

**BUSINESS PROFITABILITY THROUGH CUSTOMER
LOYALTY AND SATISFACTION IN INDIA WITH
SPECIAL REFERENCE TO DEHRADUN
(UTTARAKHAND)**

Vikas Agarwal*

Ajay Chaurasia**

Prateek Negi**

Abstract

This research paper's is to illustrate the relationship between the customer loyalty derived through the satisfaction and enlargement of profitability of firm. The loyalty can be increased through the various services and strategies adopted by the firm for proper satisfaction of their customers. Many authors are proposed to loyal customer as competitive assets to be preserved and one of the ways to enhance this cooperation is through an intimate relationship between companies and buyers. In today's competitive business marketplace, customer satisfaction is an important performance exponent and basic differentiator of business strategies. However, a satisfied customer may be or may not be loyal but an unsatisfied customer potentially seeks other options and may migrate easily. Hence it is important for the supplier to identify dissatisfaction factors and develop corrective measures to cope up with. A satisfied customer mostly tends to be a loyal customer hence customer satisfaction is an important factor that increases customer loyalty and further profitability of firm.

* Nimbus Academy of Management, Dehradun.

** Doon PG College of Agriculture Science & Technology, Selaqui, Camp Road, Dehradun (Uttarakhand), India.

Introduction

This paper's purpose is to illustrate the relationship of profitability to loyalty through customer satisfaction; in many cases customer satisfaction and loyalty are not simply based on how well your product performs. Customers tend to have a more holistic view of their experience and what satisfies them. As part of our customer satisfaction research, Info Trends can work with you to identify the key components driving customer loyalty, including:

- Identifying what the customer values
- Examining critical touch points with the customer
- Understanding the impact of your channel on customer satisfaction
- Examining the impact of billing and administrative issues on satisfaction
- Identifying specific sources and causes for low customer satisfaction
- Quantifying the business impact from improving customer satisfaction
- Benchmarking your customer satisfaction vs. competitors
- Assessing the differences in customer satisfaction by market segment
- Examining the relationship between business processes and customer satisfaction

Ways of winning customer loyalty & satisfaction in durable goods

- 1) **Offer customer convenient hours:-** convenience is the test that counts today because time is equally important to customer as its price.
- 2) **Communicate regularly:-** staying in touch with customer lets the know what we are thinking about them, not taking them for granted send helpful information, not just advertising material.
- 3) **Listen to the customer:** - some businesses take these idea much to literally. Listening to the customer means gaining helpful information for base to improve service, but it means much more. It means meeting to the goals through by listening and knowing what are the requirements at present time demanded by the customer.
- 4) **Offer guarantee:** - every business can offer a desirable guarantee that can make sense to its customer.

- 5) **Respond promptly**:- it seem so simple, get most of us respond calls and request according to our personal priorities as a result, many item fall to the bottom of the pile.
- 6) **Introduce something new** : - it may be simple as changing the decor or the way store is arranged, or it could be given the company new look and layout.

Relevant literature

The primary motive behind a loyalty & satisfaction program is rewarding customers for their repeat purchase behavior, encouraging, maintaining and subsequently enhancing the level of loyalty & satisfaction by providing the customers with targets at which various benefits can be earned by them. By implementing effective reward programs, marketers retain their old customers i.e. earn their loyalty & satisfaction.

It is predominantly a general management discussion, consistent with the Nordic School's view that services are highly interdisciplinary, requiring a "service management" approach (see Grönroos, 1984, 1991). Its findings support the theory that customer satisfaction is related to customer loyalty, which in turn is related to profitability (Heskett *et al.*, 1994, and discussed in Storbacka *et al.*, 1994). While this theory has been advocated for service firms as a class, this paper presents an empirical analysis of one retail bank, limiting the findings' generalizability. The service profit chain

(Heskett *et al.*, 1994) hypothesizes that:

This research intentionally focuses at a relatively high level of abstraction in an effort to contribute to the growing body of theoretical and empirical knowledge on the relationships among customer satisfaction, customer loyalty, and profitability (see Heskett *et al.*, 1994; Nelson *et al.*, 1992; Rust and Zahorik, 1991; Storbacka *et al.*, 1994, among others). Such research is called for in a paper authored by Storbacka *et al.* (1994) published in this journal.

