

**FACTORS AFFECT THE CUSTOMER LOYALTY TOWARDS BUSINESS
EVENT: BOOK FAIR INDUSTRY**

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DEDICATION

This work is dedicated to my parents, my family and finally my course mates and colleagues who are always in my thoughts and recognition.

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LIST OF ABBREVIATIONS

Abbreviation	Description
S-O-R	Stimulus-response-organism

ABSTRAK (MALAY)

Kadar bacaan yang rendah di kalangan rakyat Malaysia menyebabkan saiz pasaran keseluruhan buku peruncitan sentiasa terhad dan berdaya saing. Sesetengah peruncit buku telah menganjurkan pameran buku di seluruh Malaysia untuk merangsang lebih banyak jualan dan menjana lebih banyak pendapatan. Namun tidak setiap pesta buku boleh menarik orang ramai untuk melawat dan melakukan pembelian. Oleh itu objektif utama kajian ini adalah untuk mengetahui rangka kerja konsep elemen campuran pemasaran 4P dengan kepuasan pelanggan dan kesetiaan pelanggan dalam industri pesta buku. Pada masa yang sama, kajian itu juga meneroka peranan pengantaraan kepuasan pelanggan pada hubungan antara campuran pemasaran dan kesetiaan pelanggan. Untuk menjawab semua persoalan kajian, rangka kerja kajian dibangunkan dengan merujuk kepada model Rangsangan-Organisma-Response. Campuran pemasaran bertindak sebagai rangsangan, kepuasan pelanggan sebagai organisma dan kesetiaan pelanggan sebagai tindak balas. Kajian ini memakai kaedah kuantitatif dan bukan eksperimen. Borang soal selidik diedarkan kepada responden yang telah melawat mana-mana pesta buku lebih daripada satu kali di seluruh Malaysia. Pelbagai kaedah analisis akan digunakan untuk memeriksa hipotesis yang dibina berdasarkan rangka kerja dengan menggunakan alat statistik SPSS dan Smart Partial Least Square (PLS). Keputusan telah menunjukkan bahawa campuran pemasaran mempunyai hubungan yang positif dan langsung dengan kepuasan pelanggan dan kesetiaan pelanggan. Selain itu, kepuasan pelanggan juga memainkan peranannya sebagai pengantara hubungan antara kepuasan pelanggan dan kesetiaan pelanggan.

ABSTRACT

Due to the low reading rate among Malaysian, the overall market size of book retailing is always limited and competitive. Some book retailers have organized book fairs around Malaysia in order to stimulate the more sales and generate more revenue. However not every book fair could attract huge crowd to visit and purchase. Therefore the main objective of this study is to find out the conceptual framework of marketing mix element 4Ps with the customer satisfaction and customer loyalty in the book fair industry. At the same time, the study also explores the mediation role of customer satisfaction on the relationship between marketing mix and customer loyalty. In order to answer all the research question, the study framework is developed by reference to Stimulus-Organism-Response model. The marketing mix is acted as stimulus, customer satisfaction as organism and the customer loyalty as response. The study applies the quantitative methodology and non-experimental. Questionnaires are distributed to the respondents who have visited any book fair more than one time across Malaysia. Multi regression analysis method will be used to examine the hypothesizes that derived from the framework by using the statistical tools SPSS and Smart Partial Least Square (PLS). The result has indicated that marketing mix has positive and direct relationship with customer satisfaction and customer loyalty. Besides, customer satisfaction is also playing its role to mediate the relationship between customer satisfaction and customer loyalty. The book retailers could refer to the result in this study to design and carry out a better Customer Relationship Management (CRM) program to attract as well as retain as many customer as possible.

CHAPTER 1

INTRODUCTION

1.0 Introduction

The way to operate a retail business has been evolved, the companies can't just display goods on the deck and then waiting the customers to visit their stores, this marketing strategy is definitely not going to lead to huge profit unless the products that selling are unique or it is in a monopoly market. Nowadays competition become stiffer and stiffer, companies not only have to produce quality products and but also have to accompany with effective marketing strategy to obtain as many as the market segment from the competitors. Different types of marketing strategies could be found and one of them is to protect the long-term interest of the customers so that these long-lasting relationships would enhance their profitability (Susanna Dahlgren, 2011). Getting customers to visit your store is not a tough thing but how to ensure every customer who visit the store will make a purchase is something tougher. It is even tougher to have the customers having repetitive purchases. According to Kumar and Shah (2004), the main goal of every company is profitability and one method to achieve this for a company is to gain and maintain loyal customers. Researches have shown that the cost to retain existing customers is way too low compared to getting new customers. It costs five times more to acquire a customer than to retain a customer (Keiningham et al., 2005).

There are a lot of definitions for customer loyalty and people can see it from multiple dimensions too. Customer loyalty is a buyers' overall attachment or deep commitment to a product, service, brand or organization (Oliver, 1999). The feeling

that a customer has towards a company/brand that will affect his behavioral action or thinking. Studies have demonstrated that customer loyalty is a multi-dimensional concept involving both behavioral and attitudinal elements (Oliver, 1999; Rauyruen and Miller, 2007).

Behavioral loyalty typically infers the loyalty status of a given consumer from an observation of repeated purchasing behavior (Morgan, 1999). Behavioral loyalty refers to whether the customers will have repetitive transaction happened on a same company/brand. Instead of making purchase in a different company, the customer will always visit the same company and make the purchase of the interested items/services. Customers will only have single option in a monopoly market, therefore this kind of behavior is not considered as the behavior of a loyalty customer until competition arises from another company and customers still prefer to visit the same company to purchase goods.

Attitudinal loyalty is slightly different from behavioral loyalty, it involves emotion of the customers whereby customers have a good feeling/impression or special desire towards a company/brand. According to Johnson (2013), there is emotional bonding with attitudinal loyalty in which a consumer bonds with a specific brand that separates it from other brands. This bonding not only take cares of the competitive advantage but also elicits the consumer to act like a spokesman of the company/brand. It does not necessary involve any transaction but the customers may introduce the company/brand to others. The attitudinal perspective assumes that consistent buying of a brand is a necessary but not sufficient condition to “true” brand loyalty and it must be

complemented with a positive attitude towards this brand to ensure that this behavior will be pursued further (Amine, 1998).

When study about customer loyalty, researchers always relate it with customer satisfaction. Customer satisfaction is an important element in the marketing process, because it eventually contribute to the measurement of how success of the service or goods sold (Darian et al., 2001). The more customers able to fulfill their needs or expectation during the service use or purchase, the higher the chances that the customers will revisit the same merchant and have repeat purchase (Wong and Sohal, 2003). There are many other empirical studies has shown the strong relationship between customer satisfaction and customer loyalty (Liao et al., 2009; Eggert and Ulaga 2002). According to Lam et al., 2004, customer satisfaction is acting like a mediating factor between customer loyalty and customer value. The result is clearly observed in the study done in the business-to-business (B2B) environment. In another research which is in hotel and restaurant industry, brand identification and brand equity on customer loyalty are mediated by the level of customer satisfaction too (Nam, Ekinci and Whyatt, 2011).

Customer satisfaction is considered as being a key driver to retain a long term relationship between customers and suppliers (Geyskens et al., 1999). According to Oliver (1980), customer satisfaction is the emotional feeling or attitude of customers towards a service or product after the consumption. According to Mullins and Walker (2010), in order to ensure a company to continue growing and success, and achieve a sustainable business environment, marketing plays a very crucial role. Basically marketing activities anticipate the customer requirement and needs and then

customizing goods or services which will fulfill customer needs. This can be observed through the six criteria below:

- i. Product or services should be available to customers in most of the time.
- ii. Able to create awareness and appreciation among customers
- iii. Always putting in effort to be more innovative and redefine the products or services to increase the quality offered and it is often based on the feedback from the market or customers
- iv. Products and services customization are available to fulfill different needs from the customers.
- v. The target segment should be in-line with the resource and capabilities available in the company
- vi. Long term relationship with customers is taken care seriously due to customer loyalty is paramount.

McCarthy (1960) has stated that there are four categories of core marketing strategy: product, price, place and promotion. This is the first marketing stimulus which normally referred as 4Ps. In this study, the relationship between customer satisfaction, customer loyalty and marketing mix will be studied and analyzed.

1.1 Background of the Study

One of the effective way to gain knowledge is through reading. The reading journey sometimes can an exciting way to self-discovery. Reading actually transfers experiences to other individuals so that the readers able to expand one's horizons, extend, identify and intensify their interest and gain in depth understanding of the world

(Green, 2002). There are many types of reading materials such as magazines, journals, newspaper, comics, special interest books, etc.

The UN Development Program's 2007/2008 report said that the literacy rate of Malaysians, at 93.2%, was behind developed countries such as Japan, Britain, the United States, Australia and Germany, which have literacy rates of 99 percentage. Malaysia has among the highest literacy rates in South East Asia. However, Malaysians prefer to read light reading materials like magazines and newspaper than books. According to the literacy statistics, 85 percentage of Malaysian have regular reading habit, 77 percentage of them prefer newspapers, 3 percentage prefer magazines, 3 percentage read books and 1.6 percentage read comics. The ex Deputy Prime Minister and Education Minister Tan Sri Muhyiddin Yassin said at the launch of the Kuala Lumpur International Book Fair 2009 at the Putra World Trade Center, Malaysian are more inclined to read light material while citizens from developed countries read books. In the same literacy statistic, 53 percentage of American read fiction and 43 percentage of them read nonfiction books. One of the effort from the Malaysian government to encourage its citizen to read more books is to provide certain tax relief for book purchase. These tax relief however doesn't available for newspaper or magazine.

Mokhtari and Sheorey (1994) stated that the difficulty in reading possible to discourage individual to read. One of the common difficulties encountered by the Malaysian is low English proficiency. Among them including the university students, they are lacking of adequate vocabulary to understand the contents and they require larger effort to read, and often this has demotivated them and distract their focus on reading. As a result, they stop reading the material. English Language Learners (ELLs)

students who studied at University Science of Malaysia faced the same difficulties of unable to recall relevant information, new terminology, hard time to concentrate and regressive reading habits (Kaur and Thiyagarajah, 1999). Frank and Associates (1998) highlighted another factor which affect the interest of reading, time factor. According to them, people who aged 25 years and above spent less time on reading compare to younger generation. This is simply because they spend more time on working and have less free time to spend on reading books.

Malaysian reads less books simply means that there are still a lot of room of market segment to explore and conquer. There are quite a number of famous book stores in Malaysia. Popular is one of the successful local-owned book stores. Besides that, the potential of the book industry has attracted several foreign book stores step into Malaysia, they are MPH, Borders, Kinokuniya, etc. The number of book stores are increasing gradually every year and they are opened across the whole Malaysia in order to gain significant market segment. At the same time, it also makes the book industry more competitive. Therefore, the book retailers will design and carry out various form of marketing strategies to gain significant market segment including identify the ways to secure the highest number of loyal customers.

Book fair is one of the channels used by the book retailers to reach customers. Usually it attracts tremendous amount of customers to visit the book fair and generate large revenue within a short period. Big Bad Wolf Books by BookXcess, Popular BookFest by Popular and Kuala Lumpur International Book Fair are among the most popular book fair in Malaysia and attract a lot of book lovers to visit the book fair every time the book fair launched. Big Bad Wolf Books are majority English while Popular

BookFest and Kuala Lumpur International Book Fair are selling multiple languages of books.

1.2 Problem Statement

Marketers always design and look for methods to increase the company's sale revenue through various kinds of marketing strategies and activities. They have tried different channels like promotion, price discount, and book fairs to reach as many customers as possible. Book retailers have recognized the benefits of organizing book fairs which successfully boost up the sale revenue during the fair as well as brushing the brand image of the book retailers. Marketers understand that book fair does not only attract the regular book lovers but also attract those customers that seldom read or purchase books. They are also aware that customers tend to purchase more books in the book fair compare to when visit a store. Therefore more and more book fairs are hold every year around Malaysia either big or small scale.

Khoo (2012), Oly (2007), Yee (2010) and many other researchers have carried out studies to find out the elements that contribute to the customer loyalty in the B2C environment. However, none of the researchers have done anything in the book retailing industry particularly book fair in Malaysia. Therefore, there are many doubt arises in marketers mind. Looking on the amount of book fairs held each year, customers may have more choices to select and they may just visit any of them. What are in the customers' mind to motivate them to visit a book fair? How to encourage more customers to visit the book fair? How to make sure the existing customers would visit again in the coming book fair next time? These are some of the challenges or questions that the markets would like to know. Less resources are needed to retain an

existing customers compare to attract a new customer, therefore there are huge interest to understand what and how to build up the customer loyalty. Loyalty customers not only making regular purchases but also helping to promote the positive and the good feeling of the retailers to their family or friends.

