

# Customer Retention in CelcomDigi Merger: A Qualitative Research

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**Abstract:** *This study investigates the impact of the Celcom-Digi merger on customer loyalty in Malaysia's telecommunications sector. Using qualitative research methods, including semi-structured interviews with long-term customers, the study explores how service quality, telecommunication infrastructure, and emotional factors influence customer retention during and after mergers. Findings reveal diverse customer responses to the merger, ranging from dissatisfaction with initial disruptions to appreciation for improved offers and network quality. Emotional ties to brands and pricing strategies also played significant roles in shaping customer behavior. The study underscores the importance of transparent communication, maintaining service quality, and customer-centric strategies to foster loyalty during mergers. Recommendations include enhancing customer engagement and conducting further research to understand the long-term effects of mergers on customer retention.*

**Keywords:** customer loyalty, telecommunications industry, mergers and acquisitions, service quality, customer retention

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## 1. Introduction

### Research Background

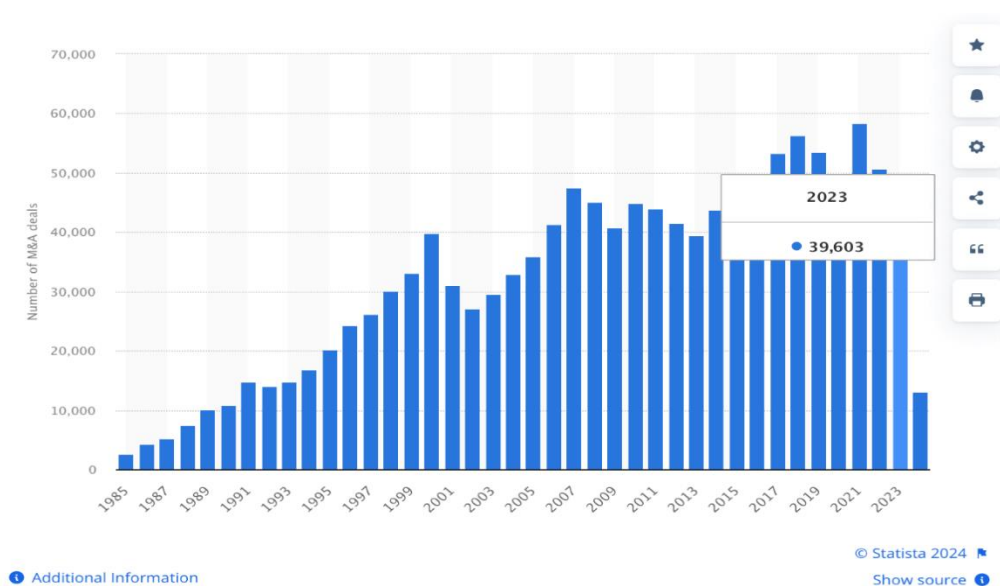
Motivations for mergers and acquisitions are because of corporate growth, strengthening of core competence, along globalization. In the last decades, the mega-mergers have made structural changes in some industries and attracted international attention. Mergers and acquisitions will continue to be an interesting but challenging strategy for expanding corporate influence and profitability (Jenifer, Cheng, Lin & Hsien, 2022).

Mergers and acquisitions are one of the business strategies to expand the business and geographic scope, but at the same time might be costly and risky ventures. Thus, academics, market practitioners, and policymakers need to fully understand the possible consequences and appropriate cost-benefit analysis of mergers and acquisitions (Hossain, 2021).

The global telecommunication structure has undergone an unprecedented change during the past 30 years. Specifically, horizontal mergers and acquisitions (M&A), that is, agreements that take place between companies that operate in the same industry (Rahman & Lambkin, 2015), have become greatly popular. Some of the largest mergers and acquisitions for global expansion such as Verizon Communications' acquire Vodafone's 45 percent stake in a deal in 2014, and Google acquired Android back in 2005 which gave Google the tools it needed to

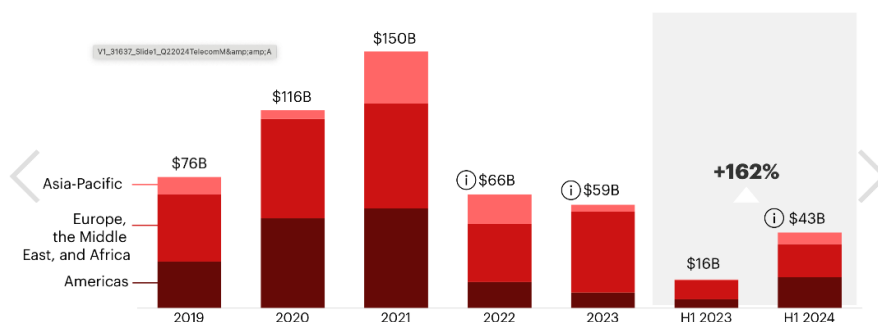
compete in a market dominated by Microsoft and Apple, also Facebook secured the acquisition of WhatsApp in 2014 for a \$22 billion. These are some examples of successful mergers and acquisitions as part of their strategic move. For instance, Google acquired Android because 47% of U.S. smartphone owners use a Google Android device as of May 2020 (Sherif, 2023). Another example, mobile messaging features seamlessly integrated themselves within Facebook's ecosystem when Facebook acquired WhatsApp.

