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# DETERMINANTS OF CUSTOMER LOYALTY: A LITERATURE REVIEW AND FUTURE DIRECTION

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**Abstract:** *The purpose of this paper was to analyse previous on customer loyalty from difference academic perspective. The customer loyalty was resulted from a good customer relationship by a company which might develop long term relationship between customer and the brand of the company. One of the reasons of strong attachment between customer towards one brand were because of effective marketing strategies. This review of literature was from few search engine Scopus. Customer Loyalty was also a result when a business continually meets and exceeds the needs of its customers. It's all about like and trusting the product and brand. This review paper tends to examine the concept of customer loyalty and its relevant in enhancing the customer relationship. The literature review on customer loyalty has been determine from 2016 -2022 using few databases search. The review discovered a number of antecedents and their value in terms of consumer loyalty. It is hope that this review will provide more insight about customer loyalty and research priorities.*

**Keywords:** *customer loyalty, customer engagement, customer value, customer relationship*

## Introduction

The purpose of this paper was to analyse previous on customer loyalty from difference academic perspective. The customer loyalty was resulted from a good customer relationship by a company which might develop long term relationship between customer and the brand of the company. One of the reasons of strong attachment between customer towards one brand were because of effective marketing strategies. This review of literature was from few search engines

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such Scopus, Emerald Insight and Science Direct. Customer Loyalty was also a result when a business continually meets and exceeds the needs of its customers. It's all about like and trusting the product and brand. This review paper tends to examine the concept of customer loyalty and its relevant in enhancing the customer relationship. The literature review on customer loyalty has been determine between 2016 -2022 using few databases search. The review discovered a number of antecedents and their value in terms of consumer loyalty. It is hope that this review will provide more insight about customer loyalty and research priorities.

**Literature Review**

Previous study has confirmed that customer loyalty determines the customer satisfaction as customers' assessments of a product or service is based on whether it met their needs and expectations (Bitner et al 1996). Customer loyalty has been characterised as a firmly held commitment to repurchase or re patronize a favoured product/service in the future, resulting in repetitive same-brand or same-brand-set purchases, notwithstanding situational factors and marketing efforts that could promote switching behaviour (Oliver, 1999). Customer loyalty program has significant on customer trust and important when it is practically impossible to fully regulate the business agreement and where it is consequently necessary to rely on the other party not to take unfair advantage and not to engage in opportunistic behaviour (Williamson 1985). Besides, loyalty would also relate online shopping when customer trust decreases the perceived risk with an online vendor. Customers will remain with a vendor because the cost of switching to another vendor is such that it is not worth their while to switch (Chen and Hitt 2000)

Moreover, Flavian et al. (2006) online loyalty, also known as e-loyalty, is a consumer's intention to buy from a website and the consumer's refusal to switch to another website. In the other study, the pricing element would also have a big influence on the consumer's assessment of the company and affect on the loyalty (Kaura et al., 2015). According to (Campo & Yagüe, 2007) perceived price is defined as something that is given or sacrificed by consumers to get something. This is in line with research by (Sánchez et al., 2006) which states that Perceived Price can be defined as a customer assessment of the average price of service compared to competitors. One of the ways to maintain the company's position in dominating the market is by captivating the hearts of consumers and providing an impressive experience of the services. Customer experience will lead to loyalty and aims to drive the company's success by creating a consumer experience that is different from that of competitors, and consumers are willing to pay for it (Laming & Mason, 2014)

**Table 1: Summary of Customer Loyalty**

| Author & Year | Country | Key Findings |
|---|---|---|
| Arun Kumar Tarofder (2016) | Malaysia | The mediating influence of service failure explanation on customer repurchase intention through customers satisfaction. |
| Anil K. Singh (2018) | India | Antecedents Of Customer Satisfaction: A Conceptual Study |
| Medha Srivastava, Alok Kr. Rai (2018) | India | Mechanics of Engendering Customer Loyalty: A conceptual framework |