In order to further understand the customer behavioral in visiting a book fair, this study are going to use the marketing mix elements 4Ps (price, product, promotion and place) to find out the details for the following statements: i. The elements in the marketing mix element 4Ps are affecting the customer satisfaction and customer loyalty in the book fair; ii. Customer satisfaction has influenced the customer loyalty in the book fair; iii. Customer satisfaction is mediating the relationship between marketing mix element and customer loyalty. Therefore customers who have visited any book fair will be used as the target respondents to understand the customer behavioral in this research.

1.3 Research Objectives

The objectives of this research are to provide answer for the following questions:

- i. To determine whether the marketing mix element 4Ps (product, price, promotion and place) will have any relationship on customer satisfaction.
- ii. To determine whether the marketing mix 4Ps (product, price, promotion and place) will have any relationship on customer loyalty.
- iii. To determine whether customer satisfaction will have any relationship with customer loyalty.

1.4 Research Questions

In this research, this study will provide the insight answers to some of the questions arise from these categories:

- i. Does the marketing mix element 4Ps (product, price, promotion and place) have any relationship with customer satisfaction in the book fair industry?
- ii. Does the marketing mix element 4Ps (product, price, promotion and place) have any direct relationship with customer loyalty in the book fair industry?
- iii. Does the customer satisfaction have any relationship with customer loyalty in the book fair industry?
- iv. Does the customer satisfaction have any mediating effect on the relationship between marketing mix element 4Ps and the customer loyalty?

1.5 Significance of the Research

Throughout this research, to what extent the relationship of the marketing mix element 4Ps (product, price, promotion and place) towards customer satisfaction and customer loyalty will be better understood. This study will also study how customer satisfaction influence customer loyalty. This research will be important for the markets who use book fair as one of their marketing channel to promote their products. Furthermore, this study are hoping not only the marketers but also other researchers may have better insight on the factors that will lead to customer loyalty in the book fair industry. Marketers could design and implement a better customer loyalty program for the book retailers.

1.5.1 Theoretical Contributions

Due to the importance of customer loyalty and the eager to know more about it, many studies and researches have been carried out to study the factor that affect the most on customer loyalty. There are quite a number of factors which may have relationship with customer loyalty based on the finding from other researches, such as marketing mix element and customer satisfaction. They have used different models and methodology to deep dive the relationship. This search extend prior research by examining the mentioned relationship in the B2C environment which is the book fair industry in Malaysia. With the result obtained, this study extended the generalizability of marketing mix elements and customer satisfaction are positively related to customer loyalty (Haelsig et al., 2007; Yoo et al., 2000; Lam et al.,2004; Cengzi and Yayla, 2007) in the book fair industry. Besides, it also noticed that customers who are satisfies will able to mediate the relationship between marketing mix element and customer loyalty.

In order to be deep dive in a more systematic way, this study applies stimulus-organism-response model to examine the relationship between marketing mix element 4Ps (product, price, promotion and place) with customer satisfaction and customer loyalty in the book fair industry. At the same time, customer satisfaction is selected as the mediating variable in the relationship between marketing mix and customer loyalty. Finally this study is going to study how customer satisfaction influences customer loyalty in the book fair industry. In the stimulus-organism-response model, the stimulus elements are coming from marketing mix element 4Ps (product, price, place and promotion) while the response element is the customer loyalty. In order to further examine this relationship, customer satisfaction is chosen as the mediating factor which is organism in the model. After the result is obtained, this study may know whether the

same model can be used to apply to investigate its effective in the book fair industry in Malaysia

1.5.2 Practical Contributions

Customer loyalty no doubt is one of the key factors that will assist the companies to have a sustainability business model. Besides, customer satisfaction remains as the important elements to maintain the relationship between the retailers and customers. The contribution of this study is on the business event: book fair industry which helping the retailers to understand and identify the critical factors that related to the customer loyalty. The success of having higher or lower level of customer loyalty is strongly related to the revenue generation, customer retention cost, new customer acquisition cost as well as the cost to serve regular customers, all these will eventually affect the company financial performance.

On top of customer loyalty, the understanding of the relationship between the marketing mix element 4Ps (product, price, promotion and place) and customer satisfaction towards loyalty, help the retailer to better customize the product or service offering to suit to individual customer's preference. In other words, it helps the company to eliminate unnecessary or improper promotion sales or price cutting which affect the company profit. As a result, many researchers have carried out intensive studies to have better understanding of the customer behavioral in the retailing market.

Towards the end of the study, how customer behavioral is constructed with the reference of marketing mix 4Ps will be understood. Once the retailers aware and embrace the factors, then they will be more easily to design and carry out the

customized marketing strategy and initiative involving the identified factors towards the monitoring and enhancing the customer loyalty more efficient. Perhaps it may be harder to create the customer loyalty among all the customers but they could aim to increase the level of customer satisfaction in majority of the customers. An effective customer loyalty program not only helps to retain the existing customer but also able to create a good brand equity.

1.6 Scope of the Study

The book fair industry is selected for this empirical analysis through quantitative methodology. This approach is suitable and in-line with the previous researches focus on customer loyalty and customer satisfaction which normally only one interested industry is being chosen. Selecting one industry, questionnaire can be designed and suit to the specific industry characteristic and thus the response will be more solid. Besides, study on single industry will help to reduce the potential of huge variance. Furthermore, the number of questions in whole questionnaire can be controlled within a reasonable amount without affect the survey quality and outcome. Respondents tend to feel bored if the questionnaire is too lengthy. As a result they may not provide accurate feedback and later impact to the overall study analysis. The targeted respondents for the study are customers who have visited the book fair more than one time from the past experience. Questionnaires will be distributed in the form of online and physical paper to the respondents.

1.7 Definitions

1.7.1 Customer Loyalty

It is defined as the customer behavioral which making repeated purchase whenever is possible and at the same continue to recommend and maintain positive

attitude towards the retailers (Kandampully and Suhartanto, 2000). It is the result of consistently positive emotional experience, perceive value of an experience or physical attribute-based satisfaction. Customer loyalty is both attitudinal and behavioral tendency to favor a brand over all other brands. The motivation behind may be not only satisfaction but also its convenience or performance or just simply due to the familiarity and comfort with the brand (PR Loyalty solution, 2011)

1.7.2 Customer Satisfaction

Satisfaction is perceived as the customer response in which customer reflect on their pleasure level while customer satisfaction is the overall level of attainment of a customer's expectation (Akinboade et al., 2012). As an overall evaluation, the feeling of satisfaction in fact mediate the effects of service quality, product quality, and price or payment equity on loyalty (Bolton and Lemon, 1996). It is how the customers would have felt or rated the products that have been consumed or services that have been experienced.

1.7.3 Marketing Mix

It is a combination of instruments which normally used by the markets to set up their marketing strategy (McCarthy, 1960). Marketing mix is a set of marketing mix variables can be managed by the institutions and companies' marketers in their target market segment and its composition are required for the reaction (Cutler, 2000). Marketers, in order to obtain the favorable feedback from the targeted customers, have to use many tools. These tools comprise the marketing mix which used by the marketers to achieve the preset marketing objective and goals (Bahman et al., 2012).

1.7.4 Product

A product can be anything either tangible like a product or intangible like a service that can be offered to a market for acquisition, attention, consumption or use that might fulfill the customer needs or want (Armstrong and Kotler, 2005, p 474).

1.7.5 Price

An element of the marketing mix which is generating revenue for the retailer to continue their business activity (Elke Smit, 2013). Price is a value defined by the company to charge to the customer with the exchange of the service or product that provided to the customer (Mohammed & Hilda, 2015).

1.7.6 Promotion

All communication method that used to provide the product's information to the consumers (Elke Smit, 2013). Promotion is an advertisement of a product to sell to customer and this process can be considered as communication with the customer using different means or methods of advertising (Mohammed & Hilda, 2015).

1.7.7 Place

It is referred to both the location where the customer visits and buys the product as the distribution channel (Elke Smit, 2013). Place can be also considered as the distribution facilities and location which help to work around the demand and supply of a product and to resolve the variables that hinder the supply of the product to the targeted market (Copley, 2004).

1.8 Structure of the Report

Chapter One is the introduction of the study which started with the abstract and background of the study. Besides, it also consists of the problem statement, research problem, research questions as well as the objective.

Literature review regarding the customer loyalty, customer satisfaction and the marketing mix element 4Ps (price, product, promotion and place) is discussed in Chapter Two. The relationship between these critical components is studied and presented. The element in the stimulus responses model is highlighted too. On top of that, this chapter also details the theoretical framework and the research hypotheses that developed through literature review.

Chapter Three explains the research methodology of the study. How the hypothesized are translated to the form of questionnaire is explained. Besides, the statistical analysis technique are discussed.

Chapter Four discusses the data obtained from the survey. The final result after analyzed will be presented.

Chapter Five describes the outcome and theoretical implication from the study. Besides, limitation of the study will be explained and recommendation for future research will be provided too.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter mainly is to present the literatures that have been undertaken. The theoretical framework will be shown at the end of the chapter. All the factors that stated in the framework will be discussed in this chapter to help readers to further understand the underlying theory for each of them.

Previous researches have shown that the importance of understanding customer behavior using the stimulus-organism-response (S-O-R) framework by Jonelle Zimmerman (2012) and Mehrabian and Russell (1974). The framework hypothesized that the environmental factors act as stimulus which is going to influence the customer's emotional state (organism) and later on affect their behavior (response). A model for customer satisfaction will be developed through this study by integrating the factors that affect the customer loyalty in book fair industry into the Stimulus-Organism-Response model.

2.1 Customer Loyalty

Customer loyalty is about how to retain as many customers as possible, which can be translated to earning more (Meguellati Achour, 2013). He said that retailers should focus more on retaining existing customers compare to grabbing new customers. Customer loyalty is referred to a customer who has repeating purchase from the same retailers or services providers whenever possible, and who would recommend or keep

a positive attitude towards the retailers or services providers (Shoemaker and Lewis 1999, Kandampully and Suhartanto 2000). Wong and Sohal (2003) also mentioned that customer loyalty is generally described having these few traits, i) hold favorable or positive attitudes towards the product or service or towards the retailer which supplying the products or services; ii) repeatedly purchase products or service over time whenever possible.

Customer loyalty is a consumer's deep commitment or overall attachment to a goods, service, organization or brand (Oliver, 1999). He classified customer loyalty into two categories: the behavior and the attitude. From the behavior perspective, customer loyalty can be measured through the long term choice probability for a brand, including hard-core loyalty, repeated purchase probability. Meanwhile the attitudinal approaches emphasized mainly on the brand recommendation, repurchase intention, resistance to superior products and the willingness to pay premium price. Oliver further elaborated that loyalty is a deeply help commitment to repurchase the goods or service consistently in future, as a result it has caused repetitive same products purchased from the same retailers.

In 1994, Dick and Basu have tried to conceptualize the loyalty as the relationship between the patronage behavior and the relative attitude towards an entity like a retailer, brand, service and supplier. Two important elements are highlighted by them, repeat patronage and relative attitude. They are cross classifying the 2 elements in their research into a matrix which divided into four specific conditions related to loyalty in Figure 2.1.

		Repeat Patronage	
		High	Low
Relative Attitude	High	Loyalty	Latent loyalty
	Low	Spurious	No loyalty

Figure 2.1 The relative attitude-behavior relationship (Dick and Basu, 1994)

The four dimensions are:

- i) Low repeat patronage and low relative attitude: No Loyalty. Basically there is no sign of loyalty when there is a low repeat patronage and low relative attitude. This could be happened to a new product introduction and customers don't have any previous purchase experience to show the sign of loyalty. Besides, this situation also cold refer to a similarity of the competing brands in very dynamic market.
- ii) High repeat patronage and low relative attitude: Spurious Loyalty. This scenario normally happens on the daily used products whereby consumer found no significance difference among all the products. They perceive all the brands are the same. Besides, social influence also influence the level of spurious loyalty.
- iii) Low repeat patronage and low relative attitude: Latent Loyalty. This section is basically showing that customer recognizes the brand equity of certain

retailers but somehow there is no repeated purchase action observed in this group of customers. Marketers should really paying more focus on the customer fall into this section, they should try to find out the reason behind whether because of the products accessible issue, improper pricing or other issues.

- iv) High repeat patronage and high relative attitude: Loyalty. This is the most welcome scenario for all the marketers. There is a strong linkage between relative attitude and repeat purchase.

Throughout the literature review, this study observed that some researchers focus more towards defining the constructs while others are focusing on measurement. On top of that, some studies are surrounding with the use of multi items measurement scales with the objective to find out and better understand the antecedents of customer loyalty. Table 2.1 show the summary of the customer loyalty from other researchers by quoting some important elements from respective studies.

