



CONTRIBUTION OF CUSTOMER SATISFACTION AND TRUSTWORTHINESS IN FORMATION OF CUSTOMER LOYALTY

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Abstract

Numerous models created by the researchers have addressed the relationship between customer satisfaction and trust and the way it affects consumer loyalty. Loyal customers are beneficial for the brand as they spread positive description of the goods and services, and they also assist in lowering the price of bringing in new clients. So, it becomes necessary for the brands to expand loyal consumer base. In the long-run, if a brand wants to ensure customer retention, then a higher level of satisfaction is must for the brand. This research paper is based on secondary data. It illustrates that establishing trust and fostering satisfaction among consumers contribute to fostering customer loyalty. This research paper imbibes the conclusion drawn by various research papers that the development of consumer loyalty is significantly influenced by trust and satisfied customers.

Keywords: Customer Satisfaction, Customer Loyalty, Customer Trust.

1. Introduction

Engel & Blackwell (1982) extended definition states that Consumer preference for one or more brands within a product category shown over time through behaviour and attitudes is known as loyalty. Both customer loyalty and satisfaction are important for growth of the business over the years. Customer loyalty implies primarily establishing satisfied customers which in turn would lead to success of the company in the long-run. Not only satisfaction but a greater level of satisfaction is required to form customer loyalty (Bowen & Chen, 2001). Customer satisfaction remains an important factor with the businesses to sustain in the competitive market (Bansal, 2001). The strategy for building loyal customer base requires knowing about customers need before competitors, generating higher level of satisfaction, concentrating on the niche, creating value for the products and services and good



relationship with customers(Singh H. , 2006).The consumers repetitive purchasing behaviour of a brand is not guaranteed by Customer satisfaction as it just encourages customers to use the service repeatedly (Soriano, 2002).

The existence of the relationship with the customer continues till customers are provided better products than the competitors(McIlroy & Barnett, 2000). Loyal customers become guide and informational source to other customers. Customer loyalty and satisfaction have a positive correlation, indicating that when satisfaction increases, it also increases customer loyalty (Bowen & Chen, 2001). There is also an added benefit that a loyal customer will reduce the marketing expense to quite an extent as the marketer spends a lot more in acquisition of new customer than an existing one (Bowen & Chen, 2001).

Over the decades, experts have discovered that establishment of the long-term relationships with customers depends on their trust (Singh & Sirdeshmukh, 2000). According to one study, consumer satisfaction is improved by corporate image, customer trust, and quality of service; customer loyalty emerges. Customer trust or such user behaviour develops when the customer thinks that the services provided are reliable. Existing customers who are not attracted towards re-purchasing services need to be retained through retention programmes(Kumaran.V, 2016).

Consumer confidence in goods or services is often referred to as customer trust (Deutsch, 1958).The end result of customer trust is loyalty. Customer retention aims at maintaining long-term relationship with the customers. This long-term relationship can be maintained by developing trust in customers (D.Ribbink, Liljander, & Streukens, 2004). To enhance customer trust, products that are better than the competitors should be offered to customers(Kumaran.V, 2016).Customer trust has an impact on customer loyalty, but it has a longer-lasting effect on customers than their overall satisfaction (Setó-Pamies, 2012). So, both satisfaction and trust are indispensable for loyalty.

2. Objectives

- 1) To study the role of customer satisfaction in building customer loyalty.
- 2) To study the contribution customer trust in forming customer loyalty.

3. Literature Review

3.1 Customer Satisfaction

According to Kotler (2006), “Satisfaction in general is a feeling of pleasure or disappointment that result from comparing products or services perceived performance to



expectation". The customer experience determines the level of fulfilment a consumer is with a product or service which is a collaborative outcome of the perception and evaluation after the usage of the product (Yi, 1990). Customer satisfaction is derived when the customer gets more rewards than the amount they had spent on the products or services (Liu & Yen, 2010). Customer satisfaction levels are not affected by variations in costs, accounting principles and practices, or seasonal swings. To retain customers, customer satisfaction is the most significant factor. A satisfied consumer stays with an organization for an extended amount of time. It stops the customer to switch to competing brands (Kotler, 2006). V.A. Zeithaml & Bitner (2003) were of the opinion that customer satisfaction is finding whether the expectations and needs of the customers are met.

3.2 Customer Trust

As a key impact factor on customer loyalty, it has been found out that the identity, image and reputation have cascading influence to customer trust (Nha Nguyen, 2013). If a consumer has trust on a particular brand, they are able to justify their purchase decision (Adam Rudzewicz, 2021). Trust in a brand leads to long-term and a healthy relationship. In order to build brand trust effective communication is needed. Those customers who have brand trust they spend beyond their budget. Brand trust also expresses confidence in a particular brand (Azizan & Yusr, 2019). Customer trust is positively correlated with the behavioural components of trustworthiness, including as interpersonal interactions, consumer evaluations of frontline salespeople's competency, kindness, and problem-solving orientation (Sun & Lin, 2010).

