because we could clearly identify that switching barriers exist. Pay TV represents low contact and continuous purchasing service where customers face difficulty to easily switch to competitors. A convenience sampling method which includes mail, face-to-face and online surveys was applied for data collection. A total of 1280 questionnaires were distributed and 245 responses were used for the final analysis, which corresponds to approximately 19.14% response rate. Table 2 presents the profiles of the respondents. To make sure that the responses are similar in characteristics and representatives of the non-respondents, we compared demographic characteristics of the sample with published statistics of Malaysia pay TV subscribers’ profile from Malaysian Communication and Multimedia Commissions (MCMC). We concluded that our sample is representative of satellite-based pay TV in Malaysia.

Table 2. Respondents’ profiles

<table>
<thead>
<tr>
<th>Demographic profile</th>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>169</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>76</td>
<td>31</td>
</tr>
<tr>
<td>Age</td>
<td>19 - 25 years</td>
<td>30</td>
<td>12.2</td>
</tr>
<tr>
<td></td>
<td>26 – 35 years</td>
<td>92</td>
<td>37.6</td>
</tr>
<tr>
<td></td>
<td>36 – 45 years</td>
<td>45</td>
<td>18.4</td>
</tr>
<tr>
<td></td>
<td>46 – 55 years</td>
<td>36</td>
<td>14.7</td>
</tr>
<tr>
<td></td>
<td>56 - 67</td>
<td>10</td>
<td>4.1</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Malay</td>
<td>187</td>
<td>76.3</td>
</tr>
<tr>
<td></td>
<td>Chinese</td>
<td>34</td>
<td>13.9</td>
</tr>
<tr>
<td></td>
<td>Indian</td>
<td>19</td>
<td>7.8</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>5</td>
<td>2.0</td>
</tr>
</tbody>
</table>

3. Results

3.1 Measurement model

Partial least square (PLS) was utilized to test our research model. First, composite reliability and average Cronbach’s alpha were assessed to ensure the reliability of the measurement model. As shown in Table 3, both composite reliability and Cronbach’s alpha for all constructs exceeded 0.70 (Hair et al., 2010). Next, we assessed the average variance extracted (AVE) of each construct to look on the convergent validity and the test shows that it surpass the cut-off value of 0.50 for all constructs (Fornell and Larcker, 1981).
Table 3. Reliability and convergent validity

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible</td>
<td>0.7841</td>
<td>0.8605</td>
<td>0.6069</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.7945</td>
<td>0.8667</td>
<td>0.6194</td>
</tr>
<tr>
<td>Content Quality</td>
<td>0.7136</td>
<td>0.8216</td>
<td>0.5358</td>
</tr>
<tr>
<td>Customer Service</td>
<td>0.8750</td>
<td>0.9036</td>
<td>0.5732</td>
</tr>
<tr>
<td>Convenience</td>
<td>0.7603</td>
<td>0.8620</td>
<td>0.6756</td>
</tr>
<tr>
<td>Price</td>
<td>0.9135</td>
<td>0.9353</td>
<td>0.7433</td>
</tr>
<tr>
<td>Interactivity</td>
<td>0.8676</td>
<td>0.8982</td>
<td>0.5582</td>
</tr>
<tr>
<td>Service Quality</td>
<td>0.9520</td>
<td>0.9577</td>
<td>0.5677</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.9066</td>
<td>0.9414</td>
<td>0.8428</td>
</tr>
<tr>
<td>Repurchase Intention</td>
<td>0.9184</td>
<td>0.9484</td>
<td>0.8597</td>
</tr>
<tr>
<td>Positive Recommendation</td>
<td>0.9248</td>
<td>0.9493</td>
<td>0.8243</td>
</tr>
<tr>
<td>Willingness to Pay More</td>
<td>0.9104</td>
<td>0.9370</td>
<td>0.7880</td>
</tr>
<tr>
<td>Switching Costs</td>
<td>0.9091</td>
<td>0.9249</td>
<td>0.5782</td>
</tr>
<tr>
<td>Attractiveness of Alternatives</td>
<td>0.7030</td>
<td>0.8699</td>
<td>0.7698</td>
</tr>
<tr>
<td>Social Ties</td>
<td>0.7443</td>
<td>0.8377</td>
<td>0.5677</td>
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Table 4. Square root of AVE