Table 2.1

Summary of the Literature Review of Customer Loyalty

Author(s), year	Contribution
Oliver (1999)	The author emphasized on the notion of the situation influences. Introduced additional fourth action phase on top of the original four phase model of customer loyalty development

Knox and Walker (2001)	The methodology of measurement was developed based the empirical study of grocery brands. Their finding showed that in order to make customer loyalty to be more effective, brand support and brand commitment are very essential and sufficient condition. Classification-loyal, habitual, variety seekers and switchers are produced.
Jones et al. (2000)	The author extended the research for customer loyalty which is called as “cognitive loyalty”. It is considered as higher order dimension as it is referring to the decision making process when customers are conscious and they are exposed to an alternative brands before a decision is made.
O’Malley (1998)	Focus on the effectiveness of the loyalty program.
Dick and Basu (1994)	Their study focus on the relative attitude and potential moderators of the relative attitude to repeat-patronage based on social norms and situational factors.

	<p>Relative attitude is the degree to which the consumer's evaluation of one alternative brand dominates over another. True loyalty only exists when repeat patronage coexists with high relative attitude.</p> <p>Classification including spurious, latent and sustainable categories of loyalty.</p>
Christopher <i>et al.</i> (1993)	<p>The loyalty Ladder</p> <p>Examined the progress up or along the rungs from prospects, customers, clients, supporters and advocates.</p>

Based on the literature review, this study can high level summarize the customer loyalty consists of attitudinal and behavioral loyalty. Attitudinal generally refers to the customers' intention to make purchase and recommend it to others like family and friends. The action of how frequent of the purchase, customer's receptiveness to continue purchasing the same product or service and maintain a good relationship with retailers are part of the behavioral loyalty.

2.2 Customer Satisfaction

Satisfaction is perceived as a global consumer response in which customers reflect on their pleasure level while customer satisfaction is defined as the overall level of attainment of a customer's expectations (Akinboade et al., 2012). Are they enjoying the moment when considering the goods/services, making decision to purchase, making payment and receiving the goods/services? Satisfaction is very subjective evaluation of the whole purchase experience. Often, customers have a perceived value of the

goods/services, if the outcome of the goods/services exceeded the expectation then it will lead to satisfaction but if the outcome is below than what is expected, then dissatisfaction will occur. A satisfied customer will most likely to repeat the purchases again in future.

Customer satisfaction can be overall satisfaction Aydin and Özer (2005). The customer satisfaction can be due to both purchase expectation and post purchase experiences or either one of them, whether feeling comfortable after purchase a goods or service with a comfortable price. According to Aydin and Özer (2005), Overall satisfaction is the result of accumulative experiences and encountered by the customers rather than specific satisfaction or dissatisfaction in individual incident, which has longitudinal by nature.

Some customers may have high or low expectation or even no expectation at all towards a purchase. It depends on the type and importance of the goods as well as the pricing. Customer's expectation basically is the anticipation of the brand performance. In the recent years, companies generally ask customers whether their services or products have met, exceeded or fall below the expectation. This has shown that expectation is the vital factor towards satisfaction. When customers have higher expectation and the reality falls short, they will feel disappointed and most likely will rate their experience as less than satisfying. In the other way, when the reality comes out better than what the customers initial expect then they will feel more than satisfying. The "voice of the customer" should be taken into the design process and after the delivering the services, service providers should monitor how well the customers' expectations have been met (Pakdil & Aydin, 2007)

The more the customer feels satisfied with the brand the more likely they are willing to purchase the same brand in the coming days. Feick, L., Lee, J. and Lee, J. (2001) stated that high level satisfaction strongly correlated with increase brand loyalty. According to Mulugeta Z Forsido (2012), customer satisfaction is among the factors that affect brand loyalty in a smartphone. Customers who are satisfied with their brand might have high probability remain to purchase the brand in the future compare to customers who are dissatisfied; they are willing and most likely to search alternative brand information.

Customer satisfaction can be divided into two different categories, cumulative or overall satisfaction and transaction-specific or service encounter satisfaction (Shankar et al. 2003; Bolton and Drew, 1991). Transaction-specific or service encounter satisfaction refers to the evaluation of the customers which is aroused after a specific purchase experience which serve as a diagnostic approach to certain products or services encounter. On the other hand, cumulative or overall satisfaction is described as the satisfaction that is resulted from the series of services or deals encountered previously that have been accumulated. The overall satisfaction is the accumulative experience from all previous consumption experiences and it is regarded as a result from all past transactions but not limited to specific satisfaction (Parasuraman et al., 1994).

Jones and Suh (2000) emphasized that overall satisfaction is relatively stable when compare to transaction-specific satisfaction. They further stated that the overall satisfaction is a better and wise predictor to observe consumer behavioral than transaction-specific satisfaction. They quoted a flight experience to strengthen what

they have said. A passenger has lost its luggage after the arrival at the destination. Definitely the passenger felt frustrated and unhappy with what has happened and how poor the quality of the flight services. This has resulted a low transaction-specific satisfaction. However, the passenger will still prefer this airline service for his next flight due to the facts that he has experienced numerous good experiences with the flight company previously. The overall satisfaction towards the flight company is considered high.

2.3 Marketing Mix

According to Bahman (2012) in his research, he mentioned that marketing mix is a set of controllable components of marketing tools and the marketing activities of a company in combining all the elements. Elements of the marketing mix are a group of marketing tools for achieving the marketing objectives of the marketing department (Hakansson and Waluszewski, 2005).

The element of 4P's which better known as marketing mix consists of promotion, place, product and price have taken a critical role to enable the company to sell their products or deliver services and to be outstanding in the market (Sukamto, R., & Lumintan, D. (2015). Every marketer from each company should have their own uniquely designed marketing strategy to enter the market in order to gain competitive market position.



Figure 2.2 Marketing Mix Element 4Ps

The importance of marketing mix concept mentioned by Rafiq and Ahmed (1995) considered marketing mix is one of the core and critical concepts of marketing theory. The spread of a lots of ad hoc issues has underestimated the concept of marketing mix and a call for a more coherent approach is needed. According to Booms and Bitner (1981) in their study in other areas of marketing and opine by adopting marketing mix, not only accomplished the provision of better product but also the saving of costs and time in developing and promoting the products also accomplished (Mahoney et al., 1987)

Decisions about the future marketing strategy by marketers should definitely influence the final customers and commercial channels. Marketers are using many marketing tools so that could receive more favorable response from the customers in targeted market segment. Therefore, although many are concerning the number of variables of the marketing mix but in fact only minimal can change in the short term in their marketing mix.

An effective marketing strategy is extremely important simply because the resources allocated for marketing activities are limited, therefore a well planned to use the allocated resources to achieve the marketing goals become very crucial. With less influence over the amount of their budgets, senior marketers must attempt to maximize the influence of the resources they allocate for the activities across multiple products, channels, markets and specified customers, by using an increasingly complex mix of traditional and new media (Bahman, 2012). He also said that marketing scholars should continue to explore and study to identify a more sophisticated body of analytical and modeling literature that provides both the substantive and theoretical insights for marketing strategies.

2.3.1 Product

A product basically is anything that offered to the consumers for acquisition, attention, use or consumption that intended to satisfy the want and need of the consumer (Armstrong and Kotler, 2005, p474). Product can be in a form of tangible and intangible. Tangible products are those products touchable by the consumers while intangible products are those services experiences or received by the consumers. Some people classify products into consumer product and industrial products. Consumer product are

products and services bought by the consumers for their own personal consumption. Industrial products are purchased by the industries for further processing like latex, timber, sand and half processed goods. Product can be anything, both favorable and unfavorable that is received in an exchange (Dibb and Ferrel, 2008, p245). Product can be anything like a good, a service, a person, a retail store, an idea or combination of few of them. Product are the means to an end wherein the other end is the satisfaction of the consumer wants or needs.

Kotler further explained what product is in another theory. He uses five product levels in which a product is seen or located from the perception of the consumers. In what extend consumer attaches to a product may be studied through these five product levels. The consumer will feel satisfaction when only the desired value is served or higher than what is expected.

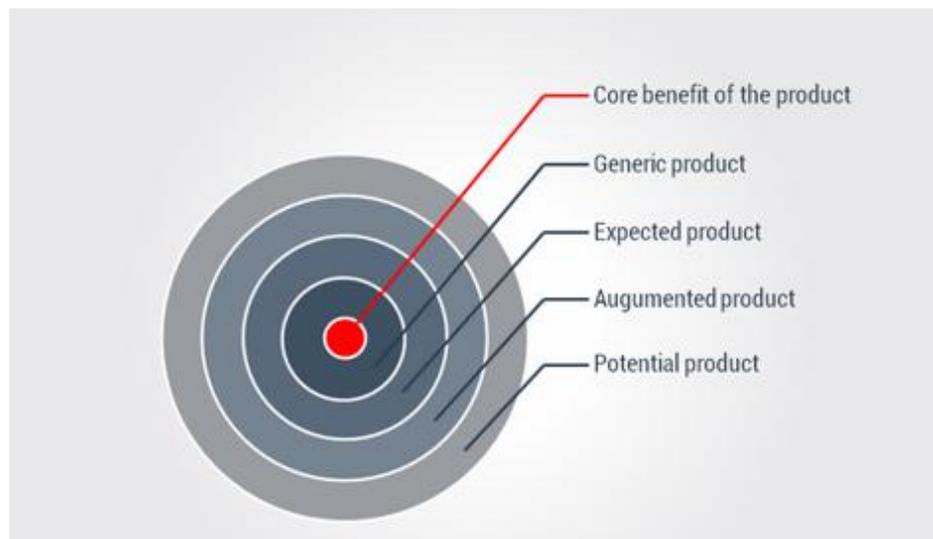


Figure 2.3 Five Products levels from Kotler (copied from Toolshero)

The first level is Core Product. This is the most fundamental product and the focus is to serve its original intention. For example, a pair of shoe to protect your toes when walking. The second level is Generis Product. This level adds in all the qualities of the product. A pair of quality shoes should be fit, good material, stability, etc. Next level is Expected Product, this level describes all the aspects that a consumer would expect when they purchase it. The shoes are really lasting. The fourth level is Augmented Product. This refers to the additional features that are added into the product to differentiate it from other competitors' products. Normally this involves brand image or identity. Shoe company will use bright color to attract or the design is fashionable to attract young customers. Some companies may offer better sale service or longer warranty period which make the customers feel the product is good value for money. The last level is Potential Product, it is about the transformation and augmentations that the product may undergo in coming days. For instance, the shoes are very light-weighted and breathable.

2.3.2 Price

According to Saunders (2008), price is the amount of money charged by the company for a product or service towards the customers. He also stated that price can be interpreted that it is the total value that the customers exchanged for the benefits of having or using the service or product. Price refers to the total value of money needed in order to purchase an item. Elke Smith (2013) said that price is used as an element in the marketing mix to generate revenue for the companies. Price sometime is extremely important and acting as a crucial quality indicator when there is insufficient or absent of the information regarding the product or service, this is very commonly happened in intangible product like services.

In the literature review regarding consumer behavior toward price, it is common that consumers will compare price (Monroe, 2003). Consumers are looking for a value buy or at least the item is offered with a fair price. When the price is considered fair, it is the situation in which no inequalities or discrepancies exist (Xia and Monroe, 2006). Inequalities happened when consumers compare their paying price with prices paid by other consumers for the same product or services and there is a gap between them.

According to Maxwell et al. (2009), a fairness in prices achieved when a reasonable and fair price is set. They also stated that a price sometime considered fail when it is fall below the expected price. The price offered must meet or exceed the value of the products or services offered, else consumers are unlikely to consider it in normal circumstances. Consumers always welcome open market where more competitions are happening. Competition will create more fairness and value buy for the consumers. Consumers nowadays compare prices more frequently especially buy high priced product because they are getting the information more easily through internet. Thus it is very important for all the markets to set a reasonable and profitable price.

Retailers often use price discounts as an attraction to increase the store traffic and at the same time can stimulate purchase (Dhruv et al., 1998). The net effect on the customers' perceived quality and its value will eventually help the marketers to determine the correct discount level. Adaptation-level theory proposed by Harry (1977) has suggested that a stimulus is evaluated with the respect to internal norms which representing an individual's composite experience. The adaptation-level for justifying the right pricing of a product is called the internal reference price and it can be also

considered as the average market price or a range of average prices for a product (Biswas and Blair, 1991). Proper pricing strategy will help to tailor to the target market. There are multiple ways of prices setting in the market. There are mark-up pricing, value-based pricing, target return pricing and going-rate pricing.

According to Aaker (1996), price is the very basic and simple indicator of loyalty. The amount of money the customer willing to spend for the brand in comparison to other brands which offer the same product is the straight forward indicator of loyalty. Elke Smit (2013) emphasized that generally the quality of high-priced products is higher than low-priced products, thus consumers will use the price is one of the indicators of quality. Some consumers may use the brand name as the indicator of quality too. The longer a customer purchase a product or service, the higher is the sum of basic profit and company receives price premiums because loyal customers are less sensitive for prices (Diller, 2003). Thus those brands that have strong equity and strong brand loyalty would able to enjoy the benefit of price premium. They could charge higher price on the products although competitors may offer in a low price, customers are still willingly to purchase it.

