

# The Effects of Trust, Commitment and Satisfaction on Customer Loyalty in the Distribution Sector

L. Bricci, A. Fragata, and J. Antunes

**Abstract**—The main goal of this investigation is to demonstrate the main effects of trust, commitment and customer satisfaction on loyalty with a sample of customers from the distribution sector in Portugal. The results showed that trust has a positive and direct effect on commitment, also trust has a positive and direct effect on satisfaction, commitment has a positive and direct effect on loyalty and satisfaction has a positive and direct effect on loyalty, thus it is important for these companies the improvement of responsibility, development of team skills, empowering employees and the company in a sense to fulfil commitments and performing the co-creation of value.

**Index Terms**—Loyalty, trust, commitment, satisfaction.

## I. INTRODUCTION

Environmental uncertainty is one of the factors that affect businesses, causing insecurities in many managers and customers, the competition fierce in that everyday products are launched, companies survive in a panorama of continuous change, consumers with little time, familiar with instant information, wanting immediate solutions, requiring organizations to take quick decisions. This scenario is what we "the new economy", according to [1].

In consequence the relevance of marketing has increased, along with advances in technology and that changes the scenario of the market constantly, showing consumers increasingly stringent, sensitive not only to price but in search for products and services that offer differentials and aggregate values. Within a framework of strong renewals, we can say that the role of marketing is to make companies realize the importance of meeting customer needs.

## II. LITERATURE REVIEW

In recent years scientists and professionals have conducted intense debates about the meaning and form of customer relations in the field of relational marketing and satisfaction is often seen as a central determinant and is a subject discussed in the areas of consumer and marketing research. In recently, customer satisfaction gained new attention in a shift paradigm from transactional marketing to relational marketing, and in numerous publications satisfaction was presented as a necessary premise for customer retention, and thus moved to the forefront of approaches to relationship marketing for researchers in [2],

Kotler sums it up when he says: "The key to customer retention is satisfaction", consequently, customer satisfaction has developed extensively as a construction base for activity monitoring and control in the relationship marketing concept, this is exemplified through the development and publishing companies and national satisfaction index.

The link between satisfaction and long-term retention of customers is typically formulated by marketing professionals and academics in a very categorical way, and therefore as a starting point rather than central question of analysis.

Previous studies of satisfaction in [3]-[5], present models of customer satisfaction among them those surveyed in [6] to propose the application of Satisfaction Index North American Customer Model (ISCN). The authors intend to provide a basis for uniform and a comparable measurement with overall customer satisfaction, that, at its center, is connected to your: a) history, such as: expectations, perceived quality and perceived value by the customer, b) consequential: how complaint and loyalty. Of special interest in the model is the explanation of loyalty to the client as a probable indicator of profitability, i.e. the consequences of increased customer satisfaction, reduced complaints point to growth and customer loyalty. In [7] the authors argue that satisfaction is an important antecedent of loyalty.

The development of studies of trust in organizational settings has been viewed as an emerging requirement and resulting transformations of labor and it is also recognized that the existence of trust between individuals, in teams in organizations is a necessary mechanism for the work to be done in an efficient way.

It is considered that trust allows lower transaction costs and promotes long-term relationships. And it is a driver of success of strategic alliances [8].

The literature examines organizational trust into two levels: the macro level (organizational and social relationships) and the micro level (interpersonal and group relations). Sociological theories focus on trust as a social and institutional phenomena. In this perspective the trust can be conceptualized as a phenomenon among institutions, [8] said that trust as a social mechanism that allows individuals to manage the increasing tolerance and uncertainty. Trust is seen as a collective attribute and is considered as a function of social order.

For the author in [9] trust is seen as the willingness of individuals to increase their vulnerability to the actions of others whose behavior cannot control.

The authors in [10] theorize a relationship marketing success requires commitment and trust. The theory of commitment and trust maintains that characterize these networks - is a commitment to relationship and trust that generates cooperation. The authors' proposed in [10], called

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KMV model and it involves the study of mediating variables in the model keys. The constructs commitment and trust are key determinants of five important antecedents (cost of abortion relationship; benefits of relationship values shared, communication and opportunistic behavior) and five outcomes (consent, propensity to leave, cooperation, functional conflict and uncertainty in decision making).

