Comprehensive Model of Customer Loyalty

Masoume Mohammadipour

Master of business management, Department of business administration, Shahid Beheshti University, Tehran, Iran

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**ABSTRACT**

Customer Loyalty is an important source of competitive advantage and also a strategic objective for managers, which has a powerful impact on firms’ performance both in the Business-to-Consumer (B2C) and Business-to-Business (B2B) environment, especially in electronic marketplace. Verifying the factors that contribute to customer loyalty in business is so important for both researchers and managers. Reviewing the literature in this area shows that customer satisfaction, customer value and perceived quality are the factors that influence customer loyalty. But there are other influential factors such as switching costs and corporate Image. The objective of this study is to propose a conceptual framework that integrates the influential factors on customer loyalty and also defines the relationships among these constructs in business-to-business (B2B) services in electronic marketplace.

**INTRODUCTION**

Recent decades have seen increasing interest in establishing the marketing relationships between buyers and sellers within the business-to-business (B2B) space. In these relationships, a significant role is being played by the new info and communications technologies. In specific, the dramatic growth in firms’ use of the net for business transactions has diode to the emergence of various business models and business marketplaces (or merely e-marketplaces) in which several buying for and selling companies access a given web site or platform to transact their business. For these new channels to be viable, customers should understand them as effective and efficient (Parasuraman, Zeithaml, &Malhotra,2005). For this reason, problems associated with customer loyalty and also the factors that have an effect on it fight a specific relevance. We have a tendency to believe that customer loyalty is crucial to a firm’s survival, particularly within the context of e-commerce. Customer loyalty features a powerful impact on firms’ performance and is taken into account by several firms a crucial source of competitive advantage (Rust, Zeithaml, and Lemon 2000). The consequences of increased customer loyalty in corporations are enhanced revenue, reduced customer acquisition costs, and lower costs of serving repeat purchasers, resulting in greater profitability (Reichheld 1993). Indeed, customer loyalty constitutes an underlining objective for strategic market planning (Kotler 1997). Customer loyalty is very important in business-to-business (B2B) contexts. In organizational buyer-seller relationships, loyal buyers are additional doubtless to concentrate on long advantages and interact in cooperative actions useful to each partner in a relationship than disloyal patrons, therefore enhancing the fight of each partner and reducing transaction prices. Since acquiring a client through the Web is pricey, and competition is simply a click away, loyalty in electronic environments, referred to as e-loyalty, becomes essential both economically and competitively (Semeijn, Van Riel, Van Birgelen, &Streukens, 2005). Firms should thus try to be the most effective to continually satisfy their customers and establish semi-permanent relationships with them (Morgan & Hunt, 1994).

The objective of this study is to propose a conceptual framework that considers customer perceived value, customer satisfaction, customer perceived quality, shift costs and image as antecedents of customer loyalty in an exceedingly B2B context in electronic markets. We incorporate the complicated interrelationships of all these constructs into the framework. Particularly, we tend to examine the mediating role of customer satisfaction within the impact of customer value on customer loyalty and explore reciprocal effects of customer satisfaction and loyalty on one another. Also, we tend to obtain to know however the perceived quality of the service provided by the e-marketplace influences perceived value, satisfaction, and loyalty. importance of the e-
marketplace's image on the customer's perceived quality, satisfaction, and loyalty, to see the influence of value on customer satisfaction and loyalty, and to clarify the relationships between client satisfaction and loyalty to the B2B e-marketplace. Understanding however numerous factors relate to customer loyalty will facilitate managers monitor and enhance customer loyalty effectively through initiatives involving those factors that directly have an effect on customer loyalty in electronic markets. Likewise, if customer loyalty contains a positive impact on customer satisfaction, then managers will focus directly on loyalty-building initiatives.

Literature review:
This section we tend to outline factors that cause customer loyalty in B2B e-marketplace. we tend to outline electronic B2B markets or e-marketplaces as a style of doing business that uses net technology to pile up multiple marketer and customer companies at one web site or platform, that has a range of mechanisms enabling the parties to squarely conduct their business transactions, that’s led by a 3rd party who is either neutral and unconnected to the exchange that’s to require place, or one in all the 2 parties concerned (buyers or sellers), which offers many value-added services that improve the relationships between consumers and sellers.