The 1990s also witnessed an enormous wave of mergers and acquisitions for global telecommunications in the Europe and U.S. Reasons for mergers and acquisitions in telecommunications industry because of globalization, deregulation, the convergence of digital technologies, and the search for economies of scale and scope (Warf, 2003). Some of the examples of the largest companies involved such as AT&T from the US, Japan Telecom from Japan, China Telecomm, Deutsche Telekom from Germany, France Telecom from France, and Swisscom from Switzerland. All these also lead to some social and political impacts of Telecommunications M&A.



**Chart 1: Current Scenario of Merging Trend (World) (Statistica, 2024)**

Chart 1 above illustrates the number of mergers and acquisitions (M&A) deals globally from 1985 to 2023. The data reveals a general upward trend over the decades, peaking around 2015-2018 with annual deals surpassing 60,000. However, a decline in deal volume is evident in more recent years, with 2023 showing a reported 39,603 deals. This represents a significant reduction compared to earlier peaks, possibly influenced by market conditions, economic challenges, or regulatory factors. The chart highlights the dynamic nature of M&A activity over time, reflecting shifts in global economic and business environments.



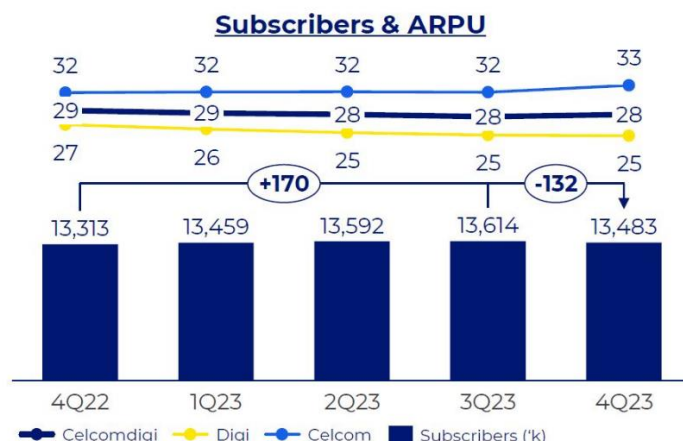
Notes: Deal value based on announcement year, excludes financial transactions, includes debt if applicable; values are rounded; includes only deals where deal value is disclosed and acquirers have majority final stake; bars reflect Dealogic's data, which in the case of joint ventures and mergers only considers the minimum theoretical amount required to achieve the transfer of assets or businesses; Orange-MasMóvil, Vodafone-Three, and Windstream-Uniti deals are joint ventures or mergers, and the stated value is the enterprise value of combined entity  
Sources: Dealogic; RBC Capital; AnalysysMason; company publications; news articles; Bain analysis

**Chart 2: Global Telecom M&A deal by region. (Bain & Company, 2024)**

Chart 2 above displays the regional distribution and trends in telecom M&A deal values from 2019 through the first half of 2024. It categorizes data into three regions: Asia-Pacific, Europe, the Middle East, and Africa (EMEA), and the Americas. Total deal values peaked at \$150 billion in 2021, driven by significant activity across all regions, particularly EMEA. However, deal values declined steadily in subsequent years, reaching \$59 billion in 2023. Notably, in the first half of 2024, telecom M&A deals rebounded strongly, totaling \$43 billion, a 162% increase compared to \$16 billion in the first half of 2023. This resurgence suggests renewed interest in telecom sector consolidation, likely influenced by evolving market dynamics and strategic investments.

Asia Pacific has shown the wave of market consolidation for telcos to compete with market leaders. As of 2023, the recent mergers happen in Indonesia between Indosat Ooredoo and Hutchison 3 Indonesia. Thailand between True and DTAC. Taiwan between Taiwan Mobile and Taiwan Star, Far EasTone, and Asia Pacific Telecom. As well as in Malaysia between Celcom and Digi (Osio, 2023). The companies now focus on capitalizing investments in 5G, fiber, and digital transformation. Higher costs of capital due to rising interest rates have put operators in Asia-Pacific in a tight spot when the focus should be on monetizing 5G. To better compete with market leaders, some relatively smaller operators have agreed to merge to save costs and redirect capital toward debt reduction and new investments.

