

THE EFFECT OF RELATIONSHIP MARKETING, CUSTOMER SATISFACTION AND SERVICE QUALITY TOWARDS CUSTOMER LOYALTY: A CASE STUDY IN XYZ SDN BHD

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Abstract: *The impact of information technologies is no doubt undeniable. The rapid development of the information technology has empowered technology behaviour which leads individual as well as organizations to commence business through online. This study is to examine the effectiveness of service quality, customer satisfaction, and relationship marketing towards customer loyalty in XYZ Sdn Bhd. One hundred and sixty questionnaires were distributed to customers of XYZ by simple random sampling technique and the findings shows consistent result with the initial hypotheses constructed earlier. Therefore it is proven that both customer satisfaction and relationship marketing do have a significant relationship with customer loyalty which influences customer loyalty of customer's XYZ Sdn Bhd.*

Keywords: Service Quality, Customer Satisfaction, Relationship Marketing, Customer Loyalty.

Introduction

Today's market place has changed to be very competitive than ever. Customers are spoilt with wide range offerings of products available and this gives an advantage to critically access products and services before making a decision to purchase (Lee S.C, Barker S. & Kandampully J., 2003). Therefore this situation has force product owners and marketers to improve qualities and services should they wish to retain and attract existing customers as well as gain more new customers. (Lan, 2015). And to ensure sustainability in the market place, marketers need to

ensure that customer loyalty is place as a primary driver to achieve the objective (Gaurav K. , 2016).

Similarly, in understanding the importance of customer loyalty, organizations and marketers have add many other added value which benefits and would be as a preference to the customer such as modern technologies to their product and services as to gain customer loyalty (Lee S.C, Barker S. & Kandampully J., 2003).

Customer loyalty is seen and understood as the customers' loyalty in his bias to a brand and the decision is based on the customer's psychological commitment. (Mc Mullan R, Gilmore A., 2008). Blomer and Kasper (1995) explains that loyalty is a non-random behavior to respond the process of thinking and commitment and according to Rahman, A., Norhanisah, I. Akmal Fadhila, A. R., (2012) it is noted that satisfaction, brand equity, commitment and resistance to change and, trust are elements which are related to customer loyalty.

Therefore, the purpose of study is to identify whether the services quality, relationship marketing and customer satisfaction do influence customer loyalty towards XYZ Sdn Bhd or otherwise. XYZ Sdn Bhd is a company based in the northen part of Malaysia and the company has a total of 260 customers. This study also wishes to identify what is the most dominant factor to retain customer loyalty at XYZ Sdn Bhd.

This was felt necessary as there was a drastic drop in sales for XYZ Sdn Bhd. The drop recorded was merely 40% decreased from year 2013 to year 2016. Items booked and recorded as interested by customers has showed a promising sales however only 70% payment by customers to identify successful sales were recorded. Number of traffic to the website of XYZ Sdn Bhd has also showed a decreased in year 2015. This has triggered the management to identify what is the factor and how do they overcome the issue as the info is vital to them to strategize their marketing plan. The failure to understand the issue will cause the company to lose its standing in business. This is due to various products which are similar, interchangeable and varieties of substitute products. These supplementary services are vital currently and they are often referred to as competitive advantages.

Relationship Marketing

Relationship Marketing is said as a new version of transitional marketing. It basically refers to external customer relationship (Md Anhar. S.M, (2014). It is also about making a connection between the seller and the person who intends to buy the product. The goal of relationship marketing is to ensure loyalty of customers remain intact (V. Kumar & D. Shah, 2004) as it helps to reduce cost as it assist to reduce cost of marketing by sharing positive words around. (J. Griffin, 1995)

In creating relationship marketing with customers, sellers need to ensure that they are able to create customer satisfaction, deliver high standard customer services to its client as well as the need to develop segmentation technique. Md Anhar (2014)

Customer Satisfaction

A number of researchers have reported that satisfaction is being graded as an overall customer attitude or behaviour towards the difference between what customers expect and what they receive regarding the fulfilment of some desires and needs (Hansemark, O.C, &

Albinson, M., 2004; Kotler, 2012) and it was noted that consumer satisfaction is indeed a serious area which sellers and marketers need to focus in order to have an effective marketing programs. It is also noted that consumer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product or service. Therefore on an overall consumer satisfaction is viewed as how consumers would benefits more as compared to what they have invested. Through past research also it has been acknowledged that consumer satisfactions do have a positive impact on loyalty (Zeithami, A. A. & Bitner, M. J., 2000; Bleomer, 1998)

Once the customer feels satisfied with the product or services provided, customers will help to market the product as well as company's brand name. The satisfaction feeling will alter be shared to other parties and should customers feel not satisfied they will also help spread the bad experience which they encounter to other parties. Satisfaction has long been considered a fundamental determinant of customer loyalty (Cronin, J. J.& S. Taylor, 1992).