Loyalty:
Loyalty is outlined as a customer’s overall attachment or robust commitment to a service or service supplier. Making a loyal customer base isn’t solely regarding maintaining the amount of shoppers over time; however it’s additionally regarding nurturing the customer relationship to encourage their chance to repurchase from the supplier and temperament to suggest the service supplier to others (P. Rauyren, K. E. Miller 2007).

Customer Satisfaction:
Customer satisfaction has historically been thought of as a key construct within the determination of customer loyalty in a business-to-business (B2B) context. It’s been outlined as a positive affective state ensuing from the appraisal of all aspects of a firm’s operating relationship with another firm. What is more, previous analysis typically indicated satisfaction as a necessary precondition for consumer loyalty outcomes (Patterson, P. and Spreng, R. 1997). Satisfied customers keep loyal to the firm indicating that long lasting and deep relationships are the results of the involved parties’ satisfaction with the end result of their work. Primarily, 2 ideas of client satisfaction exist within the literature: service encounter or transaction-specific satisfaction and overall or cumulative satisfaction (Shankar et al. 2003). Dealings specific satisfaction reflects on a selected service encounter. Cumulative satisfaction, outlined because the collective state across a series of service encounters could be an additional elementary indicator of firm’s performance (Oliver 1996).

Customer perceived value:
One of the foremost cited definitions of value is that of Zeithaml (1988) that value is that the consumer's overall assessment of the utility of a product supported perceptions of what's received and what's given. though what they receive varies from one consumer to a different as additionally will what they pass on value represents the exchange between what's given and what's obtained. Corporations have begun to acknowledge perceived value as a key part of their strategic management (Spiteri & Dion, 2004), a key issue for business success, and a source of competitive advantage (Lapiere, 2000). Additionally, loyalty and profits are closely associated with the concept of consumer-perceived value (Khalifa, 2004). ). Client value is operationalized as a ratio or trade-off between total profit received to total sacrifices, taking into thought the offered suppliers’ offerings and prices (Buzzell and gale 1987). Service The sacrifice or price that a client pays usually consists of transaction costs, life cycle costs, and a few degree of risk.

Perceived quality:
The first definition of e-service quality appears to be that of Zenithal, Parasuram, and Malhotra (2000, p.11), that it is: “the extent to which an online web site facilitates efficient and effective shopping, purchasing,
and delivery.” within the context of B2B e-commerce, however, there has been very little analysis on the measurement of the quality of services or of its relationship with alternative dimensions. The present studies have sought-after to identify the factors concerned within the success of the online web site (Chakraborty, Srivastava, & Warren, 2005), however a firm's staff understand the quality of the service (Lai, 2006), the link between service quality and satisfaction (Vaidyanathan & Devaraj, 2008), and therefore the variations within the perceptions of service quality between B2C and B2B environments (Stiakakis & Georgiadis, 2009). Our review showed that the majority researchers take into account the dimensions efficiency, security and privacy, communication, reliability, and information as parts of e-service quality.

Efficiency dimension:
The efficiency dimension refers to four necessary aspects associated with accessibility, usability, design, and system availability. Accessibility indicates the user's ability to access the resources that the online website offers. Usability refers to the site's ease of use, which might be outlined as: “the ability of a client to seek out information or enact dealings with the smallest amount of effort” (Collier & Bienstock, 2006, p. 264). Design facet refers to the site's overall layout, i.e., that's well organized and structured. Finally, system availability refers to the correct technical operation of the site, though corporations might not have total control of this dimension since it may rather be full of the customer's equipment or association to the net (Parasuraman et al., 2005).

Security and privacy dimension:
Numerous researchers differentiate 2 varieties of privacy: financial, bearing on the necessity to safeguard information with reference to the customer's bank accounts and bank cards, and non-financial, with reference to the protection of the users' personal data (Jun, Yang, & Kim, 2004; Parasuraman et al., 2005).

Communication dimension:
Communication during this context is outlined as keeping the clients properly aware, communicating in an exceedingly language that they'll perceive. Communication in e-services consists of each on-line communication (e-mail or chat) and ancient communications (telephone, fax, and conventional mail). A high quality internet site should supply several styles of contact. Cao, Zhang, and Seydel (2005) use the term empathy to talk to the extent to that the online website provides the users with care, personalized data, and customer service. Gounaris and Dimitriadis (2003) stress the necessity to supply fast responses to client requests, and Jun et al. (2004) notes the importance of providing customized service so as to attain a better relationship with the client.

