Investigating the Impact of Customer Satisfaction on Loyalty and Its Relationship with Market Share

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ABSTRACT: This study tries to investigate the opinions of potential buyers of commercial automobiles and in accordance with their opinions, scientifically find the impact of customer satisfaction on loyalty and its relationship with the market share. The objective of this study is to investigate the impact of customer satisfaction on customer loyalty, the impact of customer loyalty on the automobile market share and the impact of customer satisfaction on the automobile market share. This research is an applied research which has used the descriptive-survey method. The population in the study was the potential customers in Tehran and the number of samples was 150. After specifying the sample, individuals received the questionnaire and their opinions were analyzed using statistical concepts. To ensure the validity of the questionnaire, I referred to supervisors and other experts in this field and after applying the feedbacks, the initial questionnaire was modified and then approved. The reliability of the questionnaire was calculated using SPSS equal to 0.908 which shows the reliability of the survey tools. Finally, after data analysis using Amos program, all three main hypotheses including the impacts of satisfaction on loyalty, loyalty on market share, and satisfaction on market share were approved. Among 22 secondary hypotheses, 3 ones were not confirmed and it was found that handling customer complaints on reliability, handling customer complaints on creating the trust, and the quality of performance on automobile market share have no impacts.

Keywords: Customer satisfaction, customer loyalty, market share, customer expectations, handling customer complaints.

INTRODUCTION

Theoretical and Experimental Foundations:

Today, the survival of any organization, especially big auto companies and corporations, is subject to the satisfaction and loyalty of their customers. If the customer satisfaction increases, the frequency of purchase and the positive recommendation to others to buy from them will also increase. Customer satisfaction is a key factor in generating the willing in the customer for future purchases. In addition, satisfied customers will more likely talk with others about their good experience, and this can lead to increased sales for manufacturers. In this regard, a way through which each organization can distinguish itself from others is consistently offering products in a higher quality compared to the competitors; because this trend will gradually lead to customer satisfaction and consequently is followed by customer loyalty. This well indicates that customers of any organization and business are the vital assets for the organization and the survival of the organization depends on the customers’ satisfaction and loyalty. In recent years, the need to convert the exchange attitude to relationship attitude in customer relationship management has been highly regarded. Managers are interested in short-term investments on customers and gaining profits in the long run, and they think over one-year profits and look for a long-term relationship with the customer.
Due to the importance of customer satisfaction in preserving and promoting the company's products and services and the impact that it has on the survival of the organizations, this study will attempt to discuss the most important issues on this matter.

Therefore, in this study, the most significant elements and indicators for increasing the customer satisfaction will be considered and accordingly the relationship between customer satisfaction and loyalty will be measured with a focus on commercial vehicle manufacturer samples. It will also help us to understand what is the impact of customer satisfaction and loyalty on the market share of the company?

**Market:**
Market is an open social system that aims at useful and satisfactory transactions and providing services and facilities to those who are involved in this system (Rousta et al., 1997); therefore, market is created based on the consumer needs; i.e. demand and supply.

**Marketing:**
The attitude that today is considered by experts toward the marketing concept and the related topics is seriously different from the past attitudes. Marketing is defined in dictionary as: "providing goods or services to meet the needs of consumers” (Rousta et al., 1997). In other words, marketing involves understanding the customer needs and matching the products to meet those needs and is profitable for the company. Successful marketing requires having the right product at the right time and the right place and creating confidence that the customer is aware of the product, and this leads to the future orders (Westwood, 2010).

**Customer Satisfaction:**
Customer satisfaction is a positive feeling that is created because the demands and expectations of the customers are met; or in other word, customer satisfaction is the desirability that the customer feels due to the product quality (Khaki, 2001).

Basically, one of the criteria to measure customer satisfaction is after sales services. It should be noted that customer satisfaction is necessary but not sufficient and after this step we should convert a satisfied customer to a permanent customer.

Permanency of a customer or consumer occurs when the customer or consumer is closely related to the company and vendor organizations and is a special case of the relationship between the customer and the employees of the company and organization.

**Customer Loyalty:**
In today's world, marketing has properties different from the past. The most important features of the today marketing are the skill and power of the customer and the reduced impact of advertising. Today, customers have unlimited demands (Haj-Karimi, 2005). On the other hand, from a customer perspective, the market products are not very different, and as the product with the intended brand name is not available for the customer, he easily replaces it with another brand. This represents the decreased loyalty of the customers. The price competition does not have the past concept and a market-oriented and customer-focused organization, instead of competing on price, thinks about retaining the customer and improving his loyalty as a new tool in marketing.