2.3.3 Promotion

Promotion is described as sales promotion, personal selling, advertising, public relation, special offer and direct marketing (Borden, 1984). These activities could influence the customer thinking process, their perception or emotion, their experience as well as the purchase intention. Place or placement has to do with how the product will be provided to the customer while distribution is a key element of placement. The placement strategy will help assess what channel is the most suited to a product. How

a product is accessed by the end user also needs to compliment the rest of the product strategy. Promotion can also be defined as how effective it is to make linkage between the product to the target market segment and able to persuade them to make purchase (Lovelock, Patterson and Walker, 1998).

Lovelock and Wright (2002) extended the communication package definition to cover more areas. According to them, the package should consists of three components, channeling the needed information and advice, persuading the target customers of the merits of certain product and encouraging the customers to response at specific time. If a product is manufactured keeping the customer needs in mind, is priced rightly and made available at the store convenient for customers to purchase, but the customers doesn't aware of its price, features or worst its availability, obviously the marketing effort is not working. Therefore a communication package is critical in the marketing activities to ensure all necessary information reaches to customers. Other researchers like Munusamy and Hoo (2008) further explained that the communication should be providing a consistent message about the product using the right media in order to reach the targeted market segment.

Muala & Qurneh (2012) mentioned that promotion is a selling technique which is the effort to help the company to succeed in any marketing program. They also highlighted the easy accessible of products to the customers, retailers or manufacturers should also pay attention to the journey or route taken by the product from manufacture site to display store or customers hand. As all these are going to incur unnecessary cost if the distribution channel is inappropriate. The management should be aware of the

following factors before making any business decision, nature of the market, nature of the product, nature of the company and middlemen consideration.

Whatever the channel used, it is necessary for it to be suitable for the product, the price and the end user it is being marketed to. It is important to differentiate between marketing and promotion. Promotion is just the communication aspect of the entire marketing function.

2.3.4 Place

According to Kotler and Armstrong (2006), place is a set of interdependent organizations which caters to the process of making the product available to the customers. Goods are produced to be sold to the customers in order to generate revenue for the company. They must be easy for access so that the customers could conveniently purchase the goods that they want. Place is a necessary access which the potential customers associates to a service or product such as distribution and location (Hirankitti et al., 2009).

Berman (1996) emphasized that the strategy of place requires a very effective distribution of the company's products among all the channels of marketing like retailers or wholesalers. The company has to make decision whether to sell the goods directly to the retailers or through the distributors or wholesalers (Muala & Qurneh, 2012). Perhaps, it can sell to customers directly without any agent. Therefore, the company should focus more when making decision on place based on the importance of the product and also the consumption occurring at the same place and time; a venue

that offers all necessary information of customer, promotion, competition and marketing activities.

The concept further emphasized by Copley (2004) that company should pay higher attention to make sure all the product delivery is completed within the right time and at the right place, understand which channel is a better way to distribute the products to the customers without breaking the promise.

2.4 Stimulus – Response Model

Before further understand what S-O-R model is, let's understand the origin of the model. S-O-R model was evolved from S-R model which is known is Stimulus-Response model. Marketers have been showing strong interest to understand how their customers behave and how their customers make up the decision to make purchases. Many researchers also conducted many studies to study the consumer behavior. In 1965, Kotler has conducted researches and came out five different models. One of the most popular model is the stimulus-response model of human behavior. Since then, markets use the model to understand further in consumer response to various marketing activities. In general, there are two main components stated in the model. Refer to Figure 2.4, the components are stimulus from environmental aspect and buyer's response.

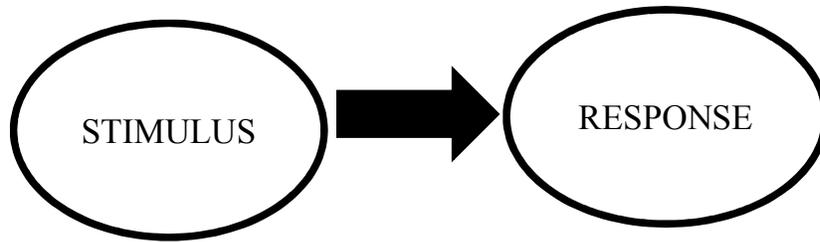


Figure 2.4 Stimulus-Response Model (Kotler, 1965)

Stimulus-Response theory basically explains how a particular stimulus trigger a particular response. In Figure 2.4, the famous testing experiment that used to ratify the model is Pavlov's dog experiment. He uses the food as an unconditional stimulus to trigger an unconditional response from the dog. After that, he associates a conditional stimulus which is ringing a bell every time before the food is served to the dog. Therefore the dog will associates the ringing of the bell indicates that it will get some food and then triggers salivating.

The overall experiment has led to an association between the bell, food and salivating. The dog will salivate when it heard the bell rings even though there is no food is served in front of him. In this example, the food or the bell which acting as the stimulus have successfully stimulate an unconditional response from the dog. The same theory is well applying in the customer behavioral as well. The marketing stimulus designed and offered by the marketers are going to trigger certain level of response towards the customer. However, the effectiveness of the response is depending how well the stimulus is going to affect the customer. In other words, marketers should use the right stimulus so that they can obtain the desired response from the customers.

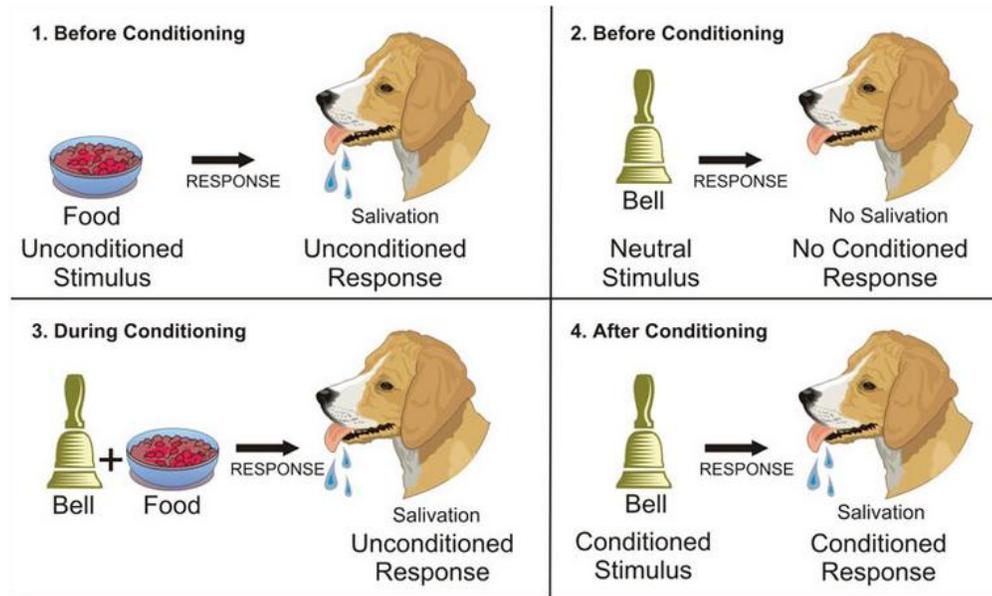


Figure 2.5 Pavlov's Dog Experiment (Pavlov, 1927) (Copied from Belldon Colme and Human Nature Management.)

2.5 Stimulus – Organism – Response Model

In 1929, Robert introduced and popularized the expression of Stimulus-Organism-Response to describe the functionalist approach to psychology and to stress its difference from the strictly Stimulus-Response approach. There is one extra component 'Organism' introduced into Stimulus-Response (S-R) model and becomes Stimulus-Organism-Response (S-O-R) model (Figure 2.6). Organism is acting like a mediating factor in the S-O-R model.



Figure 2.6 Stimulus-Organism-Response Model (Robert, 1929)

Patrick (1991) has applied the S-O-R model in his research to study the consumers' purchase behavioral of items in the stores. Physical item characteristic and physical store attributes are treated as stimulus while perceived item characteristic, consumer characteristic and perceived store attributes are acting as the organism. The response element is the purchase behavioral of an item and the store patronage. The result shown that the model successfully explained the significances of the influence on customer's item purchases behavioral and store patronage.

2.5.1 Stimulus

According to Kotler and Armstrong, stimulus is the external influence factors that could affect the customer behavior. In consumer behavior aspect, the stimulus are the marketing stimulus and also other stimulus. Other stimulus could be economic, technological, political and cultural. McCarthy (1960) has introduced the concept of marketing mix and the four P's, product, place, price and promotion. These four P's concept is used widely by the marketers as a reference to set up the marketing strategy. The marketing mix is the combination of elements which could be used by the markets to define their marketing strategy. It is vital to balance up between the four P's to achieve the business objectives. At the same time fulfill customers' needs and achieve customer satisfaction.

2.5.2 Organism

According to Jonelle Zimmerman (2012), if stimulus is described as the external state then organism can be describe as internal state. He further stated that the internal state, organism can be measured by the level of satisfaction. Sicilia et al. (2005) emphasized that the customer's perception and attitude towards retailers are influenced

by the customer's internal and external evaluation of the retailers. They are mentioned that variables like intellectual dimensions and brand stimulus were used to elaborate affective and attitudinal formation. The initial and temporary state of satisfaction developed by a customer during a shopping experience is known as the attitudinal state (Pavlou, 2003). Although satisfaction variable has been studied in a wide variety of manners by many researchers, this study will examine the initial attitudinal state of satisfaction.

2.5.3 Response

Response is the final component and also considered as the outcome of the Stimulus-Organism-Response model. It is characterized by the predicted consumer behavioral response as the reaction of the internal state towards the retailer. In Jonelle Zimmerman (2012) study, he found out that the website attributes like the website interface design significantly affect the consumer behavioral which is customer loyalty. This study will focus how extends the customer loyalty could be with the influences from the external stimulus.

2.6 Theoretical Framework

The objective of this research is to study the relationship between marketing mix element 4Ps (product, price, promotion and place) and customer loyalty whereas customer satisfaction is acting as a mediating factor in the book fair industry. The framework is developed by referencing to Stimulus-Organism-Response (S-O-R) model.

There is no doubt that marketing mix element 4Ps has great influence on both the customer satisfaction and customer loyalty. Besides, the customer satisfaction also having directly relationship with customer loyalty. Therefore, the theoretical framework of the relationship between, marketing mix 4Ps, customer satisfaction and customer loyalty is shown in Figure 2.7.



Figure 2.7 S-O-R model used in the study

2.7 Hypothesis Development

Poh et al. (2012) research shows that there are positive relationship between marketing mix element 4Ps with customer satisfaction in their research in selected retail stores in Malaysia.

Empirical study result showed that marketing mix has significant impact towards the customer satisfaction, perceived value and customer loyalty (Huddleston et al., 2009). Besides, according to Lam et al. (2004), marketing mix effort influence perception of satisfaction. As a result, the following hypothesis is formulated.

H1: Marketing mix element 4Ps (product, place, price and promotion) is positively related to the customer satisfaction.

H1a: Product is positively related to customer satisfaction.

H1b: Price is positively related to customer satisfaction.

H1c: Promotion is positively related to customer satisfaction.

H1d: Place is positively related to customer satisfaction.

Oliver (1999) emphasized that in order for a retailer to enhance their customer loyalty, they need to pay attention on how to meet or exceed the customer expectation and satisfied them. Strengthening customer satisfaction level will eventually lead to customer loyalty in terms of re-patronage and price sensitivity during a purchase (Fornell et al., 1996). Lam et al., pointed out that customer satisfaction has a positive effect on the attitudinal loyalty and behavioral loyalty. They also suggest marketers should focus on the customer satisfaction score rather than the customer value score because the customer satisfaction directly affects the recommend dimension which is categorized as part of customer loyalty. Khoo (2012) also proven the relationship between customer satisfaction and customer loyalty is positively related. Therefore this study formulate the following hypothesis in order to investigate the individual effect of satisfaction towards customer loyalty.

H2: Customer satisfaction is positively related to customer loyalty.

According to Ping Pi & Hong Haung (2010), they found out that customer satisfaction with the airline services leads them to be loyal patron of the airline. In the study done by Yoo et al., (2000), they are exploring the relationship between marketing

mix elements and brand equity. Throughout their structural analysis, they found out that high brand equity is positively correlated with marketing mix elements 4Ps and eventually will lead to customer loyalty. Another research completed by Khoo (2012) mentioned that brand's marketing mix is partially positively related to the customer loyalty. Thus this study formulate the hypothesis to investigate how the individual marketing mix element 4Ps (product, price, promotion and place) influence the customer loyalty.

