FIFTH INTERNATIONAL CONFERENCE ON MARKETING AND RETAILING (5TH INCOMaR) 2015

The Relationship Between Marketing Mix And Customer Loyalty In Hijab Industry: The Mediating Effect Of Customer Satisfaction

Norsyaheera Abd Wahab[a], Lailatul Faizah Abu Hassan[b,*], Siti Asiah Md Shahid[c], Siti Noorsuriani Maon[d]

[a,b,d]*Faculty of Business and Management, Universiti Teknologi MARA, 40450 Shah Alam, Selangor Malaysia*
[c]*Institute of Business Excellence, Universiti Teknologi MARA, 40450 Shah Alam, Selangor Malaysia*

Abstract

In today's business market, there are so many new entrants in the same industry, selling and providing the same products and services. Therefore, business providers need to compete with one another in order to survive in the industry as there are so many competitors. Business providers need to focus on the customers' needs and preferences to maintain and retain the long term relationship. In order to make customer satisfied, business providers must know the elements in the marketing mix that they need to practice in order to attract customers especially through their buying behaviour. Thus, the objective of this study is to examine the relationship between marketing mix and customer loyalty, and the mediating effect of customer satisfaction in hijab industry. The study setting focused on female customers who are wearing and buying any hijab products at Shah Alam outlets. Questionnaires adapted from prior studies were distributed and 234 usable questionnaires were collected from this study. It is expected that findings from this study will contribute to the existing literature to both theoretical and managerial approaches in order to better understand the pattern of the marketing mix, customer satisfaction and customer loyalty, especially in hijab industry settings.

Keywords: Customer satisfaction; customer loyalty; Hijab industry; marketing mix

* Corresponding author. Tel.: +6-035-544-4712; fax: +6-035-544-4693.
   E-mail address: laila@salam.uitm.edu.my

1. Introduction

The business market is growing rapidly and becoming more competitive as there are many similar products and services delivered in the same market (Aisha, 2013). With the rapid growth of the new entrants in the business market, switching behaviour among customers was high and organisations have to increase efforts in order to retain their customers (Alden, 2012). Demands on a scarf or hijab have been rapidly raised in the industry; Muslim females have the inclination to buy several of the brands of hijab in the market to complement their attires (Ahmed, 2012). Hijab providers would want to consider the designs, patterns, fabrics, colours, labels, and brands, whether in physical shop or through online to attract its customers. Therefore, the businesses need to compete with one another in order to stand out from other competitors and to survive in the industry (Aisha, 2013). Thus, knowledge on this topic can help business providers in hijab and the fashion industry to maximise returns, prevent customer's remorse and diversify their products in order to develop customers' satisfaction that influence the customers to continue doing business and become loyal customers.

2. Literature Review

2.1. Customer Loyalty

Customer's re-purchase behaviour is estimated as a basic requisite for loyalty that is followed by satisfaction (Punniyamoorthy & Raj, 2007; Chang, 2010). Pritchard, Havits, and Howard (1999) claimed that understanding why customers become loyal is important in business as it will become a development of a strategy for business providers to perform and deliver excellent services and products to the customers. By understanding the importance of customer loyalty, an organization can build a commitment in terms of capturing its existing customers to recognize and re-purchase the services or products provided by the organization (Oliver, 1999; McMullan & Gilmore, 2008; Abu Hassan, Wan Jusoh & Hamid, 2013). Every organization needs to measure the degree of its marketing mix strategy that will contribute to customer satisfaction as well as customer loyalty (Ibidunni, 2011).

2.2. Marketing Mix

Marketing is a set of steps that deliver value that could be remembered by customers and can create a relationship with customers as well as providing benefits to the organization (Armstrong & Kotler, 2011). Bay, Petrizzi and Gill (2008) confirmed that when an organization applied marketing mix in their business, it will help them to increase the sales and profits of their organization, hence, achieving their marketing level. Elements in marketing mix, namely product, price, place, and promotion (4P's) are the controllable tools that will reflect to customer's satisfaction (Shankar & Chin, 2011). A clear understanding of elements in marketing mix will help business providers to influence potential and current customers to continue doing business and become loyal customers. In this context, hijab and fashion industry can use marketing mix elements in order to capture the factors that will lead customers to buy the hijab or a scarf from that particular organizations instead of other competitors (Sable, 2013).

