

The Impact of Customer Loyalty and Satisfaction on Performance at a Lighting Company

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Abstract

The purpose of this research is to study the challenges that managers face daily at one of south lighting company, and how these challenges affect customer satisfaction. The research focuses more on organization which designs and manufactures lights. The hypothesis of the study is: Delays in production has led to customer dissatisfaction. Customers do not like waiting, because it is time-consuming, and disturbing. An interview was conducted with the production manager to statement the hypothesis. Understanding what it takes to satisfy customers, however, mostly for service products, where human communications often assume considerable importance. As both the size of the service sector and the importance of customer service for manufacturing organization develop, it turns out to be more and more important to understand the complications of customer reactions to services. Customer satisfaction survey must be conducted every twelve months to get numerical statistics for the quality indicators developed within the Performance Management Framework of the company. The customer satisfaction index is further required to evaluate yearly performance targets for services delivered by green craft lighting.

Keywords

customer loyalty, customer satisfaction, service sector

1. Introduction

The company designs and manufactures customized lightings from scratch, by using cutting edge technology. It was formed in 1963, located in Johannesburg, South Africa. The main objective of green the company is to satisfy their customers and exceeding their expectations, since they have been in the industry for decades, they continue to strive to create relationships with their customers and it has been working for them. The company supplies hospitals, hotels, architecture, and any individual who have money because their lightings are expensive and eye catching. All lights manufactured at the company have at least one-year warranty. Before technology improved, they experienced few returns over the years, now that technology has improved, they are experiencing many returns because they have many machines and always receiving big orders, they do not maintain their machines until their machine's breakdown. When machines breakdown they take into consideration to maintain them and they have little time to perform maintenance, to produce, and to deliver their products to their customers on promised time

Managers involve their customers in process design, so that they get to choose the kind of lighting they prefer or want, John T Bowen (2001) and Charles (2014) indicated that lightning influences customers in certain stores and they can enhance romantic pleasures in different circumstances hence the company always took it seriously when recommending lighting to an organization or installing one of their lighting. The importance of in store lightning in determine the customers perception of certain goods and purchase this then put on an emphasis that more attention should be directed to lightning on more functional interests. Therefore, it is the company's responsibility to make sure that their customers are satisfied to satisfy the other third parties involved.

Customer satisfaction has been perceived as a tool to enhance customer loyalty in an organization especially in an overhanging environment that we live in today. Al-Msallam (2015) highlighted that customer loyalty has rather been an obsession for many managers in organizations and a strategic tool to ensure they stay competitive due to the intense competition. A customer who is satisfied with a product or service rendered is more likely to visit the store more

frequently to repeat the purchase and spread the word to more customers which can have a serious impact on the organization development or business performance.

Managers should realize that having satisfied customers is not entirely good enough to save the business, moreover they must have extremely satisfied customer base who then turns to family, more over a small increase in customer satisfaction boosted customer loyalty dramatically (Reichheld, 1990).

The purpose of this study is to identify challenges that managers face in the organization which manufactures lights and how it affects customer satisfaction.

1.1 Objectives

The objective of the study are as follows,

1. To conduct a literature review to come up with techniques that managers at can use.
2. To resolve challenges experienced by managers daily and revise the relationship between quality-of-service delivery in products loyalty and customer satisfaction.
3. To find ways on how managers can improve customer satisfaction and how they can keep their customers happy.
4. To measure customer satisfaction concerning the product and services delivered by the company.

1.2 Problem statement

Managers at a lighting company are concerned with customer satisfaction. It is challenging to meet the standards that customers expect, for some do not provide clear instruction to managers. This results in customer dissatisfaction. Those who are responsible for delivering mostly takes time when they go on a tea break for instance. This makes customers not to be satisfied because they orders get delay.