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<tr>
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<th>ALT</th>
<th>CONQ</th>
<th>CONV</th>
<th>CUSV</th>
<th>INT</th>
<th>PRC</th>
<th>REL</th>
<th>SC</th>
<th>SOT</th>
<th>TAN</th>
<th>REC</th>
<th>REP</th>
<th>SAT</th>
<th>WIL</th>
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<tr>
<td>CONQ</td>
<td>-0.27</td>
<td>0.73</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>CONV</td>
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<td>0.64</td>
<td>0.82</td>
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<tr>
<td>CUSV</td>
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<tr>
<td>INT</td>
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<td>0.64</td>
<td>0.66</td>
<td>0.75</td>
<td></td>
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<td>PRC</td>
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<tr>
<td>SOT</td>
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<td>0.39</td>
<td>0.35</td>
<td>0.41</td>
<td>0.47</td>
<td>0.44</td>
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<td>0.54</td>
<td>0.75</td>
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</tr>
<tr>
<td>TAN</td>
<td>-0.31</td>
<td>0.59</td>
<td>0.55</td>
<td>0.59</td>
<td>0.57</td>
<td>0.44</td>
<td>0.57</td>
<td>0.42</td>
<td>0.46</td>
<td>0.78</td>
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<tr>
<td>REC</td>
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<td>0.50</td>
<td>0.60</td>
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<td>0.63</td>
<td>0.54</td>
<td>0.42</td>
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<td>0.91</td>
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<td>REP</td>
<td>-0.19</td>
<td>0.54</td>
<td>0.51</td>
<td>0.58</td>
<td>0.60</td>
<td>0.62</td>
<td>0.58</td>
<td>0.49</td>
<td>0.58</td>
<td>0.83</td>
<td>0.93</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>SAT</td>
<td>-0.13</td>
<td>0.58</td>
<td>0.50</td>
<td>0.67</td>
<td>0.60</td>
<td>0.68</td>
<td>0.64</td>
<td>0.46</td>
<td>0.49</td>
<td>0.50</td>
<td>0.73</td>
<td>0.74</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>WIL</td>
<td>-0.22</td>
<td>0.37</td>
<td>0.31</td>
<td>0.44</td>
<td>0.50</td>
<td>0.70</td>
<td>0.45</td>
<td>0.44</td>
<td>0.52</td>
<td>0.40</td>
<td>0.72</td>
<td>0.69</td>
<td>0.64</td>
<td>0.89</td>
</tr>
</tbody>
</table>

3.2 Structural model

PLS structural analysis was conducted to confirm the hypothesized relationships between constructs in the proposed model. Bootstrapping approach was used to assess the relevance of significant of the paths. In assessing the PLS model, the coefficient of determination (R² value) for each endogenous latent variable, the standardized beta coefficient (β), and t-value were examined. Next, the path model’s predictive ability was analyzed to evaluate the magnitude of R² by looking on Stone-Geisser’sQ² value (Geisser,
1974; Stone, 1974). Using the SmartPLS 2.0.3, the $Q^2$ value was obtained by using blindfolding procedure with omission distance (D) of 3.

Figure 2 shows the PLS analysis estimates. There is a substantial predictive power for the key endogenous constructs for the proposed research model i.e. customer satisfaction ($R^2=0.57$), repurchase intention ($R^2=0.62$), positive recommendation ($R^2=0.61$) and willingness to pay more ($R^2=0.44$). Hence, the research model explained a considerable degree of the variance for the endogenous variables. As presented in Table 5, a significant positive relationship was found between service quality and customer satisfaction ($\beta=0.76; p<0.01$) leading to the support of H1. Customer satisfaction has significant positive relationships with repurchase intention ($\beta=0.58; p<0.01$), positive recommendation ($\beta=0.57; p<0.01$) and willingness to pay more ($\beta=0.55; p<0.01$). Thus, H2, H3, and H4 are supported.

In regards to model predictive relevance, the blindfolding results of $Q^2$ for all endogenous constructs are greater than 0.30 indicating that the associated latent constructs were capably estimated, which implies that the model has the predictive relevance of all its endogenous latent variables (Cohen, 1988).

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![Figure 2. Results of path analysis](image-url)
3.3 Analysis of moderators

PLS multi-group-analysis (PLS-MGA) approach was used to test moderation hypotheses. The moderator variables of each case were first being dichotomized into two categories, ‘high’ and ‘low’ using mean split as suggested by Henseler & Fassott (2010). Based on the descriptive analysis, overall mean for switching costs was 3.29. Respondents (n = 127) were those who perceived low switching costs with mean less than 3.29 while respondents (n = 118) were those who perceived high switching costs. For attractiveness of alternatives moderator variable, respondents (n = 99) were those who perceived low attractiveness of alternatives with mean less than 3.50 while respondents (n = 146) were those who perceived high attractiveness of alternatives with mean more than 3.50. The mean for another moderator variable, social ties was 3.11. Respondents (n = 130) were those who perceived low social ties with mean less than 3.11 while respondents (n = 115) were those who perceived high social ties.

