WHY CUSTOMER SATISFACTION IS IMPORTANT TO BUSINESS?
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Abstract: This paper explores the importance of customer in strategic marketing in the values of customer satisfaction and loyalty. The role of customer for organizations in the 21st century is discovered, as customers should not be simply just buyers of goods and services to be exploited for profit. Business challenges in the 21st century is that customers must be strategic business partners. This paper also provides some insights of customer satisfaction and loyalty as practices in Malaysia. The main objective is to establish a conceptual basis to understand the approaches to gain customer satisfaction and loyalty for an organization. More than 100 high quality articles from at least 70 journals are reviewed. This paper can be helpful for managers to gain basic conceptual idea of the approach in order to achieve customer satisfaction and loyalty as it is a driver for the firm’s financial performance.

Key Words: customer loyalty, customer satisfaction

1.0 Role of Customers in Organizations
21st century marketing environment has changed dynamically according (Kotler, 2017), and companies or organizations must effectively devise strategies for responding to market (Kumar, Scheer, & Kotler, 2000), and dealing with the changes in customer behavior, pattern, trend and preferences (Kumar et al., 2000). Business faced tough challenges while ensuring maximum customer value (M.F. Shamsudin, Razak, & Salem, 2018) and satisfaction (Sallaudin Hassan & Shamsudin, 2019). The definition of customer is the person or company that purchase the product or service from an organizations (Mohd Farid Shamsudin, Ishak, et al., 2019). The term of customer and consumer is often interchangeably used, as both roles can be a double role (M. F. Shamsudin, Razak, & Salem, 2018). The definition of customer can be defined as consumer according to Act 599 Consumer Protection Act 1999 which define consumers as a person who —
(a) acquires or uses goods or services of a kind ordinarily acquired for personal, domestic or household purpose, use or consumption; and
(b) does not acquire or use the goods or services, or hold himself out as acquiring or using the goods or services, primarily for the purpose of —

i. resupplying them in trade.
ii. consuming them in the course of a manufacturing process; or
iii. in the case of goods, repairing or treating, in trade, other goods or fixtures on land.

Based on the legal definition of customers, for organizations the role of customers shapes the organizations as customers has:

i. The ability to buy something because they have a need for it
ii. The willingness to buy something because they have a need for it
iii. There are buyers with needs who can purchase goods and services

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Therefore, for organizations, customers are its demands and sales statistics therefore it will influence the organizations:

a) Vision, Mission, and Objectives

b) Resource Allocation
   i. Marketing Plan and Budget
   ii. Expected Future Sales and Prospects

c) Organization Strategic Marketing Strategies in terms of:
   i. Strategic brand management
   ii. Value-chain strategy
   iii. Pricing strategy
   iv. Promotion strategy

2.0 Customer satisfaction

Customer satisfaction indicates how well the product use experience compares to the buyer’s value expectations (Razak & Shamsudin, 2019). It is the expectation perceived by both customer and consumer before purchasing and experiencing the product or services (M. F. Shamsudin, Nurana, Aesya, & Nabi, 2018). According to (Parasuraman, Berry, & Zeithaml, 1993; Parasuraman, Zeithaml, & Berry, 1994), since satisfaction is directly linked to customer experience, customers want more than just simple value (Berry, Zeithaml, & Parasuraman, 1985); they want businesses to overwhelm and surprise them by going above and beyond the ordinary to meet their needs and wants. Essentially as according to (Muhammad, Farid Shamsudin, & Hadi, 2016; M. F. Shamsudin, Nurana, et al., 2018; Mohd Farid Shamsudin, Esa, & Ali, 2019) customer expectations entails extraordinary delivery on i) service - the intangible value offered to customers (Altenen & Tudoran, 2016; Gligor, Gligor, & Maloni, 2019; O’Dwyer & Gilmore, 2018; Rapp, Beitelspacher, Schillewaert, & Baker, 2012); ii) quality - customers’ perception of how well a company’s products and services meet expectations (Amin et al., 2017, 2019; M.-K. Kim, Park, & Jeong, 2004; Mwakatumbula, Moshi, & Mitomo, 2019); iii) image - customer’s perception of the company or business they interact with – example: airline stewards, customer service centre, waiter, hotline call (Basha, Mason, Shamsudin, Hussain, & Salem, 2015; M. F. Shamsudin, Nurana, et al., 2018; M.F. Shamsudin et al., 2018; Mohd Farid Shamsudin, Ali, Wahid, & Nadzri, 2019; Mohd Farid Shamsudin, Esa, et al., 2019); and finally iv) price - the commanded price by institution for goods and services and that customers are willing to pay (M. Shamsudin et al., 2015).

