

## Customer Satisfaction and Customer Loyalty: A Correlational Study on the Telecommunications Sector in Egypt

**Author Details:** Wageeh A. Nafei-  
University of Sadat City, Menoufia, Egypt

### **Abstract**

**Purpose:** CS and CL is a well known and established concept in several areas like marketing, consumer research, economic psychology, welfare-economics, and economics. The purpose of this study is to examine the relationship between Customer Satisfaction (CS) and Customer Loyalty (CL).

**Research Design/Methodology:** To assess positive CS, refer to (CS Questionnaire, Athanassopoulos, et al, 2001) and CL (CL Questionnaire, Parasuraman, 1996) are used. The data of the study was collected from 250 employees at the Telecommunications sector in Egypt. Out of the 290 questionnaires that were distributed to employees at the Telecommunications sector in Egypt, 250 usable questionnaires were returned, a response rate of 86%. Multiple Regression Analysis (MRA) was used to confirm the research hypotheses.

**Findings:** The research has found that there is significant and positive relationship between CS and CL at the Telecommunications sector in Egypt. CS significantly influenced CL. The finding reveals that CS affects CL. The findings supported the contention that strong relationship exists between CS and CL. However, CS alone cannot achieve the objective of creating a CL base. CS and CL are not directly correlated, particularly in competitive business environments because there is a big difference between CS, which is a passive customer condition, and CL, which is an active or proactive relationship with the organization. The results suggest that improving CS and CL is necessary. The research results also indicate that high levels of CS can build CL.

**Practical implications:** Learning the relationships between CS and CL, retailers can effectively allocate their resources. In addition, by the referring of CL, the Telecommunications sector can attract more customers. Managers are advised to satisfy and better manage their relationships through quality product and service offerings to their customers as a competitive policy in the marketplace. The Telecommunications sector in Egypt is required to offer products/services that meet or surpass consumers' expectation. The study also reveals interesting implications in CS and CL, useful to both academics and practitioners. Managers will find this research helpful in better understanding these variables and their roles on their companies' performance.

**Originality/value:** This research dealt with CS in terms of its concept and dimensions, in addition to dealing with the significant role of CL at the Telecommunications sector in Egypt.

**Keywords:** customer satisfaction, customer loyalty

### **1. Introduction**

Customer Satisfaction (CS) and Customer loyalty (CL) is a well known and established concept in several areas like marketing, consumer research, economic psychology, welfare-economics, and economics. CS and CL has long been a topic of high interest in both academia and practice (Ganiyu et al., 2012).

CS and CL are very important concepts that companies must understand if they want to remain competitive and grow. In today's competitive environment delivering high quality service is the key for a sustainable competitive advantage. CS does have a positive effect on an organization's profitability. CS forms the foundation of any successful business as it leads to repeat purchase, brand loyalty, and positive word of mouth (Angelova & Zekiri, 2011).

CS is one of the most important issues concerning business organization of all types, which is justified by the customer oriented philosophy and the principles of continuous improvement in modern eateries. CS is a collective outcome of perception, evaluation, and psychological reactions to the consumption expectation with a product or service. It is a customer's overall evaluation of the performance of an offering. This overall satisfaction has strong positive effect on CL intentions across a wide range of product and service categories. CS is a person's feelings of pleasures or disappointments resulting from comparing a product perceived performance in relation to his/her expectation (Veloutsou et al, 2005; Kotler & Armstrong, 2010).

CL is expressed through emotional loyalty and behavior loyalty. Among them emotional loyalty assumes that the customer is highly recognized and satisfied for the belief, behavior and vision impression of the enterprise. Moreover, behavior loyalty is expressed through the repeating buying behavior for the product or service of the company (Thomas & Tobe, 2013).

CL has long been a topic of high interest in both academia and practice, and a CL base has been found to be beneficial to the firm. Most companies strive for CL as the competition in most sectors grows tighter, both the importance of, and the challenge in, keeping CL increases. It is CL that generates increasing profits for each additional year they are retained (Michael et al., 2008).

This study is structured as follows: Section one is introductory. Section two presents the literature review. Section three discusses the research methodology. Section four presents the hypotheses testing. Section five explains the research findings. Research recommendations will take place at section six. Section seven handles the research implications. Limitations and future research will take place at section eight. Conclusion will be provided at the last section.

## 2. Literature Review

### 2.1. Customer Satisfaction

Satisfaction is a feeling that surfaces from an evaluation process, i.e. when the consumer of a good or service compares what is received against what is expected from the utilization of that good or service (Kotler et al., 2009).

Satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desire (Hansemark & Albinson, 2004).

Satisfaction is the customers' evaluation of a product or service in terms of whether that product or service has met their needs and expectations (Bitner & Zeithaml, 2003).

Satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party's working relationship with another (Boselie et al., 2002).

There are three component of satisfaction. They are (1) consumer satisfaction is a response (emotional or cognitive); (2) the response pertains to a particular focus (expectations, product, consumption experience, etc.); and (3) the response occurs at a particular time (after consumption, after choice, based on accumulated experience, etc) (Giese & Cote, 2002).

Satisfaction is an indicator of met or exceeded expectations (Grisaffe, 2001). Satisfaction is the person's feelings of pleasure or disappointment resulting from comparing a product perceived performance in relation to his or her expectations (Kotler, 2000).

If a customer received what she or he expected, the customer is most likely to be satisfied (Reichheld, 1996).

Satisfaction is the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with a consumer's prior feeling about the consumer experience (Oliver (1997).

The overall satisfaction has a strong positive effect on CL intentions across a wide range of product and service categories, including telecommunications services (Fornell 1992; Fornell et al. 1996).

Satisfaction is a much desired target for businesses, since a satisfied customer is likely to buy more, return to the store and spread positive word-of-mouth opinions to other customers (Anderson et al., 1994).

Although satisfaction has been defined as the difference between expectation and performance, there are differences between quality and satisfaction. Satisfaction is a decision made after experience while quality is not the same. On the other hand, in satisfaction literature, expectations for goods is "would", while in Service Quality (SQ) literature, expectations for goods is "should" (Parasuraman et al., 1991).

Satisfaction is the summary of psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience (Oliver, 1981).

The importance of customers has been highlighted by lots of researchers and academicians all around the world. Top performing financial institutions believe that customers are the purpose of what they do and they very much depend on them; customers are not the source of a problem and they should never make a wish that customers should go away because their future and security will put in jeopardy. That is the main reason why financial institutions of today are focusing much attention on CS, loyalty and retention (Zairi, 2000).

The concepts of CS is first introduced by Cardozo (1965), who indicates that customers' consume behavior will be produced again and will not change to another product or service by increasing their satisfaction. However, the definition of CS can be broadly fitted into two categories.