Next, measurement analyses for both groups ‘low’ and ‘high’ for all of the moderator variables were conducted to check model’s reliability for PLS-MGA analysis. The analyses revealed that all measures meet the suggested criteria and no significant cross-loading was reported. Then, bootstrap techniques with 5,000 re-sampling were conducted to each group to specify path coefficients and standard errors for each relationship related to the moderating effects. These values then were inserted into a formula by Henseler (2007) to calculate t values and p values (Hair et al., 2013).

Table 6 shows the result of comparative analysis between respondents who perceived low and high switching costs. We first examined the results of Levene’s test indicated under test for equality of standard errors, the resulting p values is higher than 0.05 and lower than 0.95 for the three paths, which signify that the null hypothesis of equal standard errors could not be rejected. Further examinations of the results show a t value of 0.977, 1.478 and 0.587 respectively for the three paths, thus indicating that there are no significant differences on the relationships between customer satisfaction on the three behavioral intentions for customer that perceived low and high level of switching costs. That said, the hypothesized statement H3a, H3b and H3c are empirically not supported.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>Coefficient</th>
<th>S.E</th>
<th>t-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>SQ – SAT</td>
<td>0.76</td>
<td>0.0304</td>
<td>25.1704</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>SAT – REP</td>
<td>0.58</td>
<td>0.0677</td>
<td>8.4752</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>SAT – REC</td>
<td>0.57</td>
<td>0.0687</td>
<td>8.2739</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>SAT – WIL</td>
<td>0.55</td>
<td>0.0542</td>
<td>10.2205</td>
<td>Supported</td>
</tr>
</tbody>
</table>

### Table 6. Path coefficients and PLS-MGA values for ‘low’ and ‘high’ level of switching costs

<table>
<thead>
<tr>
<th>Group 1: Low</th>
<th>Group 2: High</th>
<th>Test for equality of standard errors (p)</th>
<th>tValue</th>
<th>Significance Level</th>
<th>p Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>p(1)</td>
<td>se(p(1))</td>
<td>p(2)</td>
<td>se(p(2))</td>
<td>t</td>
<td></td>
</tr>
<tr>
<td>H5a: SAT→REP</td>
<td>0.479</td>
<td>0.077</td>
<td>0.599</td>
<td>0.095</td>
<td>0.944</td>
</tr>
<tr>
<td>H5b: SAT→REC</td>
<td>0.457</td>
<td>0.096</td>
<td>0.6434</td>
<td>0.082</td>
<td>0.075</td>
</tr>
<tr>
<td>H5c: SAT→WIL</td>
<td>0.513</td>
<td>0.082</td>
<td>0.576</td>
<td>0.070</td>
<td>0.060</td>
</tr>
<tr>
<td>n</td>
<td>127</td>
<td>118</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 7 shows the result of comparative analysis between respondents who perceived low and high attractiveness of alternatives. The test of equality of standard errors indicated the $p$ value is higher than 0.05 and lower than 0.95 for the path. This signifies that the null hypothesis of equal standard errors could not be rejected. Further examinations of the results show a $t$ value of 0.552 indicating that there is no significant difference in the relationship between customer satisfaction and repurchase intention for customers who perceived low and high level of attractiveness of alternatives. Hypothesis H6 is not supported.

Table 7. Path coefficients and PLS-MGA values for ‘low’ and ‘high’ level of attractiveness of alternatives

<table>
<thead>
<tr>
<th>Group 1: Low</th>
<th>Group 2: High</th>
<th>Group 1 vs Group 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$p^{(1)}$</td>
<td>$p^{(2)}$</td>
<td>Test for equality of standard errors ($p$) $t$ Value Significance Level $p$ Value</td>
</tr>
<tr>
<td>0.535</td>
<td>0.603</td>
<td>0.941</td>
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</table>

Table 8 shows the result of comparative analysis between respondents who perceived weak and strong social ties. Based on the results, the $p$ values indicated under the test of equality of standard errors shows a value of 0.597 and 0.531 which implies that we could not reject the null hypothesis of equal standard errors. The first path between SAT – REP reported a significant difference between the two groups. The $t$-value is 2.074, which yields a $p$-value of approximately 0.039. The relationship between customer satisfaction and repurchase intention is significantly higher ($p<0.05$) for customers who perceived stronger social ties. Therefore, hypothesis H7a is supported. The second path between SAT – REC also reported a significant difference between the two groups, with $t$-value 2.016, which yields a $p$-value of approximately 0.045. The relationship between customer satisfaction and positive recommendation is significantly higher ($p<0.05$) for customers who perceived stronger social ties. Therefore, hypothesis H7b is supported.