**Research Method:**
In terms of the objective, this study is an applied research. Applied researches are those researches that utilize the theories and principles developed in basic researches to solve practical problems (Homan, 2006). In terms of the method, this study is a descriptive-survey research. In descriptive studies, researchers seek to answer how the topic is. In other words, this study investigates the current situation and tries to provide a structured and systematic description for it. It also studies the characteristics of the current situation and the relationship between the variables if necessary. On the other hand, based on the definition of survey studies, survey studies are systematic and standardized researches used to collected data related to individuals, families or greater communities. Since this study is based on the opinions of people in large communities and uses a questionnaire, this study is considered as a survey research (Sakaran, 2006).

In this study, library resources, such as books, articles, publications and dissertations were used to collect the needed data. To complete the required information in order to define hypotheses and design the questionnaire, I consulted with supervisors and experts and used their opinions. Finally, the questionnaire was prepared and using the comments, it was modified.
The scale used to evaluate the effect of independent variables on dependent variables was the interval scale (Likert scale). In this study, to express their opinions, respondents used answers on a range from very high to very low which was defined in a five-option format. For statistical analysis, a number was assigned to each option in each question. Considering the importance of positive responses to the researcher, 1 was assigned to the option very low, 2 to low, 3 to medium, 4 to high and 5 to very high.

In this study, to increase the validity of the questionnaire, we tried to take advantages of the standard questionnaires used by other researchers. To determine the face validity in order to ensure the validity of the data collection tool (questionnaire), I used the advice and guidelines provided by supervisors and some experts to modify the questionnaire. Finally, the questionnaire was approved.

Cronbach's alpha was used to calculate the reliability of the method based on the following formula:

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum S_k^2}{S_t^2}\right)$$

where K represents the number of tests, $S_k^2$ is the variance of the answers of all subjects to K questions, $S_t^2$ is the variance of the sum of scores for each subject in all questions (Momeni and Faal Q., 2011). To calculate the questionnaire, 30 questionnaires were distributed among 30 samples in the population. After receiving the questionnaires, Cronbach's alpha was calculated using SPSS program and the number 0.908 was obtained, which indicates the reliability of the survey tool.

In terms of the location, the population was resellers in Tehran, and in terms of people, it was the customers of commercial vehicles including Renault, Volvo, Iveco, Scania and Benz in Tehran. The number of resellers active in Tehran is 24 and the sample size in this study, at a 95% confidence level and 8% error, is 150.

This study attempts to answer the question "what factors affect customer satisfaction and loyalty and what is the relationship between customer satisfaction and loyalty on the market share of companies producing commercial vehicles?"

In order to answer this question, 9 components were developed in the conceptual model and for each one, some questions were designed. Finally, a questionnaire was designed with 31 questions and was distributed among members of the population. After completing the questionnaires, the results were analyzed using AMOS and final results were obtained.

Conceptual Model:
Research hypotheses:
Based on the conceptual model, the research has 3 main hypotheses and 22 secondary hypotheses.

Main hypotheses:
- Customer satisfaction has an impact on customer loyalty.
- Customer loyalty has an impact on the automobile market share.
- Customer satisfaction has an impact on the automobile market share.

Secondary hypotheses:
- Customer expectations have an impact on creating confidence.
- Customer expectations have an impact on accountability.
- Customer expectations have an impact on ensuring expectations.
- Customer expectations have an impact on automobile market share.
- Customer expectations have an impact on reliability.
- Customer expectations have an impact on customers loyalty.
- Creating confidence has an impact on automobile market share.
- Accountability has an impact on automobile market share.
- Ensuring expectations has an impact on automobile market share.
- Handling customer complaints has an impact on creating confidence.
- Handling customer complaints has an impact on accountability.
- Handling customer complaints has an impact on ensuring expectations.
- Handling customer complaints has an impact on automobile market share.
- Handling customer complaints has an impact on reliability.
- Handling customer complaints has an impact on customer loyalty.
- Reliability has an impact on the automotive market share.
- Quality of performance has an impact on creating confidence.
- Quality of performance has an impact on accountability.
- Quality of performance has an impact on ensuring expectations.
- Quality of performance has an impact on the automotive market share.
- Quality of performance has an impact on reliability.
- Quality of performance has an impact on customer loyalty.