H3: Marketing mix element 4Ps (product, place, price and promotion) is positively related to the customer loyalty.

H3a: Product is positively related to customer loyalty.

H3b: Price is positively related to customer loyalty.

H3c: Promotion is positively related to customer loyalty.

H3d: Place is positively related to customer loyalty.

According to Muala & Qurneh (2012), there are significance influences of tourist satisfaction to mediate the relationship between marketing mix and customer loyalty. The research was carried out to study the relationship between three important variables, marketing mix elements, satisfaction and loyalty in Jordan's curative tourism industry. Satisfaction, commitment and trust are seen as a global mediator between customer and create loyalty. (Palmatier et al., 2006).

H4: Customer satisfaction is mediating the relationship between marketing mix element 4Ps (product, place, price and promotion) and customer loyalty.

H4a: Customer satisfaction is mediating the relationship between product and customer loyalty.

H4b: Customer satisfaction is mediating the relationship between price and customer loyalty.

H4c: Customer satisfaction is mediating the relationship between promotion and customer loyalty.

H4d: Customer satisfaction is mediating the relationship between place and customer loyalty.

2.8 Summary of the Chapter

This chapter elaborates the literature review on the customer loyalty, customer satisfaction as well as marketing mix elements 4Ps (product, price, promotion and place). After finish reading the chapter, a better understanding on the respective areas and their relationship will be aware. Finally how the hypothesis and theoretical framework is developed.

CHAPTER 3

METHODOLOGY

3.0 Introduction

This chapter describes the methodology used in this study for research design, sample definition, data collection method, measurement of variables, the design of questionnaire, and the statistical analysis technique.

3.1 Research Design

This study is using quantitative approach, non-experimental and explanatory field study has been applied to analyze the relationship between marketing mix 4Ps (product, place, promotion and price), customer satisfaction and lastly customer loyalty for the book fair industry in Malaysia. The objective of the study is to ratify the three main hypothesis and to provide the answers for each of the research questions that defined in the earlier of the research.

In order to find out the important factors that have significant relationship with the variables, correlational study is chosen. Correlation study is normally applicable for research that followed the normal routine or flow of work of the research process. It carries the least interference from the researchers at natural environmental of the entity. This study will apply the cross-section study which data is collected just once over a certain period of days, weeks or months. However this study have to be very cautious so that the data collecting period is not too long or else it may create lots of noises and

variability and the final result may not accurately reflect the actual situation. This study uses one month to collect all the required data.

3.2 Variables and Measurement

This study mainly to find out and examine six variables, they are customer loyalty, customer satisfaction and 4 elements from marketing mix namely product, price, promotion and place. All of the aforementioned variables in the study are adopted and adapted from previous researchers' researches and will be discussed in the section later within the same chapter.

3.3 Unit of Analysis, Population & Sample

3.3.3 Unit of Analysis (UOA)

According to Sekaran and Bougie (2010), unit of analysis basically refers to the significant entity that underlines the study. These unit of analysis in the study can be differentiated into groups, individuals, industries and also countries. With regards to the problem statement of the study, the unit of analysis of this study will be the individuals who have visited book fairs in the previous years.

3.3.2 Population

The population of this study is targeting the whole Malaysia population who has visited any book fair in the past years or recently. There are many book fairs held around Malaysia each year. Some book fairs are organized by individual book retailers while some are organized by the local authority. No doubt that there are more book fairs held in Kuala Lumpur and Selangor due to the larger customer group and also stronger buying power compare to other areas. However, this study is not limited to any specific

book fair therefore either the book fair scale is big or small will be included as part of the study's scope.

3.3.3 Sample

According to Roscoe (1975), the rule of thumb in the multivariate research (including the multiple regression analyses) that the required sample size shouldn't be less than ten times the number of variables in a research. There are total 6 explanatory variables used in the study. They are product, price, promotion, place, customer satisfaction and customer loyalty. Therefore, based on the rule of thumb proposed by Roscoe, the minimum sample size needed will be 60.

Another researcher, Green (1991) has proposed a formula, $n=50+8m$ to calculate the sample size required in a study. 'n' in the formula is the total sample size required while 'm' is the number of explanatory variables. Applying the relevant parameters into the Green's formula, which is $m=6$ variables, the total sample size needed will be $50+8(6)=98$.

Meanwhile for factor analysis, the ideal sample size should be 10:1 ratio or minimum sample size is at least five times as many observations as the amount of the variables to be analyzed (Hair et al., 2010). There are total five observation variables used in this study, therefore the required sample size is 50.

In order to comply with all these three theories, this study will apply the theory from Green (1991) which the minimum sample size 98 will be chosen. This number is larger than the proposed numbers using Roscoe theory, 60 and Hair et al. theory, 50.

3.3 Research Method and Research Instrument

This study is a quantitative approach. The survey instrument is a self-administered questionnaire, which is adopted and adapted from several researches. Questionnaire from other researches are modified to suit to this study objectives. The questionnaire consists of 3 pages and carries thirty questions.

There are total four sections in the questionnaire and each of section will be started with guide line to help the respondents to complete the questionnaire. Section A contains the questions to obtain the demographic details like gender, age group and education level. These question were developed based on the existing research literature. There are two control questions which are helping to a proper screening on the selection of the respondents. First, the question is checking which book fair has been attended and several popular book fairs are listed to assist the respondents. Second, the question is trying to find out the amount of visits have been made in the past. This question helps to differentiate the first timer and repeated buyer. The analysis will skip the first timer data to avoid huge variability. Section B is to obtain how the respondents think about the book fair by referencing to the marketing mix element 4Ps (place, price, product and promotion). Thus, there are four sub-section in section B.

Section C is about the opinion of the respondents' satisfaction after they visit the book fair. It is measured through 4 questions to find out the level of satisfaction arise from the respondents. Section D is the last section which is collecting the data about customer loyalty of the respondents. There are total 6 questions designed in this

section to have an in-depth study on how extend the respondents show the loyalty to the book fair that they have visited.

3.4 Data collection

This study is using a non-probability sampling technique: convenience sampling. A convenience sample is made up of people who is easy to be reached and not designated. The online and self-administered questionnaire is developed and wide spread to people through Facebook, email and WhatsApp. Due the fact that it is harder to reach other respondents from other states in the form of face to face. This approach will help to make the population of the respondents widely spread across the country and not specific to certain areas only.

Besides, physical self-administered questionnaires are distributed to the USM students as well. Students are among the biggest reading group which surely beneficial to the study. The self-administered questionnaire is attached with a cover letter describing the purpose of the study to emphasis the genuine of the questionnaire as well as the confidentiality not to disclose information to anyone under any circumstances.

In the previous research indicated that out of 283 online questionnaires that were successfully sent out, only a total of 57 sets were filled up and returned, the figure is translating to a response rate of 20 percentage for Malaysian respondents (Tong, 2009). Another researcher received approximately 50 percentage response rate for customers in Malaysia who responded to his study using face to face interaction method or printed questionnaire (Tan, 2013).

As a result, the total of people that receive the blasting of emails, Facebook messenger and WhatsApp to fill up the online self-administered questionnaires are approximately ~600 people and estimating to collect roughly 100 responses with estimated 20 percentage response rate.

3.5 Survey Instrument

The survey instrument applied in this present research refers to instrument consisting questions in a self-administered survey (Schutt, 2001). Therefore, all the information is first hand because they are collected directly from the respondents through a series of questions. The objectives of the survey is explained at the beginning of the questionnaire. Through this self-administered questionnaire, this study will able to examine the factors that affect the customer loyalty towards the business event, book fair industry in Malaysia along with customer satisfaction as the mediator factor. Measurement of variables in this study were developed by reference to the measures that have been approved and tested in the previous researches and subsequently being adapted into this study.

In order to make this self-administered questionnaire be simpler to fill up by the respondents, this study uses five-point Likert-scale as the response format. Likert scale is so far one of the most popular and common rating scheme applied in the rating questions (Saunders et al., 2010). The response format applied in this study has total 5 points which '1' represents strongly disagree, '2' represents disagree, '3' represents neutral, '4' represents agree and '5' represents strongly agree.

3.5.1 Questionnaire Construction

Questionnaire employed in this study comprises of two sections. First section intends to collect the demographic details of the respondents. The demographic information such as gender, age, ethnicity, highest education level area of living and name of book fair visited.

Questions applied to examine the main construct were listed in the second section of the questionnaire. It incorporates the set of constructs that will be considered in the investigation of determinants influencing the consumer behavior to be loyal to a book fair. The first sub section consists of the questions that want to understand how the consumers feel or think from the aspect that derived from the marketing mix 4Ps (product, place, price and promotion). The next sub section is to find out how satisfy the consumers are when they visit the book fair, the last sub section is to determine how the consumers feel loyal to the book fair. A complete formatted questionnaire can be referred to in Appendices.

3.6 Data Analysis

Data analysis can be conducted to determine the answers to each respective research questions once the data collection is completed from the representative sample of the population. Data analysis is carried out with software program known as Partial Least Square (PLS). PLS is a statistical tools that have been widely used in the academic field because it offers users convenient interfaces for easy handling (Ringle, Wende and Will, 2005).

PLS is used to find out the descriptive statistics, reliability and validity testing and frequency distribution analysis for preliminary data analysis purposes. The mediating effect and overall fit of model, otherwise known as goodness of fit is also being investigated.

3.6.1 Partial Least Square

According to Henseler and Sarstedt (2013), Partial Least Square (PLS) is a group of alternating least squares algorithms, which extend principal component and canonical correlation analysis. It able to generate loadings between reflective constructs and their indicators, coefficients of multiple determinations (R^2) for dependent variable and weight between constructs. Partial Least Square (PLS) has been chose as the major analysis technique for the primary data due to only small sample sizes are required, non-normal data, and the use of formatively measured latent variables (Ringle, Sarstedt and Straub, 2012).

Besides, Urbach and Ahleman (2010) stated that PLS was chosen as the statistical means for testing structural equation models for the following evidences:

- Partial Least Square is able to offer good predictions.
- Partial Least Square can be applied to complex structural equation models with a large number of constructs.
- Partial Least Square makes less demands regarding sample size compared to other methods.
- Partial Least Square can handle reflective and formative constructs.
- Partial Least Square does not require normal-distributed input data.

- Partial Least Square is appropriate for theory development rather than for theory testing.

3.6.2 Descriptive Analysis

Descriptive analysis is applied as one of the analysis method to take care of the quality and measures of the data collected. This analysis explains the basic characteristic of the data collected in the research such as percentage, mean, frequency, standard deviation, median and range. The description is presented in a quantitative format and in a better structure way to analyze as summary on the data, sample and measures. In fact, in order to know how good the data is, mean, variance, standard deviation and range are the right indicators to refer to. Therefore, the characteristic of the respondents are analyzed with descriptive statistic.

3.6.3 Factor Analysis

There are two important elements in factor analysis which are exploratory (EFA) and confirmatory factor analysis (CFA). Exploratory factor analysis is normally carried out to find out the fundamental dimensional structure of the measurement items, and confirmatory factor analysis is used to determine the consistency of the previous dimensional structure with the structure that generated with specific set of measures. CFA is the method applied in the study to examine the fitness of the various factors and loadings of measured indicators. This study examined all measurement model for all items used in the framework.

3.6.4 Construct Validity

Construct validity can be characterized as a measurement scale that consists of both convergent validity and discriminant validity (Saunders et al., 2010). Convergent validity examines the degree to which each individual construct reflects on the converging construct in comparison to items measuring in different constructs (Hair et al., 2014a). The construct is considered to acceptable and have a significant effect only if the items' loading are at least 0.7 or higher, indicating that the data represents the real population score.

3.6.5 Convergent Validity

Convergent validity is an indicator for construct validity. It is important to verify whether all items are sharing a high extent of variance (Hair et al., 2010). Convergent validity consists of factor loadings, composite reliability and average variance extracted (AVE). An adequate loading of composite reliability points is required to be 0.70 or higher. However, if a loading of 0.60 to 0.70 is considered to be acceptable in an exploratory research. AVE requires a minimum value of 0.50 and in cases whereby the value of an AVE is 0.50 or higher, it indicates that the specific variable contributes for more than half of its indicators' variance. As such, it shows sufficient level of convergent validity (Hair et al., 2011).

3.6.6 Discriminant Validity

Discriminant validity ensures that every variable measured is empirically unique and able to provide phenomena of interest that any other varying measures in a structural equation model did not obtain. Loadings of the particular variable have to be

different and higher than other variables, otherwise it is known as cross loadings (Hair et al., 2011).

3.6.7 Goodness-of-fit Measure

Goodness-of-fit (GoF) in PLS path modeling is applied as the geometric mean of the average variance extracted (AVE) and the average of R^2 of endogenous latent variables show an index for validating the PLS model in a comprehensive manner (Tenenhaus, Vinzi, Chatelin and Lauro, 2005). GoF is used to gauge the model's overall fit and is normed from the range of 0 to 1 in which higher value implies better path mode estimations.