Managers have challenges in monitoring waiting time situations because they do not have control over the machines. Therefore, it is a challenge for the company for to deliver products to customers on time due to the delays in production. Customers sends their complaints to management, and it reflects badly to management of the company. Delays threatens the efficiency with which the systems of the business and it affects the customer's perspective of the nature of a service and the long-term evaluation of the service.

2. Literature Review

A. Customer satisfaction

According to (Kim, 2017) understanding customer satisfaction and knowing how to exceed them can minimize customer dissatisfaction in any organization. The best strategy to use to understand customer satisfaction is communicating with them, asking questions to analyze the data and identify any trends in customer behavior. Although there is no constant definition of customer satisfaction, customer satisfaction is how customer measures the continuers performance in an organization Gustafsson (2015), however according to Kim (2004) customers satisfaction is the customers sense of reaction to the state of satisfaction on the service rendered and the feedback after using or receiving the service. According to Bohon (1992), customer dissatisfaction may be caused by naturally poor service, continuation of a once-acceptable level of service that no longer meet customer's assumptions, it can be because of competitive selling of developed standards, or uncertain customer tastes. Therefore, it is very important for every organization to communicate with their customers more often so that they will be able to know what they are expecting from their organization (Bohon, 1992). According to Beard (2014), managers in manufacturing organizations face challenge in finding the right technology to upgrade the right parts of customer experience. Technology cannot always be the solution for the poor experience a customer experienced from the organization, but it can improve and increase customer experience strategies the company is implementing. When checking out technology, managers must make sure that all key staff are involved across all departments in the company. Employees must work in teams so that they can easily find the right technology that can increase customer experience from the first interaction, through to sales, support, and on into accounting (Beard, 2014).

Organizations need to understand the drivers of customer satisfaction by using the house of quality analysis, which then helps to evaluate questions that customers may ask themselves and how to transform their wants and needs. For instance, customer expectation can include presentable product, reasonable price, and attentive service. Because designing begins with a deep understanding of the people who are going to use the products they design. Organizations

must use “Listening posts” like formal surveys, direct customer contact, complaint analysis, and focus groups to gather information about what customer needs and expect from their organization, and customer satisfaction with the company’s conduct on these (Evans, 2016).

B. Customer loyalty

There is a positive relationship between customer satisfaction and customer loyalty (Bowen, 2001). Loyalty is a series of honesty to the other party. Loyalty has been defined in an extensive form as “observed behaviors” Ruyter and Wetzels, (1999) in a service domain. Customer loyalty is a difficult concept to define as they are many series of events which can lead to customers being loyal to the brand product or the company in general, there are three ways to define or measure customer loyalty in an organization.

Behavioral measurement, and composite measurement

Behavioral measurement considers consistent repetition of visits to the store as an indicator of loyalty, however TePeci (1999), outlined that repetition of purchases are not always a psychological commitment to the brand. Caruana, (2014) supports the statement as the researcher highlighted that behavior is a countenance of loyalty to the brand and not just thoughts.

Composite measurement has been used as an approach and so ported as a tool to better understand customer loyalty as it measures loyalty by measuring the frequency of purchase, experimenting in different brands inside the store and recommending more products (Pritchard, 1999).

C. The Relationship between customer satisfaction and customer loyalty

Customer satisfaction leads to customer loyalty (2006). According to Beard (2014), when customers are satisfied with a certain organization, chances of them returning to the organization is very high Those people might go to the organization to experience the good quality product and the best service offered there, in that way the organization will have new customers and the business grows. It is very important for each organization to measure customer satisfaction every now and then to see how happy or unhappy their customers are.

D. Principles to enhance loyalty and satisfaction

When manufacturing takes place delays occurs daily, which results in inadequacy, inefficiencies, and poor conduct of the products and its processes. Performance measurement can be one of the reasons which is explained and advanced for each operation within an organization but not for the whole value of delivering process. Most of the time delay problems begins because of intervals of time between the arrangement to place an order for and the availability of stock from that order to accomplish the demand of the customer and for the manufacturing setup. (Caruana, 2014).