Reliability dimension:
This dimension refers to victorious delivery of products and services once the online website is employed. Specifically, orders are delivered on time and are secure within the sense that they're processed in accordance with the customer's specifications which the products are free of defects or harm (Collier & Bienstock, 2006).

Information dimension:
Many researchers acknowledge the importance of the characteristics of the information provided to users for the perception of the quality of the service. Specifically, the information should be enough secure, on time, relevant, straightforward to know, with a high level of both detail and depth, associated in an acceptable format (Chakraborty et al., 2005; Fassnacht & Koese, 2006).

Value-added services dimension:
Value-added services complement the standard transactions of e-marketplaces, and facilitate the completion of those transactions by delivering the merchandise to the buyer and facilitating the seller's reception of the corresponding payments.

Switching costs:
Switching costs may be outlined because the costs concerned in dynamic from one provider to a different (Heide and Weiss 1995). The domain of shift prices encompasses both financial expenses and nonmonetary monetary (e.g., time spent and psychological effort). Moreover, the domain may embrace the loss of loyalty benefits as a result of ending this relationship. As an example, a client could create transaction-specific investments on a relationship with a provider, and over time, the client could have developed routines and procedures for coping with the provider (Heide and Weiss 1995). These investments and familiarity with procedures represent one form of switching costs as a result of they'll become useless if the client terminates the relationship. Conceptually, switching costs may additionally mirror a buyer's dependence on a merchandiser.
that refers to a buyer’s need to maintain his or her relationship with a provider to attain desired goals (Frazier 1983).

Corporate Image:

Corporate image is a vital factor in the analysis of services (Grönroos, 1988). Consistent with Grönroos (1988) and Keller (1993), company image could be a perception of however a company is held within the consumer’s memory, and works as a filter that influences however the firm’s operations are perceived. Ostrowski, O'Brien, and Gordon (1993) note that a positive experience over time can result in a positive image. The various definitions of company image within the literature (Nguyen & Leblanc, 2002; Spyropoulou, Skarmeas, & Katsikeas, 2010; etc.) all present a standard element — the thought of the representation, impression, thinking, perception, or mental which means that the organization’s public and its totally different stakeholders have regarding it.

Conceptual framework:

In developing our conceptual framework (shown in Figure 1), we tend to use the receptive literature review. On the premise of this review, we tend to outline the relations between constructs of our framework and describe the theoretical grounds and existing evidence supporting the relationships contained during this framework.

![Conceptual framework](image)

**Fig. 1:** Conceptual framework.

The Relationship between Customer Value and Customer Satisfaction:

Existing models of customer satisfaction that are supported the disconfirmation-of-expectations paradigm (e.g., Cadotte, Woodruff, and Jenkins 1987) have seldom addressed the role of customer perceived value as an antecedent of customer satisfaction. Some studies have examined service quality as associate antecedent of satisfaction (e.g., Rust and Oliver 1994; Spreng and MacKoy 1996). Whereas most of those models incorporate advantages (via a measure of performance), they ignore any sacrifice part. Shortcomings in advantages (such as service failure) is also offset by perceived reduction in sacrifices (e.g., price), creating a customer still satisfied. Thus, sacrifices created by clients got to be taken under consideration once the antecedents of customer satisfaction are investigated. The service management literature argues that client satisfaction is that the results of a customer’s perception of the value received in an exceedingly dealings or relationship (Heskett et al. 1997). On paper, customer value will be thought-about a cognition-based construct capturing any benefit-sacrifice discrepancy, whereas client satisfaction is primarily associate affective and critical response (Oliver 1993). The social science literature indicates that cognitive thought processes trigger affective responses (Weiner 1986), suggesting that customer value judgments have an effect on perceptions of satisfaction. Though neurobiology suggests that within the process of sensory information, cognitive functions of the brain and feeling (or
emotions) will have an effect on one another; evidence on this reciprocal relationship has not been garnered in market research (Vakratsas and pedestrian 1999).