Customer Loyalty

Customer loyalty can be defined as a deeply held commitment to rebuy or repeat a preferred product consistently in the future, causing repeated same-brands or same brands set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999). It is a huge concept whereby it studies on what makes a person remain loyal to a brand. Among the areas studied in order to understand customer loyalty more were the buying patterns of consumers, the sequence of purchase as well as behavioural perspective of consumers on repeat purchase.

Through past research as well, it was agreed that on the whole, loyalty and repurchase behavior are influenced by consumers satisfaction which leads to low intention on either to switch to another brand or remain loyal to the current brand. It is also comprehended that customers tend to be satisfied and loyal as and when their needs and wants are understood and fulfilled by the seller. (Rahman, A., Norhanisah, I., Akmal Fadhila, A. R., 2012)

Service Quality

Service quality has been known as factor which influence the customer behaviour. (Cheng, 2010). A considerable amount of literature has been published discussing issues on service quality and its influences on organizational outcomes. The study includes superior performance, increase in sales profits, improve in customer relations, enhance corporate image as well as promote customer loyalty. (Kheng, L. L., Osman, M. & Rahim, M., 2010)

As a whole, service quality and customer satisfaction were found to be related to customer loyalty through repurchase intentions. Therefore delivering quality service to customers is a must for success and survival in today's business.

Conceptual Framework

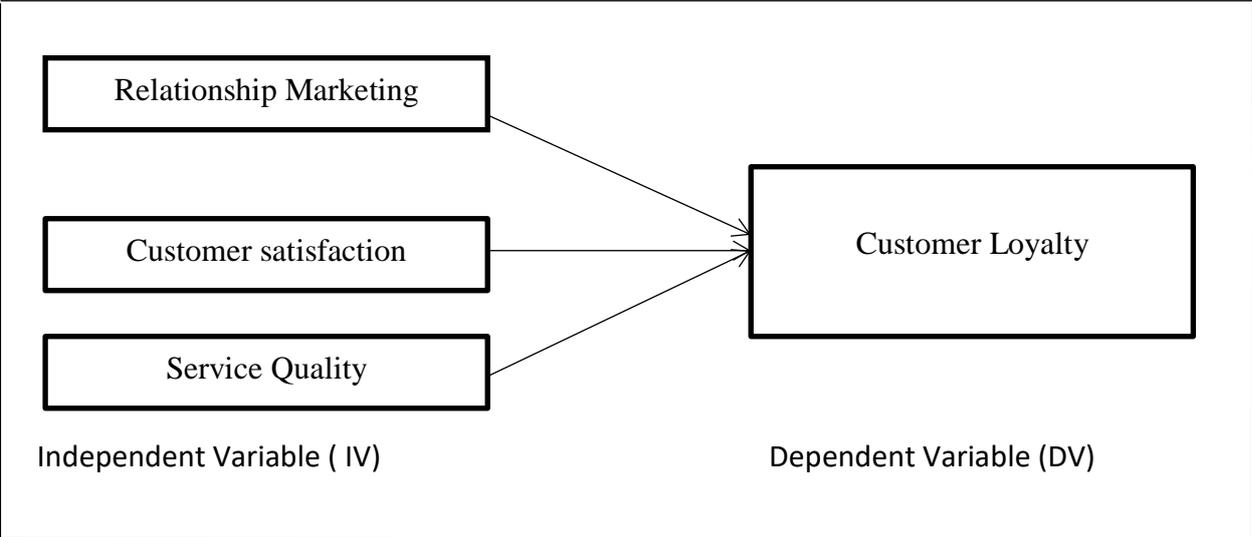


Figure 1: Relationship between Relationship Marketing, Customer Satisfaction and Service Quality and Customer Loyalty.

The figure above explains the relationship between Relationship Marketing, Customer Satisfaction and Service Quality and Customer Loyalty. There are two variables that involve in this study in which they are independent variable and dependent variable. The independent variable consists of Relationship Marketing, Customer Satisfaction and Service Quality.

Research Methodology

According to the Uma Sekaran and Roger Bougie (2010), the definition for population is the entire group of people, events or things of interest that the researcher would like to investigate. Then, target population for this research are customers of XYZ Sdn Bhd which is located in the northern region of Malaysia. The total populations of customer were 260 and based on Uma Sekaran’s table, 155 questionnaires were needed however to avoid any missing values or questionnaires which may not be able to be utilized, 160 questionnaires were distributed.