Table 8. Path coefficients and PLS-MG values for ‘low’ and ‘high’ level of social ties

<table>
<thead>
<tr>
<th>Group 1: Weak</th>
<th>Group 2: Strong</th>
<th>Group 1 vs Group 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$p^{(1)}$</td>
<td>$p^{(2)}$</td>
<td>Test for equality of standard errors ($p$) $t$ Value Significance Level $p$ Value</td>
</tr>
<tr>
<td>0.433</td>
<td>0.597</td>
<td>0.05</td>
</tr>
<tr>
<td>0.528</td>
<td>0.531</td>
<td>0.05</td>
</tr>
</tbody>
</table>

$n$ = 130, 115
4. Discussions and Implications

4.1 Discussions

This study has investigated the relationships between service quality, customer satisfaction and behavioral intentions of satellite pay TV among Malaysia’s users. Apart of that, our study also examined the moderating effects of switching barriers.

Similar with findings of some earlier studies (e.g., Hussain et al. 2015; Wu & Mohi 2015; Saghier 2013), we found that there is a positive relationship between service quality and customer satisfaction. In pay TV context, this is consistent with a study by Chen et al. (2013). Supported by previous studies (e.g., Samen et al. 2013; Chen & Kuo 2009; Jan et al. 2012; Lee 2005), customer service, interactivity, reliability, content quality, convenience, price, and tangibles are found to be the dimensions of service quality in satellite pay TV setting where customer service exerts the strongest effect.

Our results also show that customer satisfaction positively affects the three types of behavioral intentions that we proposed (repurchase intention, positive recommendation and willingness to pay more). Consistent with the result of Jang & Noh (2011) in their study on measuring customer acceptance of IPTV, it was found that customer satisfaction had a positive effect on repurchase intention. However, it seems that the influence of customer satisfaction to repurchase intention is not very substantial. The coefficient of determination (R² value) shows that there is a moderate relationship between the two constructs (R² = 0.62) whereas research in consumer behavior is suspected to have higher values of 0.75 and above (Hair et al., 2013). Past studies have also found that customer satisfaction explains medium variance in repurchase intention, for instance 58% in Gao & Bai (2014) and 66.3% in Aksoy et al., (2013). Next, it was found that customer satisfaction gives positive effect to positive recommendation. This is consistent to other research in contractual service setting such as Lee et al. (2015). There is a moderate influence of customer satisfaction to positive recommendation (R² = 0.61). As such, service provider shall take into consideration to increase the level of customer satisfaction to avoid customer from giving negative bad of mouth. The study also found a positive relationship between customer satisfaction with willingness to pay more. This finding is consistent with other studies in contractual service settings such as Lee et al. (2015) and Vázquez-Casielles et al. (2009). The coefficient of determination (R² value) shows that there is a weak relationship between the two constructs (R² = 0.44). This condition could be to the outcome of nonlinear linkage between customer satisfaction and willingness to pay more (Vázquez-Casielles et al., 2009). Only after satisfaction passes a certain critical threshold does willingness to pay more increase. Based on this argument, pay TV customer must be delighted before they are willing to pay more for the service.

As for the moderating effects of switching barriers, contrary to our hypothesis, switching costs do not moderate the relationship between customer satisfaction and the three components of behavioral intentions. Possible reason for the rejection of hypotheses can be explained based on descriptive statistics. The standard deviation for switching costs is relatively very small (0.677) which signifies that the data have low variability for respondents who perceived high and low level of switching costs (Carlson & Winquist, 2014). Besides that, another possible explanation for the insignificant findings may lie on respondents’ level of satisfaction. According to Yang & Peterson (2004) and Fullerton & Taylor (2002) satisfaction will play a significant moderating role only if the level of satisfaction is above the mean. Based on the subsequent analysis of customer satisfaction construct, it was found out that only 53.06% of the respondents have a higher level of satisfaction whereas 46.94% are below the mean level. Thus, this situation might lead to the insignificant moderating role of
switching costs. In fact, other studies in contractual service setting such as Vázquez-Casielles et al. (2009) and Burnham et al. (2003) found that switching costs do not moderate the relationship between customer satisfaction and repurchase intention, while Woisetschläger et al. (2011) found that switching costs do not moderate the relationship between customer satisfaction and positive recommendation.