CS is the point at which expectation and reality coincide. The concept of satisfaction embraces not only what is gained in the use of a product, but also consumers feeling about the effectiveness of their own decision process. CS is the level of a person's perceived performance or outcome in relation to his/her own expectation. (Howard & Sheth, 1969).

CS is a post choice evaluation judgment concerning a specific purchase decision. CS is the necessary foundation for firms to retain the existing customers. The customers who are unsatisfied with the received products/services would not be expected to have long run relationships with the firm (Guo et al., 2009; Lin & Wu, 2011).

CS is regarded as how customers can get more benefits than their cost (Liu & Yen, 2010).

CS is hard to define because normally it is extenuated by expectation. Customers will be satisfied if the product or service above demands or expectation. On the other hand, if the product or service below demands or expectation, customer will be dissatisfied (Schmitt 2003; Goodman, 2009).

CS has been defined in various ways, but the conceptualization, which appears to have achieved the widest acceptance, is that satisfaction is a post-choice evaluative judgment of a specific transaction (Bastos & Gallego, 2008).

CS has for many years been considered as key factor in determining why customers leave or stay with an organization. Therefore, organizations need to know how to keep their customers, even if they appear satisfied. Every organization has come to realize that in order for it to survive, let alone grow, it has to acquire and then retain profitable customers. CS is not a guarantee of repeat patronage. Satisfied customers jump ship every day, and the reasons are not always due to customer dissatisfaction, some customers are lost due to indifference which arises from pure neglect (Michael et al., 2008).

CS plays the most important role in total quality management. CS is probably less sensitive to seasonal fluctuations, changes in costs, or changes in accounting principles and practices (Kotler, 2006).

CS is a standard to identify the actual feeling of a customer about quality of service or product. It is not only about the direct impression about product or SQ, but also shows how the product or service meet customer's expectation or demand (Woodcock et al., 2003).

CS is certain psychological satisfaction, it is an attitude which is shown after the purchasing behavior. However, CL is a behavior of continuing transaction. It is also a progress for repeating purchasing. CS measures a customer's feelings and expectations while CL reflects to the behavior of purchasing and commitment of purchasing in the future. The survey of CS shows the opinions and feelings about previous purchasing experience, i.e. it can only reflect to the past behavior. It cannot be used as a reliable prediction for future behavior. However, the survey of CL can predict what the most favorite product or service is (Woodcock et al. 2003).

CS will probably talk to others about their good experiences. This fact, especially in the Middle Eastern cultures, where the social life has been shaped in a way that social communication with other people enhances the society, is more important (Jamal & Naser, 2002).

CS is a key factor in the formation of a customer's desire to purchase future products. CS is considered as the corporate level strategy and it is a source of successful entrepreneurship. Regarding to CS, there are some differences in the definitions. There are three general components: response, focus and time. CS is a response, pertains to a particular focus, and occurs at a particular moment in time (Sureshchandar et al , 2002).

CS is an overall customer attitude or behavior towards a service provider, or an emotional reaction towards the difference between what customers expect and what they receive, regarding the fulfillment of some desire, need or goal (Hansemark, & Albinsson, 2004; Kotler, 2000; Hoyer, & MacInnis, 2001).

Many researchers consider CS to be the best indicator of a company's future profit and competitiveness. The outcomes of CS include CL (Bei & Chiao, 2001).

A higher level of CS will lead to greater loyalty. However, the impact of satisfaction on CL is rather complex (Zins, 2001).

CS is a key factor in formation of customer's desires for future purchase (Mittal & Kamakura, 2001).

CS has been a central concept in marketing literature and is an important goal of all business activities. Today, companies face their toughest competition, because they move from a product and sales philosophy to a marketing philosophy, which gives a company a better chance of outperforming competition (Kotler, 2000).

CS has a positive effect on an organization's profitability. The more customers are satisfied with products or services offered, the more are chances for any successful business as CS leads to repeat purchase, brand loyalty, and positive word of mouth marketing. CS leads to repeat purchases, loyalty and to customer retention (Zairi, 2000).

CS fosters loyalty to the extent that it is a prerequisite for maintaining a favorable relative attitude and for recommending and repurchasing from the bank. Once customers recommend a financial institution it fosters both repurchase and loyalty towards that financial institution. Thus the key to generating loyalty is to get customers to recommend a service provider to others. Also, customers are likely to recommend a service provider when they are satisfied with the services and when they have a favorable relative attitude towards that service provider (Sivadas & Baker-Prewitt, 2000).

CS is more likely to repeat buying products or services. They will also tend to say good things and to recommend the product or service to others. On the other hand dissatisfied customers respond differently. Dissatisfied customers may try to reduce the dissonance by abandoning or returning the product, or they may try to reduce the dissonance by seeking information that might confirm its high value (Kotler, 2000).

CS remains a worthy pursuit among the consumer marketing community (Oliver, 1999).

CS is the heart of marketing. The ability of an organization to satisfy customers is vital for a number of reasons. Dissatisfied customers tend to complain to the company and in some cases seek redress from them more often to relieve cognitive dissonance and bad consumption experiences (Oliver, 1987; Nyer, 1999).

CS tends to have a higher usage level of a service than those who are not satisfied (Ram & Jung, 1991; Bolton & Lemon, 1999). They are more likely to possess a stronger repurchase intention and to recommend the product/service to their acquaintances. Numerous studies have also revealed that CS positively affects loyalty (Zeithaml et al., 1996; Bloemer, et al., 1999; Oliver, 1999).

Moreover, sometimes even the customer is not totally satisfied with the product or service, he still chooses it because of a lower price or just the location. There is no doubt that CS is the key element which can cause repeating purchasing behavior. However, CS is not the most important factor of CL (Gitomer, 1998).

CS is the degree to which customer expectations of a product or service are met or exceeded. CS means that the customers' needs are met, product and services are satisfactory, and customers' experience is positive (Friday & Colts, 1995).

CS is defined as the consumer's fulfillment response. It is a judgment/assessment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption related fulfillment. In other words, it is the overall level of contentment with a service/product experience (Oliver's (1997).

CS is how satisfied a customer is with the supplied product/service. It is closely related to interpersonal trust (Geyskens et al., 1996).

CS is the result of a customer's perception of the value received in a transaction or relationship-where value equals perceived SQ relative to price and customer acquisition costs (Hallowell, 1996). CS in retail banking is influenced by the perceived competitiveness of the bank's interest rates (Levesque & McDougall (1996).

Satisfied customers may seek for competitors because they believe they might receive better service elsewhere. Unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere or if the switching cost is high (Reichheld, 1996).

Companies with satisfied customers have a good opportunity to convert them into CL who purchase from those firms over an extended time period. Today's highly competitive and dynamic corporate environment compels the financial institutions to have satisfied customers and retain them in order to survive and compete with other market players successfully (Evans & Lindsay (1996).