2.1 Importance of Customer Satisfaction to Business Organizations

According to (Chicu, Pàmies, Ryan, & Cross, 2019; Hirata, 2019; Rita, Oliveira, & Farisa, 2019), consumers are unlimited and rapturous in their need and desire for value for their money. Consumers want to experience the joy of every hard-earned dollar they spend on products and services (Broetzmann, Kemp, Rossano, & Marwaha, 1995; Davras & Caber, 2019; Hirata, 2019). Companies must understand this as a basic idea in their approach to meeting customer needs and wants (Gerdt, Wagner, & Schewe, 2019; Zhang, Zhang, & Zhang, 2019). As customers are value-seeking individuals (Sallaudin Hassan & Shamsudin, 2019), dollar maximizing spenders (Kadir & Shamsudin, 2019), and difficult-to-please (S. Hassan, Shamsudin, & Mustapha, 2019; Mohd Farid Shamsudin, Ali, Nadzri, & Wahid, 2019) clients who are seeking great service (M.F. Shamsudin, Ali, Ali, & Shabi, 2019), exceptional quality (Ahmed, Tarique, & Arif, 2017; Eberle, Milan, &
Dorion, 2016; Famiyeh, Asante-Darko, & Kwarteng, 2018), image-building (Janahi & Al Mubarak, 2017; Kant & Jaiswal, 2017; Khamis & AbRashid, 2018), and priced products and services. In order to meet and satisfy the needs of customers in the 21st century, product quality, innovation, and research and development (R&D) has become an integral part of organization strategies (Lau, Cheung, Pires, & Chan, 2019; Moghavvemi, Lee, & Lee, 2018; Nguyen, Nisar, Knox, & Prabhakar, 2018). This entails using available and emerging technology and new methods and ideas to satisfy an increasingly sophisticated (Yilmaz, Ari, & Gürbüz, 2018) and smarter customer-base (M. Shamsudin et al., 2015; Mohd Farid Shamsudin & Razali, 2015) and survive in both the marketplace and marketspace characterizing the global economy (Sallaudin Hassan & Shamsudin, 2019, 2019; Muhammad et al., 2016). Customer Satisfaction is importance for key goals in doing business (Davras & Caber, 2019; Gerdt et al., 2019; Hirata, 2019; W. H. Kim, Cho, & Kim, 2019). As we look at the four elements that is listed (Berry, Parasuraman, & Zeithaml, 1985; Berry, Zeithaml, et al., 1985), the effect of satisfied customers will lead to:

i. The organization is able satisfy its customers gain trust
ii. The organization is able to achieve higher customer satisfaction than its competitors as being strategic meaning an organization must gain a competitive advantage over its competitor as the competition here is the customer.
iii. According to (Parasuraman et al., 1993), customer satisfaction is important to for the organization retain customers in the long rain
iv. Customers make the market segment. By gaining customer satisfaction a business will be able to gain market share.
v. By gaining the market share, the organization can increase its revenue and therefore increased revenue for its shareholders.

Customers satisfaction is prone to experience and relationship at every touch point (Parasuraman et al., 1994). A good customer service, hospitality, frequent high position involvement from the organization impact the most with customer satisfaction as this was found by (M. Shamsudin et al., 2015; Mohd Farid Shamsudin, Esa, et al., 2019; Mohd Farid Shamsudin & Razali, 2015) in their study on customer loyalty in the service industry.

2.2 Importance of Achieving Customer Satisfaction

Several reviews by past researcher stated that customer’s satisfaction affect the organization such as satisfied customers will buy more (Davras & Caber, 2019; Gerdt et al., 2019); repeat of purchase by customers of a product of goods or services (Razak & Shamsudin, 2019); satisfied customers are loyal as they trust the organization (Hasim, Shamsudin, Ali, & Shabi, 2018); they are willing to pay more or paying in premium as they are satisfied (Mohd Farid Shamsudin, Ali, Wahid, & Saidun, 2019); they help to gain more clients by recommending the company’s product of good and services towards their family and friends (Mohd Farid Shamsudin, Ishak, et al., 2019; Mohd Farid Shamsudin & Razali, 2015). Customers are human and as human we are finely attuned toward what “other people do” (Feng, Wang, Lawton, & Luo, 2019; Gligor et al., 2019; Hamzah, Othman, & Hassan, 2016; Javalgi, Hall, & Cavusgil, 2014). A loyal customer will affect the behavior of others (Belwal & Amireh, 2018; Chen & Yang, 2015; Gerpott & Bicak, 2016; Ghazzawi & Alharbi, 2019) such that they will buy products or services just because of their family members are buying it (Herhausen, Kleinlercher, Verhoef, Emrich, & Rudolph, 2019; Iwashita, Shimogawa, & Nishimatsu, 2011; Keramati et al., 2014; K. Kim, Jun, & Lee, 2014) and
consuming the product thus this will help the business to gain more sales and profits (Razak & Shamsudin, 2019). This social proof principle can be used in judging risk. If everyone reacts then the rest will tend to follow doing the same (M. F. Shamsudin, Razak, et al., 2018).