Sociologists have the trust property as socially embedded in relationships between individuals [11]. Even though there is disagreement over the definition of the determinants of trust between diverse disciplines but we can identify at least one point in common: the conditions that must exist for trust development: risk, i.e. the loss probability, when interpreted by one of the decision makers parts, the second is interdependence, where the interests of one party cannot be achieved without the cooperation of another [11].

Concepts used in marketing looking encompass the two definitions above. According to the authors [12] commitment is an essential ingredient for successful long-term relationships and trust and satisfaction are the main determinants of commitment. The commitment has been widely recognized as an integral part of any business relationship.

Commitment to the authors in [13] is mainly focused on an attitude of open questions that guide an individual or behavioral intentions. Researchers in [14] define commitment as a force that binds an individual to a course of action relevant to one or more targets, and define commitment in organizations such as affective commitment (refers to an enhancement of desire -based organization), instrumental commitment which the client should stay in the organization, and normative commitment refers to an obligation should remain with the organization. With this three-component model, commitment can be defined as a force that binds an individual to buy from a supplier that can be affective, instrumental or normative [13].

According to the researchers [14] customer loyalty is based on a set of factors, the first is trust, consumers must trust the seller and the product, secondly the relationship should have a greater positive value than perceived in other suppliers, and third, if traders build on these first two factors they may be able to create a positive emotional attachment level, this emotional response may be the compromise that is resistant to change.

Loyalty is the primary goal of relationship marketing and sometimes equates to the concept of relationship [15] marketing. Customer loyalty to the brand is essentially a relational phenomenon [16].

To the authors [17] customer loyalty depends on committed teams, employees and suppliers and owners committed to building a company of enduring success, i.e., a network where all participants are key pieces for your support. The author states that loyalty has become a bargaining chip between customer and company. Companies that value their employees find them his powerful admirers, and these make a point of being purveyors of the company where they work products.

Customer loyalty can reduce costs and can increase profitability, as the cost of recruiting a new customer is said to be five times more than the cost of retaining an existing customer [18] and [19].

The study's author in [20] shows that firms with more level of loyalty grow on average 26 % more compared to its competitors. According to the author there are four basic building blocks of organic growth based on customer loyalty: the loyal customer buys and buys back; acquires additional references (buy more), recommend your friends (bring new customers); give constructive feedback and free. Constituted as well as sellers of consumer brands, to the author at [20], loyalty is the fuel that drives financial success in a business environment that thrives on mutually beneficial relationships network, is the ability to build strong bonds of loyalty and not short-term profits.

The author in [21] state that much of the conventional wisdom regarding customer retention is puppetry. For strong returns on relationship programs companies need a clearer understanding of the link between loyalty and profits.

There is little correlation between longevity of customers and profits of the company, many longtime customers receive the most attentive service, more discount and tend to be resistant to change of cost cutting. The researchers suggest measurement tools to assess the behaviors of customers and strategic management tips for the most profitable customers. As valuable as the segmentation is even more valuable is the correct identification at the individual level. Knowing that 60 % of your loyal customers are profitable, so they created a model RFM (regency monetary value of frequency).

The researcher in [22] defined loyalty as being the non-random purchases made over time by some decision making unit. Thus the client has a specific trend regarding what to buy and those who purchase, moreover, the loyalty term denotes a relatively permanent condition and requires the purchase action occurs at least twice. The loyal customer for the author is the one who performs repeated purchases, buying the various lines of products and services and recommends products and services to others.

The author in [23] states that loyalty can bring cost savings by reducing the costs of marketing , positive word passes , therefore considers that the sale is not the goal of the marketing process is rather the beginning of a lifetime relationship with the customer .

The client will first try your product / service, if the first purchase does not satisfy the customer, there will probably be a second. From the experience of buying it forms a set of perceptions, whether those perceptions meet or exceed expectations there is a good probability of repurchase.

Every interaction should be seen as an opportunity to add value, it is important to work to deepen relationship, this client in turn responds with more info about yourself, and will become ever more faithful, boosting sales and profits. These actions allow the customer to repeat purchase and see the organizations not as a building but as a company of human beings with whom he formed a relationship, it is customer loyalty

According to the authors in [24], retention is not synonymous of loyalty, but loyalty includes retention, and goes beyond, including the recommendation i.e. the suggestions given by loyal customers. So loyalty is assumed, compared to retention.

Many authors such as in [25], [14] and [26] have suggested that there are two types of loyalty, attitude and

behavioral loyalty.