Quite understandably, marketing practitioners often lay claim with CS, using slogans such as "Our focus is CS", or "The customer is a king" "Customer is our reason for being in business". The importance of

CS inform the study carried out by the University of Michigan which tracks customers across 200 firms representing all major economic sectors to produce the American CS Index (ACSI). Each company receives an ACSI score computed from its customers' perceptions of quality, value, satisfaction, expectations, complaints, and future loyalty (Fornell et al., 1996).

CS has frequently been advanced to account for CL (Dick & Basu, 1994, Oliver 1996; Zeithaml et al., 1996).

CS can influence CL directly. Hence, it is understood that the relationship between CS and loyalty is progressive. More specifically, CS provides the basis for achieving CL (Cronin & Taylor, 1992).

CS is a critical focus for effective marketing programs. CS is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product or service (Yi, 1990).

CS is the customer's overall evaluation of the performance of an offering to date (Johnson & Fornell 1991).

CS as an attitude is like a judgment following a purchase act or based on series of consumer-product interactions (Yi, 1989).

CS is the judgment for the difference between the quality of the product or service and customer's own expectation (Tse & Wilton, 1988).

CS is the statue of emotion response. More specifically, when a customer can feel about the benefit of a product or service, the customer is willing to pay for the price and can tolerate with the rising price (Westbrook, 1980).

In order to achieve CS, organizations must be able to build and maintain long lasting relationships with customers through satisfying various customer needs and demands which resultantly motivate them to continue to do business with the organization on on-going basis (La Barbera, & Mazursky, 1983).

## 2.2. Customer Loyalty

Oxford Dictionary defines loyalty as a state of true allegiance. But the mere repeated purchase by customers has been mixed with the above mentioned definition of loyalty. In service domain, loyalty has been defined in an extensive form as observed behaviors (Bloemer et al., 1999).

Loyalty is best measured by continued buying behavior (Goodman, 2009). Loyal is about earning people's enthusiastic commitment to a relationship that will improve their lives over a long term. Hence, CL is about earning customers' trust and improving the enterprise' benefits (Reichheld, 2001).

Loyalty is a primary goal of relationship marketing and sometimes even equated with the relationship marketing concept itself (Sheth & Parvatiyar 1999).

Loyalty shows a customer's positive attitude for the repeating buying behavior on certain products or services. CL refers to the influences of quality, price, service and many relevant factors. These factors can create intensity feelings on certain products or services so that the product or service become preference (Gremler & Brown, 1999).

Loyalty is present when favorable attitudes toward the brand are manifested in repeat buying behavior (Keller, 1993).

Loyalty is not merely a behavior; it is a function of underlying psychological factors as well. They propose the definition of brand loyalty as the biased behavioral response expressed over time by some decision-making unit with respect to one or more alternative brands out of a set of such brands. Attitudinal loyalty is the consumer's predisposition towards a brand as a function of psychological processes (Jacoby & Chestnut, 1978).

There are three attitudinal measures of loyalty, which are: (1) the likelihood of continuing to do business or re-purchasing, (2) the likelihood of expanding the business or purchasing, and (3) the willingness to recommend or serve as a reference. There is a growing body of research that indicates that loyalty is developed in ways that are more dynamic and complex than reflected in the common satisfaction (Gremler & Brown, 1998; Fournier et al., 1998; Oliver, 1999).

CL is influenced by the quality of product or service and many other factors. It can make the customer emotionally involved with the product or service. Especially for hotel industry, since the service chain is complicated, every detail in this chain could make an effort on attracting customers. Generally, CS does not equal to CL (Dickie, 2008).

CL is the adherence of customers to a company. Even if businesses make mistakes, CL will not leave. CL is the consumer behavior, built on positive experience and value, which leads to buying products, even when that may not appear to be the most rational decision. Furthermore, the concept was later divided into behaviouristic and non-behaviouristic dimensions where the latter is more focused on the underlying causes of CL and attitudes of consumers (Peppers & Rogers, 2004).

So, in the investigation of CL, it is valid to explore two fields: the behavior of consumers and their intentions (Kincaid, 2003; Schweizer, 2008).

CL seems to be based on a collection of factors. The first is trust. Consumers must trust the vendor or product they encounter. Second, the transaction or relationship must have a positive perceived value greater than that supplied by competitors. Third, if marketers build on the first two factors, they may be able to create a level of positive customer emotional attachment. That emotional response may be commitment to their brands that is resistant to change (Kumar & Shah, 2004; Pitta, et al, 2006).

CL is a feeling of association which a customer has towards a brand. This feeling incites customer for acquiring a good or service repeatedly. Subsequently this generates sizeable and better financial outcomes for the firm. (Duffy, 2003).

CL means the repeating purchase behavior based on personal preference of certain product or service. Loyalty customers are the most competitive advantage of an enterprise (Griffin, 2002).

CL represents actual repeat purchase of products or services that includes purchasing more and different products or services from the same company, recommending the company to others, and reflecting a long-term choice probability for the brand (Feick et al., 2001).

CL is a crucial factor in companies' growth and their performance. Loyalty is linked with the repeat business. Thus, a customer is loyal when he is frequently repurchasing a product or service from a particular provider. Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1997; Kotler, 2000).

CL has long been regarded as an important goal of any corporate entity (Reichheld & Scheffer, 2000).

CL is dependent on a number of customer related factors, i.e. how customers perceive the business rather than what the business really does. Given all these benefits, it's only natural that businesses should turn to a diverse range of tools to develop CL. Every company seems to have a different formula for making that loyalty happen. Such initiatives include creation of valuable customer experiences, creation of resonant brand, proactive marketing initiatives, quality control processes, and customer relationship management (Stone et al., 2000).

CL is the result of an organization's creating a benefit for customers so that they will maintain and increasingly repeat business with the organization (Anderson, & Jacobsen, 2000).

CL shows a customer's positive attitude for the repeating buying behavior on a certain product or service. CL is not only a repeating purchasing behavior, but also a high quality of inclination. It is a combination of inclination and repeating buying behavior. It shows high trust to the quality of product or service, also the belief for the enterprise and its product or service. Furthermore, if the same type produce or service is needed in the future, this certain product or service would be the first choice. This is the preference of the customer, moreover, as the result of preference, it turns to repeating purchasing behavior (Gremmler & Brown, 1999).

CL can be divided into three categories which include behavior, intentional and emotional. Behavior loyalty is the repeating purchasing behavior. Intentional loyalty is the possible buying intention. Emotional loyalty is the attitude of customers for the enterprise and its product or service, the customer may help the company publicize its product or service positively (Gremmler & Brown, 1999).

CL often costs less to the firm because they know the products and services and require less information. They even serve as part-time employees up to some extent. Therefore, CL not only need less information themselves about product and service offerings but also serve as an information source for prospective customers of the firm. In order to ensure CL and restrict switching behavior, financial institutions of 21<sup>st</sup> century must be able to anticipate the needs of their customers because a customer's interest in maintaining a loyal relationship depends on the firm's ability to anticipate customer's future needs and demands and offering them before anyone else (Kandampully, & Duffy, 1999).