3.0 Effects of Customer Dissatisfaction to Organizations

Providing customer satisfaction is always becoming the focused of every organization (Amin et al., 2017) but meeting the customer in the 21st century with various demand and yet knowledgeable is far too challenging (Muhammad et al., 2016). As such it could lead to customer dissatisfaction where organization not able to fulfilled their expectations (Sallaudin Hassan & Shamsudin, 2019). The impact of customer dissatisfaction is the contrary of what an organization will gain by having satisfied customers (Sallaudin Hassan & Shamsudin, 2019). The company will lose its strategic advantage toward its competitor (Oh & Kim, 2017; Pizam, Shapoval, & Ellis, 2016; Worsfold, Fisher, McPhail, Francis, & Thomas, 2016), losing market share as customer make up the market segment (Bihamta, Jayashree, Rezaei, Okumus, & Rahimi, 2017; Oh, 1999), and losing potential customer (M. T. Liu, Wong, Tseng, Chang, & Phau, 2017; Lu, Berchoux, Marek, & Chen, 2015). Customer normally will tend to behave like what others customer do, it could be both positive and negative behavior (S. Hassan et al., 2019). The negative behavior as they see among their close family members and friends not keen of a product so they will have the tendency not to purchase and consume that product (Razak & Shamsudin, 2019). The conscious behavior from potential customer may be affected from the negative word of mouth to friends as psychologically (Mohd Farid Shamsudin, Ali, Wahid, & Nadzri, 2019), customer tend to behave like what others do (Mohd Farid Shamsudin & Razali, 2015).

Dissatisfaction is also a psychological attitude that involve trust (M. F. Shamsudin et al., 2018). Dissatisfied customer may have lost the trust of a product. As a result, it will be hard for an organization to get the customer to repurchase a product. It will be a tough job for the organization to gain the trust from the customer even if the organization launch a new product that is better than the previous product (Basha et al., 2015). A dissatisfied customer will complain to seller or a third party (Goodrich & de Mooij, 2014; Hussain et al., 2018; Joe & Choi, 2019; Rita et al., 2019) and this will affect the brand or label of organizations they will avoid the seller or brand in the future (Jun, Kang, & Hyun, 2017; Konuk, 2019; Min & Min, 2011) as they completely exit from potential demand for the company product. Dissatisfied customers will perhaps take a legal action against the company if the amount of losses was due to the mistake of organizations such as over promised or slow delivery (Erkan & Evans, 2018; Girish & Lee, 2019).

In Malaysia, the customer is protected under the Consumer Protection Act 1999 an action may be taken by the customer as accordance as what is permitted in the act. Customer in the 21st century live in an interconnected world with social media, dissatisfied customer will make their dissatisfaction in social media (Sallaudin Hassan & Shamsudin, 2019, 2019; M. Shamsudin et al., 2015; Mohd Farid Shamsudin & Razali, 2015). Organization may face potential risk of losing potential new market lead by the word of mouth or e-word of mouth (Zhang et al., 2019). Word of mouth will have translated into a bad reputation (Gerdt et al., 2019) and brand image (Trudeau & Shobeiri, 2016) that will hit the organizations in the market. Revenue and profit of the firm thus this will affect the firm capability to pay dividend to its shareholders (Ding & Tseng, 2015; H. J. Kim, 2012; Xie, Poon, & Zhang, 2017). Financially, this will affect the value of the organization and may even affect the organization market share prices for public listed large organization.
4.0 Ways to Improve Customer Satisfaction

As customer satisfaction is an aspect of attitude therefore it is important for the organizational to focused more on the psychological elements (Feng et al., 2019; O’Dwyer & Gilmore, 2018). Attitude such as happiness and trust are developed throughout the customer experience (Gligor et al., 2019; Javalgi et al., 2014; Peterson & Crittenden, 2018) with every single touch point between the customer and business organization (Dabrowski, Brzozowska-Woś, Goląb-Andrzejak, & Firgolska, 2019; Li Sa, Choon-Yin, Chai, & Aik Joo, 2019; Miao & Wang, 2016). Therefore, it is very important for an organization to keep customers happy at every single touch point possible (Li Sa et al., 2019). To keep the customer happy, an organization must keep listening to their customers and making changes that are in accordance with what customers need (Alteren & Tudoran, 2019; Limbu, Jayachandran, Babin, & Peterson, 2016; Rippé, Weisfeld-Spolter, Yurova, Hale, & Sussan, 2016), not what the organizations think the customers need (Román & Martín, 2014).