The second switching barrier which is attractiveness of alternatives also was found to not moderate the relationship between customer satisfaction and repurchase intention. The insignificant moderating effect could be caused by dispersion of the data for attractiveness of alternatives construct which has a small standard deviation value (0.783). This signifies that the data have low variability between respondents with high and low perceived attractiveness of alternatives which lead to the insignificant difference between the two groups. Possible explanation on this lies in the number of the satellite pay TV competitors. Currently, there are only two other pay TV service providers in Malaysia. Between these two companies, only the Internet Protocol Television (IPTV)-based company gives direct competition to the satellite pay TV as there is still doubt on the operation of the digital cable-based pay TV service provider pertaining its transmission and financial standout (Lee, 2015). Due to this situation, the respondents might have a similar view on the attractiveness of alternatives which resulted in the low variability of the variable. Thus, leading to the insignificant difference between the two groups.

The major contribution of this study is on the moderating effects of social ties. Studies that have investigated the moderating role of social ties are rare. Therefore, it is worthwhile to find that social ties play an important role as moderator to the links between customer satisfaction with repurchase intention and positive recommendation.

4.2 Theoretical and practical implications

This study demonstrates several implications from theoretical perspectives. First, it contributes to the understanding of customers’ behavioral intentions in Malaysia satellite pay TV market by extending the service evaluation process model to include switching barriers’ components which act as moderators in the relationships between customer satisfaction and behavioral intentions. Research on customer behavior in pay TV industry is very limited. In this regard, the study adds to the growing empirical research on the subject.

Second, this research contributes significantly in terms of the conceptualization of switching barriers. Past studies, especially in the customer behavior area, have generally viewed that switching barriers consist of three components; switching costs, attractiveness of alternatives and interpersonal relationships (Jones et al., 2000). This study has extended this typology by including a new social switching barriers that created through interactions between customers that are using the same service which called social ties. This is in line with the SET and theory of planned behavior which emphasize that social influence is important in predicting behavioral intentions. The positive moderating effects of social ties to the relationship between customer satisfaction and repurchase intention and positive recommendation has undertaken a more comprehensive understanding and enrich the literature on the aspect of switching barriers.

Our study also offers useful implications to pay TV service provider. First, customer service has the strongest effect on service quality. As the service consumption of pay TV involves very limited service provider personnel – customer communication, customers expect that customer service channel will provide the speed of responsiveness to any inquiry/problem. Apart from that, the service provider must also focus most on the aspect of interactivity to enable customers to interact with the television during service consumption.
Other service quality dimensions that should be taken into accounts are tangibles, reliability, content quality, convenience, and price.

Second, the findings indicate that it is important for the service provider to focus on the three behavioral intentions as a strategy to maintain its business competitiveness. As the consumption of pay TV is on a contractual basis, the service provider must make sure that customers keep on repurchasing their service even after the grace period of the contract by focusing on customer satisfaction. Apart from that, the service provider must take advantage of the satisfied customers to give positive recommendations which indirectly will attract new customers. Service provider must also focus on customer satisfaction as a way to attract customers to pay more for the services.

Third, the results also demonstrate that strategies for gaining customers’ positive behavioral intentions should not only concentrate on customer satisfaction. The service provider also needs to consider switching barriers as a tool to maintain its competitiveness. Particularly, this study suggests service provider to raise social ties as a way to prevent customer to switch to another service provider.

5. Limitations and further studies

The findings of this research have several limitations which provide opportunities for further improvement. First, it focuses on the Malaysia satellite pay TV market that uses survey sample from Malaysia’s population. In order to generalize our findings, comparative studies in different contexts should be conducted. Different determinants of pay TV customer behavioral intentions may be found in IPTV and cable TV contexts. Thus, future study should be conducted in these area in order to strengthen the research theories.

Second, the findings of the study did not specifically compare different customer segments. For example, the strength of social ties moderating effects could be different among customers who have been subscribing pay TV for long and short duration. Thus, future studies should include control variables such as length of subscription, numbers of household members and types of package subscribed as control variables to see the difference of the results. By considering these information, it will help pay TV service provider to make strategic decisions about customer future behavioral intentions.

Finally, among the six moderating hypotheses tested in this study, only two hypotheses were found to be supported, i.e. moderating role of social ties to the relationship between customer satisfaction and repurchase intention and positive recommendation. Previous studies such as Yang & Peterson (2004) and Balabanis et al. (2006) found that the moderating effect of switching costs to the relationship between satisfaction and loyalty will only occur when customer perceived satisfaction higher than the mean. However, the present study did not examine the moderating role of switching barriers at different levels of satisfaction. Therefore, this study should be extended in the future to investigate switching barriers’ components moderating role at different levels of satisfaction.

References