In e-commerce, CL are considered extremely valuable. Today, e-retailers are seeking information on how to build CL. CL not only require more information themselves, but they serve as an information source for other customers (Pavlou 2003; Papadopoulou et al., 2001).

The behavioral typology to CL is primarily concerned with measures of repeat purchase, proportion of purchases. Although, this is considered to be a relevant measure, the main criticism of this typology is that it does not include the customer’s motives for their behavior. Therefore, attitudinal approaches to loyalty have been developed. While a behavioral approach to loyalty is still valid as a component of loyalty, it is argued that attitudinal approaches to loyalty should supplement the behavioral approach (Samuelson & Sandvik, 1997).

CL is created when customers become advocate of an organization without any incentive. Also, CL refers to a deeply held commitment to re-buy a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997).

CL is comprised of both customers’ attitudes and behaviors. Customers’ attitudinal component represents notions like: repurchase intention or purchasing additional products or services from the same company, willingness of recommending the company to others, demonstration of such commitment to the company by exhibiting a resistance to switching to another competitor (Cronin & Taylor, 1992; Narayandas, 1996; Prus & Brandt, 1995), and willingness to pay a price premium (Zeithaml et al., 1996).

CL expresses an intended behavior related to the product or service or to the company. CL is the mind set of the customers who hold favorable attitudes toward a company, commit to repurchase the company’s product/service, and recommend the product/service to others (Pearson, 1996).

CL is viewed as the strength of the relationship between an individual's relative attitude and repeat patronage. CL is not only a behavioral phenomenon, besides the behavior aspects, loyalty refers to the attitude of a customer. The two dimensions of CL, relative attitude and repeat patronage, will indicate four types of loyalty (Dick & Basu, 1994).

CL is considered an important key to organizational success and profit. Firms with large groups of CL have been shown to have large market shares, and market share, in turn, has been shown to be associated with higher rates of return on investment (Raj, 1985; Reichheld & Sasser, 1990).

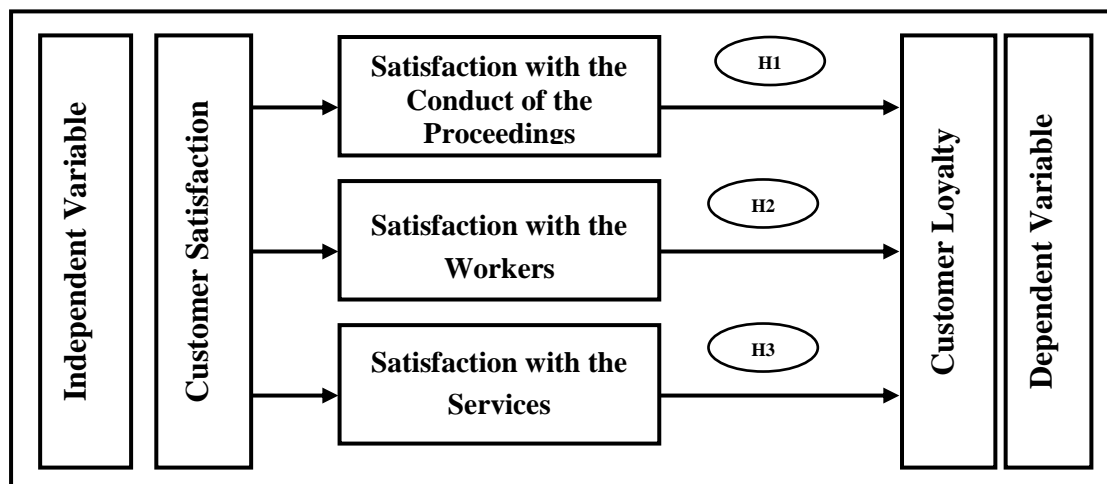
CL motivates customers for repeat purchases and persuade them to refer those products or services to others (Heskett et al., 1994).

### 3. Methodology

#### 3.1. Research Model

The proposed comprehensive conceptual model is presented in Figure (1). The diagram below shows that there is one independent variable of CS. There are one dependent variable of CL. It shows the rational link among the two types of observed variables i.e. independent, and dependent variable.

Figure (1)  
Proposed Comprehensive Conceptual Model



An in-depth literature review pointed out that CS and CL are related to each other. In other words, there is a positive relationship between CS and CL.

So literature suggests that CS has a relationship with CL (Cavana et al, 2007; Garland & Gendall, 2004; Henkel et al, 2006; Heskett et al, 1997; Kao, 2009; Lai, 2004; Naeem & Saif, 2009; Rauyruen et al, 2007; Yu & Dean, 2001; Ziethalm et al, 2008).

From the above discussion, the research framework suggests that CS plays a significant role in affecting CL.

CS is measured in terms of satisfaction with the conduct of the proceedings, satisfaction with the workers, satisfaction with the services of the bank (Athanasopoulos, et al, 2001).

CL is measured in terms of the intention of the spoken word, sensitivity to price, and the behavior of the complaint (Parasuraman, 1996).

### 3.2. Research Questions and Hypotheses

The researcher found the research problem through two sources. The first source is to be found in previous studies, and it turns out that there is a lack in the number of literature reviews that dealt with the analysis of the relationship between CS and CL at the Telecommunications sector in Egypt. This called for the researcher to test this relationship in the Egyptian environment. The second source is the pilot study, which was conducted in an interview with (30) employees in order to identify the relationship between CS and CL. The researcher found, through the pilot study, several indicators notably the important and vital role that could be played by CS in reinforcing CL at the Telecommunications sector in Egypt.

As a result of the discussions given above, the research questions of this study are as follows:

- Q1: What is the nature and extent of the relationship between CS (satisfaction with the conduct of the proceedings) and CL at the Telecommunications sector in Egypt?.
- Q2: What is the nature of the relationship between CS (satisfaction with the workers) and CL at the Telecommunications sector in Egypt?.
- Q3: What is the statistically significant relationship between CS (satisfaction with the services of the organization) and CL at the Telecommunications sector in Egypt?.

There are studies in literature that study CS and CL factors separately and within the frame of bilateral relation, but there is no study that examines these two factors collectively at the Egyptian environment. This study aims to contribute to the literature by examining the research variables collectively and by revealing the interaction between the research variables.

As a result of the discussions given above, the following hypotheses were developed to test if there is significant correlation between CS and CL at the Telecommunications sector in Egypt.

- H1: CS (satisfaction with the conduct of the proceedings) has no statistically significant effect on CL at the Telecommunications sector in Egypt.
- H2: There is no statistically significant impact of CS (satisfaction with the workers) on CL at the Telecommunications sector in Egypt.
- H3: CS (satisfaction with the services of the organization) has no statistically significant influence on CL at the Telecommunications sector in Egypt.