Profile of the Respondent / Frequencies Analysis

The respondents for the study are s follows:

| | | Frequency | Percent |
|--------|-------------------|-----------|---------|
| Gender | Male | 23 | 14.4 |
| | Female | 137 | 85.6 |
| Age | 25-35 | 2 | 1.3 |
| | 35-45 | 103 | 64.4 |
| | 45-55 | 55 | 34.4 |
| Income | RM 1500-RM 3000 | 50 | 31.3 |
| | RM 3000-RM 5000 | 88 | 55 |
| | RM 5000 and above | 22 | 13.8 |
| Race | Malay | 134 | 83.8 |
| | Chinese | 16 | 10 |
| | Indian | 10 | 6.3 |

Reliability Analysis

Service quality act as first independent variables. Based on the data obtained, the results are stated 0.697, which is the indicator shows it is moderate or acceptable. Customer Satisfaction act as second independent variables. Based on the result, the Cronbach's Alpha is 0.800, which is the indicator shows it is very good. Relationship marketing act as third independent variables. Based on the data obtained, the Cronbach's Alpha is 0.772, which is the indicator shows it is good. Customer loyalty acts as dependent variable. From the data obtained, the result is 0.780, which is the indicator shows it is good.

Descriptive Analysis

From the result, it is shows that the relationship marketing ranked highest among all independent variables which record with 3.9400 (std. Dev=0.60180) and it is considered as the higher level of agreement. Then followed by customer service as the second independent variables with 3.9088 (Std. Dev=0.59128). Service quality as the third independent variables with a mean of 3.5050 (Std. Dev=0.50504) and customer loyalty as dependent variables with mean 3.9863 (Std. Dev=0.60693).

Regression Analysis

The Standardized Beta Coefficients give a measure of the contribution of each variable to the model. A large value indicates that a unit change in this predictor variable (Independent variable) has large effect on the criterion variable (dependent variable). If the result in Beta is 1 means the independent variable has strong effect on the dependent variable. That indicates which independent variable to see which have more influences on the dependent variable. From the study shows that, the highest influence on the dependent variable is customer service which is 0.600.

Table 2

| | Standardized Coefficients | Sig. |
|----------------|----------------------------------|-------------|
| | Beta | |
| SQ | -0.284 | 0.090 |
| CS | 0.600 | 0.001 |
| RM | 0.495 | 0.000 |
| R ² | 0.59 | |
| Sig | 0.001 | |
| F-Test | 74.757 | |
| Durbin-watson | 2.033 | |

Hypotheses Analysis

| Hypothesis | Result |
|---|---------------|
| H ₁ There is a relationship between Relationship Marketing and customer loyalty in XYZ Sdn Bhd | Accepted |
| H ₂ There is a relationship between customer satisfaction and customer loyalty in XYZ Sdn Bhd. | Accepted |
| H ₃ There is relationship between service quality and customer loyalty in XYZ Sdn Bhd. | Rejected |
| H ₄ Relationship Marketing is most dominant factor to customer loyalty in XYZ Sdn Bhd. | Accepted |
| H ₅ Customer satisfaction is most dominant factor to customer loyalty in XYZ Sdn Bhd. | Accepted |
| H ₆ Service Quality is most dominant factor to customer loyalty in XYZ Sdn Bhd. | Rejected |

Discussion on Finding

In this research study, the first objective is to identify the relationship between independent variables (Service Quality, Customer Satisfaction, and Relationship Marketing.) and dependent variable (Customer Loyalty). By using the Regression analysis method for the research Hypothesis Testing, the findings result shows that there are only two independent variables in which they are Relationship Marketing and Customer Satisfaction were significant in its relationship with Customer Loyalty.

The second objective of the study is to indicate the most dominant factor effects customer loyalty in XYZ Sdn Bhd. Based on the result of the study, it was discovered that the highest standard coefficient (Beta) is Customer Satisfaction with 0.6 and Relationship Marketing with 0.4 which shows that both has a significant relationship with Customer Loyalty.

Conclusion

The ability to understand customer wants and what makes them to remain loyal to the product and services allows the organization as well as the seller to strategize on what is the next step needed by them. Should the reason given is on the product or services which is outdated or not the latest trend in the market, the management of XYZ Sdn Bhd may need to invest in R&D as to ensure that the product rendered will have an added value and other positive impact to the customers.

The findings will also assist the management of XYZ Sdn Bhd also identify what training and skill competencies needed for the staff. This is to further enhanced as well as the ensure that the employees are competent enough to deliver and to accomplish their task.

Through this study, it will also provide insight to other researcher to study further on what other factors which effects customer loyalty in other sectors.

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