

Factors Affecting Customer Loyalty

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Abstract. Research in the field of marketing has been carried out with various objectives. Some of these studies were carried out for academic purposes and some were carried out by companies to serve as a basis for adopting policies for company managers in order to obtain optimal benefits. Not a few studies that are specific or published in scientific journals. However, the research that has been carried out so far is still partial, not comprehensive, only carried out as needed so that it seems only a condition for aborting obligations. So that even though the research has been carried out well, the results obtained have not been able to provide a complete solution to the problems faced by the company. This research is a qualitative research that examines journals about various factors that influence customer loyalty. This research is to find out the variables that influence customer loyalty either directly or through moderating variables and to find out which variables have the most influence on other variables.

Keywords: Customer loyalty, customer satisfaction, customer trust

1. Introduction

Customer loyalty is very necessary in maintaining business continuity. In general, loyal customers show three characteristics, namely: they tend to stay with our company, these customers become profitable users of products or services, and when we develop a business, customers tend to follow and support our business [1]. Customer loyalty certainly does not just happen without a reason. Not a few studies have succeeded in uncovering interesting facts that customer loyalty is influenced by many variables. Companies that are able to provide good experiences and impressions to customers generate trust in the brand will increase customer loyalty to the brand [2]. Not only that, perceived value, quality of experience, and motivation have a positive effect on customer loyalty. In the culinary business, food quality and service quality significantly affect customer loyalty [3]. In the banking sector, the research results show that the majority of female customer satisfaction affects customer loyalty. Research in the field of tourism empirically shows that destination image, destination awareness, perceived quality, and perceived value have a direct effect on customer loyalty, destination image was found to be the most important critical antecedent in its significant influence on customer loyalty [4]. While the results of research in the same field conducted by highlighted that customer satisfaction provides a significant mediating role to the relationship between place attachment to Black Sea coastal destinations and loyalty intentions towards those destinations. The results of this confirms previous research, which showed that customer satisfaction mediates the relationship between place attachment and customer loyalty intentions [5]. Customer trust and destination image have also proven

to have a positive effect on customer loyalty. When customers have good dedication to our company, they will be satisfied with the solutions we offer, so they tend to ignore our competitors [6]. This is of course very profitable financially for the company. Because the cost to retain existing customers is much cheaper than the cost to acquire new customers. In their research found that the top 20% of the same company's customers generate the company's net profit reaching 105% to 113%.

It is not only customer loyalty that is the focus of attention of practitioners and academics who are engaged in business, especially in the field of marketing. In the era of globalization, products and services are increasingly homogeneous, causing competition for products and services to be increasingly stringent [7]. Today's business is more customer oriented. For researchers and managers, customer satisfaction is an important factor that must be given attention, because a high level of customer satisfaction will encourage customers to repurchase the products or services offered. Imagine for a moment, when we are going about our business as usual, suddenly top artists or well-known public figures come to our company or by phone need our products or services [8]. What will we do so that they get what they need with satisfaction? So they will voluntarily tell about the products or services we provide. Of course if this happens, it will provide extraordinary benefits for our company.

Several studies have shown that there are many variables that influence customer satisfaction. Among these studies, it has been found that there is a positive and significant moderating effect of customer trust on the relationship between service quality and customer satisfaction [9]. This research has confirmed previous research, where satisfied customers will not have a high perception of service quality in the next transaction if there is no trust in the previous transaction.

For industries and service companies that offer competitive advantages, customer trust is a strategic asset to drive sales effectiveness, customer loyalty, commitment, collaborative, cooperative, and successful exchange relationships [10]. An interesting research, namely about the role of customer trust after an accident. Customer trust has always been one of the factors that influence customer loyalty, especially when a service failure occurs, the main priority of a service company is to restore customer trust. Service failures make customers more sensitive to future decisions to reuse service providers or service companies that have failed; customers become unsure whether their expectations will be met [11]. This is due to the experience of violations of service providers or service companies. Interestingly, the results of this study indicate that after a failure then service recovery is carried out.

From the description above, we can understand that the variables of customer loyalty, customer satisfaction, customer trust, and other variables influence each other. From the studies that have been published, we need to examine how these variables influence.

2. Method

Judging from the research objectives, this research is an exploratory research, namely research that aims to provide an explanation of a concept or pattern. The approach used is descriptive qualitative. This research is a literacy study of scientific journals that support research. This research purely examines the results of previous studies, does not use

statistical calculations. An important feature of qualitative research is that the process is inductive. Usually, inductive findings from data in qualitative research take the form of themes, categories, typologies, concepts, tentative hypotheses, or theories that address certain real-world situations (substantive theories).

The data was collected from journals in the field of marketing which examined the variables that affect customer loyalty, customer satisfaction and customer trust.