Customer Loyalty as defined by Khan and Khan (2006) reads "... exists when a person regularly patronizes a particular (store or non store) that he or she knows, likes and trusts". Zeithaml *et al.* (1996) opine that a loyal customer will result in repeat purchase; increase in purchase value and volume over time and in spreading positive word of mouth (wom) which in turn will bring newer customers to the business.

The literature pertaining to relationships among customer satisfaction, customer loyalty, and profitability can be divided into two groups. The marketing literature suggests that customer loyalty can be defined in two distinct ways (Jacoby and Kyner, 1973). The first defines loyalty as an attitude. Different feelings create an individual's overall attachment to a product, service, or organization (see Fornier, 1994). These feelings define the individual's (purely cognitive) degree of loyalty. The second definition of loyalty is behavioral. Examples of loyalty behaviour include continuing to purchase services from the same supplier, increasing the scale and or scope of a relationship, or the act of recommendation (Yi, 1990). The behavioral view of loyalty is similar to loyalty as defined in the service management literature. This study examines behavioral, rather than attitudinal, loyalty (such as intent to repurchase). This approach is intended, first, to include behavioral loyalty in the conceptualization of customer loyalty that has been linked to customer satisfaction and second, to make the demonstrated satisfaction/loyalty relationship immediately accessible to managers interested in customer behaviors linked to firm performance. Both the service management and the marketing literatures suggest that there is a strong theoretical underpinning for an empirical exploration of the linkages among customer satisfaction, customer loyalty, and profitability. The relatively small quantity of empirical research performed on these relationships to date (Storbacka *et al.*, 1994) is probably the result of the paucity of organizations' measuring "soft" issues, such as customer satisfaction and customer loyalty, in meaningful ways.

Rational behind the study

Customer satisfaction and loyalty are critical elements of long-term business growth and profitability. For mature segments of the imaging and document technology industries, customer satisfaction is particularly important because of limited new growth prospects. Nevertheless, higher customer satisfaction and loyalty can have a much broader impact on your business by enabling you to:

- Achieve lower costs of selling
- Increase repeat purchases from existing customers
- Improve brand equity or price premium

- Increase retention rates for supplies sales
- Enable faster roll out and ramp up of new products and services
- Leverage satisfaction rates in marketing messages to attract new customers
- Create a pool of referrals for capturing new accounts
- Improve employee productivity, satisfaction, and retention

Research methodology

This study illustrate that customer satisfaction, customer loyalty, and profitability are related to one another. Thus:

Customer satisfaction -- customer loyalty -- profitability.

To this end, this research examined two hypotheses:

H_0 : Customer satisfaction is related to customer loyalty and profitability.

