A Study of the Important Factors Influencing Customer Loyalty: A Literature Review

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Abstract:
Business operations need to be competitive and aim for sustainable growth. To achieve sustainable growth, it is necessary to have strategic plans and marketing plans that are in line with the needs and expectations of the target audience and customers of the business. It is very important to study the key strategic factors that will lead to sustainable business success. One of the key factors that management and marketers need to focus on is customer loyalty. In this study, the researcher wants to study the key factors influencing customer loyalty in a business. The study process used a literature review method to examine various research papers from research databases.The research found that there are four key factors affecting customer loyalty, including corporate image, marketing mix strategy, service quality, and customer satisfaction. The researcher expects that the research results will be useful to management and marketers in implementing strategic planning and marketing strategies to effectively build customer loyalty.
Key Word: Customer Loyalty; Corporate Image; Marketing Mix; Service Quality; Customer Satisfaction.

I. INTRODUCTION

The aim of doing business is to grow continuously where growth comes from sustainable sales and profits. Top management needs to create an organizational strategy that focuses on sustainable growth and sends policies across the organization to achieve sustainable growth.The marketing department itself drives marketing approaches or strategies that are critical to the success of the organization and conducts marketing activities in line with the direction of the organization's strategy.Marketing that is responsive to customer needs and expectations is therefore essential to sustaining such growth. How to impress customers, satisfy them, make purchase decisions, and gain loyalty to an organization is a question that will define a business' marketing efforts.Customer loyalty generates profits and lasting benefits for the business. This will ultimately lead to

increased competitiveness and sustainable growth of the business.In this study, the researcher is interested in studying the issue of customer loyalty as this loyalty affects the success of business organizations. Customer loyalty is the cornerstone of developing a sustainable competitive advantage. In addition, customer loyalty affects marketing strategy management, product value creation, and avoiding price wars due to intense competition (Adisairattanakun&Ritkaew, 2017).The researcher expects that the results of this research will be useful to management and marketers in implementing strategic planning and marketing plans to create customer loyalty effectively.

II. CUSTOMER LOYALTY

Customer loyalty is a concept based on the theory of consumer behavior, which is expressed in a brand, product, service, and business activity (Agyei &Killika, 2013). Building customer loyalty is important and can help reduce administrative costs. Because acquiring new customers is more costly than retaining existing ones (Amha, 2020). Businesses need to have a customer relationship management process in order to build loyalty with their customers. Management and marketers must study the key factors that affect customer loyalty. Loyalty leads to repeat purchases, constant pursuit of items to buy, and positive referrals about product quality and service (Chaitorn, Boonmalert, &Phoothong, 2020; Samoh, 2018). One key point is that loyal customers support business growth by referring others to buy products or services (Amha, 2020). Therefore, focus should be given to loyal customers because this group of loyal customers will have more buying behavior. The reason is because there is a good attitude. This will result in increased sales and ultimately maintain market share over competitors (Samoh, 2018). In summary, customer loyalty generates sustained profits for the business. This will ultimately lead to survival in the competition and increased competitiveness for the sustainable growth of the business.

III. KEY FACTORS INFLUENCING CUSTOMER LOYALTY

Several previous studies on the key factors influencing customer loyalty have identified several key factors such as corporate image (Amha, 2020; Andara&Rachmawati, 2017), marketing strategies (Chatuprayoon, 2016; Ritkla, 2016; Samoh, 2018), service quality (Amha, 2020; Andara&Rachmawati, 2017; Silas, Dung, &Bagobiri, 2022), and customer satisfaction (Bobalca, 2014; Chaitorn, Boonmalert, &Phoothong, 2020). The researcher presents the following important research related to the relationship between key factors and customer loyalty.

3.1 Corporate image

Corporate image is what is expressed or reflected about an organization publicly in order to impress people (Agyei &Killika, 2013).Corporate image refers to the beliefs, ideas, and impressions that an individual has of an organization, which may include the attitudes and behaviors that person expresses toward society (Pummaphan, 2019). The signaling theory explains the link between image and customer loyalty. It describes the organization's communication through creating a signal that is reliable to the recipient or consumer, resulting in the recipient understanding and accepting the intangible value or service of the organization (Agyei &Killika, 2013).The success or failure of a business is partly due to its image. The reason is that an organization's image is related to customer satisfaction, customer loyalty, strategic positioning of the organization, and the competitiveness of the organization (Pummaphan, 2019). The study by Amha (2020) on corporate image and customer loyalty in the financial industry found that corporate image had a direct significant influence on customer loyalty in the financial industry. Andara and Rachmawati's (2017) study of corporate image and customer loyalty found that corporate image had no direct influence on customer loyalty but was an important intermediary between trust and customer loyalty. This research shows that corporate image is one of the most important factors in ultimately contributing to customer loyalty.In addition, the study by Agyei and Killika (2013) on corporate image and customer loyalty in the communications and technology sector found that corporate image had a significant influence on customer loyalty in this business. Pummaphan (2019)'s study looked at the relationship between corporate image and customer loyalty. The results show that corporate image influences customer loyalty. When customers perceive that the organization has a good image, it will affect the loyalty of those customers. In summary, corporate image is one of the key factors influencing customer loyalty in a business. which business executives or marketers need to focus on and develop strategic plans in line with corporate image building to make customers loyal to the business This leads to competitiveness and ultimately business success.