The telecommunications industry in Malaysia has undergone significant transformation in recent years, marked by a wave of mergers and acquisitions, companies have grappled with the challenges of integration and synergy. A critical factor that demands attention is customer loyalty. A recent example of a merger in Southeast Asia was when two leading telecommunication companies in Malaysia, Celcom Axiata Berhad and Digi Sdn. Bhd. merged and became CelcomDigi Berhad in December 2022 after receiving approval from the shareholders of both companies. This merger makes CelcomDigi Berhad the largest telecommunication company in Malaysia and the largest tech company on Bursa Malaysia, currently serving more than 20 million customers in the country. At present, Axiata Group Berhad and Telenor Group hold equal ownership in CelcomDigi at 33.1% each, with the remaining shares held by other shareholders. This merger will lead to the transformation of business and technologies from both companies. Some positive impacts of this merger include leveraging partners, vendors, professionals, and non-professional alike.



**Chart 3: CelcomDigi Prepaid Subscribers base in 4Q23. (Malaysian Wireless, 2024)**

Chart 3 illustrates trends in subscribers and average revenue per user (ARPU) for CelcomDigi, Celcom, and Digi from Q4 2022 to Q4 2023. Over the year, CelcomDigi's subscriber base grew marginally, peaking at 13,614k in Q3 2023 before dropping slightly to 13,483k in Q4 2023.

The net change during the year included a growth of 170k subscribers by Q2 2023, followed by a decline of 132k by year-end. ARPU figures remained stable across the quarters, with CelcomDigi maintaining a slight upward trend, rising from 32 to 33, while Digi and Celcom held steady at 28 and 25, respectively. This consistency in ARPU reflects steady revenue generation, despite minor fluctuations in subscriber numbers.

**Table 1: CelcomDigi's total subscriber base faced significant losses in 2Q24, particularly in the prepaid segment, which saw a decrease of 378,000 subscribers, bringing the total down to 12.94 million (Malaysian Wireless, 2024).**

Operational Statistics	CelcomDigi					
	1Q2023	2Q2023	3Q2023	4Q2023	1Q2024	2Q2024
Postpaid Mobile ('000)	6,726	6,772	6,864	6,938	6,999	7,116
Prepaid ('000)	13,459	13,592	13,614	13,483	13,322	12,944
Fibre ('000)	107	113	121	131	145	163
<b>Total subscribers ('000)</b>	<b>20,291</b>	<b>20,478</b>	<b>20,560</b>	<b>20,552</b>	<b>20,465</b>	<b>20,223</b>
<b>Net Adds</b>						
Postpaid Mobile ('000)	54	46	92	74	61	117
Prepaid ('000)	146	134	22	(132)	(160)	(378)
Home & Fibre ('000)	6	6	8	10	13	18
<b>Total subscribers ('000)</b>	<b>205</b>	<b>186</b>	<b>122</b>	<b>(48)</b>	<b>(87)</b>	<b>(286)</b>
Postpaid Mobile ARPU (RM)	69	68	67	66	64	65
Prepaid ARPU (RM)	28	28	28	28	28	28
<b>Blended Mobile ARPU (RM)</b>	<b>41</b>	<b>41</b>	<b>40</b>	<b>40</b>	<b>39</b>	<b>40</b>
Fibre (RM)	126	127	126	124	112	107
<b>Blended ARPU (RM)</b>	<b>42</b>	<b>41</b>	<b>40</b>	<b>41</b>	<b>40</b>	<b>41</b>
<b>Internet Drivers</b>						
Smartphone penetration rate (%)						
Monthly average data per user (GB)						
<b>Digi / Celcom - Population Coverage (%)</b>						
4G (LTE)	96%	96%	97%	97%	97%	97%
4G Plus (LTE-A)	90%	90%	91%	91%	92%	93%

Table 1 displays key operational and financial statistics for CelcomDigi from Q1 2023 to Q2 2024. Total subscribers decreased from 20.291 million in Q1 2023 to 20.223 million in Q2 2024, with consistent declines in prepaid subscriptions. Net additions highlight growth in postpaid mobile subscriptions, increasing by 117,000 in Q2 2024, while prepaid subscriptions

experienced a significant net loss of 378,000 in the same period. Postpaid Mobile ARPU (Average Revenue Per User) saw a slight decline from RM69 in Q1 2023 to RM65 in Q2 2024. Prepaid ARPU remained consistent at RM28. The blended mobile ARPU held steady at RM40-41, while fiber ARPU decreased from RM126 in Q1 2023 to RM107 in Q2 2024.

Smartphone penetration and data usage showed a sustained trend, reflecting stable coverage for both 4G and 4G Plus networks at 97% and 92%, respectively, in Q2 2024. The merger and acquisition (M&A) process of mobile network operators has been a debate for several decades, both within the industry and in academia. There are two forms of mergers, which include mergers giving rise to market dominance (anti-merger) and mergers that promote integration to bring efficiency and innovation (pro-merger). Malaysian mobile phone carrier market share before and after the 2022 merger shows Celcom Digi Berhad has a 48% market share, compared to Digi's 26% and Celcom's 22% before the merger (Chalita, Pratompong, 2023). Celcom and Digi argued for the merger that the shift in 4G and 5G technologies is costing both companies huge investments in networking. Therefore, a merger will help them reduce costs and facilitate efficient resource sharing. Additionally, a merger will be an opportunity to create innovations for the country's telecommunication industry.