The author [26] defined customer loyalty as “the degree to which the client expresses a preference for the future by a particular company, and recommends”. The behavioral aspects of customer loyalty were characterized in terms of repurchase intentions, word-of-mouth and recommendation [27] and [28] define loyalty as a favorable attitude assessment, which is carried out with sufficient strength and stability to promote one repeatedly favorable response of a product.

Customer satisfaction is a factor that generates confidence in the company offering the product/service. The relationship with the company may increase the satisfaction and consumer desire and continue to relate to the company. The results obtained by researchers [29] suggest the key role of trust as a variable that generates commitment from customers, especially in situations of high involvement, where its effect is stronger in comparison to overall satisfaction. For the authors in [29] the main effect of trust is satisfaction.

The theory built around relationship marketing emphasizes the importance of trust as a basic, fundamental and necessary to establish and develop long-term relationships element so that it can implement a strategy of relationship marketing successfully [10] and [30]. According to the authors in [31] because of the confidence consumers are willing to participate in loyalty programs.

The trust variable is considered by many studies of relationship marketing as essential to take into account in the development of lasting relationships and loyalty [32] and [10].

To the authors [33] reveal that the trust variable has a positive impact on customer loyalty.

According to researchers in [16] loyalty is a concept that goes beyond the repetition of purchases is a variable that is related to a behavior, and another related to attitude that compromise the essential characteristic dimension.

Based on the authors in [2] satisfaction will positively influence commitment, when customers are satisfied feeling of pleasure is experienced as well as the creation of a compromise. According to the researchers in [34], satisfaction also creates a positive impact on commitment.

The authors in [34], reported a positive effect of commitment and retention of customers and several studies find a positive relationship between commitment and loyalty. For researchers in [35], commitment is the implicit or explicit pledge of relational continuity between exchange partners. The authors in [36] define commitment as a psychological attachment to an organization. For researchers in [37], commitment is seen as an important antecedent to customer loyalty. The author in [38] using the results of his investigation also reveal a positive relationship between commitment and loyalty. For researchers in [39], the appointment is a significant factor that influences customer loyalty.

Given these arguments we formulated the following hypotheses:

H1: Trust has a positive and direct effect on commitment.

H2: Trust has a positive and direct effect on satisfaction.

H3: Commitment has a positive and direct effect on Loyalty.

H4: Satisfaction has a positive and direct effect on Loyalty.

### III. METHODOLOGY

The investigation presented here began with a literature review, which was based on research in the areas of relationship marketing. Then the survey was carried out to the customers of a distributor of hygiene products and professional cleaning in Viseu - Portugal, not randomly, but with the convenience of viewing the customer as the routes of the sellers of the company, 100 valid questionnaires were obtained.

We developed an exploratory and confirmatory research with a quantitative approach. To measure each item of the surveys we used a Likert scale of 7 points since this type of scale has been used for studies of relationship marketing. And according to the authors in [40], these scales should be validated through its psychometric properties and thus the acceptance of this type of scale is based on various aspects of construction: reliability, validity and dimensionality.

The empirical validation of the measurement models were performed by exploratory and confirmatory factor analysis as well as reliability analysis. In addition to Cronbach's Alpha, the local fit indices – indicator reliability, variance extracted, factor reliability and total variance explained – were employed to test the validity of the obtained factor. We also tested the composite reliability and the variance extracted. After this analysis, we estimated the final structural models with Amos 19.0.

### IV. FINDINGS

The results show that only one factor was estimated for each determinant: satisfaction, trust, commitment and loyalty.

TABLE I: EXPLORATORY AND CONFIRMATORY ANALYSIS

Determinants	Name	Factor scores	Bartlett's Test	Total variance extracted %	Cronbach Alpha
Satisfaction	v.4.1	0,911	207,376	85,238	0,912
	v.4.2	0,943			
	v.4.3	0,915			
Trust	v.6.1	0,938	327,969	82,229	0,886
	v.6.2	0,932			
	v.6.3	0,897			
	v.6.5	0,858			
Commitment	v.6.6	0,886	226,228	75,373	0,889
	v.6.7	0,891			
	v.6.8	0,803			
	v.6.11	0,889			
Loyalty	v.4.4	0,867	58,916	62,875	0,692
	v.4.5	0,764			
	v.6.9	0,742			

We can analyze the exploratory and confirmatory results for the constructs trust, satisfaction, commitment and loyalty results in Table I that are quite acceptable.