The model is considered to be good-fit if the GoF value is greater than 0.36 and poor-fit is the GoF value is less than 0.10 (Wetzels, Ldekerlen-Schroder and Van Oppen, 2009). GoF able to tell whether a model applied have a better clarifying power in comparison to the baseline model. the following formula is used to calculate GoF:

$$\text{GoF} = \sqrt{R^2 \times \text{Average Communalities}}$$

3.6.8 Reliability Analysis

There are two methods that normally used to justify the reliability of the measures, Cronbach's alpha and composite reliability (CR). Cronbach's alpha is used to determine the internal consistency of the measure that obtained from factor analysis. Cronbach's alpha value have to be 0.60 or higher. However, if the value is lower than 0.60 then one or more items must be deleted and re-execute the test again until the value is at least 0.60. If the Cronbach's alpha value is met then all items are considered homogeneous and measure the same construct. However there are some disadvantages

in Cronbach's alpha, i) Cronbach's alpha assumes all items are equally reliable, ii) Cronbach's alpha is conservative as it always underestimate when the internal consistency reliability is measured, iii) Cronbach's alpha is very sensitive to the number of items that are in the scale. Composite reliability (CR) is another alternative beside Cronbach's alpha. CR value should be 0.7 or higher.

3.6.9 Bootstrapping Procedure

The effect of mediation related to the comparison of the direct effect between the two construct, and an indirect effect via a third construct which is mediator. Full mediation is exist when the existence of the indirect effect, it causes the direct effect becomes insignificant. There are cases whereby there is only partial mediation effect takes place when the direct effects is lessened, but still remains significant. Normally when value of the indirect effect is 0.08 or lower, then they are considered insignificant when compare to the direct effect. On the hands, the overall effect could be significant if the total indirect effect are integrated (Hair et al., 2013).

Referring to Figure 3.1, there is one extra construct M which located in between construct X and construct Y. The effect of the connection between X and M is labeled as 'a' while the effect of the connection between construct M and construct Y is labeled as 'b'. With the existence of construct M in the model, the effect of the relationship between construct X and construct Y is re-labeled as 'c'. The overall effect between construct X and construct Y with the existence of construct M can be calculated with the formula ($c=c' + ab$). It is the total effect of the direct and indirect effect. In a different approach, the actual mediation effect can be calculated with the formula, $a*b$ divided

by its standard error. Z-value is calculated to determine the significance level of the mediating effect.

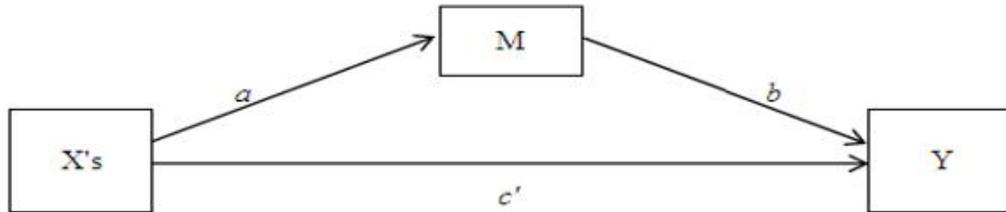


Figure 3.1 *The Mediation connection*

3.7 Summary

This chapter explains the research and analytical methodology that used to find out the answer for the research objectives and research questions. Research design have been explained together with the data collection and data analysis methods. Unit of analysis, population and sample, measurement instruments and questionnaire design are also described in detail. This chapter also summarizes the questions listed in the questionnaire that were adopted and adapted from various sources for data analysis purposed.

CHAPTER 4

DATA ANALYSIS

4.0 Introduction

This chapter describes the analysis result that obtained through the questionnaire data. Statistical tool SPSS 22.0 and Smart PLS 3.0 are used to process the primary data from the questionnaire to answer all the research questions and testify whether all the hypotheses are supported. The chapter will first elaborates the sample profile of all the respondents which consists of the profile analysis of all respondents from in the form of frequency and percentage resulted by the discussion of the study's measurement model to analysis the measurement's goodness of fit from its reliability and validity. Lastly, the statistical analysis of the hypotheses testing will be presented through the analysis of structural model, understanding the mediating effect and also the analysis of global fit measurement.

4.1 Sample Profile

Total of 600 questionnaires are sent out through the channel of WhatsApp, Facebook and emails to the respondent located around Malaysia at the end of August 2015. There are 91 feedback are received. The response rate is 15.1 percentage but the required sample size is yet to be sufficient. Therefore physical questionnaires are distributed in one of the book fairs too to the customers and successfully collect 36 respondents from there. As a result, there are total 127 responses are received and treated as the sample data for this research to be processed. Detailed description of the respondents' profile are written in the following sections.

4.1.1 Respondent Profile

In the questionnaire, there are few demographic questions listed. They are gender, age, race, area of staying and highest level of education. The summary of the demographic profile of the respondents is shown in Table 4.1. SPSS output will be shown in the Appendix.

Table 4.1

Summary of Respondents Demographic Profile Part I

Demographic Factor	Description	Frequency	Percentage
Gender	Male	53	41.7
	Female	74	58.3
Age	20 and below	3	2.4
	21-25	8	6.3
	26-30	41	32.3
	31-35	49	38.6
	36-40	17	13.4
	41-45	8	6.3
	46-50	1	0.8
Ethnicity	Chinese	82	64.6
	Indian	14	11.0
	Malay	23	18.1
	Other	8	6.3
Highest Level of Education	SPM or equivalent or lower	8	6.3
	Certificate or Diploma	16	12.6
	Bachelor Degree	84	66.1
	Postgraduate or Higher	19	15.0
Area of Staying	Johor	4	3.1
	Kedah	5	3.9
	Melaka	5	3.9
	Negeri Sembilan	2	1.6
	Penang	76	59.8
	Perak	4	3.1
	Perlis	9	7.1
	Selangor	9	7.1
	Wilayah Persekutuan	13	10.2

The first section of Table 4.1 showed that the gender of the respondents majority are female (58.3%) and male (41.7%). The biggest age group is 31-35 (38.6%),

followed by age group of 26-30 (32.3%). The next age group is 36-40 (13.4%), 41-45 (6.3%) and 21-25 (6.3%). The minority age group are 20 and below (2.4%) and 46-50 (0.8%). In term of the ethnicity, the majority of respondents are Chinese (64.6%) while Indian and Malay have 11.0% and 18.1% respectively. Only 6.3% of the respondents are coming from other ethnic. The biggest group of respondents have Bachelor Degree (66.1%). It is followed by Postgraduate or higher level (15.0%), Certificate or Diploma (12.6%) and lastly SPM or equivalent or lower (6.3%). Most of the respondents are staying at Penang (59.8%), followed by Wilayah Persekutuan (10.2%), Selangor (7.1%), Perlis (7.1%). Respondents from Kedah and Melaka are contributing 3.9% respectively while respondents from Johor and Perak are contributing 3.1%. Only a minority of respondents (1.6%) coming from Negeri Sembilan.

Table 4.2

Summary of Respondents Demographic Profile Part II

Demographic Factor	Description	Frequency	Percentage
Book Fair Visited	Big Bad Wolf Book Fair	63	49.6
	BookFest by Popular	39	30.7
	Kuala Lumpur International Book Fair	13	10.2
	MPH Book Fair	9	7.1
	Others	3	2.4
Number of Visits	2	42	33.1
	3	50	39.4
	4	14	11.0
	5	11	8.7
	6 and above	10	7.9

As shown in Table 4.2, most of the respondents have visited Big Bad Wolf Book Fair (49.6%). The next popular book fair are BookFest organized by Popular (30.7%) and Kuala Lumpur International Book Fair (10.2%). Only a minority of respondents are visiting MPH Book Fair (7.1%) and other book fairs (2.4%). More than one third

of the respondents have shown that they have visited the same book fair three times (39.4%) while there are (33.1%) of the respondents have visited two times. There are respondents who have visited the book fair four times (11.0%), five times (8.7%) and six and above (7.9%).

4.2 Descriptive Analysis of Variables

This section illustrated the descriptive analysis result for the variables in Table 4.3. The result consists of the mean and standard deviation for the study. As the questionnaire uses the five point Likert scale, which “1” is the strongly disagree while “5” is the strongly agree, therefore all items are evaluated from point “1” to “5”.

Table 4.3

Descriptive Statistics for Variables

Scale	Mean	Std. Deviation
Price	3.945	0.761
price1: I paid a fair price for the items I purchased in the book fair.	3.95	0.754
price2: I consider the book fair pricing policy is acceptable.	3.94	0.764
price3: The price of the book fair meets my expectation.	3.91	0.791
price4: The price of the book fair is good value for money.	3.98	0.74
Place	3.556	0.883
place1: The layout of the book fair is well planned and organized.	3.39	0.927
place2: The signage is sufficient and clear.	3.54	0.862
place3: The venue is clean.	3.67	0.797
place4: The flow of the customers is in good order.	3.38	0.951
place5: The location of the book fair is convenient.	3.8	0.81
Promotion	3.900	0.831
promotion1: I was made aware of this book fair through advertisement.	3.89	0.847
promotion2: This book fair offers sales promotion frequently.	3.91	0.797
promotion3: Advertisement from this book fair are seen frequently.	3.9	0.853

Product	3.983	0.771
product1: The book fair offers a wide range of books.	4.14	0.794
product2: The book fair sells more books as compare to other book fairs.	3.87	0.756
product3: The product that I buy from the book fair is as good as can be expected.	3.94	0.743
Satisfaction	3.763	0.741
satisfaction1: I am fully satisfied with the book fair.	3.87	0.728
satisfaction2: This book fair always fulfill my expectation.	3.69	0.742
satisfaction3: My experiences with this book fair are excellent.	3.77	0.726
satisfaction4: This book fair has never disappointed me.	3.72	0.763
Loyalty	3.853	0.825
loyalty1: I really like purchasing books in this book fair.	3.86	0.804
loyalty2: I believe this book fair is a good place to purchase books.	3.87	0.81
loyalty3: I try to visit the book fair whenever it is hold.	3.86	0.861
loyalty4: I say positive things about this book fair to other people.	3.92	0.762
loyalty5: I recommend this book fair to others.	3.92	0.813
loyalty6: I consider this book fair as first choice when purchasing books.	3.69	0.887

The statistical result shown that the mean of all scale items are ranging between 3.38 (item “place4: The flow of the customers is in good order”) and 4.14 (item “product1: The book fair offers a wide range of books”). Overage average of all the scale items are 3.812. They are product (3.983), price (3.945), promotion (3.90), loyalty (3.853), satisfaction (3.763) and place (3.556). All of these variables can be considered as an important and significant factors.

The average standard deviation is only 0.821 which is below 1, this figure has shown that there is no significant variability among the measured variables. In sorted ascending order, satisfaction (0.741), price (0.761), product (0.771), loyalty (0.825),

promotion (0.831) and lastly place (0.883). High variability in item “place” showed that the data variability is the highest among all other items.

4.3 Goodness of Measure

In this study, the Confirmatory Factor Analysis or CFA is carried out and examined. Reliability test is executed to examine the consistency between the measured instrument and its concept. Besides, another additional analysis, validity test is conducted to determine that the established instrument is truly to measure what it is supposed to measure for a specific concept. The proposed theoretical framework is drawn in the Smart Partial Least Square (PLS) 3.0 statistical software and portrayed in Figure 4.1.

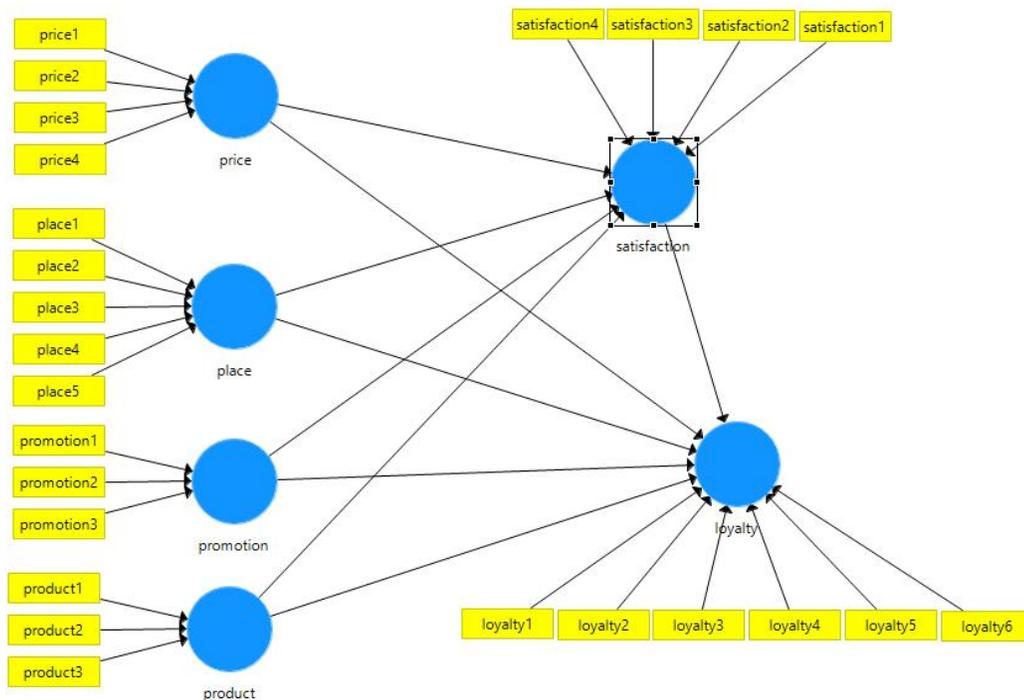


Figure 4.1. Measurement Model

4.3.1 Construct Validity

Construct validity is used to find out how well does the developed instrument measures a particular construct. Often this analysis is carried out to examine the model's validity with the respect to items-relation among all constructs, including of the construct validity itself, together with the convergent validity and also the discriminant validity of the measurement model. Furthermore, the internal consistency reliability of all the variables has to be measured through the application of composite reliability.