H_1 : Customer satisfaction is not related to customer loyalty and profitability

Number of respondents are 150

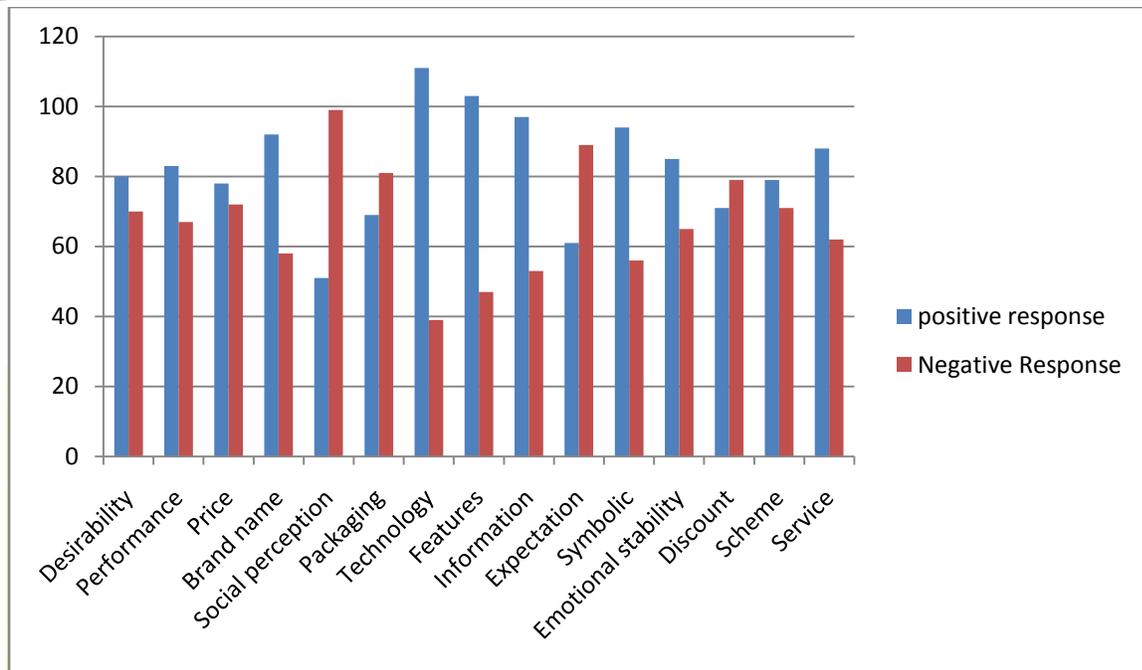
Point of scale	X	Y	D	D ²	Mean deviation	SE of D	t	Tabulated value
Desirability	80	70	10	100				At 5% level of
Performance	83	67	16	256				
Price	78	72	6	36				
Brand name	92	58	34	1156				
Social perception	51	99	-48	2304				
Packaging	69	81	-12	144				
Technology	111	39	72	5184				

Features	103	47	56	3136	13970.93	8.155	1.929	significance the value of $t = 2.145$
Information	97	53	44	1936				
Expectation	61	89	-28	784				
Symbolic	94	56	38	1444				
Emotional stability	85	65	20	400				
Discount	71	79	-8	64				
Scheme	79	71	8	64				
Service	88	62	26	676				
N=15			$\sum D = 236$	$\sum D^2 = 17684$				

X = positive response

Y = negative response

D = x-y



X axis showing points of scale

Y axis showing customer response

Analysis & Findings

At the 5% level of significance the calculated value of t is less than the tabulated value of t, hence the null hypothesis (H_0) will be accepted, it means customer loyalty is directly related to customer satisfaction and it definitely improve the profitability of any firm. Majority of the respondents considered 'Brand image', 'Sound quality' 'Durability', 'Price', 'Size availability', 'After sale services', 'Attractiveness' as major factors influencing consumers purchase decision . High level of Satisfaction regarding various aspects of marketing was seen for majority of respondents. Keeping customers satisfied should be the primary goal of any organization. Satisfied customers bring repeat business and generate referrals.

Conclusion

Customer satisfaction is a continuous process, this not begin or end with a purchase. It covers the entire ownership experience from selecting a product, to purchase, to use, to repeat purchase. That's why company must have satisfied customers, but it doesn't mean that every satisfied customer is going to be someone who is really excited about the company's product or offering, to the point that they are telling lots of other people to buy the product. Customer's enthusiasm is the point where they become loyal customer. Originally, customer satisfaction was supposed to be the virtuous path to winning customer loyalty and retaining customer.

A loyal customer is a precious commodity. No longer can customers be regarded as an endless stream of convenient cash machines that buy the products offered to them without complaining about poor service, failed promises, arrogant or inattentive sales people, or company policies that place more emphasis on profit than on service and performance. Once the initial purchase decision is made, a fatal mistake often follows: Sales and service personnel and even senior management often end up dealing with day to day users in the customer organization, not the decision maker. So the each end every firm is looking to improve satisfaction among their customer.

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