2.3. Customer Satisfaction

There is a relationship with nature between satisfaction and loyalty that have been studied by many researchers and were confirmed that customer satisfaction is the mediating variable that might change the customers, whether they will become loyal or not (Patterson, Johnson & Spreng, 1997; Bennett & Rundle-Thiele, 2004). Previous studies have also found that one of the major determinants of customer loyalty is customer satisfaction which is in every business and market, customers need to be satisfied before they can become loyal (Parasuraman, Zeithaml & Berry, 1988; Lin & Wang, 2006). It is important for providers in hijab and the fashion industry to deliver excellent services and products so that they will get a good reputation as well as to give satisfaction to the customers. Therefore, customer satisfaction is clear to be used as the mediating variable that will influence hijab customers to become loyal to an organization.

2.4. Conceptual Framework

There are four elements that served as independent variables under the marketing mix which consist of product, price, place, and promotion. Meanwhile, the dependent variable reflects the outcome of the research study, which is customer loyalty and the mediating effect is customer satisfaction. Those elements are used as the study setting in investigating the relationship among marketing mix, customer satisfaction, and customer loyalty as illustrated in Fig. 1.
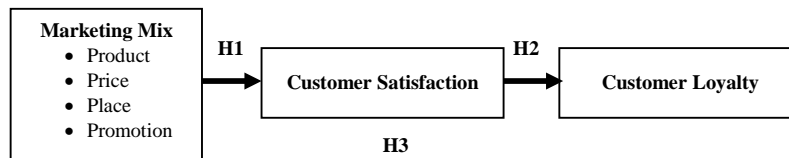

Fig. 1 Conceptual Framework

2.5 Hypotheses

Based on the review of the related literature, the following research hypotheses are developed:

H1 – Marketing mix is positively associated with customer satisfaction.
H2 – Customer satisfaction is positively associated with customer loyalty.
H3 – Customer satisfaction mediates the relationship between marketing mix and customer loyalty.

3. Research Methodology

This is a correlational study, which answers questions about the relationship among variables (Salkind, 2012, Sekaran & Bougie, 2013). For this study, convenience sampling technique was used in order to obtain data from the respondents. The population at Shah Alam outlets is 600 customers. Thus, based on the Krejcie and Morgan table, the sample size required for this study was 234 (Krejcie & Morgan, 1970). Therefore, questionnaires that were adapted from prior studies were distributed to approximately 250 female customers. The study setting focused on female customers who are wearing and buying any hijab products at Shah Alam outlets.

4. Results and Discussion

4.1. Demographic Profile of the Respondents

234 usable questionnaires were returned, yielding a response rate of 93.6%. Respondents of this study consisted of female customers who are wearing and buying any hijab products at Shah Alam outlets. From the data collected, the majority of the respondents were in the age group category of 20 to 29 years old (39.3%). Meanwhile, the least age group category was 50 years old and above (8.1%). In addition, most of the respondents were single (51.3%), the majority of them worked (58.5%) and 34.2% of the respondents bought hijab twice a month.

4.2. Correlation Analysis among Variables

This section discusses the findings on the correlation among independent variables and depending variable. Table 1 represents the interpretation of the correlation coefficient based on Cohen (1988).

Table 1: Designation of strength of association based on the size of correlation correlation based on Cohen (1988)

Degree of Correlation	R Values
Small correlation	r = -0.10 to -0.29 and +0.10 to +0.29
Medium correlation	r = -0.30 to -0.49 and +0.30 to +0.49
Large correlation	r = -0.50 to -1.00 and +0.50 to +1.00

The interpretation of the correlation coefficient in Table 1 were used to understand the relationship between marketing mix and customer satisfaction. It also were used to explain the relationship strength in terms of value of the Pearson correlation (r) and the direction of the relationship of the variable that were used in this study. Based on the results illustrated in Table 2 below, it can be seen that the correlation between marketing mix and customer satisfaction is (r=0.367, n=234, p<0.05) which indicates that there is a positive, medium and significant relationship between marketing mix and customer satisfaction. The first variable in marketing mix which is product has the correlation of (r=0.170, n=234, p<0.05) which indicates that there is a positive, small significant relationship between product and customer satisfaction. The second variable is price, with (r=0.177, n=234, p<0.05) also indicates that there is positive small significant relationship between price and customer satisfaction. The third variable of marketing mix that is place has (r=0.268, n=234, p<0.05) which explains that there is positive small significant relationship between place and customer satisfaction. Lastly, the forth marketing mix which is promotion has (r=0.288, n=2.34, p<0.05), shows that there is positive small significant relationship between promotion and customer satisfaction. The last but not least, the results indicated that there is a positive, medium and significant relationship between customer satisfaction and customer loyalty with (r=0.420, n=234, p<0.05). These coefficients show that all variables are associated with one another.