By observing the loadings and the cross loadings through construct validity, this study can tell whether there is any problematic items. According to Hair et al. (2010), a significant value of 0.5 normally is used as the cutoff point. He also stated that if every items has an outer loading of 0.70 or even higher while the minimum value of average variance extracted (AVE) of each variables is more than 0.50, then the appropriateness of the convergent validity is supported. In opposite, any items with the outer loading lower than 0.50 ought to be eliminated from the scale with the requirement that the AVE value has to be increased or at least exceeds 0.50 after the elimination of the items.

As a result, all of the variables in the study under the specific variable has been proved to have higher value of item loading and lower value of item loading on the remaining variables. PLS output can be referred in Appendices. Other test analysis like convergent validity, discriminant validity, composite reliability and factor loadings are necessary in order to examine the sufficiency of reflective measurement models.

4.3.2 Convergent Validity

“Cronbach’s alpha” is used to examine the internal consistency reliability. Through Smart PLS, convergent validity can be carried out in the utilization of main loadings, average variance extracted (AVE) and composite reliability (CR). Convergent validity is considered valid if the AVE value of minimum 0.50 and also a loading of composite reliability of 0.70 or higher is achieved (Hair et al., 2011).

The factor loading of all latent variables in this study are more than 0.50 which is the minimum value required with the minimum value achieved (0.624). These data has shown that all factors possessed convergent validity. The actual data can be seen in Table 4.4.

As can be seen in Table 4.4, all AVE values have exceeded the minimum threshold of 0.50. The lowest value is 0.562 while the highest value is 0.923. This result has proved that individual latent variable is adequately measured by its indicator’s total amount of shared variance.

The composite reliability is used to examine the reliability of each variables. This analysis is better compare to Cronbach’s analysis because it better estimates on variance shared by the individual indicators and uses the items’ loading obtained from the framework. The analysis of composite reliability factor coefficients in this study are in between 0.864 and 0.973, therefore it have met the minimum requirement of 0.70 as recommended. The actual data is shown in Table 4.4.

Table 4.4

PLS Final Result of Convergent Validity Measures

Latent Variable	Item	Factor Loading	Composite Reliability	AVE
Loyalty	loyalty1	0.861	0.945	0.740
	loyalty2	0.877		
	loyalty3	0.837		
	loyalty4	0.888		
	loyalty5	0.883		
	loyalty6	0.812		
Place	place1	0.743	0.864	0.562
	place2	0.791		
	place3	0.835		
	place4	0.697		
	place5	0.671		
Price	price1	0.897	0.939	0.793
	price2	0.900		
	price3	0.881		
	price4	0.882		
Product	product1	0.860	0.875	0.701
	product2	0.768		
	product3	0.879		
Promotion	promotion1	0.954	0.973	0.923
	promotion2	0.983		
	promotion3	0.945		
Satisfaction	satisfaction1	0.831	0.902	0.698
	satisfaction2	0.861		
	satisfaction3	0.832		
	satisfaction4	0.817		

4.3.3 Discrimination Validity

According to Carmines and Zeller (1979), discriminant validity is an analysis to identify which individual construct is different from the other constructs in the framework. The discriminant validity is fulfilled when the constructs have an AVE loading of more than 0.50 as what recommended by Fornell and Larcker (1981). The requirement can be analyzed by making sure the AVE value of every single variables

is larger than the highest squared correlation with another other variables. In other words, the value of the diagonal elements have to be larger than the off-diagonal values in both the corresponding rows and columns. The diagonal elements are the square root of the AVE value for each elements.

As shown in the Table 4.5, the AVE square root values for each construct are diagonally higher than other off-diagonal values in its respective columns and rows. Therefore, all constructs are confirmed to have achieved sufficient discrimination validity. As a result, this study can conclude that the measurement model has obtained sufficient convergent, reliability and discriminant validity in the study.

Table 4.5

PLS Result of Discriminant Validity Measures

	loyalty	place	price	product	promotion	satisfaction
loyalty	0.86					
place	0.549	0.75				
price	0.688	0.454	0.89			
product	0.673	0.427	0.561	0.837		
promotion	0.608	0.367	0.612	0.622	0.961	
satisfaction	0.796	0.523	0.63	0.674	0.633	0.835

* Note: Bold values represent the square root of average variance extracted (AVE) while the other entries represent the squared correlations using Fornell-Larcker criterion (Fornell and Larcker, 1981)

4.3.4 Reliability Test Analysis

In order to examine the reliability of all factors which have been included in the questionnaire, Cronbach’s Alpha reliability test is carried out. Cronbach’s alpha value of 0.70 and above is presumed to be reliable (J.C and I.H, 1994), this indicates that all items are homogeneous and measuring the same construct. In this study, all

variables' alpha values are in between 0.778 and 0.905 which is more than the minimum threshold of 0.70. The actual data is shown in Table 4.6.

On top of Cronbach's Alpha measurement of internal consistency, composite reliability test is carried out too. The value of composite reliability is ranging between 0.789 and 0.958, these value is above the threshold value of 0.70. Both result from Cronbach's Alpha and composite reliability have shown that the reliability of the measurement are assured and supported.

Table 4.6

PLS Result of Reliability Testing

Latent Variable	Item	Factor Loading	Composite Reliability	Cronbach's Alpha
Loyalty	loyalty1	0.861	0.945	0.93
	loyalty2	0.877		
	loyalty3	0.837		
	loyalty4	0.888		
	loyalty5	0.883		
	loyalty6	0.812		
Place	place1	0.743	0.864	0.809
	place2	0.791		
	place3	0.835		
	place4	0.697		
	place5	0.671		
Price	price1	0.897	0.939	0.913
	price2	0.900		
	price3	0.881		
	price4	0.882		
Product	product1	0.860	0.875	0.789
	product2	0.768		
	product3	0.879		
Promotion	promotion1	0.954	0.973	0.958
	promotion2	0.983		
	promotion3	0.945		
Satisfaction	satisfaction1	0.831	0.902	0.856
	satisfaction2	0.861		

	satisfaction3	0.832	
	satisfaction4	0.817	

4.4 Goodness-of-Fit (GoF) Measure

The characterization of endogenous latent variables' average R square (R^2) and AVE values into geometric means can be found through Goodness-of-fit (GoF) in PLS path modeling. It explains an index for an universal verification of the PLS model and is normally used to gauge the model's overall fit. The value normally is ranging between 0 and 1, with the greater value demonstrating better path mode estimations. According to Wetzels et al. (2009), a model is considered good-fit when the GoF value is larger than 0.30 while it is considered poor-fit when the value is below 0.10. Loyalty has the value (0.720) while satisfaction is (0.604), they are above 0.30 thus is considered good-fit.

Table 4.7

PLS Result of Goodness-of-Fit (GoF) Index

Latent Variable	AVE	R Square (R^2)
loyalty	0.740	0.720
place	0.562	
price	0.793	
product	0.701	
promotion	0.923	
satisfaction	0.698	0.604
Average AVE and R^2	0.736	0.662
Average AVE * Average R^2		0.487
Square Root of AVE * R^2		0.698

4.5 Hypothesis Testing

This section elaborates the testing of hypothesis that proposed by utilizing the structural model presented in Figure 4.1. Bootstrapping function in the Smart PLS is used to analysis the statistical significance. The study chose 500 as the bootstrap sample value and the critical value of one-tailed test is used. According to Hair et al. (2013), the corresponding value of the significance level of 5% and 1% are 1.645 and 2.33 respectively.

Path coefficient (β) and t-statistics (t-value) is used to analyze the relationship between the independent variables and the dependent variable, the relationship between independent variables and mediating variable, and lastly the relationship between mediating variable with the dependent variable.

Table 4.8 illustrates the summary of the structural model. The result of bootstrapping has shown that H1a, H1b, H1c, H1d, H2, H3a and H3b are statistically significance and the relationship is positive. From the Table 4.8, product ($\beta = 0.326$, $p < 0.01$), price ($\beta = 0.219$, $p < 0.01$), promotion ($\beta = 0.222$, $p < 0.01$) and place ($\beta = 0.202$, $p < 0.01$) which are the element under marketing mix 4Ps have positive relationship towards satisfaction. Subsequently, satisfaction ($\beta = 0.455$, $p < 0.01$) is showing positive relationship toward loyalty. However, only product ($\beta = 0.163$, $p < 0.01$) and price ($\beta = 0.236$, $p < 0.01$) shown the positive relationship towards loyalty while promotion ($\beta = 0.029$, $p > 0.05$) and place ($\beta = 0.123$, $p > 0.05$) don't indicate there are any relationship towards loyalty.

Table 4.8

Summary PLS Result of Structural Model Part I

Hypotheses	Relationship	Standard Beta	Standard Error	t-value	p-value	Supported
H1	Marketing Mix -> satisfaction					Yes
H1a	product -> satisfaction	0.326	0.072	4.563	0	Yes
H1b	price -> satisfaction	0.219	0.073	2.986	0.003	Yes
H1c	promotion -> satisfaction	0.222	0.085	2.623	0.009	Yes
H1d	place -> satisfaction	0.202	0.073	2.759	0.006	Yes
H2	satisfaction -> loyalty	0.455	0.084	5.394	0	Yes
H3	Marketing Mix -> loyalty					Partially Supported
H3a	product -> loyalty	0.163	0.061	2.665	0.008	Yes
H3b	price -> loyalty	0.236	0.068	3.456	0.001	Yes
H3c	promotion -> loyalty	0.029	0.065	0.449	0.653	No
H3d	place -> loyalty	0.123	0.066	1.863	0.063	No

4.6 Mediating Effect

This section explains the mediation effect of Customer Satisfaction on the independent variable Marketing Mix 4Ps (product, price, promotion and place) with the dependent variable Customer Loyalty. The analysis is done thru the bootstrapping feature in Smart PLS.

According to Mackinnon and Dwyer (1993), the level of significances of a mediating effect can be analyze by dividing the mediated effect by its standard error. The formula requires two path coefficients (a & b) to output the result mediating effect (a*b), where 'a' is the path coefficient between independent variable and mediator

while 'b' is the path coefficient between mediator and dependent variable. The formula for standard error is as below and it can be computed by PLS.

$$\text{Standard Error (se}_{ab}) = \sqrt{(a^2 * se_b^2) + (b^2 * se_a^2)}$$

There is another important component, z value is used to determine the validity of the significance level of the mediated effect. The critical value of 1.645 (5% significance level) and 2.33 (1% significance level) are used as reference (Mackinnon and Dwyer, 1993). The formula for z-value is

$$z_{ab} = \frac{a * b}{se_{ab}}$$

Bootstrap procedure in Smart PLS is used to analyze the sample data in order to approximate the sampling distribution of a*b estimates by re-sampling the data. The number of bootstrap sample is set as 500 for this study. This method is preferred over the Sobel test simply due to the limitation of the Sobel test. The Sobel test required to set the confidence intervals that are symmetric about the estimated a*b. This is because the skewed sampling distribution of a*b, the symmetric confidence interval would have higher probability of having 0 rather than the asymmetric confidence intervals that generated by the bootstrap (Lynch, Chen and Zhao, 2010). Furthermore, bootstrapping is a non-parametric re-sampling method for the mediation effect validation, it does not need a large sample size and impose conjecture of the normality for the sample distribution.

It is hypothesized that Customer Satisfaction has significant role to mediate the relationship between the Marketing Mix 4Ps such as product (z=3.302, p<0.01), price (z=2.176, p<0.05), promotion (z=2.004, p<0.05) and place (z=1.979, p<0.05) with Customer Loyalty.