However, there is growing evidence that firms do not always obtain gains after the M&A activities. In indicating so, it has also been argued that M&A can be value-destroying and can adversely impact the firm's stakeholders (Rahman and Lambkin, 2015). This is particularly true in mature markets like Malaysia, where retaining existing customers (stakeholders) has become increasingly challenging. Plus, as the industry matures, the focus has shifted from simply acquiring new customers to retaining existing ones, as the cost of retaining a customer is often lower than the cost of acquiring a new one. Furthermore, long-term (existence) customers are more profitable, as they are more likely to purchase additional products and services, and to spread positive word-of-mouth, attracting more customers (Óskarsdóttir et al., 2019). The loyalty of clients is essential to a successful merger of the firms. Thus, this study aims to address the gap in the lack of research on the effect of the Mergers & Acquisitions between Celcom and Digi on the level of customer loyalty.

## **2. Problem Statement**

Mergers and acquisitions (M&A) represent pivotal moments in the evolution of customer-firm relationships, particularly within the telecommunications sector, where competition is fierce and customer loyalty is paramount. The integration process following an M&A can lead to significant transformations in various aspects of the business, including product offerings, pricing strategies, service quality, and overall firm image. These changes can have both positive and negative repercussions on customer satisfaction and retention.

Despite the potential benefits of M&A, such as enhanced operational efficiencies and expanded market reach, the challenges that arise during the integration phase are substantial. Cultural integration issues, leadership conflicts, and the harmonization of IT systems can create friction that undermines the intended synergies of the merger. Furthermore, regulatory compliance and financial management complexities can exacerbate these challenges, leading to a decline in customer loyalty and increased churn rates. In the telecommunications industry, where differentiation among service providers is often minimal, the stakes are particularly high. Studies indicate that churn rates can range from 10% to 67% annually, highlighting the vulnerability of customer relationships during periods of organizational change.



Research has shown that M&A can adversely affect consumer surplus, with potential price increases and a reduction in the diversity of service offerings. For instance, mergers that consolidate mobile operators from four to three in various European markets have been linked to decreased data prices but increased voice prices, ultimately impacting customer loyalty. Additionally, the standardization of products and services post-merger can lead to dissatisfaction among consumers, as they may perceive a decline in service quality and value. This dissatisfaction can trigger negative reactions, further complicating the retention of customers who may feel alienated by the changes.

Given these dynamics, it is crucial to investigate the multifaceted impacts of M&A on customer loyalty within the telecommunications industry. Understanding the interplay between integration challenges and customer perceptions will provide valuable insights for firms navigating the complexities of M&A, enabling them to develop strategies that mitigate risks and enhance customer retention in an increasingly competitive landscape. The complexity and implications of M&A in the telecom industry are described in this issue statement, highlighting how crucial it is to comprehend customer dynamics amid these changes.

### **3. Literature Review**

#### **Telecommunications Industry**

The telecommunications industry is a broad sector that facilitates the transmission of various information over distances. This includes voice, data, graphics, images, text, and video, which can be transmitted through different technologies such as wired, wireless, and satellite systems. According to Gultom et al. (2021), this industry is the backbone of electronic communication, enabling essential services like phone calls, text messaging, and internet access (Ahmad et al., 2015). Wilcox et al. (2001) further emphasize that telecommunications involves the movement of data over electrical or optical media, highlighting the technological foundation of the industry.

#### **Customer Retention**

Customer retention is the process through which businesses maintain ongoing relationships with their customers, ensuring repeat patronage and loyalty over time. It involves strategic efforts aimed at meeting or exceeding customer expectations to create lasting satisfaction and engagement. Retaining customers is often more cost-effective than acquiring new ones, as it leverages established trust and familiarity. Moreover, loyal customers contribute significantly to a company's revenue by increasing their purchase frequency and serving as advocates for the brand. According to Kotler and Keller (2016), effective customer retention strategies involve delivering superior value, nurturing emotional connections, and addressing customer concerns proactively. These approaches create positive customer experiences that reduce the likelihood of attrition and foster long-term relationships.

The significance of customer retention extends beyond revenue generation; it is a critical indicator of business stability and market competitiveness. Companies that excel in retaining customers often outperform their competitors, as they cultivate a reliable customer base that provides consistent feedback and adapts to market trends. Furthermore, the concept of customer lifetime value underscores the importance of retention, highlighting how sustained customer loyalty contributes to long-term profitability. Reichheld and Sasser (1990) emphasize that even a small improvement in retention rates can result in substantial financial gains, as retained customers tend to buy more frequently and are less sensitive to price changes.