3. Result and Discussion

Customer loyalty has long been identified as a strong determinant of profitability and competitiveness and has become a top priority in service industries or companies. Likewise when it comes to satisfaction, satisfaction has been a concern for many years. Customer satisfaction is considered as an important business goal because it is assumed that satisfied customers are more likely to make repeat purchases. Customer satisfaction is a psychological state about the customer experience that results from comparing the expectations they have about the performance of a product or service with the actual performance of the product or service. Customer satisfaction is about the level of feeling, pleasure, or making promises after buying or consuming a product or service. Customer satisfaction as a consequence when comparing service performance with expectations. Whereas if we talk about trust, Hansen distinguishes trust into two, narrow scope trust, namely customer trust in the seller or company and broad scope trust, namely the customer's view of the formal regulation of certain activity systems. In this study, we focus on the first type of belief.

The following are studies that discuss the influence of these three variables. The first study is a study that examines the mediating effect of trust on customer satisfaction and customer loyalty relationships. Research conducted on rural tourism in Malaysia shows the results that First, the path coefficient of the direct relationship between customer satisfaction and trust is 0.734 and is significant. Second, the path coefficient of the direct relationship between customer satisfaction and customer loyalty is 0.707 and is significant. Third, the magnitude of the relationship between customer satisfaction and customer loyalty calculated by the mediator obtained the number $(0.707 - 0.334) = 0.373$. This figure is 52.76% of direct influence. Based on this, the researcher concludes that trust partially mediates the relationship between customer satisfaction and customer loyalty. This research is strengthened by adding service quality as an independent variable.

If the two previous studies were customer trust variables as intermediary variables, the research conducted by Guanawan and Kempa placed consumer satisfaction as an intervening variable with service quality as the independent variable and customer loyalty as the dependent variable.

The second research is research in the retail sector. This study proposes 8 hypotheses which after calculations using PLS – SEM obtained results as shown in the table below. Of the eight hypotheses presented, six were confirmed while the two were not. The regression coefficient between customer value and satisfaction is 0.083 indicating a positive effect, the t value for this path is 7.183 and $p = 0.000$ less than 0.05 at the 95% significance level which is statistically significant. Therefore, H1 is accepted. And so on as the data appears in the table.

This second study confirms the first study where in the first study, the customer trust variable can mediate the influence between customer satisfaction and customer loyalty

variables. However, the customer satisfaction variable can also have a direct effect on the customer loyalty variable without the intermediary of the customer trust variable. So that we can understand that consumer behavior in both the tourism and retail sectors has the same tendency.

The third research examines the factors that influence customer loyalty in the service sector. The variables examined in this study are the influence of Corporate Social Responsibility (CSR), customer satisfaction, and trust in customer loyalty. First, the regression analysis of the effect of CSR on customer loyalty in this study obtained the value of $R^2 = 0.194$. This figure shows that 19.4% of customer loyalty is influenced by CSR. CSR and customer loyalty show a positive relationship as evidenced by a beta value of 0.440. Second, the regression analysis of the effect of customer satisfaction on customer loyalty obtained a value of $R^2 = 0.528$. This figure shows 52.8% customer loyalty is influenced by customer satisfaction. Customer satisfaction with customer loyalty also shows a positive relationship as evidenced by a beta value of 0.726. Third, the regression analysis of customer trust and customer loyalty obtained a value of $R^2 = 0.653$. This figure shows 65.3% customer loyalty is influenced by customer trust. Customer trust and customer loyalty show a positive relationship as evidenced by a beta value of 0.037. This study shows that CSR initiatives have a significant effect on customer loyalty, customer satisfaction has a positive and significant effect on customer loyalty, and customer trust has a positive effect on customer loyalty. 3% customer loyalty is influenced by customer trust. Customer trust and customer loyalty show a positive relationship as evidenced by a beta value of 0.037. This study shows that CSR initiatives have a significant effect on customer loyalty, customer satisfaction has a positive and significant effect on customer loyalty, and customer trust has a positive effect on customer loyalty. 3% customer loyalty is influenced by customer trust. Customer trust and customer loyalty show a positive relationship as evidenced by a beta value of 0.037. This study shows that CSR initiatives have a significant effect on customer loyalty, customer satisfaction has a positive and significant effect on customer loyalty, and customer trust has a positive effect on customer loyalty.

This third study confirms the first and second studies, that consumer behavior in the service sector, customer satisfaction and customer trust greatly influence customer loyalty, apart from being influenced by other factors, namely the company's CSR.

The fourth study examines factors that have a more significant effect between price satisfaction and product quality on customer loyalty to green products. From statistical calculations, the results are as shown in the table.

From the above data it can be seen that relative prices and price conditions do not have a positive effect on customer satisfaction, while price beliefs, price fairness and product quality have a positive effect on customer satisfaction. It is also known that customer satisfaction positively and significantly mediates the effect of price fairness, price trust, and product quality on customer loyalty.

