Factors Affecting Customer Loyalty and Impact on Organizational Growth

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ABSTRACT

Factors affecting customer loyalty have immense weightage in order to identify the reasons or the factors which are accountable to create loyalty among customers for a fastidious brand. The purpose of the study is to classify the role of customer loyalty in terms of sustaining continuous organizational growth in highly competitive Pakistani market and factor affecting customer loyalty and their impact on organization growth. The most recent and relevant studies contained by the literature have been included and summated in this paper. All results are based on the overview of previous studies.The review of previous studies and some research work about the factor affecting customer loyalty and their impact on organization growth and development. In these researches different service providers were embattled as the population whereas customer services and Price Fairness were taken as predicting variables towards criterion variable which is customer's loyalty. The outcomes conclude that both the factors considerably contributed to explain customer's satisfaction and loyalty but relatively price fairness had the bigger impact on customer loyalty than customer's services and organizational growth. Results and implications of the study are also discussed based on the analysis and findings.

Introduction

The fruition of marketing begin with the easy barter system in the prehistoric history, where people formed extra goods and after so as to barter for those things that they required (brassington & pettitt,2006).however organization in the struggle search for how best to work out moved to the marketing era where company replaced manufacture orientation with marketing direction (jobber, 2004 p. 5).Comparatively trying to get customers what the firm is producing, organization strive to generate according to the requirement of customers (kotler,keller, goodman & hanson2009 p 25). It is realized that long-run competition extra like when originations focus their actions on summit customer needs, rather than trying to sell the whole things that they could manufacture (kotler & armstrong, 2006; brassington & pettitt, 2006).In recent times a new marketplace has introduced, bring with it a mass of call out never before meet hostile (daffy, 2001 p.1). "All businesses are being affected to some degree by the root and branch upheaval that is occurring in the eider marketing environment'' baker, 2003 p.9).organization at the present plan all their effort not only at preclude and gratifying its customer on a earnings (perreault,Mc Carty & stewart 2000 p.9); but burden it more effectiveness and successfully than the opposition in regulate to reach locate goals (kotler & Armstrong, 2006 p. 10). With an enlarged appreciative of the importance of purchaser loyalty, firms are taking a extra customer oriented approach to policy formulation (jain & singh, 2002).

Loyalty

Loyalty is defined as the blend of returning benefaction and heartening approach. Though, deeds revealed through permanent purchases are in fact defined as loyalty (Molina et al., 2008; Manana, 2009). "Strongly held dedication to further repurchase a chosen or favored product or service regardless of situational control and marketing strategies that have possibility to cause consumer switching activities, is defined as loyalty" (Kotler and Keller, 2007; Manana, 2009). Brunner et al., (2010) described, Repurchase likelihood, probability of long term choice, or switching manners are the measures of behavioral loyalty. Where as in attitudinal aspect, brand inclination or emotional commitment that is evaluated through repurchase intention, not considering other better choices, price acceptance and plan to communicate product or service to others is loyalty (Szczepańska & Gawron, 2011). There are various theories on customer's loyalty. Theory of behavioral loyalty until 1970 were dominating taking into consideration loyalty as the function of the total purchases (Cunningham, 1956; Farley, 1964), function of buying rate or buying model (Tucker, 1964; Sheth, 1968) or function of buying prospect (Harary et al.,1962; McConnell, 1968; Wernerfelt, 1991).All these theories seems to be looked at brand loyalty in provisos of outcomes replicate purchasing behavior rather than reasons, until the Day (2003) introduced the dual dimensional theory of trademark recognition or brand loyalty, which declared that loyalty must be evaluated with both criteria behavioral and attitudinal criteria. Modern theories believe and intonation the psychological "(mostly attitudinal and arousing)" factor of loyalty (Jacoby et al., 1973; Oliver, 1999; Chaudhuri, 1995; Djupe, 2000; Reichheld, 2003). Many other approaches are also there which can compare loyalty with marriage (Hofmeyr et al., 2000; Lewitt, 1983; Dwyer et al., 1987). These diverse approaches allow distinctive customers to become either behaviorally or emotionally loyal. The customers who are behaviorally loyal act as they have no emotional bond with the brand or the dealer while the customers who are emotionally loyal do this. Jones and Sasser named these two kinds of loyalty as a result false or true lasting loyalty (Jones and Sasser, 1995). (Hofmeyr and Rice, 2000) divided customers to loyal (behavioral) or devoted (emotional). Emotional loyalty is

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to a great extent stronger and long lasting than behavioral loyalty. It is a continuing want to keep a respected relationship. The relationship is therefore important for the customers that he or she makes utmost efforts to continue it (Morgan et al., 1995; Reichheld 2003; Moorman et al., 1992). Extremely bonded customers will buy constantly from a supplier with which they are bonded and loyal, suggest those suppliers to others always, and powerfully shield these choices to others insisting that they must have chosen the "best" products or services (Butz et al., 1996). Behaviorally loyal customers are divided into different segments due to acting.

