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Customer Satisfaction and Loyalty

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Abstract

   The objective of this thesis is to contribute to the understanding of drivers of customer loyalty by exploring the dynamics of customer - brand relationships and the role they play for the creation and management of customer loyalty.

   To be successful, organizations must look into the needs and wants of their customers. That is the reason why many researchers and academicians have continuously emphasized on the importance of customer satisfaction, loyalty and retention. Customer satisfaction is important because many researchers have shown that customer satisfaction has a positive effect on an organization's profitability. Due to this, the consequences of customer satisfaction and dissatisfaction must be considered. There is also a positive connection between customer satisfaction, loyalty and retention. Therefore, customer satisfaction, loyalty and retention are all very important for an organization to be successful.

Introduction:

Customer loyalty is a hot marketing topic. Many companies have turned to customer service programs designed to increase service quality in an attempt to meet or exceed customers' expectations. These programs are based on the assumption that satisfied customers translate into repeat purchases, thus leading to positive financial results. But does customer satisfaction lead to customer loyalty? This conceptual paper explores this relationship.

A common desire among marketers is to have a target market which exhibits strong customer loyalty. The benefits to the marketer include customers making repeat purchases, purchasing across product and service lines and giving positive referrals to other potential customers. To accomplish a base of customers with strong loyalty many organizations have engaged in efforts to gain customer satisfaction hoping this would lead to customer loyalty. However, the concept of customer loyalty requires an outside-in focus that is geared more to behavior than just pure satisfaction levels. While customer satisfaction is still an appropriate goal, training and organizational planning should stress tactics that will ensure bottom-line customer loyalty