3.2 Marketing strategy

Marketing mix is very important to business and can be regarded as the main concept used as a marketing tool in product and customer management. Businesses can apply this concept to improve the quality of services to ensure customer satisfaction (Adisairattanakun&Ritkaew, 2017). In general, the product marketing

mix concept consists of four aspects including product, price, place, and promotion (Chomraka, Yeamkong, Jindatawin, &Jirawongsatian, 2022; Detthamrong, et al., 2019), as shown in Figure 1.

Figure 1: Aspects of 4Ps marketing mix concept

- Product aspect refers to a variety of products, quality products, and sufficient products to meet the needs of consumers.
- Price means the price level is varied according to the quality, the product has a price that is suitable for quality, has a price that can be negotiated.
- Place or Distribution channels means stores have good locations, are easily found, are located near communities, are convenient to use, have convenient and sufficient parking spaces.
- Promotion means the store advertises through various media such as billboards, sales promotions, special discounts in the case of regular purchases, etc.

      The service marketing mix concept consists of 7 components: product, price, place, promotion, people, process, and physical evidence (Adisairattanakun&Ritkaew, 2017; Samoh, 2018). There are three additional aspects of the service marketing mix in addition to the product marketing mix:people, process, and physical evidence (Ritkla, 2016; Samoh, 2018).

- People means that the owner and employees have good human relations, are polite, are friendly with customers, the service of employees is fast, employees can recommend products very well, can solve customer problems.
- Process means having speed in providing services, delivering products quickly and accurately, delivering products to customers' homes, having a hassle-free or easy ordering process for target groups.
- Physical evidence means that the outside and inside of the store are clean, the store decoration is orderly, the store arrangement is clearly visible and impressive, etc.

Figure 2: Five aspects of Service quality

From the review of the above literature, in conclusion, it was found that marketing mix influences customer loyalty, which business executives must pay great attention to in this marketing mix. Samoh (2018)'s study on customer loyalty in the construction industry found that Service marketing mix and consumer loyalty are moderately and consistently related. Also, the study by Chatuprayoon (2016) that studied factors influencing customer loyalty of mobile internet service users in Bangkok. The research found that the service marketing mix significantly correlated with customer loyalty consisted of 3 aspects: product aspect, distribution channels, and process. In addition, the study by Ritkla (2016) looking at the marketing mix and customer loyalty in tourism and sports found that the marketing mix in terms of place and marketing promotion had a significant effect on consumer loyalty.

3.3 Service quality

Service quality is the ability to respond to customer needs, which is considered an important factor to differentiate business compared to competitors (Meeyod, 2018). customer service with the quality of service that customers expect (Kittinorarat&Paholpak, 2019). Service quality is what the customer evaluates by comparing what he or she receives with their own needs or expectations. It consists of 5 important aspects, namely, the tangible aspect of the service, responsiveness, empathy, assurance, and reliability (Meeyod, 2018).

Figure 3: Five aspects of Service quality
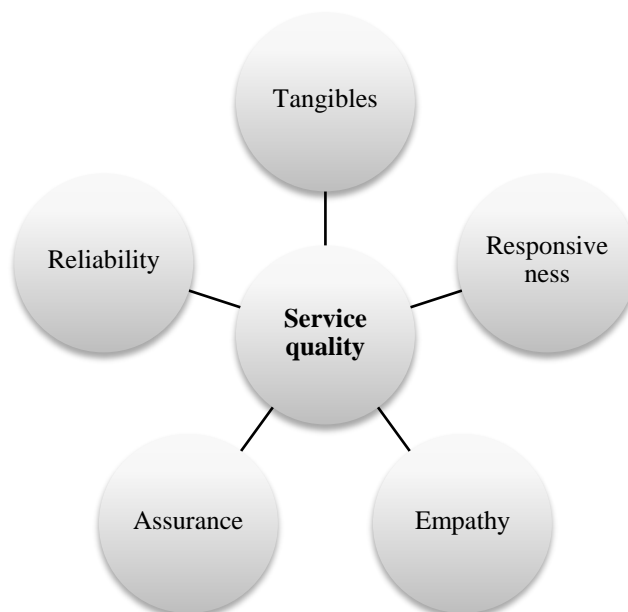
Service quality is an important issue and is widely accepted around the world. Because business competition is becoming more intense nowadays. As a result, business operators must focus on and pay attention to the quality of services delivered to customers in order to meet the needs of customers in order to provide good quality service. That is, providing services that meet the needs or expectations of consumers. However, service quality is a complex, multi-component, and multi-factorial subject. Therefore, operations related to quality of service need to look at many aspects or consider many important factors (Kittinorarat&Paholpak, 2019). The study by Silas, Dung, and Bagobiri (2022) on service quality and customer loyalty in the hotel industry found that the quality of hotel service had a significant effect on customer loyalty at the hotel. In other words, the quality of hotel service raises the level of customer loyalty. This aligns with Andara and Rachmawati's (2017) study of the key factors affecting customer loyalty, which found that the most important predictor of customer loyalty was service quality. Also, the study by Amha (2020) on service quality and customer loyalty in the financial sector found that service quality had a significant influence on customer loyalty in the financial sector. A study by Meeyod (2018) examined how service quality affects customer loyalty when using tool inspection services in the automotive industry. The research found that customer service quality, customer care, customer reassurance, and service quality affect customer loyalty. From the above, in summary, it was found that the quality of service is very important to the success of a business. And service quality also has an influence on building customer loyalty. Executives must pay a lot of attention to the issue of service quality of the business and continuously.