Therefore, understanding and implementing robust customer retention practices is essential for businesses seeking sustainable growth and resilience in competitive markets.

### **Mergers and Acquisitions**

Mergers and acquisitions (M&A) are significant strategies for companies looking to expand their influence and profitability within the telecommunications sector. Jenifer et al. (2022) point out that while M&A can be an effective means of growth, it also presents challenges and risks. Brito & Vasconcelos (2023) discuss how these strategies can be costly and may not always yield the desired outcomes, indicating the need for careful consideration before proceeding with such ventures.

Hossain (2021) emphasizes the importance of understanding the potential consequences of M&A, advocating for a thorough cost-benefit analysis. This perspective is crucial for academics, market practitioners, and policymakers, as it helps them navigate the complexities of corporate mergers and acquisitions in a rapidly evolving industry.

In summary, the telecommunications industry is characterized by its reliance on advanced technologies for communication, the critical role of customer loyalty in driving profitability, and the strategic complexities associated with mergers and acquisitions. Each of these elements is interconnected, influencing how businesses operate and compete in this dynamic sector.

## **4. Data Collection**

### **Sampling Strategy**

The study employs purposive sampling, a non-probability sampling method, to select participants who are most relevant to the research objectives. This approach ensures that the participants have direct experience and insight into the specific phenomenon under investigation. The focus of this study is on telco subscribers and customer loyalty, particularly in the context of the merger between Celcom and Digi. The participants are selected based on their ability to provide meaningful insights into how the merger has influenced their perceptions and loyalty as customers.

The inclusion criteria for this study are as follows:

Participants must have been subscribers of either Celcom or Digi for at least four years, ensuring that they have experienced both the pre-merger and post-merger periods. Participants must fall within the age range of 31–40 years old, representing a demographic segment likely to have substantial interaction with telco services and loyalty programs. By focusing on this specific group, the study aims to capture nuanced perspectives that contribute to a deeper understanding of customer behavior and loyalty in the context of telco mergers.

### **Data Collection Method**

The Constant Comparative Method is a core analytical approach in qualitative research, particularly within grounded theory. It involves systematic data comparison to develop and refine theoretical insights. The method is iterative, enabling researchers to move between data collection and analysis continuously, which ensures the emergence of grounded, data-driven theories.

*i. Open Coding*

The first step in the constant comparative method is open coding, which involves breaking qualitative data into smaller, meaningful parts. This process helps researchers identify key concepts, themes, and patterns. For example, textual data from interviews or focus groups is carefully examined to highlight recurring words, phrases, or ideas. These initial codes are grouped based on shared meanings, allowing researchers to uncover the foundational building blocks of the data. Open coding is crucial because it lays the groundwork for deeper analysis and prevents researchers from overlooking significant nuances in the data (Charmaz, 2014).

*ii. Axial Coding*

Once the initial codes have been identified, the next step is axial coding, which involves reassembling the data to identify relationships between the emerging categories. This stage focuses on connecting codes to broader categories by examining causal conditions, phenomena, contexts, and consequences. Axial coding helps to structure and organize the data, making it easier to discern how different themes relate to one another (Corbin & Strauss, 2015). For instance, categories might emerge related to "customer loyalty" and "merger impact," which can then be analyzed for intersections or dependencies.

*iii. Selective Coding*

The final step is selective coding, which involves integrating and refining the categories identified during open and axial coding. This process focuses on developing a central theme or core category that ties the findings together. Researchers systematically ensure that all data is accounted for within this framework, refining and validating the emerging theory. Selective coding allows researchers to synthesize their analysis into a cohesive narrative, offering actionable insights or theoretical contributions (Glaser & Strauss, 1967).

**Timeline**

The time taken to move through these stages, from participant selection to the final step of selective coding, was approximately five weeks. This timeline ensures a thorough engagement with the data while maintaining momentum in the analytical process. The iterative nature of the constant comparative method, combined with rigorous coding practices, ensures that the resulting analysis is both robust and deeply rooted in participants' experiences.

**Importance of the Constant Comparative Method**

The constant comparative method is significant because it ensures that the analysis remains grounded in the data, reducing researcher bias. By iteratively comparing data points, researchers can develop theories that reflect participants' realities rather than preconceived notions. Furthermore, this method fosters flexibility, allowing researchers to adapt their focus as new insights emerge (Charmaz, 2014). It is particularly useful in exploring complex phenomena, such as customer loyalty dynamics in the context of corporate mergers, where relationships between variables are not linear but interconnected. In summary, the constant comparative method provides a rigorous, structured approach to qualitative data analysis, ensuring that findings are both credible and meaningful.