1. Required to be loyal
2. Loyal owed to inaction or
3. Functionally loyal

Customers are enforced to become loyal when they have to be customers yet if they do not wish to. Customers may be enforced to use certain products or services presented by certain seller e.g. when the company acts as a domination or the poor financial position of the customer restraining his range of goods. (Grönholdt, Martensen and Kristensen) have established that companies with low price policy had a much higher loyalty than anticipated from their customer satisfaction. Beside this, the companies those have used a lot of power on branding really had a elevated customer's satisfaction but they did not have a also huge loyalty (Grönholdt et al., 2000). Forced loyalty could be recognized trough creating exit barriers too. Loyal performance can also effect from inaction. Inaction means customer does not shift to a new seller due to console or comparatively low significance. If the option has low weightage, there is no spot to expend time and attempt on searching for alternatives. Therefore, based on his trust in the appropriateness of the current product, the customer continues to use it devoid of seeking alternatives. It is in agreement to Oliver's approach of cognitive loyalty: the loyalty that is based on brand principle only.

"Cognition can be based on prior or vicarious knowledge or on recent experience-based information. If the transaction is routine, so that satisfaction is not processed (e.g. trash pickup, utility provision), the depth of loyalty is no deeper than mere performance (Oliver, 1999). Hofmeyr and Rice (2000) say that one of the basic reasons is that client's do not change brands is that when they are unsatisfied. There thinking is like that alternative is just as terrible as the brand they are using or yet not as good as they want. Inertia may be caused by need of information concerning gorgeous individuality of other brands (Wernerfelt, 1991). Functionally loyal clients are loyal because they always have a purposeful reason to be. Wernerfelt (1991) points out "cost-based brand loyalty" where brand utilities have a optimistic power on brand choice. Practical loyalty can be formed by functional standards using price, superiority, delivery, usage ease of a product or through special loyalty programs (points, coupons, games, draws etc.) giving a solid reason to favor certain product. Unluckily competitors without any difficulty can copy functional values. Thus, creating practical value offers a transitory viable advantage: it may not be very long lasting (Barnes, 2003). Customer satisfaction has been gaining increasing attention from the researchers and practitioners as a recognized field of scholarly study and is a fundamental tool used by financial institutions for enhancing customer loyalty and ultimately organizational performance and profitability. The importance of customer satisfaction cannot be dismissed because happy customers are like free advertising. Most of us have heard of the existing drift of businesses to develop into highly customer-centric that is to place the customers at the centre of our business in provisions of our

strategies, proceedings and processes. In support of most of us, old truths still grip good, such as it is easier and more gainful to put up for sale to on hand customers than to discover new ones. In practice, organizations are gradually increasing more setting themselves strategies to determine and make sure customer preservation, and charging their employees to be additional customer-focused and service-oriented.

Theoretical Framework and Research Model
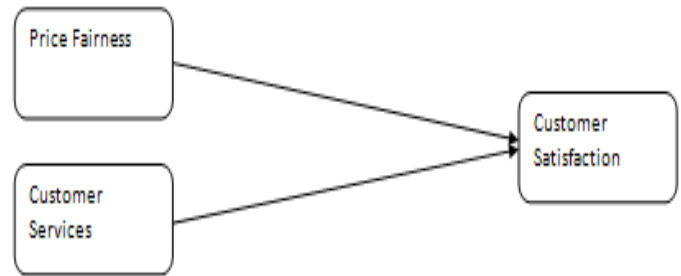
Methodology and Discussion

The reason of the review of all studies related to the article was two folded, firstly to find out the factors that affect customer loyalty towards organization growth and performance. Secondly to discover the relationship between customer loyalty and organizational growth through these factors. Regarding the determinants of customer loyalty three factors can be considered significant that mostly affect the customer purchase behaviors for the organization growth, image or in other words reputation of the organization and the most important is the convenience. Organization environment includes the overall environment of the organization, place of work, no of employees to assist and their helpfulness, Study indicates that an organization fulfilling these preferences can generate customer loyalty that will increase the organization customers.

Almost all these studies are conducted in telecommunication industries. Beside this industry this type of studies must be conducted in other organization such as tobacco companies etc. Then we can give final conclusion that which type of factors effect customer loyalty and how they effect on organizational growth.

Customer loyalty is very vital because that would generate sagacity of belongingness, exciting binding and brand loyalty among clients. Satisfaction was operationalized as "if needs or demands of customers are fulfilled through particular product or service" or if customers feel that he gets the preferred profit from the goods or services for which they have remunerated to a fastidious firm. The main objective of this review was to verify that how factors of customer services and price fairness insert values towards creating satisfied customers. Result shows that all the factors selected influence the customer satisfaction to large extent. Customer's service is the most powerful refreshment of brand loyalty.

The outcomes of the review focusing at customers of telecommunication companies illustrate that if a brand is satisfying its customers and fulfilling all promises, it would improve customer satisfaction and generate a feeling in customers that they have selected one of the best of the best brand. This paper is full of explanations in all the dimensions that would be accounted for customer's loyalty like coverage superiority, over all skill and completion of communication wants. Study has revealed that customer's loyalty is created when the basic needs of customers are met by the brand.

In this research article, customer's loyalty has been taken into consideration which is a very vital element for the

achievement of any business. Our research can virtually be used by telecommunication industries to create customer satisfaction.

Recommendations

1. We propose that by making customers satisfied, by creating good relationship with customers through competent customer services would lead toward brand loyalty and merely by keeping the price fairness of services well-matched a firm can set up long term gainful relationship with customers.

2. Our result can be practically implemented on service organizations and separately from that those business which give unpaid significance to relational marketing. We propose managers of such firms to have faith in "best customer services and price fairness" for victory and enlargement of business or in making customers happy.

3. Our structure proposes the inner importance of customer satisfaction in telecommunication industry.

We can implement and check this theory on other organizations rather than telecommunication industry. I suggest to further researchers to work on this in other industries

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