### 3.3. Population and Sample

The population of the study included all employees at Telecommunication sector in Egypt. The total population is 1196 employees. Determination of respondent sample size was calculated using the formula (Daniel, 1999) as follows:

$$n = \frac{N \times (Z)^2 \times P(1-P)}{d^2 (N-1) + (Z)^2 \times P(1-P)}$$

The number of samples obtained by 290 employees at Telecommunication sector in Egypt is as presented in Table (1).



Table (1) Distribution of the Sample Size

Telecommunication Sector in Egypt	Number	Percentage	Sample Size
1. Telecom Egypt	812	68%	290X 68% = 197
2. Vodafone	134	11%	290X 11% = 32
3. Mobinil	128	11%	290X 11% = 32
4. Télécommunications	122	10%	290X 10% = 29
<b>Total</b>	1196	100%	290X 100% = 290

Source: Personnel Department at Telecommunication Sector in Egypt, 2015

Table (2) provides the features of the respondents at Telecommunication sector in Egypt who participated in the survey.

Table (2) Frequency Distribution Table of Demographics

Variables		Frequency	Percentage
1- Sex	Male	155	62%
	Female	95	38%
	<b>Total</b>	<b>250</b>	<b>100%</b>
2- Marital Status	Single	135	54%
	Married	115	46%
	<b>Total</b>	<b>250</b>	<b>100%</b>
3- Age	Under 30	50	20%
	From 30 to 45	85	34%
	Above 45	115	46%
	<b>Total</b>	<b>250</b>	<b>100%</b>
4- Educational Level	Secondary school	50	20%
	University	85	34%
	Post Graduate	115	46%
	<b>Total</b>	<b>250</b>	<b>100%</b>
5- Period of Experience	Less than 5 years	75	30%
	From 5 to 10	100	40%
	More than 10	75	30%
	<b>Total</b>	<b>250</b>	<b>100%</b>

Source: Personnel Department at Telecommunication Sector in Egypt, 2015

### 3.4. Procedure

The goal of this study was to identify the significant role of CS in the relationship between CS and CL. A survey research method was used to collect data in this study. The questionnaire included three questions, relating to CS, CL, and biographical information of employees at the Telecommunications sector in Egypt.

Data collection took approximately two months. About 382 survey questionnaires were distributed by employing diverse modes of communication, such as in person and post. Multiple follow-ups yielded 310 statistically usable questionnaires. Survey responses were 86%.

### 3.5. Data Collection Tools

#### 3.5.1. Customer Satisfaction Scale

The present study has investigated CS as an independent variable. The researcher will depend on the scale developed by (Athanasopoulos, et al, 2001), in measuring CS, which has been divided into three main components (satisfaction with the conduct of the proceedings, satisfaction with the workers, and satisfaction with the services of the organization). There were 6 items measuring satisfaction with the conduct of the proceedings, 6 items measuring satisfaction with the workers, and 6 items measuring satisfaction with the services of the organization. The survey form has been used as a key tool to collect data to measure CS at the Telecommunications sector in Egypt.

#### 3.5.2. Customer Loyalty Scale

The present study has investigated CL as a dependent variable. The researcher will depend on the scale developed by (Parasuraman, 1996), in measuring CL, which has been divided into four main components (verbal communication, the intention of the spoken word, sensitivity to price, and the behavior

of the complaint). There were eleven items measuring CL. There were 3 items measuring verbal communication, 4 items measuring the intention of the spoken word, 4 items measuring sensitivity to price, and 3 items measuring the behavior of the complaint. The survey form has been used as a key tool to collect data to measure CL at the Telecommunications sector in Egypt.

Responses to all items scales were anchored on a five (5) point Likert scale for each statement, ranging from (5) “full agreement,” (4) for “agree,” (3) for “neutral,” (2) for “disagree,” and (1) for “full disagreement.”

### 3.6. Data Analysis and Testing Hypotheses

The researcher has employed the following methods: (1) The Alpha Correlation Coefficient (ACC), (2) Multiple Regression Analysis (MRA), and (3) the statistical testing of hypotheses which includes F- test and T-test. They are found in SPSS.

## 4. Hypotheses Testing

### 4.1. Evaluating Reliability

Before testing the hypotheses and research questions, the reliability of KM and OS were assessed to reduce errors of measuring and maximizing constancy of these scales. To assess the reliability of the data, Cronbach’s alpha test was conducted.

Table (3) shows the reliability results for KM and OS. All items had alphas above 0.70 and were, therefore, excellent, according to Langdrige’s (2004) criteria.

Regarding Table (3), the 18 items of CS are reliable because the ACC is 0.9370. Satisfaction with the conduct of the proceedings, which consists of 6 items, is reliable because the ACC is 0.8753. Satisfaction with the workers, which consists of 6 items, is reliable because the ACC is 0.7651. Furthermore, satisfaction with the services of the organization, which consists of 6 items, is reliable because the ACC is 0.7742. Thus, the internal consistency of CS can be acceptable.

Table (3) Reliability of CS and CL

Variables	The Dimension	Number of Statement	ACC
CS	Satisfaction with the conduct of the proceedings	6	0.8753
	Satisfaction with the workers	6	0.7651
	Satisfaction with the services of the organization	6	0.7742
	<b>Total Measurement</b>	<b>18</b>	<b>0.9370</b>
CL	Verbal communication	3	0.9658
	The intention of the spoken word	4	0.9409
	Sensitivity to price	4	0.9658
	The behavior of the complaint	3	0.8924
	<b>Total Measurement</b>	<b>14</b>	<b>0.9815</b>

According to Table (3), the 14 items of CL are reliable because the ACC is 0.9815. Verbal communication, which consists of 3 items, is reliable because the ACC is 0.9658. The 4 items related to the intention of the spoken word are reliable because ACC is 0.9409. Sensitivity to price, which consists of 4 items, is reliable because the ACC is 0.9658. Furthermore, the behavior of the complaint, which consists of 3 items, is reliable because the ACC is 0.8924. Thus, the reliability of CL can be acceptable.

Accordingly, two scales were defined, CS (18 variables) where ACC represented about 0.9370 and CL (14 variables), where ACC represented 0.9815.