**Table 2: Participant Profile**

Participant	Age	Gender	Current Employment	Years	Telco	Marital Status
1	34	Female	Tax Consultant	6	Digi	Single
2	31	Male	Tax Executive	9	Celcom	Single
3	35	Female	Document Controller	14	Celcom	Single
4	32	Female	Auditor	4	Celcom	Single
5	37	Male	AVP	15	Celcom	Married
6	39	Female	Senior Lecturer	8	Celcom	Married

The primary method of data collection for this study is face-to-face interviews, which allow for in-depth exploration of participants' experiences, opinions, and attitudes. This qualitative approach provides rich, detailed data that quantitative methods might not uncover. A total of six (6) participants were selected for the study as presented in table 2. Although this sample size is small, it is deemed appropriate for a qualitative study, as the aim is to gather in-depth insights rather than to generalize findings to a broader population. The interviews were designed to be semi-structured, allowing for flexibility in exploring participants' responses while maintaining a consistent framework of key questions.

Each interview lasted approximately 15–25 minutes. This duration was considered sufficient to delve into the participants' experiences while respecting their time constraints. The interviews were conducted in a setting that was convenient and comfortable for the participants to encourage openness and honesty in their responses.

### **Ethical Considerations**

All participants were informed about the purpose of the study, and their consent was obtained before the interviews. They were assured of confidentiality and anonymity, and their participation was voluntary. Participants were also given the option to withdraw from the study at any point without any consequences.

### **Data Analysis**

The interviews were audio-recorded with the participant's consent and subsequently transcribed for analysis. Thematic analysis was employed to identify and interpret patterns and themes within the data. This approach enabled the researchers to systematically examine the participants' experiences and extract meaningful insights relevant to the study's objectives.

The interviews were conducted by a team of two interviewers, with one interviewer serving as the primary questioner and the other acting as a recording personnel. The six participants were interviewed individually, ensuring that each had the opportunity to express their experiences and insights freely. A follow-up session involving all six participants was conducted to explore emerging themes and clarify key points from the initial interviews.

This follow-up was recorded using three mobile devices to ensure reliable data collection. Before the meetings, participants were approached via WhatsApp, where they were briefed about the study's objectives and their consent was obtained, ensuring ethical compliance and transparency.

All interview sessions were recorded using a combination of a mobile phone voice recording app and an iPad notes recording feature. The transcription process was performed collaboratively by all team members, utilizing tools such as Google Cloud Platform (GCP) and

Apple Notes apps for initial processing. The transcriptions were then manually reviewed and cross-checked to ensure accuracy and consistency, minimizing potential errors. This meticulous process ensured that the data retained its integrity and was suitable for subsequent analysis.

### Rationale for the Methodology

This methodology was chosen to align with the research's qualitative nature and its focus on customer loyalty within the telco sector. The purposive sampling ensures that the participants are well-positioned to provide relevant insights, while the use of semi-structured interviews facilitates a detailed understanding of their perceptions and experiences. By focusing on a specific demographic and capturing their views through direct interaction, the study aims to contribute valuable knowledge to the field of customer behavior in the context of corporate mergers.

## 5. Result and Discussion

This study conducted interviews with six (6) participants who were customers of either Celcom or Digi. The participants represented a diverse range of backgrounds, including variations in gender, current employment, duration of telco usage, and their chosen service provider. All participants had a minimum of five years of experience using Celcom or Digi services.

### Open Coding

In the open coding process, the opinions and insights of the participants were collected, and their views were recorded as explanations. All the descriptions provided by the participants were reviewed, and those with the most frequent repetitions during the interview sessions were identified and documented. Based on the qualitative analysis, 26 open codes were derived, and the results are presented in Table 3.

**Table 3: Open Code**

Open Coding		
Frustration with service	Changes in service quality	Service Satisfaction
Distrust of the service	Service Quality Rating	Customer Service Experience
Dissatisfaction with changes	Customer Satisfaction	Feedback on Improvements
Hope and anticipation	Customer expectations	Network stability in rural area
Unexpected Changes	Price and services	Internet slow
Mixed emotion about the merger	Competitive pricing	Service Reliability
Loyalty	Non- monetary factors	Expectation after merger
Attachments to pervious telco	Attractive Offers	Responsive after the merger
Perceive service quality	Consistency Service	Service Satisfaction

### Axial Coding

The axial coding process provided a framework for identifying key factors influencing customer retention in the context of the CelcomDigi merger. After completing the open coding stage, the results were classified according to the axial coding framework. In this classification, all descriptions and initial codes related to a single axis were grouped into one category. The axial codes, informed by insights from prior research, helped identify the main factors affecting customer retention. Based on the axial coding results, 11 subcategories and 3 overarching themes were identified. The findings are presented in Table 4.