New customers cost more to assist than usual ones, because the usual customers are benefiting the organization’s cost structure (Reichheld, 1990). According to Kim, (2017), understanding customer satisfaction and knowing how to exceed them can minimize customer dissatisfaction in any organization/company. The best strategy to use to understand customer satisfaction is communicating with them, asking questions to analyze the data to identify any trends in customer behavior Kim, (2017). Customer dissatisfaction may be caused by naturally poor service, continuation of a once-acceptable level of service that no longer meet customer’s assumptions, it can be because of competitive selling of developed standards, or uncertain customer tastes. Therefore, it is very important for every organization to communicate with their customers more often so that they will be able to know what their customers are expecting from their organization.

3. Methods

This study adopted the qualitative strategy as the researcher wanted to expand the insight into understanding the impact of customer satisfaction and customer loyalty business performance into a matter of concept rather than a problem.

To attain the relevant and validated information the researcher chooses random sampling as the study did not want to be biased and everyone has a fair chance on the participation. Random sampling was conducted also to produce a represented sample of the entire dispersed population. There is no confirmation that standards, opinions, and attitudes that form the primary qualitative search are usually dispersed in the population.

Procedure

Secondary data was used in the form of Journals and textbooks and primary data was attained in the form of interviews and questionnaires although closed ended questions were used

4. Results and Discussion

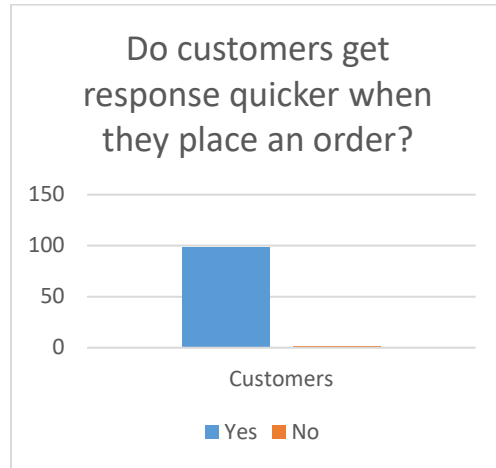


Figure 1: Customer’s feedback when placing an order.

Figure 1. illustrates that, 99 percent of customers get response quicker when they place an order, only 1% percent of customers get responses later than they expect.

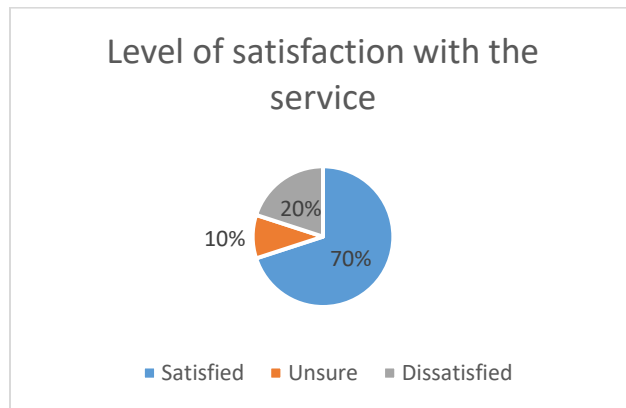


Figure 2. Level of satisfaction with the service

The above figure 2 illustrates the level of satisfaction with the service, 70 percent of the customers are satisfied with the service offered in the organization, 20 percent of the customers are not satisfied with the service offered in the organization, and only 10 percent of the customers are not sure about the service offered to them in the organization.