### 4.2. Correlation Analysis

The researcher calculated means and standard deviations for each variable and created a correlation matrix of all variables used in hypothesis testing. Arithmetic mean and standard deviation values related to dependent and independent variables of this study and correlation coefficients between these variables are given in Table (4).Table (4) Descriptive Statistics and Correlation Matrix of Constructs

Variables	Mean	Std. Deviat	1	2	3	4
1. Satisfaction with the conduct of the proceedings	3.18	1.125	1			
2. Satisfaction with the workers	3.12	0.960	0.90**	1		
3. Satisfaction with the services of the organization	3.34	0.948	0.92*	0.90**	1	
4. Customer Loyalty	3.64	1.199	0.37**	0.40**	0.37**	1

**Note:** \*\* Correlation is significant at 0.01 level.

According to Table (4), the first issue examined was the different facets of CS (satisfaction with the conduct of the proceedings, satisfaction with the workers, and satisfaction with the services of the organization). According to Table (4), among the various facets of CS, those who responded identified the presence of a satisfaction with the services of the organization ( $M=3.34, SD=0.948$ ). This was followed by satisfaction with the conduct of the proceedings ( $M=3.18, SD=1.12$ ), and satisfaction with the workers ( $M=3.12, SD=0.960$ ).

The second issue examined was the different facets of CL (verbal communication, the intention of the spoken word, sensitivity to price, and the behavior of the complaint). Most of the respondents identified the overall CL ( $M=3.64, SD=1.19$ ).

Regarding Table (4), CS dimensions have positive and significant relation with CL. The correlation between CS (satisfaction with the conduct of the proceedings) and CL is 0.378. Satisfaction with the workers and CL, the value is 0.402, whereas satisfaction with the services of the organization and CL show correlation value of 0.374. According to Table (4), CS has positive and significant relation with CL. Finally, Table (4) proves that there is a significant correlation between CS and CL at the Telecommunications sector in Egypt.

#### 4.3. CS (Satisfaction with the Conduct of the Proceedings) and CL

The relationship between CS (satisfaction with the conduct of the proceedings) and CL at the Telecommunications sector in Egypt is determined. The first hypothesis to be tested is:

*There is no relationship between CS (satisfaction with the conduct of the proceedings) and CL and CS at the Telecommunications sector in Egypt .*

Table (5)

MRA Results for CS (Satisfaction with the Conduct of the Proceedings) and CL

The Variables of CS (Satisfaction with the Conduct of the Proceedings)	Beta	R	R2
1. The internal design of the building makes it easier to streamline the functioning of transactions.	0.081	0.311	0.096
2. There are more than organization branch meeting your needs (for example, near the workplace).	0.157	0.293	0.085
3. The organization offers unparalleled facilities (such as interest rates on loans or deposits).	0.325**	0.155	0.024
4. The organization does not make mistakes when informing me about the conduct of my business.	0.299**	0.269	0.072
5. Guiding signs of facilities and offices are evident.	0.195	0.366	0.133
6. It's easy to contact the organization over the phone and via e-mail.	0.068	0.364	0.132
<ul style="list-style-type: none"> <li>▪ MCC</li> <li>▪ DC</li> <li>▪ Calculated F</li> <li>▪ Degree of Freedom</li> <li>▪ Indexed F</li> <li>▪ Level of Significance</li> </ul>		0.444 0.197 9.951 6, 243 2.80 0.000	

\*\* P < 0.01

Table (5) proves that there is a relationship between CS (satisfaction with the conduct of the proceedings) and CL at significance level of 0,000. As a result of the value of  $R^2$ , the 6 independent

variables of CS (satisfaction with the conduct of the proceedings) can explain 19.7% of the total differentiation in CL level. For the results of a structural analysis of the MRA, the direct effect of CS (satisfaction with the conduct of the proceedings) and CL is obtained. Because MCC is 0.444, it is concluded that there is enough empirical evidence to reject the null hypothesis.

**4.4. CS (Satisfaction with the Workers) and CL**

The relationship between CS (satisfaction with the workers) and CL at the Telecommunications sector in Egypt is determined. The second hypothesis to be tested is:

*There is no relationship between CS (satisfaction with the workers) and CL and CS at the Telecommunications sector in Egypt .*

Table (6)  
MRA Results for CS (Satisfaction with the Workers) and CL

The Variables of CS (Satisfaction with the Workers)	Beta	R	R2
1. Workers in the organization are elegant.	0.009	0.107	0.011
2. Organization staff are polite and treat clients decently.	0.140	0.329	0.108
3. Organization staff are well aware of the activities and the work of the organization.	0.093	0.173	0.029
4. Organization staff have the knowledge necessary to serve you immediately.	0.027	0.269	0.072
5. Organization employees are acting freely with me when I am having a problem with a view to solving them.	0.058	0.366	0.133
6. Organization employees do not hesitate to find the time to provide the best service to the customer.	0.226*	0.364	0.132
<ul style="list-style-type: none"> <li>▪ MCC</li> <li>▪ DC</li> <li>▪ Calculated F</li> <li>▪ Degree of Freedom</li> <li>▪ Indexed F</li> <li>▪ Level of Significance</li> </ul>		0.417	
		0.174	
		8.519	
		6, 243	
		2.80	
		0.000	
* P < 0.05			

As Table (6) proves, the MRA resulted in the R of 0.417. This means that CL has been significantly explained by the 6 independent variables of CS (satisfaction with the workers).

Furthermore, the R<sup>2</sup> of 0.174 indicates that the percentage of the variable interprets the whole model, that is, 17.4%. It is evident that the six independent variables of CS (satisfaction with the workers) justified 17.4% of the total factors of CL. Hence, 82.6% are explained by the other factors. Therefore, there is enough empirical evidence to reject the null hypothesis.

**4.5. CS (Satisfaction with the Services of the Organization) and CL**

The relationship between CS (satisfaction with the services of the organization) and CL at the Telecommunications sector in Egypt is determined. The third hypothesis to be tested is:

*There is no relationship between CS (satisfaction with the services of the organization) and CL and CS at the Telecommunications sector in Egypt .*

Table (7)

MRA Results for CS (Satisfaction with the Services of the Organization) and CL

The Variables of CS (Satisfaction with the Services of the Organization)	Beta	R	R <sup>2</sup>
1. The organization deserves confidence.	0.153*	0.091	0.008
2. You do not need to pay numerous visits to the organization in order to solve a specific problem.	0.194*	0.323	0.104
3. If there is a problem, the organization will be ready to discuss this with me.	0.115*	0.192	0.036
4. The organization provides services to the customer quickly.	0.096	0.283	0.080
5. Good relations between workers and management of the organization contributes to providing the best service to the customer.	0.513**	0.364	0.132
6. The organization offers a wide variety of services that meet your needs.	0.283	0.288	0.082
▪ MCC		0.421	
▪ DC		0.177	
▪ Calculated F		8.717	
▪ Degree of Freedom		6, 243	
▪ Indexed F		2.80	
▪ Level of Significance		0.000	
** P < 0.01	* P < 0.05		

Table (7) proves that there is a relationship between CS (satisfaction with the services of the organization) and CL. As a result of the value of  $R^2$ , the 6 independent variables of CS (satisfaction with the services of the organization) can explain 17.7% of the total differentiation in CL level.

For the results of a structural analysis of the MRA, the direct effect of CS (satisfaction with the services of the organization) and CL is obtained. Because MCC is 0.421, there is enough empirical evidence to reject the null hypothesis.