Table 2: Correlational Analysis among Variables

Variables	Mean	SD	1	2	3	4	5	6
Product	3.9558	.58795						
Price	3.8333	.65385	.349**					
Place	3.9487	.57713	.089	.172**				
Promotion	3.6453	.74856	.190**	.127*	.145**			
Customer Satisfaction	4.1026	.65566	.170**	.177**	.268**	.288**		
Customer Loyalty	4.0615	.62589	.295**	.340**	.178**	.168**	.420**	

Notes: ** Correlation is significant at the 0.01 level (1-tailed).
  * Correlation is significant at the 0.05 level (1-tailed).

4.3. Hierarchical Regression Analysis with Mediator

A mediation analysis was conducted using Baron and Kenny (1986) approach. In the first step the effect of the independent variables on the mediator variable was examined. The second step examined the influence of the independent variable on the dependent variable, without the mediator. Finally, the last step was taken to investigate the influence of the combination of the independent variable and the dependent variable, with a mediator.

The first step stipulated that place and promotion were the significant predictors of customer satisfaction with (β=.213, p<0.05) and (β=.231, p<0.05). However, product and price were not found as significant predictors to customer satisfaction with
(β=.078, p>0.05), (β=.083, p>0.05). The second step indicated that product and price were the significant predictors of customer loyalty with (β=.183, p<0.05) and (β=.247, p<0.05). However, place and promotion were not the significant predictors of customer loyalty with (β=.107, p>0.05) and (β=.086, p>0.05).

The last step signifies that customer satisfaction was significant to influence customer loyalty (β=.343, p<0.05). This finding was supported by Moraga, Parraga and Gonzales (2008) that satisfied customer mediates loyalty as they must be satisfied with the business provided before they become loyal customers. Moreover, Bloemer and Ruyter (1998) mentioned that customer satisfaction has often been studied that it is confirmed as an antecedent of customer loyalty. Results of the Hierarchical Regression Analysis are demonstrated in Table 3 below.

Table 3: Hierarchical Regression Analysis on Mediating Variable

Variables	Customer Satisfaction	Customer Loyalty	
		Without Mediator	With Mediator
Product	.078	.183	.156
Price	.083	.247	.219
Place	.213	.107	.034
Promotion	.231	.052	.007
Customer Satisfaction			.343
R	.390	.414	.521
R^2	.152	.172	.272
F	10.249	11.866	17.013
Sig F Value	.000	.000	.000

5. Conclusion

The fact that customer satisfaction is really important in order to get loyal customers, it is indeed important that marketing mix and its elements can help business providers to know the factors that their customers are looking for when buying a hijab. The aim of this study was to investigate the relationship between marketing mix and customer loyalty in hijab industry, as well as the mediating effect of customer satisfaction. Therefore, business providers in hijab industry will know the marketing needs, they need to focus to attract the customers in hijab selling as well as to keep them loyal. Meanwhile, this study endeavours to make both theoretical and practical contribution to the literature, and also provides several implications for future research. Findings from this study will assist policymakers, marketing practitioners, planners and government change, as needed, in strategies, rules and procedures, and to improve the provision of customer satisfaction and customer loyalty in service industries.

6. Future Research

This research was conducted at hijab outlets in Shah Alam, and may not be generalizable to other outlets. Therefore, more hijab outlets need to be investigated. It is also suggested that other related factors of the marketing mix to be included in the future researches to produce more constructive findings to nourish the measured relationship. In addition, it is suggested to use the interview to get in-depth information on the study. It is expected that respondents can easily express their views and experiences verbally using their own words and impressions to answer questions. Through facial expressions and gestures, it is believed to provide deeper understanding and better outcomes of the phenomena studied.