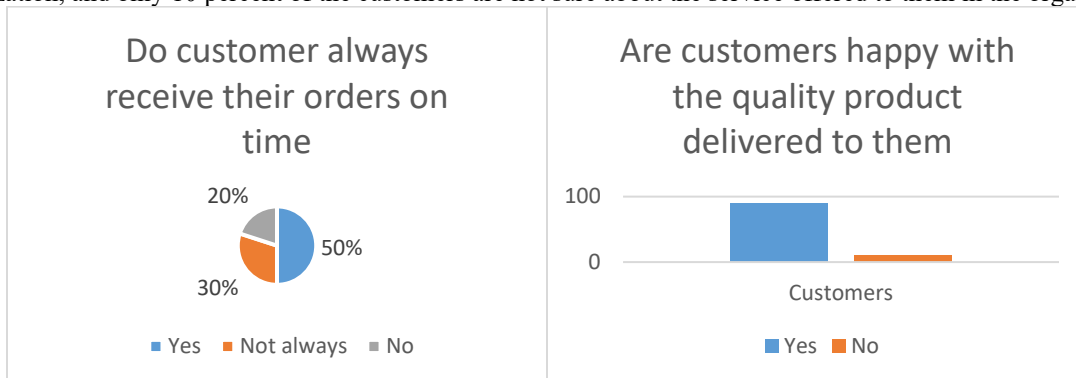


Figure 3. Customer delivery time

Figure 4. Satisfaction with quality of the product

Figure 3 illustrates customer delivery time, with 50% of customers receiving their orders on time, 30% not always, and 20% not receiving on time. Figure 4 indicated Satisfaction with quality of the product, with 90% of the customers being happy with the quality of the product delivered to them by the company, and only 10% of the customers are not happy with the product quality delivered to them.

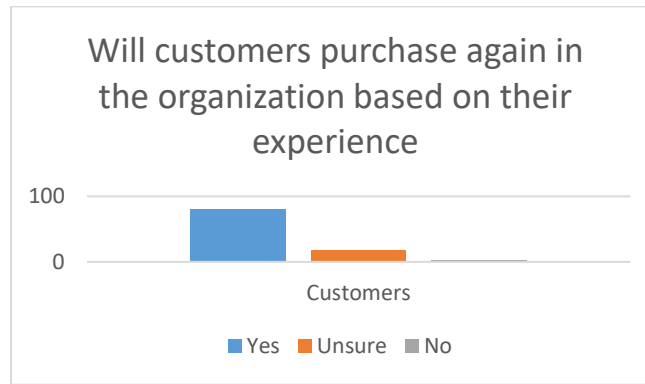


Figure 5: Will customer purchase again, based on experience.

The above figure 5 illustrates that, 80% of the customers are satisfied and they will purchase again from the organization because the organization met and exceeded their expectations. 18% of the customers are not sure if they can return to purchase or not, because they are not loyal customers, and only 2% of the customers will not purchase again, because they were not satisfied with the quality of the products.

5. Conclusion

There is no device to distinguish between a satisfied customer and a faithful customer. The existing model only reveals the loyalty constraints as part of customer satisfaction feedback, on the other hand does not reveal the term of relationship, and faithfulness. Feedback on satisfaction is provisional and limited to the development where the relationship cuts through the element and society and expected to develop over the period of relationship. Contributors might provide different meanings to the word customer satisfaction. The assumption of this research is that high levels of customer satisfaction can result in an increase of the marketplace share. The significance of customer satisfaction is that satisfied customers will always come to buy product from the company. It is not loyal customers who spend longer period, it is not expensive to keep customers joyful than trying to get a new customer. Satisfied customers are good for the organization's stability. Therefore, the challenges that managers face in a daily basis at lighting company does not affect customer satisfaction because many customers are satisfied with the service and the quality of products delivered to them by the organization. This paper has recommended what is useful and can be done by other companies in relation to brand fairness, brand credibility, customer satisfaction, brand commitment, supposed quality, brand trust and brand loyalty.

6. Recommendations

In this research study, customer satisfaction has been considered which is a very important element for the success of any business.

- Establishing a good relationship with customers is an essential business strategy as they will also be loyal to the brand and the growth of an organization.
- Employers need to instill quality departments and service companies it is important to have courtesy and know all the products being sold as it increases confidence in a customer.
- Managers need to also consider customer service quality and price fairness as it leads to customer satisfaction.

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