

Factors Determining on Customer Loyalty: Overview and Future

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ABSTRACT

The purpose of this study is to provide a brief overview of existing loyalty models. The focus is on key factors and prospects that can help academics and marketing professionals increase customer loyalty. A literature review was used to provide a further understanding of customer loyalty and research priorities. The results of this paper argue that integrating cultural and religious influences into existing models will increase customer loyalty. The study also claims that three groups of ancestors of loyalty should be considered. Marketing specialists pay insufficient attention to cultural and religious influences when examining customer loyalty. This article is a commentary on research on previous loyalty models. It is hoped that the proposals presented in the study will inspire future researchers to create the right and effective loyalty models.

KEYWORDS: customer, loyalty, model, marketing

How to cite this paper: Zoljargal Purevjargal | Dulguun Ganbolor | Nyamsuren Delgertsogt "Factors Determining on Customer Loyalty: Overview and Future" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-4 | Issue-1, December 2019, pp.811-813, URL: www.ijtsrd.com/papers/ijtsrd29612.pdf



IJTSRD29612

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1. INTRODUCTION

Customer loyalty receives a lot of marketing attention (Wu & Ai, 2016) because its value cannot be overestimated for modern business. In fact, customer loyalty is seen as a long-term asset (Kandampully et al., 2015) and a key business outcome (Kim et al., 2016). Having regular customers is a must for various companies, given its important role in creating sustainable competitive advantages (Wu & Ai, 2016). Marketing professionals are also motivated to develop loyal customers in relation to their business as a central condition for market success (Kandampully et al., 2015). Saturated markets encourage companies to reorient on customer loyalty in order to maintain their loyal customers (Kim et al., 2016). Regular customers are considered essential for various service providers in competitive markets (El-Adly & Eid, 2016; Wu & Ai, 2016) because they recommend their preferred products to other customers in the market (Kim et al., 2016). Customer loyalty leads to a number of economic benefits (Murali et al., 2016), such as a price premium (Kim et al., 2016), lower costs (Murali et al., 2016), and additional sales revenue.

Examining customer loyalty is a vital research effort due to its increasing relevance to global companies (Haryanto et al., 2016). Marketing specialists have introduced several loyalty models to increase customer loyalty. A recent literature

review shows that marketing specialists examined customer loyalty from a variety of perspectives and factors (Casidy & Wymer, 2016; Jiang & Zhang, 2016; Campón- Cerro et al., 2016). However, an understanding of customer loyalty from other points of view has received little attention. Therefore, this study is intended to review marketing literature to find out whether researchers should consider other factors and points of view when examining customer loyalty. The solution to this issue prompts us to carefully analyze previous studies in the field of consumer loyalty with the hope of providing a valid roadmap for marketers about current research areas and priorities.

2. Customer loyalty

Customer loyalty is considered a significant intangible asset for many companies (Jiang & Zhang, 2016). Marketing specialists presented various concepts of customer loyalty (Ali et al., 2016). Marketers have adopted various definitions of customer loyalty based on the goals and conditions of the study. According to Casidy et al., (2016) viewed customer loyalty as "a sense of loyal attachment to the loyalty object, rather than repeated commercial transactions." According to Takur (2016), loyalty to relationships is defined as the intention of customers to remain committed to a particular supplier in the market, repeating their shopping experience.

On the other hand, Oliver defined customer loyalty as “a deep-rooted commitment to constantly resell or re-patronize a preferred product / service in the future, thereby triggering repeat purchases of one brand or one brand, despite the situational impact and marketing efforts that can cause behavior switching” (p. 34). A literature review shows that many marketers have adopted Oliver’s customer loyalty definition (Haryanto et al., 2016).

Customer loyalty continues to attract scientists because of its obvious value. Understanding previous customer loyalty factors and the relationship between these factors are considered important research areas (El-Adly & Eid, 2016). Marketers are also encouraged to monitor buyers in the market, studying their needs, desires and factors that can affect their ratings, relationships, choices and different behavior of buyers. Jiang & Zhang (2016), customer loyalty is a vital source of competitive advantage for various companies. However, customer loyalty is seen as a complex issue for existing corporations, especially in competitive markets (Nyadzayo et al., 2016). The determinants of customer satisfaction and loyalty may vary depending on the nature of the business and the types of customer goals. According to Murali et al. (2016) stated that companies should constantly monitor customer satisfaction, customer and WOM customer loyalty. In particular, customer loyalty can be described as one of the important success indicators for various enterprises in the market (Nyadzayo et al., 2016), and marketing specialists will ultimately use appropriate marketing strategies and approaches to maintain loyal customers in relation to their business (Zhang et al., 2016).

3. Research Method

Most marketing research relied on cross-sectional data to examine customer loyalty (Akroush et al., 2016; Su et al., 2016; Tsiotsou, 2016; Zhang et al., 2016). On the other hand, recent loyalty studies have advised future scientists to use longitudinal studies to better understand customer loyalty and their factors (Casidy & Wymer, 2016; Dwivedi & Merrilees, 2016; Wu & Lin, 2016). In this regard, El-Adly & Eid (2016) advised marketers to use a longitudinal approach to determine the relative importance of the measured values for customer loyalty and satisfaction.

Cross-sectional diagrams provide only a snapshot of the effects of determining factors of customer loyalty (Nyadzayo & Khajehzadeh, 2016). Cross-sectional data is a snapshot of a customer’s assessment at a specific point in time (Dwivedi & Merrilees, 2016). On the other hand, data from longitudinal research would increase the credibility of the study and reduce the general method of biasing scientific research (Chen et al., 2016). The use of longitudinal research design would benefit marketing specialists by excluding the temporary findings and consequences from the research results (Ipek et al., 2016). Reliable causation is possible through longitudinal research (Wu, 2016). In this regard, evaluating customer loyalty using repeated measures is the recommended procedure (Saleem et al., 2016). Future researchers are encouraged to conduct longitudinal loyalty studies, as customer ratings may vary over time, and such a scheme will provide additional reliability of the research results. In addition, longitudinal designs can give interesting results, as customer loyalty intentions are considered time-limited (Saleem et al., 2016).

4. Conclusions and future research

This study concludes that studying the antecedents and consequences of customer’s loyalty is highly recommended to provide reliable and effective marketing strategies. Marketing researchers are advised to examine the consequences of customer’s loyalty (e.g. profitability, share of wallet, willingness to pay more, and word of mouth) due to their positive impacts on companies. Integrating relevant mediating and moderating factors into loyalty models are also advised in order to provide deeper understanding on customer’s loyalty. According to Lee (2016), even though many research antecedents, mediators, and moderators have been extensively examined through various loyalty models, still there is a need to take other relevant factors into consideration, such as, information, program content, staff, and facilities.

This study argues that there are three groups of loyalty antecedents should be taken into consideration: 1) loyalty’s primary determinants (PD), which include, customer satisfaction, trust, perceived value, and perceived service quality; 2) loyalty’s secondary determinants (SD), which include, other loyalty factors based on the research nature and context; and 3) loyalty’s moral determinants (MD), which include, spiritual, cultural, and religious factors of target markets. In sum, researchers have examined numerous loyalty antecedents, but the need to understand customer’s loyalty from additional perspectives is still there.

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