Factors influencing customer loyalty to Manizan Corp in Ilam County

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Abstract

The present study aimed to rank the factors influencing customer loyalty to Manizan Corp. in Ilam County, Iran. The statistical population was composed of all customers of Manizan Corp. in Ilam County, out of which 384 people – as estimated by the infinite population formula – were sampled by the simple randomization technique. The data collection instrument was a questionnaire whose content and face validity was confirmed by a panel of experts and its reliability was estimated by Cronbach's alpha to be 0.84. Based on the results, 87.4% of the variance of the dependent variable is accounted for by the variables of tangibility, credit, responsiveness, assurance, and empathy, which have significant and positive effects on loyalty. Also, the coefficients of variations are significant for the variables of tangibility (0.562), credit (0.439), responsiveness (0.215), assurance (0.180), and empathy (0.165) at the error level of <0.01 and the confidence interval of 0.99. The standardized coefficients of variations show that the variable of tangibility has more contribution than other variables in determining the dependent variable, i.e. loyalty.

Key Words: loyalty, customers, Manizan Corp.

Introduction

To create suitable necessary structure, organizations nowadays need to present themselves properly to the customers and this can only be done by providing excellent services. When the status, role, and function of customers is defined and specified correctly in the culture of a society and serving customers is regarded as a value, organization will be positioned in the right direction so that every company that provides customers with quality and invaluable products will satisfy them and guarantee their loyalty (Bloemme et al., 2013). Customer loyalty refers to a deep commitment to repurchasing or permanently preferring a product/service in the future in spite of

environmental impacts and different marketing efforts to make a shift in potential behavioral orientations towards other brands (Hong-Youl et al., 2011). Customer satisfaction and loyalty has many benefits for service providers and product manufacturers, such as reducing the costs of attracting new customers, reducing customer sensitivity to changes and prices, the benefits of customer lifetime value, positive performance by better forecasts, and putting up more barriers on the way of new competitors (Gee et al., 2008). Bahar Dalahou Corp. is one of the biggest dairy companies whose products are supplied with the brand of Manizan in the west of Iran. Given the increase in customer choices

due to the emergence of many companies in dairy industries, the present study aims to prioritize the factors influencing customer loyalty of Manizan across Ilam County, Iran.

In a study on factors influencing customer loyalty in a case study of Tejarat Bank branches in Shiraz, Baradaran et al. (2011) concluded that six factors were influential on customer loyalty including perceived service quality, perceived value, customer satisfaction, customer image, commitment, and trust.

Chaiforoush et al. (2014) focused on the effect of commercial advertisements on customer loyalty to Parsian Insurance Co. and found that ads had a direct effect on loyalty.

Alvani and Saeedpanah (2013) investigated the relationship between the quality of bank e-services and customer loyalty using structural equations modeling. Their results showed that customer loyalty obtained through customer satisfaction with e-services was several times greater than that obtained through the path of customer trust.

Haghighi et al. (2013) addressed the effects of relational marketing tactics on customer loyalty from the perspective of Irancell customers and concluded that the company has been successful in implementing some marketing tactics so that it has won customer satisfaction and trust and consequently their loyalty at the $p < 0.10$ level. In a study on identifying the factors that affect customer loyalty by the fast response organizations (FRO) model, Hamidizadeh and Ghamkhar (2009) revealed that all six aspects of the FRO model including price, quality, time, services, flexibility, and reliability were influential on customer loyalty to Shahrvand Chain Stores.

Nguyen and LeBlanc (2014) concluded that customers who received higher levels of service quality created a more favorable image of the enterprise in their minds. In addition, value significantly influenced the image built in customer mind. Similarly, customer satisfaction and visual perceptions were identified as factors affecting service loyalty.

Research Methodology

The present research was an applied study in terms of objective and a descriptive study in terms of the data collection procedure. It aimed to rank the factors influencing customer loyalty to Manizan Corp. across Ilam County, Iran. The statistical population consisted of all customers of Manizan Corp.'s products in Ilam County, out of which 384 people were sampled by simple randomization technique (Eq. 1).

When the population size is unknown (the population is indefinite), we will have:

$$n = \frac{Z^2 pq}{d^2} \quad (1)$$

where n is the sample size, Z is standard normal deviate that is set at 1.96 at the $p < 0.05$ level, p is proportion of the characteristic in the population (which can be set at 0.5 if unavailable), q is the percentage of people who lack the characteristic (0.5), and d is the allowed error (0.05).