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| | | |
|---|---|---|
| Mohammed Ismail El-Adly (2019) | United Arab Emirates | Modelling the relationship between hotel perceived value, customer satisfaction, and customer loyalty |
| Gede Juanamasta, Ni Made Nopita Wati, Erna Hendrawati (2019) | Indonesia | The role of customer service through customer relationship management (CRM) to increase customer loyalty and good image |
| Tahir Islam, Rauf Islam, Hameed Pitafi (2020) | China | The impact of Corporate Social Responsibility on Customer Loyalty: The Mediating Role of Corporate Reputation, Customer Satisfaction and Trust |
| Lan Nguyen, Thu Ha Nguyen, Thi Khanh Phuong Tan (2021) | Vietnam | An Empirical Study of Customers' Satisfaction and Repurchase Intention on Online Shopping In Vietnam |
| Rizwan Ullah Khana, Yashar Salamzadeha, Qaisar Iqbalb, and Shaohua Yang (2020) | United Kingdom | The Impact of Customer Relationship Management and Company Reputation on Customer Loyalty: The Mediating Role of Customer Satisfaction |
| Sao Mai DAM, Tri Cuong DAM (2021) | Korea | Relationships between Service Quality, Brand Image, Customer Satisfaction and Customer Loyalty |
| Bakri, Ika Yulistiana, Roro VemmiKesuma Dewi (2021) | Indonesia | Did Brand Perceived Quality, Image Product and Place Convenience Influence Customer Loyalty Through Unique Value Proposition? |
| Marta Meschinia, Mariana Machado Toffoloa, Erik Caroselli (2021) | Italy | Educational briefings in touristic facilities promote tourist sustainable behavior and customer loyalty |
| Abdul Haris, Abdul Rahman, Yusriadi Yusriadi, Umi Farida (2021) | Indonesia | Analysis of Determinant Factors Affecting Retail Business Customer Loyalty |
| Jin Ho Jung , Jay Jaewon Yoo, Todd J. Arnold (2021) | United States | The influence of a retail store manager in developing frontline employee brand relationship, service performance and customer loyalty |
| Edhie Budi Setiawan, Dhea Valdhavessa, Hanif Bambang (2021) | Indonesia | How To Build Customer Loyalty: Through Customer Experience, Perceived Price, And Customer Satisfaction |
| Sebastian Molinillo (2022) | Spain | The Customer Retail App Experience: Implications For Customer Loyalty |

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**Growing Interest**

The number of published articles on the topic between 2016-2022(Figure 1). The number of studies under the topic between 2016 to 2022 are 144 papers. In 2021, 31 papers were published looking at the effect of integrated marketing communication towards customer loyalty. From the data the biggest contributor for this topic were from United Kingdom which are 30 papers were looking at the UK situation. The publication of an empirical paper consisting in the database in which the author explains the impact of customer loyalty through customer experience that can lead to internal and external marketing strategies may explain a portion of the increase in topics published.

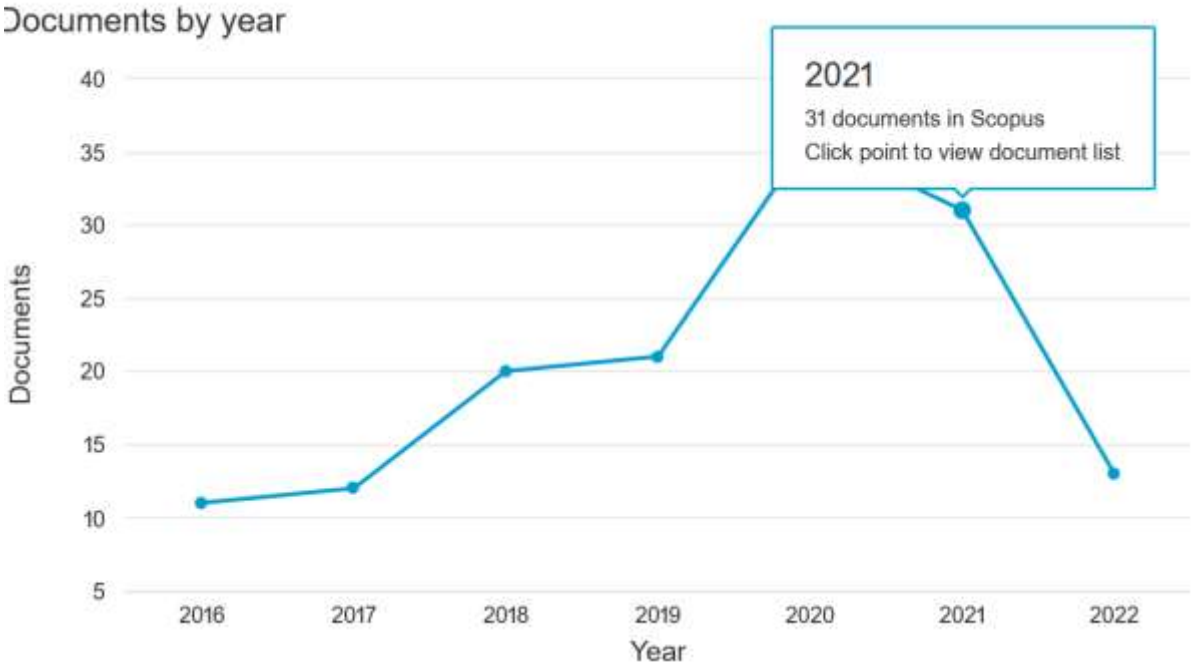


**Figure 1 Number of articles published**

**Methodology**

This paper includes the articles cited on online databases using Scopus databased and "Customer Loyalty" or "customer retention" or "customer engagement" as a keyword for the article. The selection of articles was performed between 2016-2022.