The Relationship between Customer Satisfaction and Customer Loyalty:
Customer satisfaction is taken into account a key driver of the long relationship between suppliers and consumers (Geyskens, Steenkamp, and Kumar 1999). Several studies have shown that customer satisfaction affects variables that are indicators of customer loyalty or orientation toward a long relationship (Mittal and Kamakura 2001; Mittal, Ross, and Baldasare 1998). A satisfied customers have an effect on toward a service supplier could inspire the customer to patronize the supplier once more and advocate the supplier to different customers. Therefore, we have a tendency to expect that customer satisfaction contains a positive result on these 2 loyalty dimensions. The form of relationship between customer satisfaction and repeat patronage may well be nonlinear. Kumar (2002) posited that change within the chance of selecting a provider might bear a nonlinear relationship with disconfirmation of expectations of quality levels. this is often as a result of customers might typically prefer brands with a lower average quality level if the variance related to its quality is less than that of a brand with the next average quality larger variance. Previous analysis has found support for both increasing and decreasing returns to scale within the effect of customer satisfaction on repurchase intention (Mittal and Kamakura 2001). Heskett et al. (1997) advised that customer loyalty ought to increase quickly once customer satisfaction passes an exact threshold—that is, there are increasing returns to scale within the relationship between customer satisfaction and customer loyalty, in line with this “threshold” argument, analysis on the concept of customer delight has found that “tremendously satisfied” or “delighted” customers are way more probably to stay customers of a corporation than those that are simply “satisfied” (Oliver, Rust, and Varki 1997).

The Mediating Role of Customer Satisfaction in the Relationship between Customer Value and Customer Loyalty:
Our discussion thus far suggests that customer value affects customer satisfaction and customer satisfaction affects customer loyalty. Customer value is additionally absolutely associated with customer loyalty (Sirdeshmukh et al. 2002). Cronin, Brady, and Hult (2000) provided proof for a few of those links however didn't formally check the mediating role of customer satisfaction within the relationship between customer value and customerloyalty. Theoretical justification for the mediating role can be attributed to a well-investigated framework in attitudinal literature (Ajzen and Fishbein 1980). The framework is delineated as follows: cognition →Affect →Behavioral intent or behavior applying this framework to the service management context, we are able to establish a mediating result for customer satisfaction. Customer value reflects customers’ rational trade-off between the prices and advantages of employing a product and repair and therefore is considered a cognition variable. customer satisfaction is associate degree trade-off variable that customer satisfaction mediates the result of customer value on customer loyalty. However, consumer and advertising analysis additionally suggests that cognition a couple of product could have an effect on purchase behavior directly for a few product classes (Vakratsas and ambler 1999). As an example, in keeping with the analysis conducted by the Foote, Cone & Belding (FCB) ad agency, product classes is classified into “thinking” products and “feeling” products (Batra, Myers, and Aaker 1995). For “thinking” products, like paper towels and life assurance, the acquisition call of those products is directly affected by info that buyers have regarding these products. Thus, the mediation performed by customer satisfaction on the connection between customer value and customer loyalty could also be total or partial. moreover, the partial mediation is in line with the study by Cronin et al. (2000) that reportable each an on the spot result of service value on behavioral intention associate degree an indirect result of service value on behavioral intention through customer satisfaction.

The Relationship between switching costs and customer Loyalty:
Part of switching costs could involve loyalty advantages that ought to be given up by a customer once his or her relationship with the service supplier ends. The enjoyment of those advantages could lead the client to advocate the supplier to alternative customers. As a result, a positive relationship between switching costs and therefore the advocate dimension of loyalty could exist. However, it's additionally plausible that switching costs and this dimension are negatively connected in some things. Compared with discontent customers who might switch in a very state of affairs of low switchingcosts, discontent customers in a very situation of high switching costs would unwillingly follow the service provider and therefore be less inclined to advocate the supplier (or could even bad-mouth the supplier). In view of the uncertainty regarding the direction of the connection between switching costs and this dimension, we have a tendency to don't advance a formal hypothesis concerning the connection. Instead, we have a tendency to treat this as associate degree empirical issue to be addressed by the results of our analysis. In keeping with Dwyer et al. (1987) and Heide and Weiss (1995), all else being equal, a
client are impelled to remain in existing relationships to economize on switching costs, like the transaction-specific investments that he or she has created on the relationships. The institution of a replacement relationship represents some style of investment of effort, time, and money, which constitutes a major barrier to moving to alternative service suppliers once the customer is discontent with the services of a supplier. In line with these arguments, Heide and Weiss (1995) found that for the acquisition of PC workstations, organizational buyers are less doubtless in each the thought and [selection] stages to contemplate or select new suppliers than current suppliers.