Data collection tool was a questionnaire composed of Parasuraman (1998)'s quality dimensions questionnaire and Zeithaml et al. (1996)'s loyalty questionnaire. The face and content validity of the research instrument was confirmed by a panel of experts and university teachers and its reliability was estimated to be 0.84 by Cronbach's alpha.

The independent variables included tangibility (in 4 items), validity (in 5 items), responsiveness (in 4 items), assurance (in 4 items), empathy (in 5 items), and loyalty (in 9 items). The dependent variable was also customer loyalty to Manizan (in 9 items). Data were subjected to descriptive analysis (frequency, percentage, mean, standard deviation, and coefficient of variations) and inferential analysis (correlation tests of Spearman, Mann-Whitney, and Kruskal-Wallis, and stepwise multiple regression analysis) in the SPSS statistical software package.

Results

According to the results of the study, the statistical sample consisted of people at the age of 15-71 years with the highest frequency for the age range of 15-30 years. The average age of participants was 31.34 years with a standard deviation of 11.8. Among the respondents, 57% were female and 54.4% were married. With respect to the educational level, 49% had an associate degree. Also, 50.8% had a monthly income of less than 10 million IRR (Table 1).

Table 1. Frequency distribution of demographic and professional characteristics of the statistical sample

Variable	Stratum	Frequency	Percentage	Cumulative percentage
Age (year)	15-30	146	38	38
	30-45	98	25.5	63.5
	45-60	90	23.4	86.9
	>60	50	13.1	100
Gender	Female	165	43	-
	Male	219	57	-
Marital status	Single	175	45.6	-
	Married	209	54.4	-
Educational level	< Diploma	14	3.6	3.6
	Diploma	100	26	29.6
	Associate degree	188	49	78.6
	Bachelor's degree	60	15.6	94.2
	Master's degree or higher	22	5.8	100
Average monthly income	<10 million IRR	195	50.8	50.8
	10-20 million IRR	117	30.4	81.2
	>20 million IRR	72	18.8	100

Ranking of customer loyalty components

According to the coefficient of variations (CVs), the components of customer loyalty to Manizan products were ranked as shown in Table 3. Accordingly, the recommendation of Manizan products by consumers to friends and relatives was ranked the first with a CV of 0.277 and the general interest in purchasing Manizan products was ranked the last component of customer loyalty to these products with a CV of 0.429.

Table 2. Ranking of components of customer loyalty

Item	Mean rank*	Standard deviation	CV
I'd recommended Manizan products to my friends and relatives.	4.17	1.159	0.277
I pay more attention to Manizan products than to other brands.	4.08	1.244	0.304
When shopping, I prefer Manizan products.	4.05	1.233	0.304
Overall, I put value on Manizan products.	3.80	1.258	0.331
I feel more connection with Manizan products than with other brands.	3.79	1.283	0.338
I will go farther to buy Manizan products. .	3.54	1.336	0.377
Since I got acquainted with Manizan products, I have preferred them to the products of other companies.	3.64	1.381	0.379
If a store does not have Manizan products, I'll rather not buy other brands.	3.51	1.371	0.390
Overall, I'm interested in buying Manizan products.	3.21	1.379	0.429

* Scale of ranks: 1 = strongly disagree; 2 = disagree; 3 = no idea; 4 = agree; 5 = strongly agree.

Ranking of components of service quality dimensions

In ranking the components of tangibility dimension, CVs showed that appropriate quality of packaging was in the first rank. Among the components of credit dimension, the non-supply of expired products by the company was ranked the first in the responsiveness dimension. In the dimension of assurance, the item related to having the standards required for quality assurance was ranked the first. Finally, among the items of empathy dimension, the continuous quality improvement of products was in the first rank (Table 3).