## 5. Research Findings

The present study on analyzing the relationship between CS and CL at the Telecommunications sector in Egypt revealed the following results:

1. There is a positive correlation between CS and CL. This is the result of dealing well with customers, solving their problems, and facilitating the procedures for the provision of services to them, which affects them and contributes to creating a sense of loyalty to the organization to a large extent. In other words, researchers have found positive and significant correlations between CS and CL (Szymanski & Henard, 2001; Bearden & Teel, 1983).  
Jones et al., (1995) argued that this relationship is not a simple linear one; the resulting behaviors may depend on consumer attributions. Furthermore, CS is a driver of CL. However, a number of contributions to the services marketing literatures over the past decade have called this into question and empirical studies have begun to demonstrate service contexts in which CS and CL do not always correlate positively (Silvestro & Cross, 2000, Kamakura, 2002, Pritchard & Silvestro, 2005).
2. CS is not enough, there has to be extremely satisfied customers. This is because CS must lead to CL. Building CL is not a choice any longer with businesses. It is in fact the only way of building sustainable competitive advantage. Building CL has become a core marketing objective shared by key players in all industries catering to business customers (Bowen and Chen (2001). Also, high CS will result in increased loyalty for the firm and customers will be less prone to overtures from competition (Fornell, 1992). Furthermore, CS is positively associated with repurchase intentions, likelihood of recommending a product or service, loyalty and profitability (Anton (1996). Additionally, CL would purchase from the firm over an extended time (Evans, & Lindsay, 1996).
3. CS is more likely to be repeat customers and don't think to switch to other service providers (Gultinan, et al., 1997). The causal construct between CS and CL found that there is positive association between

CS and CL (Bontis, et al., 2007). CS and CL are highly related, and that dissatisfaction fosters a customer's intention to switch. Also, CS should be the primary objective of an organization to enhance CL but a business that focuses exclusively on CS runs the risk of becoming an undifferentiated brand whose customers believe only that it meets the minimum performance criteria for the category (Clarke, 2001).

4. Customers must to be extremely satisfied. As far as organizations are concerned, they want their customers to be loyal to them and CS does not fully guarantee this. CS is not necessarily a guarantee of CL. Customers may change service providers because of price, or because the rival is offering new opportunities, or simply because they want some variation. Today, financial institutions are seeking information on how to build CL (Sivadas & Baker-Prewitt, 2000; Reichheld, 1996; Bowen & Chen, 2001). CS leads to greater CL (Bolton & Drew, 1993), reduces the costs of future transactions (Reichheld & Sasser, 1990), positively impacts firm's revenues (Bolton 1998), and minimizes customer defection if quality falters.
5. There is a positive relationship between CS, and CL. In other words, CS is attained by properly meeting the customer demands and expectations and providing services which are up to the market standards (Gitomer, 1998). A positive consumption experience of the customer ensures that overall his feelings for the products or services consumed are positive. However, CS does not guarantee repurchase, CL.

## 6. Recommendations

The basic purpose of this research work is to put forward recommendations of practical nature rather than just proposing research oriented work.

1. The Telecommunications sector in Egypt should learn customers' point of view through questionnaires, among other things, business research studies, or specialists in order to provide consulting services in order to check the quality of services.
2. The Telecommunications sector in Egypt should pay much attention to CS, through the selection of skilled workers on how to provide the service and earn CS, and design a training program for them in order to equip them with knowledge and skills required to provide services.
3. The Telecommunications sector in Egypt is interested in how to facilitate business processes and reduce the time of service to the customer through motivating employees and giving them the empowerment required for the performance of their quality.
4. The Telecommunications sector in Egypt should know the need to respect the customer, and the staff should try to get the information and suggestions or problems in order to improve service delivery and CS.
5. The Telecommunications sector in Egypt must work on maintaining existing customers to gain their satisfaction. This is because the cost of maintaining the current client is less as a cause of a new customer, and to maintain it for a longer period. The customer is getting a sense of loyalty to the organization, thereby acting to promote it and gain new customers.
6. The Telecommunications sector in Egypt must adopt a win-win SQ strategy through which they provide value to the customer and customer remains loyal to the organization. The value provided must be keeping in view the CS.
7. The Telecommunications sector in Egypt must understand and determine the factors that enhance CS. Surveys must be conducted to obtain the data from the customers regarding their perceptions, expectations and recommendations to improve the SQ. CS is a very much important factor that not only forces the customers to remain loyal with the organization but also proves as a marketing mechanism through which other people are attracted towards the organization.
8. The Telecommunications sector in Egypt should look for the contemporary approaches of delivering quality services through relationship management tactics. These approaches build a long term relationship with the customer through the provision of premium quality services. In other words, traditional predictors of the CS, such as SQ still have a strong impact on the CS. So, these factors must be the core of the strategy aiming at enhancing CS and loyalty. In other words, probably the most important determinant of the CL is SQ. So, the provision of premium SQ must be the objective of the business strategy of the organization.

9. The Telecommunications sector in Egypt must think regarding developing a competitive edge which sets apart the products and services of the organization in a distinctive way. Provision of premium quality services holds utmost importance among the factors which can enable the organization to have a competitive edge over the rivals successfully in today's market-driven system. In other words, innovating the services according to the needs and demands of the customers is very much important. Customers must be the focus of every strategy. The Telecommunications sector in Egypt must think in terms of end result of their SQ innovations. The focus should be on the long run.

## 7. Research Implications

The findings provide several managerial implications. The fundamental premise of the proposed model was that CS will significantly impact CL.

According to Hansen & Bush (1999), a great success will result from a strategy that concentrates on one targeted dimension of SQ, rather than from one in which the retail firm improves marginally on all of the dimensions. The interpretation of the research model has the potential to help retailers better understand how customers assess the SQ and how their service campaigns influence CS and CL. Learning the uncovered relationships between SQ, CS and CL, retailers can effectively allocate their resources and develop a rational plan to improve their SQ under specific business circumstances.

It is recognized that improvement of CS will create customers that are more loyal. By the referring of CL, the organizations can attract more customers. Managers are advised to satisfy and better manage their relationships through quality product and service offerings to their customers as a competitive policy in the marketplace. The Telecommunications sector in Egypt are required to offer services that meet or surpass consumers' expectation.