In Fig. 1 we present the final structural model with the accepted hypothesis and in Table II we present the global fit and the results for the composite reliability and variance extracted.

As shown in Fig. 1 we found a positive and direct effect of 0,93, thus we can accept the Hypothesis H1. The authors in [40] also concluded that the elements of trust are the client's intention to fulfill its commitment, so these results are in accordance with the results of H1. The results of researchers [29] also corroborate H1, trust implies a notion of reliability and commitment, satisfaction, and considered by many authors as an antecedent of loyalty [3]- [6]. Thus according to the authors [42] companies can cultivate intimacy with customers to increase customer confidence and loyalty of it. And enjoy every meeting need to provide quality services and customer satisfaction, thereby building trust and increasing customer loyalty, enhancing the building of a solid relationship [42]. The distributor companies toiletries and professional cleaning need to consolidate its relations of trust and commitment, meeting established deadlines, valuing teamwork, showing experience, financial capacity and after sales.

TABLE II: GLOBAL FIT

Constructs	Composite Variance		Global Fit
	Reliability	Extracted	
Satisfaction	0,94	0,85	$X^2 = 131,73$ $df = 73$ $CFI = 0,9$
Trust	0,96	0,85	$RMSEA = 0,09$ $GFI = 0,9$
Commitment	0,93	0,74	$AGFI = 0,8$

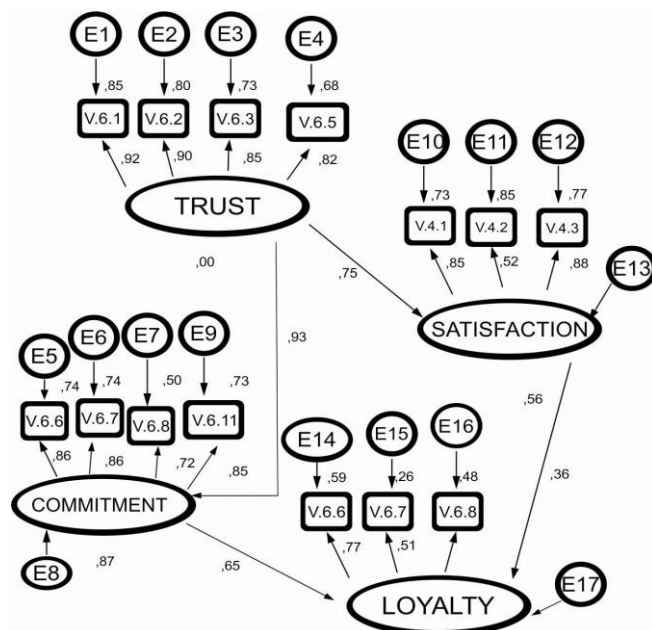


Fig. 1. Structural equation model.

For Hypothesis 2, we found that trust has a positive and direct effect on satisfaction with a total impact of 0, 75 indicating that we can accept the hypothesis H2. The results

obtained by researchers [30], suggest the key role of trust as a variable that generates commitment from customers, especially in situations of high involvement, where its effect is stronger in comparison to overall satisfaction. To the authors [30], the main effect of trust is satisfaction.

The results also showed that there is a direct and positive relationship between commitment and loyalty with an impact of 0, 65, thus we can accept the hypothesis H3. In many other investigations the same results were obtained where commitment is seen as an antecedent of loyalty [35]- [39].

Data also revealed that we can find a positive and direct effect of satisfaction on loyalty, with a total impact of 0, 36, according to the proposed hypothesis H4.

## V. CONCLUSIONS

This investigation concluded that the variables chosen to analyze the determinants of satisfaction and customer loyalty can be considered reliable and consistent. The results showed that there are several determinants, whether traditional, whether specifically related to the context under study, which have positive and direct effect on satisfaction and customer loyalty. The statistical analysis points to a positive and direct effect between trust and commitment and trust and satisfaction and also reveals a positive and direct link between satisfaction and loyalty and commitment and loyalty.

The companies from the distribution sector need to consolidate its relations of trust and commitment, complying with deadlines, valuing teamwork, showing experience, financial strength and post sales service.

It is imperative to maintain a clear and transparent relationship with their clients in order to be satisfied and thus loyal. The results in this investigation also emphasized the fact that Commitment is an important antecedent of Loyalty, thus it is important for these companies the improvement of responsibility, development of team skills, empowering employees and the company in a sense to fulfil commitments and performing the co-creation of value.

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