3.3 Customer Loyalty

For maintaining long-term relationship with the customer, building customer loyalty holds paramount importance. Customer loyalty ensures sustenance and stability of the business. Developing a loyal customer base is mostly dependent on their satisfaction, since it keeps consumers from shifting to other brands, hence they would remain loyal with the brand (Isoraite, 2016). If the customers become loyal, they would spread optimistic information about the product or service. Price sensitivity is significantly lower among loyal customers. It enables a company to capture market share and revenue. It also leads to enhancing reputation and strong recommendation (Richa Agarwal, 2012). As stated in the book of Anton (1996), there are certain benefits of customer loyalty such as cross-purchases, increased purchase of the products, and price premium due to value addition of the products or services.

(a) Behavioural Perspective: In the behavioural approach to loyalty, the frequency and quantity customers purchase are major indicators of their loyalty. This view, however,



may underestimate the deeper emotions and causes for which customers continue to come back to buy, and that is the essence of long-term loyalty (Dick & Basu, 1994).

(b) Attitudinal Perspective: Buyer attitude towards a brand refers to the psychological attachment, which includes thoughts, feelings, and impressions of the brand. This perspective is very important in understanding loyalty because it gives reasons as to why a consumer stick to one company (Bennett & Rundle-Thiele, 2005).

4 Theoretical Framework

4.1 Association Between Loyalty and Satisfaction

Multiple studies confirm the favourable correlation between customer loyalty and satisfaction. According to the Service-Profit Chain concept, satisfied customers remain around. On the other hand, the Satisfaction-Loyalty Model demonstrates a rise in loyalty if the level of satisfaction increases (Heskett et al., 1994). However, the strength of this link might vary due to characteristics unique to the industry or competitive dynamics (Anderson & Sullivan, 1993).

4.2 The Role of Trustworthiness in Loyalty Formation

One of the most important parts is in creating trust that leads to loyalty, especially where situations involve uncertainty and risk for customers. Trust lowers the perceived risk of future transactions, making customers more likely to stay loyal (Reichheld & Schefer, 2000). Trust also strengthens the bond between customers and brands, which has been proven to lead to long-term loyalty. Multiple studies have concluded that brand trust strongly impacts both attitudinal and behavioural loyalty. Customers are much more likely to stay with a brand they trust even if competitors offer better prices or product (Chaudhuri & Holbrook, 2001).

4.3 Integration of Satisfaction and Trustworthiness

We see that whenever it comes to the building of loyalty, consumer satisfaction and trust are linked. According to the Relationship Marketing Interaction Model, trust amplifies the impact of satisfaction on loyalty (Palmatier et al., 2006). Trust, and trust alone will keep a customer loyal when their satisfaction with your wavers.

4.4 Link between trust, loyalty, and consumer satisfaction

According to the research, customer satisfaction has a major role in fostering consumer trust and loyalty. Both variables i.e. trust and loyalty are positively related with each other (Madjid, 2013). Customer interest and need must be taken care to build customer trust. Newly innovative products must be made available to customers so that they remain loyal with the

brand. With time customer satisfaction must be sustained and enhanced so that customer relationships can be strengthened. (Darmawan, 2019). Customer trust involves competence, honesty and relationship. Quality of service should be such that it understands customers' needs and responds to their grievances so, that in response it enhances customer satisfaction (Mandira, Suliyanto, & Nawarini, 2018). Customer Loyalty in itself signifies that the customer has trust in product and services. And trustworthy products and services are naturally satisfying to customers (Gul, 2014). Customer satisfaction is the first step toward developing trust, and loyalty and customer satisfaction only go hand in hand in a beneficial relationship (Leninkumar, 2017).

Figure: 1



Source: Leninkumar (2017)

5 Research Methodology

The research papers of various authors are reviewed and conclusion has been drawn on that basis. The secondary data has been referred from various sources such as shodhganga, google scholar etc. Customer Trust and satisfaction resulting into customer loyalty is emphasized through various research papers has been included in the paper.

6 Discussion

Customer loyalty is needed for sustainable growth and development of the brand. Customer loyalty can be formed for a brand not only through the loyalty programmes which are run to attract consumers for short-term but by improving customer satisfaction and consumer trust which is evident in various researches. Through various researches, it has also been made clear that both these elements can attract and retain customer for long-term. If the customer is satisfied then the customer would not easily switch by any attractive offer of the competitor. A customer expresses confidence in a particular brand in which they hold customer trust which further helps in developing customer loyalty.



1.7 Conclusion

As stated by many researchers in their papers that customer satisfaction and trust have its own significance in formation of customer loyalty. With other factors these are compulsory factors which need to exist, as due to its absence it is difficult to imagine the existence of customer loyalty. By evaluating publications and examining the role that consumer trust and loyalty play in fostering customer loyalty, this paper is accomplishing its goal. Product loyalty must be developed based on the consumer's view of the product's reliability, their usage experience and assessment of its satisfaction, and their propensity to continue being reliable (Alhabeeb, 2007). This suggests that creating a loyal consumer base involves both satisfaction and trust.

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