Table 3. Ranking of the components of each quality dimension

Item	Mean rank*	Standard deviation	CV
Tangibility			
Manizan products are packaged properly.	4.14	1.014	0.244
The packages of Manizan products are attractive.	4.09	1.043	0.255
Manizan products have good taste and flavor.	4.18	1.086	0.259
Stores, where Manizan products are provided, have a hygienic and suitable environment.	3.97	1.292	0.325
Credit			
Manizan does not supply expired products to the market.	4.19	1.072	0.255
Manizan products are always available in the market.	4.35	0.985	0.226
Manizan products are compatible with customer needs and expectations.	3.82	1.149	0.300
Manizan products are reliable.	3.68	1.175	0.319
Manizan Corp. is accountable for low-quality products.	2.86	1.018	0.355
Responsiveness			
Manizan products have reasonable prices.	3.74	0.997	0.266
Manizan Corp. offers a good diversity of products.	3.59	1.188	0.330
Manizan products can readily be purchased.	2.62	0.989	0.377

Manizan products are offered in all stores and shops of the city.	2.38	1.005	0.422
Assurance			
Manizan products have standard requirements for quality assurance.	4.38	0.905	0.206
Manizan products can compete with similar companies in price.	4.33	0.957	0.221
Manizan products have valid health certificates.	4.21	1.063	0.252
Manizan products have the required guarantee.	3.72	1.299	0.349
Empathy			
The quality of Manizan products is continuously improved.	4.00	0.952	0.238
Manizan products can compete with similar imported products.	4.02	1.014	0.252
Manizan products have better quality than the products of similar domestic producers.	4.06	1.031	0.253
Manizan products take care of environmental issues.	4.08	1.111	0.272
Manizan products match their label in quantity and price.	3.29	1.350	0.410

* Scale of ranks: 1 = strongly disagree; 2 = disagree; 3 = no idea; 4 = agree; 5 = strongly agree

To identify factors influencing customer loyalty to Manizan Corp. in Ilam County, we used stepwise multiple regression analysis whose results are reported in Table 4. Based on the results, the process of model estimation came to an end in the fifth step. The multiple coefficients of correlation, the coefficient of determination, and the adjusted coefficient of determination were estimated to be 0.936, 0.876, and 0.874, respectively. The F-value of 6.405 implies the model's goodness-of-fit at the 0.000 significance level. Therefore, we can say that 87.4 percent of the variance of the dependent variable is accounted for by the variables included in the model. Given the significance level of t and the coefficients of variables, it is inferred that the variables of tangibility, credit, responsiveness, assurance, and empathy have significant and positive effects on loyalty. The coefficients of the variables of tangibility (0.562), credit (0.439), responsiveness (0.215), assurance (0.180), and empathy (0.165) are significant at the error level of <0.01 and the confidence interval of 0.99. The standardized coefficients of variables show that the variable of tangibility has more contribution than other variables in determining the dependent variable, i.e. loyalty.

Table 4. Coefficients of variables included in the multiple regression equation in the fifth step

Variable	B	S.E.	Beta
y-intercept	-1.819	0.116	-
X1: tangibility	0.5622	0.069	0.360
X2: credit	0.439	0.057	0.311
X3: responsiveness	0.215	0.043	0.186
X4: assurance	0.180	0.055	0.135
X5 : empathy	0.165	0.067	0.213

R = 0.926; R^2 = 0.0876; R^2_{adj} = 0.874; F = 6.405; Sig. = 0.000

Conclusion

The results of the regression analysis imply that product tangibility affects customer loyalty to Manizan Corp. in Ilam County. Service tangibility is a factor involved in relationship quality (customer trust and satisfaction) which, in turn, increases customer loyalty. This is in agreement with Haghighi et al. (2013).

Responsiveness affects customer loyalty positively. In fact, depending on the sensitivity of product/service and the presence of the customer, the shorter a customer waits to receive the product/service, the more satisfied he or she will be, and this satisfaction is, in turn, translated into loyalty. This is consistent with the studies of Chaiforoush et al. (2014), Haghighi et al. (2013), and REF (2014).

Product assurance has a positive and significant impact on customer loyalty to Manizan Corp. Assurance reflects the ability and competence of the personnel in inducing a sense of trust and confidence to products in customers. The more the personnel is capable of inducing the sense of trust in customers, the more loyal the customer will be to the products of the producer. A similar result has been reported by Chaiforoush et al. (2014), Baradaran et al. (2011), and Hamidizadeh and Ghamkhar (2009). Empathy with customers, attention to them, and attempts to understand and meet their needs play a significant role in promoting their loyalty. Customer loyalty will be enhanced if special attention is paid to the customer; in other words, the conduct with the customer should be matched with his or her temper and personality so that the customer can believe that he or she is important for the firm and the firm understands him or her. This is consistent with the findings of REF (2009) and Alvani and Saeedpanah (2013).

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