This fourth research emphasizes the position of the variable customer satisfaction on customer loyalty. Where in this study it was found that customer satisfaction became a moderator variable on the variable price beliefs, price fairness and product quality on customer loyalty variables, but not on relative price variables and price conditions. However, relative price variables and price conditions still have an effect on customer loyalty. This research also reinforces the results of revealed the effect of service quality, price, and customer satisfaction on customer loyalty.

Fifth research on the impact of experiential marketing on service quality and customer satisfaction from the perspective of cultural creativity. This study examines the relationship between experiential marketing, service quality, and customer satisfaction and consumer response from a cultural and creative perspective. The results from the table above it can be seen that the regression coefficient of standardized experiential marketing on customer satisfaction is 0.245 with a significance of $0.000 < 0.05$, thus it can be understood that both have a positive and significant effect. For the standardized regression coefficient of service quality on customer satisfaction of 0.72 with a significance of $0.000 < 0.05$ also shows a positive and significant effect.

The sixth study describes the effect of restaurant conditions on customer satisfaction in the tourism and hospitality industry. The independent variables in this study are interior design, tableware, layout, room temperature, and ambient light systems, while the dependent variable is customer satisfaction. To determine the effect of the dependent variable and independent variable, tested with the regression coefficient Regression analysis is a way to predict the pattern of the dependent variable from one independent variable (simple regression) or several independent variables (multiple regression).

From the results of the study it was found, first, the regression coefficient of interior design and customer satisfaction showed a significant effect, which was evidenced by a beta weight of 0.950 and an unstandardized coefficient value of 0.977 with a significance of 0.000, and model predictions were described through a moderation of the R square value of 0.807. The model represents a good match with approximately 80.7% difference in customer satisfaction depending on the interior design. Second, the regression coefficient of cutlery with customer satisfaction shows a beta weight of 0.645 ($\beta=0.520$) with a significance value of 0.004. These data indicate that there is a significant influence between cutlery and customer satisfaction. The R square value of 0.770 indicates that 77% of customer satisfaction is influenced by cutlery. Third, spatial regression coefficient with customer satisfaction shows that spatial layout in restaurants has a significant effect on customer satisfaction. This can be seen in the beta weight of 0.813 ($\beta=0.521$) with a significance value of 0.000. The R square value of 0.642 indicates that 66% of customer satisfaction is influenced by the layout of the restaurant. Fourth, the regression coefficient of room temperature and customer satisfaction shows a significant effect between room temperature and customer satisfaction. This can be seen from the beta weight value of 0.813 with a significance value of 0.000. Fifth, the regression coefficient of the ambient light system and customer satisfaction shows a significant effect between the lighting system and customer satisfaction. This can be seen from the beta value of

-914 with a significance value of 0.000. With an R square value of 0,

The fifth and sixth studies strengthen Masitoh, Ikhsan, and Sahrani's research in 2020 which discusses the effect of product quality and service quality as independent variables and customer satisfaction as the dependent variable

The seventh research shows the influence of employee ethics, trust, and service quality on customer satisfaction. The results of this study indicate that the proposed model has an explanatory power of 48.8% for customer satisfaction with $R^2 = 0.488$. This shows that the suggested conceptual model has acceptable explanatory relevance. In this study it was also found that H1 was rejected or it could be said that there was no influence between sales employee ethics on customer satisfaction ($\beta = -0.113$; $t\text{-value} = 1.595$; $p = 0.055$). SEM (Structural Equation Modeling) analysis also found that H2 is accepted or it can be said that there is a positive and significant influence between customer trust and customer satisfaction ($\beta = 0.242$; $t\text{-value} = 4.741$; $p = 0.000$).

The fifth, sixth, and seventh studies indicate that in the service sector, customer satisfaction is strongly influenced by many variables. The fifth study shows that customer satisfaction is strongly influenced by marketing experience and service quality. More specifically, the sixth study discusses customer satisfaction in businesses in the hospitality services sector. In this study, customer satisfaction is influenced by interior design, cutlery, layout, room temperature and ambient light. Meanwhile, the seventh research confirms previous studies that customer satisfaction is significantly influenced by customer trust and service quality.

4. Conclusion

In addition to knowing what variables influence customer loyalty, this study also aims to clarify existing studies, whether these studies contradict each other or vice versa, in fact, they support and reinforce previous studies. From the studies discussed above, it turns out that none of these studies contradict each other, on the contrary, these studies support each other and further strengthen the results of previous studies.

From the description above, we can conclude that to form customer loyalty, it is more influenced by customer satisfaction variables, both directly and through intermediary variables in the form of customer trust. In some cases, other variables directly affect customer loyalty.

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