Testing Hypotheses:
The final model and research hypotheses were analyzed using Amos, and regression estimates are summarized in the following table.
RESULTS AND DISCUSSION

Results:

Main hypotheses:

1: based on the output of the program, the impact of customer satisfaction on customer loyalty has a significance level equal to 0.000 which is less than 0.05; therefore this hypothesis is approved. In other words, customer
satisfaction has an impact on customer loyalty. The value of this impact is calculated 0.32. The results obtained for this hypothesis is consistent with the results by Sambandam (1992).

2: based on the output of the program, the impact of customer loyalty on automobile market share has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, customer loyalty has an impact on automobile market share. The value of this impact is calculated 0.98. The results obtained for this hypothesis is consistent with the results by Sadeghi (2007).

3: based on the output of the program, the impact of customer satisfaction on automobile market share has a significance level equal to 0.07 which is more than 0.05; therefore, it can be concluded that the direct effect of customer satisfaction on market share is rejected, but customer satisfaction has an indirect effect on market share through the loyalty and the value of this indirect impact is obtained by multiplying the two impacts of satisfaction on loyalty and loyalty on market share which is equal to 0.98 × 0.32 = 0.31. Thus, the total impact of customer satisfaction on market share is equal to 0.31. The results obtained for this hypothesis is consistent with the results by Azizi (2006).

Secondary hypotheses:

1: based on the output of the program, the impact of customer expectation on customer loyalty has a significance level equal to 0.002 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, customer expectation has an impact on customer loyalty. The value of this impact is calculated 0.37. The results obtained for this hypothesis is consistent with the results by Sh. Sharifi (2011).

2: based on the output of the program, the impact of handling customer complaints on customer loyalty has a significance level equal to 0.002 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, handling customer complaints has an impact on customer loyalty. The value of this impact is calculated 0.25. The results obtained for this hypothesis is consistent with the results by Cronin and Taylor (1992).

3: based on the output of the program, the impact of quality of performance on customer loyalty has a significance level equal to 0.004 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, quality of performance has an impact on customer loyalty. The value of this impact is calculated 0.30. The results obtained for this hypothesis is consistent with the results by Sambandam (1992).

4: based on the output of the program, the impact of creating confidence on market share has a significance level equal to 0.003 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, creating confidence has an impact on market share. The value of this impact is calculated 0.32. The results obtained for this hypothesis is consistent with the results by Sadeghi (2007).

5: based on the output of the program, the impact of accountability on market share has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, accountability has an impact on market share. The value of this impact is calculated 0.64. The results obtained for this hypothesis is consistent with the results by Sadeghi (2007).

6: based on the output of the program, the impact of reliability on market share has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, creating confidence has an impact on reliability. The value of this impact is calculated 0.71. The results obtained for this hypothesis is consistent with the results by Rabizade (2007).

7: based on the output of the program, the impact of ensuring expectation on market share has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, ensuring expectation has an impact on market share. The value of this impact is calculated 0.92. The results obtained for this hypothesis is consistent with the results by Rabizade (2007).

8: based on the output of the program, the impact of customer expectation on market share has a significance level equal to 0.003 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved.
other words, customer expectation has an impact on market share. The value of this impact is calculated 0.32. The results obtained for this hypothesis is consistent with the results by Rabizade (2007).

9: based on the output of the program, the impact of handling customer complains on market share has a significance level equal to 0.01 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, handling customer complains has an impact on market share. The value of this impact is calculated 0.26. The results obtained for this hypothesis is consistent with the results by Rabizade (2007).

10: based on the output of the program, the impact of quality of performance on market share has a significance level equal to 0.7 which is more than 0.05; therefore, the null hypothesis is approved and this hypothesis is rejected. In other words, quality of performance has no impact on market share. The results obtained for this hypothesis is not consistent with the results by Rabizade and Sadeghi (2007).

11: based on the output of the program, the impact of customer expectation on creating confidence has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, customer expectation has an impact on creating confidence. The value of this impact is calculated 0.35. The results obtained for this hypothesis is consistent with the results by Sh. Sharifi (2011).

12: based on the output of the program, the impact of customer expectation on accountability has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, customer expectation has an impact on accountability. The value of this impact is calculated 0.41. The results obtained for this hypothesis is consistent with the results by Biong (1992).

13: based on the output of the program, the impact of customer expectation on reliability has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, customer expectation has an impact on reliability. The value of this impact is calculated 0.43. The results obtained for this hypothesis is consistent with the results by Sadeghi (2007).