("customer loyalty" ) OR ( "customer retention" ) OR ( "customer engagement" ) AND ( "Integrated marketing communication" ) AND ( LIMIT-TO ( PUBSTAGE , "final" ) ) AND ( LIMIT-TO ( OA , "all" ) ) AND ( LIMIT-TO ( PUBYEAR , 2022 ) OR LIMIT-TO ( PUBYEAR , 2021 ) OR LIMIT-TO ( PUBYEAR , 2020 ) OR LIMIT-TO ( PUBYEAR , 2019 ) OR LIMIT-TO ( PUBYEAR , 2018 ) OR LIMIT-TO ( PUBYEAR , 2017 ) OR LIMIT-TO ( PUBYEAR , 2016 ) ) AND ( LIMIT-TO ( DOCTYPE , "ar" ) ) AND ( LIMIT-TO ( SUBJAREA , "BUSI" ) OR LIMIT-TO ( SUBJAREA , "SOCI" ) OR LIMIT-TO ( SUBJAREA , "ARTS" ) ) AND ( LIMIT-TO ( LANGUAGE , "English" ) )

**Discussion**

Many studies have been done on the customer loyalty in e-commerce. Based on the findings from previous study in Table 1, few predictors and variables used in shaping customer loyalty and customer satisfaction such as customer experience, customer perceived value, customer satisfaction that lead to customer loyalty. customer loyalty has become a prominent predictor

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in the business world because of its crucial role in business success (BahriAmmari & Bilgihan, 2019; Paparoidamis et al., 2019). Based on study that has been conducted by (Verhoef, Reinartz, & Krafft, 2010), he mention that numbers of model has been exist in order to create brand attachment as well as customer loyalty, however most of the study are not consistent on variable that lead to customer loyalty even in the same industry, where this shows that different people look at service loyalty in different way.The study done customer loyalty does not come directly. It requires companies to devote lots of struggle, resources, and time (Izogo, 2017; Nyadzayo & Khajehzadeh, 2016; Tseng et al., 2017).

Customer loyalty concept has been discussed by previous researcher in many areas. For example, in hotel and tourism industry (Mohammad Ismail, 2019), on online shopping (Nguyen, L et. Al, 2021), and in retail business (Abdul Haris, 2021). Moreover, the customer loyalty also has been studied the relationship with brand image and company reputation (Sao and Tri, 2021), customer relationship management (Juanamasta, G et al, 2019), repurchase intention (Nguyen, L et. Al, 2021) and service performance (Jin Ho Jung, 2021).

Considering the worth of loyalty in profitability, business firms have strongly emphasized the improvement of loyalty and thus invested lots of resources in human resources management (Chiang et al.,2018). Consequently, Kincaid (2003) referred to customer loyalty “as a consumer behaviour, built on positive experience and value, which leads to buying products, even when that may not appear to be the most rational decision". Hellier et al. (2003) described customer loyalty as the extent to which the customer has been involved in repurchasing the service of a particular company over the recent years and the importance of that portion of the customer's expenditure with reference to his total outlay in that service category.

Besides, Dick, and Basu (1994) stated that the central drive of a company’s marketing activities was often having a perspective in terms of development, maintenance, or enhancement of clients’ loyalty toward its products/services (Dick & Basu, 1994). The behavioral loyalty is reflected in the behavior of customers when they buy back a brand or service because they like it (Jiang et al., 2015; Zeithaml et al., 1996).

Meanwhile, many studies point out that delivering superior value derived from the complete experience with the service is one of the most important means of generating customer satisfaction and customer loyalty (Cronin et al., 2000; Yang and Peterson, 2004; Gallarza and Saura, 2006; Kesari, and Atulkar, 2016). As highlights, by (Herhausen, Ludwig, Grewal, Wulf, & Schoegel, 2019) noted that tosuccessfully manage these complex customer journeys, retailers need to understand the background to customer loyalty on the multiple online and offline channels that consumers use when interacting with the company.

Organizations with a positive image will find it simpler to compete with other companies. This literature review, the public will place more trust in companies with a positive image and reputation than in companies with a negative image. Other components of the image are influenced, such as marketing, sales, loyalty, and a variety of other factors. As a result, the firm's image should be kept positive since it will have a beneficial influence on the company.

**Conclusion**

This review shows the relevancy of the topic in current trend. Customer loyalty program. This result is valuable for managers, as it supports the role of using explanation as a practical tool for fostering positive and profitable outcomes like repeat customer purchase. Although it is

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good to know which explanation type might be suitable in cases of failure, it is better to realize how to use these explanations effectively. When apology is applicable, it constitutes a sincere gesture to show how sorry one is for the failure. This level of customer care is only feasible through deep understanding of the psychological process of forgiveness and how emotions can be evoked in favour of companies. Training "customer service" employees to perform effectively in using explanations is a good investment for service companies to prevent customers from switching to other service providers.

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