**Table 4: Axial Code**

<b>Axial Coding</b>	<b>Open Coding</b>
Negative sentiment	Frustration with service Distrust of the service Dissatisfaction with changes
Positive sentiment	Hope and anticipation
Uncertainty anticipation	Unexpected Changes Mixed emotion about the merger
Sentimental Value	Loyalty Attachments to pervious telco
Deliverability	Perceive service quality Changes in service quality Service Quality Rating
Perception of Service	Customer Satisfaction Customer expectations
Pricing and Value	Price and services Competitive pricing Non- monetary factors Attractive Offers
Consistency and Reliability	Consistency Service Service Satisfaction
Customer support	Customer Service Experience Feedback on Improvements
Network Coverage	Network stability in rural area Internet slow
Network performance	Service Reliability Expectation after merger Responsive after the merger

### Selective Code

In this step, selective coding was employed to validate and refine the relationships among the categories, ensuring they accurately reflected the data. Based on the axial codes, three main themes were identified: emotion, service quality, and telecommunications infrastructure. These themes as presented in table 5, address the key factors influencing customer retention in the CelcomDigi merge.

**Table 5: Selective / Theme Coding**

<b>Open Coding</b>	<b>Axial Coding</b>	<b>Selective Coding/ Theme</b>
Frustration with service Distrust of the service Dissatisfaction with changes	Negative sentiment	Emotion
Hope and anticipation Unexpected Changes Mixed emotion about the merger	Positive sentiment Uncertainty anticipation	
Loyalty Attachments to pervious telco	Sentimental Value	

Perceive service quality	Deliverability	Service Quality
Changes in service quality		
Service Quality Rating		
Customer Satisfaction	Perception of Service	
Customer expectations		
Price and services	Pricing and Value	
Competitive pricing		
Non- monetary factors		
Attractive Offers		
Consistency Service	Consistency and Reliability	
Service Satisfaction		
Customer Service Experience	Customer support	
Feedback on Improvements		
Network stability in rural area	Network Coverage	Telecommunications Infrastructure
Internet slow		
Service Reliability	Network performance	
Expectation after merger		
Responsive after the merger		

### **Emotion**

Emotions are a set of changes that occur in response to a situation that an individual perceives as important. These changes include physiological arousal, feelings, cognitive processes, and behavioral reactions. (Foxall, 2011; Izard, 1991; Reisenzein, 2007; Williams et al., 2014). In the context of mergers, particularly in the telecommunications industry, understanding the emotional component of customer experience is crucial. The theme of emotion reveals how customers perceive and react to changes in service quality, pricing, and overall satisfaction.

This emotional response significantly shapes customer behaviour, influencing loyalty, decision-making, and willingness to continue with a provider.

*"More loyal... with the better connection and also the lesser pricing that I have now. (P3)*

*"Okay, I've been a Celcom customer for five years now and what prompted me to buy to use this Celcom services is because my whole family is actually a Celcom user." (P2)*

This statement reflects the positive emotional response that can arise when customers perceive tangible improvements in service quality and value. In this case, the emotional sentiment of loyalty is enhanced by the better connection and reduced pricing, which serves to strengthen the customer's commitment to the newly merged entity. Mergers, often associated with substantial changes in service delivery, can trigger positive and negative emotions, impacting customer retention.

*"If I have choice, I will prefer the previous one Celcom only. Because I have no choice and other competitor also still cannot provide the good network coverage compared to CelcomDigi." (P1)*

### **Service quality**

According to Perez (2017), quality of service is the overall effect produced by the performance of a service, which determines the degree of user satisfaction. After CelcomDigi merged, service quality became one of the most important factors affecting customer retention. There was a range of reactions from customers after the merger. Some were happy with the lower prices and more stable networks, while others were worried about what they saw as a drop in service quality. One participant liked the good deals even though the prices went up, and another liked the better network service.

*“Yes, the price, I can see a big pricey, there is incremental of the price, but the offer is more attractive, the product offering.” (P3)*

*“Because they improve back their services in terms of network coverage” (P4)*

Some, though, said they would switch companies for better service and prices.

*“if I find like a better service from another telco with a better price, um I wouldn't mind changing.” (P2)*

This shows how customer retention can change quickly when service quality changes after a merger. These different responses show how important it is for businesses to find the right balance between improving services and keeping customers happy during times of change.

### **Telecommunications infrastructure**

Telcom Infrastructure refers to the network of nodes connected by cables that make up telecom infrastructure, consisting of towers and equipment. These are used to transmit audio, video, and data messages from an originating node to a destination code. (Telcom Network Infrastructure Market Report, 2024). The theme of telecommunication infrastructure plays a pivotal role in shaping customer experiences and satisfaction, particularly in the aftermath of a merger between telecom companies. Infrastructure, which encompasses network coverage, internet speed, and service reliability, is the backbone of telecom services. In the case of CelcomDigi's merger, customers experienced initial dissatisfaction due to network disruptions.