14: based on the output of the program, the impact of customer expectation on ensuring expectations has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, customer expectation has an impact on ensuring expectations. The value of this impact is calculated 0.33. The results obtained for this hypothesis is consistent with the results by Rabizade (2007).

15: based on the output of the program, the impact of handling customer complains on creating confidence has a significance level equal to 0.07 which is more than 0.05; therefore, the null hypothesis is approved and this hypothesis is rejected. In other words, handling customer complains has no impact on creating confidence. The results obtained for this hypothesis is consistent with the results by Biong (1992).

16: based on the output of the program, the impact of handling customer complains on accountability has a significance level equal to 0.04 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, handling customer complains has an impact on accountability. The value of this impact is calculated 0.20. The results obtained for this hypothesis is consistent with the results by Biong (1992).

17: based on the output of the program in Table 4-19, the impact of handling customer complains on reliability has a significance level equal to 0.03 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, handling customer complains has an impact on reliability. The value of this impact is calculated 0.21. The results obtained for this hypothesis is consistent with the results by Wind (1970).

18: based on the output of the program, the impact of handling customer complains on ensuring expectation has a significance level equal to 0.27 which is more than 0.05; therefore, the null hypothesis is approved and this hypothesis is rejected. In other words, handling customer complains has statically no impact on ensuring expectations. The results obtained for this hypothesis is consistent with the results by Rabizade (2007).
19: based on the output of the program, the impact of quality of performance on creating confidence has a significance level equal to 0.04 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, quality of performance has an impact on creating confidence. The value of this impact is calculated 0.24. The results obtained for this hypothesis is consistent with the results by Biong (1992).

20: based on the output of the program, the impact of quality of performance on accountability has a significance level equal to 0.93 which is more than 0.05; therefore, the null hypothesis is approved and this hypothesis is rejected. In other words, customer expectation has no impact on accountability. The results obtained for this hypothesis is not consistent with the results by Robert (1989).

21: based on the output of the program, the impact of quality of performance on trust has a significance level equal to 0.28 which is more than 0.05; therefore, the null hypothesis is approved and this hypothesis is rejected. In other words, quality of performance has no impact on trust. The results obtained for this hypothesis is consistent with the results by Barbera and Mazuki (1982).

22: based on the output of the program, the impact of quality of performance on ensuring expectations has a significance level equal to 0.000 which is less than 0.05; therefore, the null hypothesis is rejected and this hypothesis is approved. In other words, quality of performance has an impact on ensuring expectations. The value of this impact is calculated 0.53. The results obtained for this hypothesis is consistent with the results by Newman and Werbel (1972).

Recommendations based on the results:
- Recognizing and meeting customer expectations in order to increase customer satisfaction.
- Handling customer complaints and providing high-quality products to enhance satisfaction of customer and turn them into loyal customers.
- Creating confidence in customers with timely accountability and guaranteed services to increase market share.
- Further development of the products and services of the company and increasing market development to increase market share.
- Increasing the variety of products and improving the technical features of automobile to meet customer expectations.
- Suitable behavior for handling problems and accurate and timely accountability, and rationally communicating with customers to make customers loyal to the company.
- Increasing the quality of products, after-sales service and quick and easy access to information for customer to make customers loyal.
- Reduce the price of products, timely delivery of products and services, and honestly and politely behaving of staff to increase customer satisfaction and ultimately to increase market share.
- Increasing customer satisfaction to encourage them to aging select the company for shopping and to make them interested in the products and services in order to increase the consumer confidence and ultimately to increase market share.
- Reasonable pricing of products and services appropriate to their quality, and accurate and transparent financial affairs in order to meet customer demands and to increase market share.
- Timely estimation of customer expectations to increase market share.
- Timely handling customer’s complaints and to effectively communicate them to increase market share.
- Reducing the costs in further shopping, cooperation with customers, honest and polite behavior of staff and experts with customers to meet their expectations in order to increase their confidence in the company.
- Effective communication of employees with customers, timely delivery of services and products to customers to meet their expectations in order to make them loyal customers to the company.
- Enhancing the quality of products and services to make them interested in shopping from the company and increase their satisfaction.
- Accuracy and transparent financial affairs and pricing products proportional to the quality in order to meet customer expectations.
- Providing the best quality, quick and easy after-sales services for customers to increase their satisfaction and trust in the company.

Research limitations:
Since this study was conducted in Tehran, generalizing the obtained results to other cities have constraints, also since the population of the study was limited, it has limitations in generalizing the results to a larger community.

REFERENCES