5.0 Customer Loyalty

According to (Mohd Farid Shamsudin & Razali, 2015) satisfaction is an attitude perceived by the customer while loyalty is a behavior of the customers. It is behavior that lead to repurchase and the willingness of the customer to purchase future product of the organization (Mohd Farid Shamsudin, Esa, et al., 2019). Customer loyalty is gained by customer satisfaction as they trust the brand of the organization (Razak & Shamsudin, 2019). A loyal customer will trust the brand thus they tend to spend more (M. F. Shamsudin, Razak, et al., 2018) and are willing to pay higher prices (Iwashita et al., 2011). Loyal customer is actually insensitive to price (Gerpott & Bicak, 2016). According to (Muhammad et al., 2016) slight changes in price will not turns loyal customer to switch or churns (Aw & Chong, 2019; Balabanis, Reynolds, & Simintiras, 2006; Yan, Zhang, & Yu, 2019).

5.1 Ways to Achieve Customer Loyalty

(Ahmed et al., 2017) claimed that business it will spend more to find a new customer than to keep an existing one (Kant & Jaiswal, 2017). Losing a customer to a competitor will indirectly affect the company sales and profits (Khamis & AbRashid, 2018). (Ahmad, Ahmad, & Papastathopoulos, 2019) stated that it is not easy to gain the trust of customers. An organization can only create customer loyalty by producing a trust (Shafiq, Mostafiz, & Taniguchi, 2019) and belief toward the brand (Biscaia, Trail, Ross, & Yoshida, 2017; Fransen, Rompay, & Muntinga, 2013; Khan, Rahman, & Fatma, 2016). It is also concluded by many past researcher (Letters, 2016; Shamim & Mohsin Butt, 2013; Yu & Yuan, 2019) that customer loyalty can only be achieved once the organization managed to satisfied their customer.

6.0 Conclusion

Customer satisfaction is therefore being very important towards business survival and sustainability. Organization need to maintain the number of customer in order to maintain the current market share. New customer is needed for market growth and to move ahead as a dominant player in the industry. This review supported all past researches that it is vital for the organization
whether product based or services based to keep customer, build the relationship and prosper the loyalty stage.

**Importance of Customer Loyalty**

An organization that personalizing the communication efforts toward its loyal customer will finds that for every loyal customer is willing to engage in long-term relationships (Borishade et al., 2018) and therefore the organization must allocate resources for loyal customers to keep retaining as they are the organization’s cash cow (Y. Liu et al., 2019). An organization will be able not to waste too much resources on targeting new customers (Davras & Caber, 2019) as they organizations already has their loyal customers (Gerdt et al., 2019). Customer is a human that wants to be appreciated, they won’t remain loyal if they feel not appreciated therefore (Zhang et al., 2019), they will go to the organization’s competitor. A recent study by (Chicu et al., 2019) found that customers who have a strong, positive emotional attachment to a retailer will spend 37% more with them (Hirata, 2019).

Customer loyalty has the power not only to up an organization’s profits but also giving an organization especially small firm the access to much-needed cash (W. H. Kim et al., 2019). In strategic marketing, customer satisfaction and customer loyalty underpin the whole structure of the firms (Broetzmann et al., 1995) no matter how big or small the size of the firm is? Customer loyalty is the backbone the firm’s financial success (Rita et al., 2019). The words of mouth from loyal customers are important for organizations as the concept introduce by (Berry, Zeithaml, et al., 1985), that the words and actions of close family may affect the action of others (Zang, Liu, Zheng, & Chen, 2020). This will translate to more potential long term loyal customers, customers that are loyal to the organization as long as the customer lifecycle and this will help the organization in generating profit (Matsuo, 2006), gaining more capability for collateral for more access of funds (Hamzah et al., 2016), future business expansion for the organizations (Adams, Bodas Freitas, & Fontana, 2019), able to pay out good dividend for its shareholders, and finally able to maximize its shareholder’s wealth (Lee, Che-Ha, & Syed Alwi, 2020).

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