## 8. Research Limitations

Although the results presented in this study are useful in understanding the relationships between CS and CL, there are several limitations that need to be addressed. They are as follows:

1. The sampling frame includes the employees at the Telecommunications sector in Egypt. This may lead to loss of generalizability. Although the sample used appears homogenous and yielded reliable data, it would be better to include more demographic control variables, which lead to more generalizable results and allow possible segmentation in terms of CS and CL. Further studies should use a more representative sample of whole retail customers' population, which lead to more sound and comprehensive findings.
2. The variables in the hypothesized model, CS and CL, are likely to be influenced by other variables. So, other factors that are found to influence loyalty are brand name and value and brand commitment (Kuikka & Laukkanen, 2012; Belaid & Behi, 2011); confidence benefits and special treatments benefits (Ruiz-Molina et al., 2009); the quality of product offered in retail outlets (Allaway et al., 2011; Fandos & Flavián, 2006). Other studies identify factors such as price (Martin-Consuegra et al., 2007) or store environment (Guenzi et al., 2006) as factors influencing CS. Addressing these additional factors in specific retailing contexts extend the landscape of retailing research and can contribute in achieving deeper insights on retail customer behavior.
3. The data was collected at single point in time. Although all the proposed hypotheses were based on previous research studies and evidences shown in the previous literature, it is not possible to explain causal relationships among the variables of the study due to the absence of a longitudinal research design. Hence, the findings of the study are not an evidence for explaining causal relationships among variables.
4. This study may be of significant importance both in contributing to the literature and as far as organizations are concerned. An important strategy for 21<sup>st</sup> century organizations must be the provision of premium quality services in order to keep the CS and CL to the organization and subsequently to survive and compete in today's dynamic and competitive corporate environment effectively.

## 9. Conclusions

The current research attempts to find the impact of CS on CL. Clarke (2001) stated that CS is really no more than the price of entry to a category. For CS to be effective, it must be able to create CL.

The Telecommunications sector in Egypt is facing so many challenges i.e. increase in customers' demands and expectations coupled with provision of premium quality services (Ettorre, 1994; Joseph & Walker, 1988; JA, 1983; and Leonard & Sasser, 1982).

Moreover, customers are behaving more critically to the SQ practices prevailing in organizations (Albrecht & Zemke, 1985).

Increasing customer demands together with ever growing competition are compelling the Telecommunications sector in Egypt to adapt new competitive and innovative ways which will help them take the lead in the marketplace in the form of CL-base (Sellers, 1989).

A key element of CS is the nature of the relationship between the customer and the provider of the products and services. Thus, both product and SQ are commonly noted as a critical prerequisite for satisfying and retaining valued customers. Previous research has identified many factors that determine CS, and that there are differences in how consumers perceive services across countries and cultures that cannot be generalized.

The organization's ability to deliver these benefits on a continuous basis probably has a significant impact on the level of CS. Therefore, the Telecommunications sector in Egypt has to identify and improve factors that can increase customer value. It is apparent that for superior service, it is not sufficient to only focus on satisfying customers, as customers switched their financial institutions because of SQ problems and failures (Gerrard, & Cunningham, 1997), and stop the use of a financial service provider because of poor service performance (Allred, & Addams, 2000). This attitude is a significant factor, which influences customer intention to engage in positive or negative behavior decisions. Consequently, CS is a necessary prerequisite for building long term customer relationships and may increase CL (Anthanassopoulos et al., 2001; Selnes, 1993; Bloemer, & Ruyter, 1998).

McIlroy & Barnett (2000) stated that an important concept to consider when developing a CL program is CS. CS is a critical scale of how well a customer's needs and demands are met while CL is a measure of how likely a customer is to repeat the purchases and engage in relationship activities. Loyalty is vulnerable because even if consumers are satisfied with the services they will continue to defect if they think they can get better value, convenience or quality elsewhere.

Therefore, CS is not an accurate indicator of loyalty. CS is essential but not a sufficient condition of loyalty. In other words, we can have CS without loyalty, but it is too hard or even impossible to have loyalty without satisfaction.

CS is very important. Thus, though CS does not guarantee repeat purchases on the part of the customers, it plays a very important part in ensuring CL. However, this point has been echoed by lots of organizational critics when they said that CS is a direct determining factor in CL, which in turn prevent them to switch to other financial service providers.

Therefore, the organization should always strive to ensure that its customers are very satisfied. CL and retention are potentially two of the most powerful weapons that financial institutions of 21<sup>st</sup> century can employ in their fight to gain a strategic advantage and survive in today's ever-increasing competitive environment.

The power of CL is clear and compelling. It leads to more profitable growth. CL stay longer with companies that treat them well. They buy more of their products, and they cost less to serve. They recommend the organizations to their friends and colleagues, becoming, in effect, a highly credible volunteer sales force. Investing in loyalty can generate more attractive returns than rolling out an ambitious new marketing plan or expanding line of company's business. Loyalty can be of substantial value to both customers and the firm. Customers are willing to invest their loyalty in business that can deliver superior value relative to competitors (Reichheld, 1996).

CS is a popular concept in several areas like marketing, consumer research, economic psychology, welfare-economics, and economics. The most common interpretations obtained from various authors reflect the notion that satisfaction is a feeling which results from evaluation process of what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Armstrong & Kotler, 1996).



CS secures future revenues (Fornell, 1992; Bolton, 1998), reduces future transactions costs (Reichheld & Sasser, 1990), decreases price elasticity (Anderson, 1996), and minimizes the likelihood of customers defecting if quality falters (Anderson & Sullivan, 1993).

When customers are loyal to a firm, consumers may minimize time expended in searching and in locating and evaluating purchase alternatives. Also, customers can avoid the learning process that may consume the time and effort needed to become accustomed to a new vendor. CL is one major driver of success in e-commerce (Reichheld & Scheffer, 2000).

By increasing loyalty, satisfied customer are likely to remain loyal to the service provider (Eriksson & Vaghult, 2000).

CS and CL are not directly correlated, particularly in competitive environments. To achieve loyalty in competitive environments organizations need to ‘completely satisfy’ their customers (Jones & Sasser, 1995). There is a big difference between satisfaction, which is a passive customer condition, and loyalty, which is an active or proactive relationship with the organization (Fredericks, 2001).

CS alone does not make a CL and merely measuring satisfaction does not tell a company how susceptible its’ customers are to changing their spending patterns. They identify three basic customer attitudes, emotive, inertia and deliberative that underlies loyalty profiles. They have found that the emotive customers are the most loyal. Thus, it would seem that while satisfaction is an important component of loyalty, the loyalty definition needs to incorporate more attitudinal and emotive components (Coyles & Gokey, 2002).

Customers are not loyal to one particular organization. Today, all what they need is quality of products and services which satisfy their requirements effectively. Hence, the major need of today is to find the ways to create satisfied and happy client-base. Therefore, these organizations must consider the above discussed antecedents of CS in order to have happy customer base (Sharp & Sharp, 1997) which subsequently enhances their financial performance and profitability (Hackl et al., 2000; Andereson et al., 1994; Lewis, 1993).

CS is the degree to which customer expectations of products or services are met or exceeded. Therefore, any business, especially service providers in a competitive environment without a focus on CS, will remain irrelevant in the marketplace, experience low customer patronage, poor customer retention, loyalty and recommendation. CS increases organizations’ market shares and assists eateries to enhance CL.

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