7. References

Abu Hassan, L.F., Wan Jusoh, W.J., Hamid, Z., 2013. Determinant of customer loyalty in Malaysian Takaful Industry. Procedia - Social and Behavioral Sciences, 130, 362–370. 4th International Conference on Marketing and Retailing 2013 doi:10.1016/j.sbspro.2014.04.043

Ahmed, A. M., 2012. How a 25 year old Saudi Entrepreneur is Rethinking the Hijab. Wamda. Retrieved on November 27, 2013, Available at http://www.wamda.com/2012/11/how-a-25-year-old-saudi-entrepreneur-is-rethinking-the-hijab.

Aisha, R., 2013. Why Are Hijabs So Popular Among Muslim Females? Ask Richa. Retrieved on November 23, 2013, Available at http://www.thejakartaglobe.com/blogs/the-rise-of-the-muslim-fashion-industry-in-indonesia/

Alden, M., 2012. Dividend growth businesses with high switching costs. Dividend Monk. Retrieved on December 10, 2013, Available at http://dividendmonk.com/5-dividend-growth-businesses-with-high-switching-costs/

Armstrong, G., & Kotler, P., 2011. Marketing: An Introduction (10th Edition), Upper Saddle River, NJ, Pearson Prentice Hall.

Baron, R. M., & Kenny, D. A. 1986. The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. Journal of personality and social psychology, 51,6, 1173.

Bay, S., Petrizzi, R., & Gill, P. ,2008. The why of the buy: Consumer behavior and fashion marketing. New York: Fairchild Books.

Bennett, R., & Rundle-Thiele, S., 2004. Customer satisfaction should not be the only goal. Journal of Service Marketing, 18,7, 514-523.

Bloemer, J., & De Ruyter, K., 1998. On the relationship between store image, store satisfaction and store loyalty. European Journal of Marketing, 32,5/6, 499 513.

Chang, C.H., 2010. A study on brand loyalty and customer lifetime value. Journal of Information and Optimization Sciences, 31, 3, 719-728.

Cohen, J. 1988. Set correlation and contingency tables. Applied Psychological Measurement, 12,4, 425-434.

Ibidunni, O. S., 2011. Marketing Mix as Tools for Achieving Competitive Advantage in Nigerian Market Place: Multi-National and Indigenous Companies in Perspective. Journal of Marketing Development and Competitiveness, 5,7, 81-94.

Krejcie, R. V., & Morgan, D. W., 1970. Determining sample size for research activities. Educational and Psychological Measurement, 30, 607-610.

Lin, H. H., & Wang, Y. S., 2006. An examination of the determinants of customer loyalty in mobile commerce contexts. Information & Management, 43, 271-410.

McMullan, R., & Gilmore, A., 2008. Customer loyalty: An empirical study. European Journal of Marketing, 42,9/10, 1084-1094.

Moraga, T. E., Parraga, V. A. Z., & Gonzales, Z. F., 2008. Customer satisfaction and Loyalty. Journal of Consumer Marketing, 25,5, 302-313.

Oliver, R. L. , 1999. Whence consumer loyalty?. Journal of Marketing, 63, 33-44.

Parasuraman, A., Zeithaml, V. A., & Berry L. L., 1988. SERVQUAL: a multi-item scale for measuring customer perceptions of service quality. Journal of Retailing, 64, 1, 12-40.

Patterson P. G., Johnson L. W., & Spreng R. A., 1997. Modeling the determinants of customer satisfaction for business-to-business professional services. Journal of the Academy of Marketing Science, 25,1, 4-17.

Pritchard, M. P., Havitz, M. E., & Howard, D. R., 1999. Analyzing the commitment-loyalty link in service contexts. Journal of the Academy of Marketing Science, 27, 3, 333-348.

Punniyamoorthy, M., & Raj, M. P., 2007. An empirical model for brand loyalty measurement. Journal of Targeting, Measurement and Analysis for Marketing, 15, 4, 222-233.

Sable, J., 2013. What does a marketing mix consist in fashion?. Chron. Retrieved on December 13, 2013, Available at http://smallbusiness.chron.com/marketing-mix-consist-fashion-24391.html

Salkind, N.J., 2012. Exploring Research. 8th Edition. New Jersey: Pearson Prentice Hall.

Sekaran, U., & Bougie, R., 2013. Research Methods for Business: A skill building approach. John Wiley.

Shankar, C., & Chin, K. K., 2011. A study of the relationship between marketing mix and customer retention for herbal coffee in Malaysia. 2nd International Conference on Business and Economic Research (2nd ICBER, 2011) Proceeding, 2011-279.