3.4 Customer satisfaction

Customer satisfaction is a constant assessment of the customer's entire buying and consuming experience, which reflects the customer's mood and attitude towards it (Amha, 2020). Customer satisfaction arises from comparing customer expectations with what actually happens to customers after purchasing an organization's products or using services (Bobalca, 2014). This level of satisfaction can change according to the context in which consumers experience the organization's products or services (Akkharamaeteephan, 2018). Customer loyalty comes from consistent satisfaction. What to consider is customer satisfaction will occur after customers evaluate the use of products and services or customer satisfaction may be caused by other important factors such as the convenience received from the business or from the service provider, the quality of the service received, the duration and information received from the business (Chaitorn, Boonmalert, &Phoothong, 2020). The study by Adisairattanakun and Ritkaew (2017) on customer satisfaction and loyalty in telecommunications found that customer satisfaction was clearly positively correlated with the business' customer loyalty. This is consistent with the study by Bobalca (2014) who indicates that satisfaction, which is the perception of consumers, influences customer loyalty. Also, the study by Sratham and Sutamuang (2014) on customer satisfaction and loyalty in the tourism industry found that customer satisfaction was significantly correlated with consumer loyalty. In addition, the study of Ritkla (2016) looked at customer loyalty in tourism and sports. Research found that post-assessment consumer satisfaction with purchases compared to pre-purchase expectations affects loyalty. However, Amha's (2020) study indicates that customer satisfaction doesn't automatically lead to customer loyalty, it takes time and an organized process. This means customer loyalty ultimately comes from customer satisfaction.

IV. CONCEPTUAL FRAMEWORK

In a review of the literature on customer loyalty across businesses, the research found four key factors influencing customer loyalty: corporate image, marketing mix, service quality, and customer satisfaction. The researcher has written a conceptual framework as shown in Figure 4.

Figure 4: Proposed conceptual framework
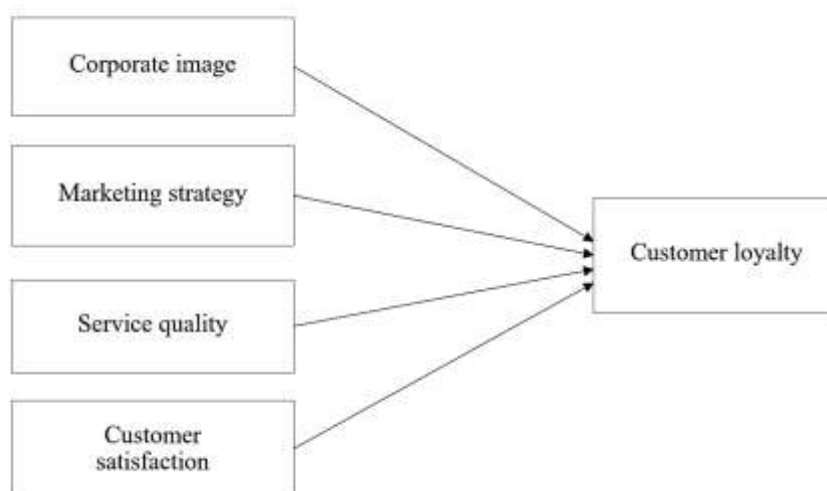
V. CONCLUSION AND RECOMMENDATIONS

The purpose of this study was to investigate the key factors influencing customer loyalty based on a review of several literature and related research. The study found that there are four key factors affecting customer loyalty: corporate image, marketing mix, service quality, and customer satisfaction. These four factors play an important role not only in customer loyalty but also in the competitiveness or differentiation of a business from competitors and in having characteristics critical to the success of a business, such as greater market share, increased sales, higher profits, etc. Therefore, executives and marketers need to pay attention to these four factors that affect customer loyalty. The researcher believes that if executives develop strategic business plans and marketing activities that promote these four factors, the business will be able to generate customer loyalty, and this customer loyalty will ultimately lead to the success of business goals.

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