The relationship between perceived quality and customer satisfaction and loyalty:

The perceived quality of the services provided by the e-marketplace wasn't found to influence its vendor users' satisfaction, though this relationship has been reportable to carry in numerous B2C e-commerce studies (Collier &Bienstock, 2006; Kim &Stoel, 2004; Zeithaml, 2002). Perceived quality is that the most significant consider gaining user loyalty. This can be in keeping with previous analysis in each ancient and e-commerce contexts (Caruana& Ewing, 2006; Chumpitaz&Paparoidamis, 2004; Parasuraman, Zeithaml, & Berry, 1988; Parasuraman et al., 2005; Rauyruen& Miller, 2007). We have a tendency to thus believe that investment in quality within the management of the e-marketplace's services is one amongst the keys to its competitive advantage in achieving its users' loyalty.

The relationship between corporate image and customer loyalty and perceived quality:

An element that may guarantee users come back to the net web site to conduct their transactions is that the added value they get from the services the site provides. Whereas there's an absence of analysis within the industrial e-commerce context, within the non-electronic context Briggs additionally notice that, in B2B transactions, amount is crucial to making sure consumer loyalty.

Managerial Implications:

The result on the value-satisfaction link suggests that to boost customer satisfaction, a service supplier will pay its effort on improving the value perceived by customers, a service supplier to identify its strengths and weaknesses on the value elements relative to its competitors. The relative service quality ratios and therefore the relative price ratios that seem within the customer value calculation tell a supplier wherever their strengths and weaknesses lie. By specializing in attributes with high importance rating, a service supplier will tackle those important weaknesses that severely hamper its effort to boost customer value. By functioning on those weaknesses, a service supplier may improve customer value and thus customer satisfaction. A service supplier ought to additionally listen to factors that will have an effect on customer satisfaction, as an example, the fairness or equitableness of its policies (Oliver and Swan 1989). The confirmation of the mediating role of customer satisfaction has a crucial implication to management. It suggests that for the sake of customer acquisition, it's additional essential for management to watch changes in customer satisfaction scores than customer value scores, since customer satisfaction instead of customer value directly affects the suggest dimension. In distinction, for the priority of customer retention, it's necessary for management to trace changes in each the satisfaction and value scores, as a result of customer satisfaction doesn't entirely mediate the impact of customer value on the patronage dimension. Effects of customer satisfaction on the 2 loyalty dimensions aren't considerably stronger than the consequences of switching costs on these constructs. Thus, both enhancing customer satisfaction and increasing switching costs are often seen as necessary methods that promote customer loyalty. Apparently, whereas a service supplier may retain clients effectively through enhancing customer satisfaction and switching costs, such a method would be less effective for promoting recommendation. This can be not shocking since customers ought to be sufficiently intended before they will suggest the service supplier, and customer satisfaction with a product or service is simply one amongst the motivations for patrons to suggest. Different motivations embody enhancing one’s self-concept and impression management (Chung 2000). Previous studies on word-of-mouth behavior have additionally found that buyers with positive perspective toward a product don't Oliver suggest the merchandise to friends and relatives (Swan and Oliver 1989).

We suggest that one way to differentiate oneself from the competition is to develop strategies that are directed at improving the e-marketplace’s image and to strive to offer superior levels of quality. Such efforts can be expected to directly foster user loyalty. With respect to quality in particular, the present study has identified four key factors that managers need to bear in mind to achieve and maintain high levels of quality—reliability and privacy, efficiency, added value, and information usefulness. We believe that managers need to develop marketing strategies that contribute to building and consolidating relationships with their users, for example, facilitating the establishment of open lines of communication aimed at ensuring the quality of the services that are provided. While quality is a necessary condition for user satisfaction to be achieved and maintained, it is not sufficient in itself. The users must perceive that what they are receiving is of value above what they have to
contribute, i.e., that the e-marketplace provides added value. This value will then directly and positively influence both their satisfaction and their loyalty.

Future Research:
We recommend to future researcher to test this model empirically in different industries in order to see what is happening in the real world. Are these variables sufficient or are there any other factors that affect the customer loyalty in electronic business to business (B2B) markets.

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