*“Because of network disruption during the earlier of the merger.” (P5)*

*“I can say the network coverage is bad at the beginning. But they improve back their services in terms of network coverage.” (P6)*

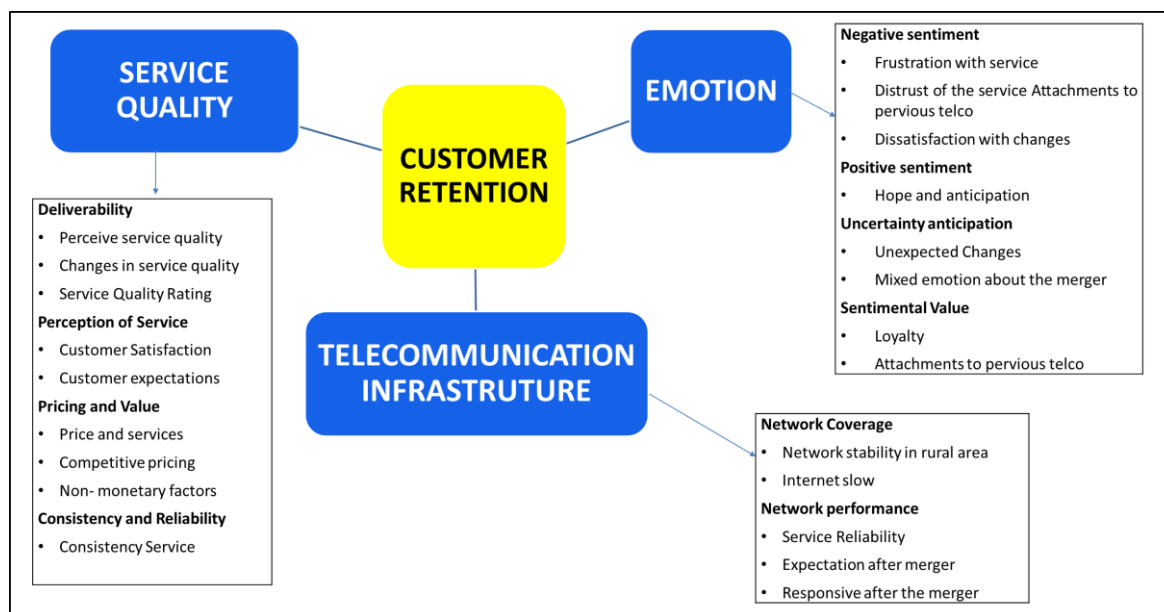
However, over time, many customers noted significant improvements in network coverage, alongside lower pricing and enhanced offers like freebies.

*“Because of their network is getting better, the prices are getting lower as while as the freebies. I think a lot more chances to get freebies for customer who are using the telco for quite some time such as you can get free handphone” (P4)*

The feedback illustrates how improvements in telecommunication infrastructure can directly influence customer retention and satisfaction, highlighting the importance of stable, high-quality infrastructure during transitions. Customers are likelier to remain loyal when network services improve, especially when coupled with competitive pricing strategies. Despite early



disruptions, these infrastructure advancements can help mitigate negative perceptions and foster long-term customer retention.



**Figure 1: Conceptual Framework for Customer Retention in CelcomDigi Merger**

Figure 1 provides a visual synthesis of the relationship between telecommunication infrastructure enhancements, competitive pricing strategies, and customer retention, as discussed in the preceding analysis. It serves as a conceptual framework, illustrating how stable and high-quality infrastructure is pivotal in mitigating negative perceptions caused by early disruptions, thereby fostering customer loyalty.

The framework highlights key elements such as improved network services' impact, strategic pricing's role, and the balance between addressing short-term challenges and achieving long-term retention goals. By aligning these factors, it offers a comprehensive perspective on how advancements in telecommunication infrastructure can drive positive customer outcomes, particularly in the context of the CelcomDigi merger.

## 6. Conclusions and Recommendations

This study analyses customer retention trends in the telecoms industry after the merger of Celcom and Digi, employing semi-structured interviews with long-term subscribers. The data indicate a varied response among customers: some saw a deterioration in service quality, whereas others observed enhancements in offers and customer service. This underscores the intricacy of client retention, shaped by elements such as service quality, telecommunications infrastructure, and emotional ties to the brand.

The study highlights the need for excellent communication and consumer engagement during the merger process, as educated customers are more inclined to maintain their loyalty. In contrast, those feeling uninformed or dissatisfied were inclined to switch providers, underscoring the importance of customer satisfaction in retention strategies.

The study recommends that telecommunications companies focus on customer-centric strategies to maintain service quality and foster loyalty during mergers. It also calls for further research on the long-term effects of mergers on customer behavior and retention strategies.

Overall, this research contributes to the understanding of customer retention in the context of mergers and acquisitions, providing practical insights for industry stakeholders and policymakers as the telecommunications landscape continues to evolve.

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