Table 4.9

Summary PLS Result of Structural Model Part II

Hypothesis	Relationship	Mean of a*b	standard error	z value	p value	supported
H4	Marketing Mix -> satisfaction -> loyalty					Yes
H4a	product-> satisfaction-> loyalty	0.087	0.026	3.302	0.000	Yes
H4b	price-> satisfaction-> loyalty	0.038	0.018	2.176	0.015	Yes
H4c	promotion-> satisfaction-> loyalty	0.039	0.019	2.004	0.023	Yes
H4d	place-> satisfaction-> loyalty	0.032	0.016	1.979	0.024	Yes

4.7 Summary of the Findings

This chapter is used to verify the hypotheses that are developed and stated in Chapter II. All marketing mix element 4Ps, Product (H1a), Price (H1b), Promotion (H1c) and Place (H1d) have shown the positive relationship towards customer satisfaction. Furthermore the result also indicates that the relationship between customer satisfaction and customer loyalty (H2) are positive. However not all marketing mix elements are showing positive relationship towards customer loyalty. Only Product (H3a) and Price (H3b) indicated that they have the positive relationship towards customer loyalty whereas Promotion (H3c) and Place (H3d) don't show the same relationship. Customer satisfaction has shown that it successfully mediated the relationship between Product (H4a), Price (H4b), Promotion (H4c) and Place (H4d) towards customer loyalty.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.0 Introduction

In this chapter, first this study will start with the summary of the whole study. This study will then continue to discuss and compare the result be referencing to other researchers findings. The next part is to enumerate the theoretical and managerial implication of this study with the result that obtained from the study. After that, some limitation that arise from this study and suggestion for future studies will be shared. Lastly, the conclusion of the study will be presented.

5.1 Recapitulation

This study objective is to find out the conceptual framework of marketing mix element 4Ps (price, place, promotion and product) with the customer loyalty while customer satisfaction is acting as a mediator factor. The study was conducted by applying non-experimental setting and explanatory field to identify the relationship between marketing mix 4Ps and customer satisfaction on customer loyalty in the business event, book fair industry.

The marketing mix 4P elements which is product, price, promotion and place, are acting as the marketing stimulus while the customer loyalty is the response in the S-O-R model. Based on the hypothesis, there are total thirteen hypothesis have been developed which align with the objectives of the research.

H1: Marketing mix element 4Ps (product, place, price and promotion) is positively related to the customer satisfaction.

H1a: Product is positively related to customer satisfaction.

H1b: Price is positively related to customer satisfaction.

H1c: Promotion is positively related to customer satisfaction.

H1d: Place is positively related to customer satisfaction.

H2: Customer satisfaction is positively related to customer loyalty.

H3: Marketing mix element 4Ps (product, place, price and promotion) is positively related to the customer loyalty.

H3a: Product is positively related to customer loyalty.

H3b: Price is positively related to customer loyalty.

H3c: Promotion is positively related to customer loyalty.

H3d: Place is positively related to customer loyalty.

H4: Customer satisfaction is mediating the relationship between marketing mix element 4Ps (product, place, price and promotion) and customer loyalty.

H4a: Customer satisfaction is mediating the relationship between product and customer loyalty.

H4b: Customer satisfaction is mediating the relationship between price and customer loyalty.

H4c: Customer satisfaction is mediating the relationship between promotion and customer loyalty.

H4d: Customer satisfaction is mediating the relationship between place and customer loyalty.

Total of 500 questionnaires have been sent through WhatsApp, Facebook and emails to the respondents located around Malaysia. There are slightly more than 70 feedback are received. Physical questionnaires are distributed in one of the book fairs too to the customers and successfully collect 30 respondents from there.

Factor analysis, reliability test and correlation analysis are applied during the data analysis. Whereas for the hypothesis testing, regression analysis is used to testify the hypothesis as well as the sub-hypothesis. The analysis result shown that all the three hypothesis are totally accepted.

5.2 Discussion

In order to find out the relationship between the marketing mix 4Ps, customer satisfaction and customer loyalty, multiple regression model is applied. This study is going to compare the finding from this study with other researchers' studies result in both theoretical and empirical areas. This is going to provide an insight of all three elements, marketing mix 4Ps, customer satisfaction and customer loyalty in the business event, book fair industry.

5.2.1 Marketing Mix 4Ps are positively related to Customer Satisfaction.

All four elements product, price, promotion and place from marketing mix have shown positive relationship towards customer satisfaction. The result aligned with what found out by Mohammed & Hilda (2015) in their study on the effect of marketing mix 4Ps (product, price, promotion and place) towards customer satisfaction, the relationship is positive. Furthermore another research completed by Huddleston et al.

(2008), also agreed that product, price and service quality influence the store satisfaction regardless of the store type (specialty stores or conventional stores).

Customer will feel more satisfy when they are overwhelming by the variety of the books sold in a book fair. In the book fair, the organizer will display and sell more variety of books compare to the retail stores. Normally the venue that hold the book fair will be much larger than the area of the retail store and it allows the organizers to invites more publishers to join the event. Each publishers would have more room to display more books in a better manner. Perhaps some books are not even selling in any retail stores in Malaysia. More variety of books will attract people of all kinds of interest to visit the book fair. The variety are like interest/hobbies, religious, travel, fiction, non-fiction, reference, children and others. For the same topic, different customers may have different preferences in term of the authors or publishers. Furthermore, the organizers have to make sure the quantity of the books are sufficient in order to fulfill majority of the customers' needs. Majority of the book fair nowadays not only selling books but they also selling CDs, toys, badges, souvenirs, drawings and others to expand the product variety sold in the book fair. As a result it is no surprise that the result is showing the positive relationship towards the customer satisfaction.

The quality of the book is playing an important key as well. The book fairs in Malaysia are normally selling the new books and some are still packaged in the original packaging without open. Therefore the customers seldom encounter problem like missing pages or graffiti. The pirated version of books normally have the bad quality of printing and paper. However, the popular and famous book fairs are selling the original books which the printing and paper quality don't create any concern among the

customers. Therefore the respondents are showing a positive result in term of the product quality towards the customer satisfaction.

Price is also one of the influence factor among the marketing mix element 4Ps (product, price, promotion and place). Perhaps it is due to the pricing strategy applied by the organizers which normally the majority of the books are sold at the discounted price. Numerous study has shown that a good pricing strategy will easily create better satisfaction among customers. Cheaper price would motivate customers to buy in the book fair which they would perceive that it is a good bargain. They would think that it is good value for the money spent during the book fair. According to the result from the study, the pricing strategy used by the organizers or retailers have successfully attract majority of the customers to visit the book fairs. The book fair's pricing strategy have met or even exceed the customer expectation on the book prices.

The relationship of place is positive towards customer satisfaction. The venue of the book fair normally hold at a strategic location which is accessible by majority of the public. The organizers have to consider if majority of the customers are coming by car then they have to make sure ample parking space are provided else it may turn down some potential customers. From the result, this study may notice that the overall layout of the book fair is well organized and display in a good manner which fulfill the customer expectation. Besides, the venue is clean and the signage is sufficient too. However, there are an elevated number of data indicate that the flow of customer are not in good order. Book fair organizers may have to pay attention on this area to avoid the number going up and later affect the overall book fair performance or reputation. Perhaps, there are some peak hour when more customers are visiting the book fair like

weekend or evening. In some cases, the first day of the book fair will draw more customers too and the number of customers may decline towards the end of the book fair.

As the book fair is not a fixed or permanent business channel to sell books therefore the customers would have no clue when a book fair will be hold. Customers doesn't have ideas when and where the book fair is going to be organized. Some book fair events have stick to the same venue every time the book fair is hold but the date would be different. Therefore, the advertisement is the only way to inform the customers the details of the book fair like when, where, the scale, promotion and so on. The advertisement have to be massive and frequent enough in order to reach their wide range of customers. The advertisement should not only limited to local customers but also other customers from different states.

Majority of the respondents said that they have received sale promotion in the book fair and this has indicated that the extra sale promotion offered in the book fair has successfully attracted them to make purchase in the book fair. Despite the cheaper pricing of the books, the organizers will offer extra promotion like cash voucher to encourage the customers to make more purchases. Some organizers may cooperate with some other areas of business partners like finance institutions to offer extra promotion when using the specific credit card to pay.

5.2.2 Customer Satisfaction is positively related to Customer Loyalty

The result showed that customer satisfaction is having a positive relationship with customer loyalty (H2). The result aligns with Venkatesh, Amy and Arvind (2000)

which the relationship between customer satisfaction and customer loyalty is well correlated positively. Their studies objective was to study the customer satisfaction and the loyalty in both online and offline environments. In addition, a research that done by Khoo (2012) on the customer loyalty and customer satisfaction and marketing mix on infant formula industry also indicated that customer satisfaction and customer loyalty is well correlated. The loyalty behavior are normally seen on those customers who are satisfied.

Besides, another studies completed by Bowen and Chen (2001) in the hotel industry also stated that there is a positive relationship between customer satisfaction and customer loyalty. Their finding even showed that the relationship between customer satisfaction and customer loyalty is non-linear. When the customer satisfaction increases to a certain level customer loyalty will increase dramatically. On the other hands, customer loyalty dropped equally dramatically when customer satisfaction decreased to a certain point. The customers have shown that once they are satisfied, they are more easily to create the loyalty towards the company.

The findings also supported by Han and Ryu (2009) report that the increase level in the customer satisfaction could eventually lead to the customer loyalty like re-patronage, pay more than what they have planned, recommend.

5.2.3 Marketing Mix 4Ps are positively related to Customer Loyalty.

In hypothesis 3, only two elements from the marketing mix 4P elements (product (H3a), price (H3b)) have shown positive relationship towards customer loyalty. These finding actually correlated with the finding from Muala & Qurneh (2012) in their

studies regarding the relationship between marketing mix and loyalty through tourists satisfaction in Jordan Curative tourism, there is a significant and positive relationship between destination loyalty and marketing mix especially product and price. Besides, other researches done by Haelsig et al. (2007) and also Cengiz and Yayla (2007) also pointed out that the marketing elements 4Ps have positive relationship towards the customer loyalty.

Promotion (H3c) variable was not positively correlated to the customer loyalty in Khoo's research (2012) which was carried out in the infant formula. The parents are more emphasize on the product quality therefore they don't really keen on the promotion that offered by the company. As the customers are going to spend time to read the books therefore they would carefully select the books that they are interested normally the customers would like to read few pages before making any purchase and this action can be considered that it is a high involvement product for the customers. Mullins and Walker (2010) has mentioned that the decision making process for high involvement product actually consists of five mental steps: i) problem identification, ii) information search, iii) evaluation of alternatives, iv) purchase and v) post purchase evaluation. As a result of this complicated decision making process, it is reasonable that why even with more sales promotion doesn't motivate the customers to create the bounding of customer loyalty towards the book fairs. If the customers are offered too much of the promotion then customers may take them for granted. It explains why although the customers are satisfied with the promotion offered but it doesn't create loyalty among them.

Place (H3d) is not positively correlated with customer loyalty based on the analysis data. Perhaps it is due to the venue of the book fair may be switched from time to time and is not a permanent venue like normal retail book stores, therefore it is hard for the customers to have loyalty towards the book fairs by referencing to the place.

5.2.4 Customer Satisfaction mediates the relationship between Marketing Mix and Customer Loyalty.

Customer satisfaction have successfully mediated the relationship between marketing mix element 4Ps (product, price, promotion and place) with the customer loyalty. In an empirical study in Jordan curative tourism by Muala & Qurneh (2012), they have proved that the mediating effect of the tourist satisfaction existed on marketing mix and tourist loyalty. Their study focused on the marketing mix element 7Ps which are product, price, promotion, place, personnel, process and physical evidence. All variables in the marketing mix 7Ps are able to be mediated by tourist satisfaction on customer loyalty.

The findings aligned with Puspaningrum (2013) research result that customer satisfaction is a perfect mediating influence of the product on the customer loyalty. During his study in the customer shopping behavioral in hypermarket in Indonesia, he pointed out that customer satisfaction has mediating effect of the product attribute and its image on the customer loyalty. Another research by Sukamto and Lumintan (2015) in the impact of marketing mix element towards the customer loyalty mediated by the customer satisfaction of blackberry in Indonesia has also indicated that customer satisfaction is the right mediator variable on the relationship between customer loyalty and marketing mix element.

5.2.5 Major results of the Study

This section illustrates the summary of the major result based on the discussion and explanation in previous section.

- The product in marketing mix is positively correlating to the customer satisfaction.
- The price in marketing mix is positively correlating to the customer satisfaction.
- The promotion in marketing mix is positively correlating to the customer satisfaction.
- The place in marketing mix is positively correlating to the customer satisfaction.
- The customer satisfaction is positively correlating to the customer loyalty.
- The product in marketing mix is positively correlating to the customer loyalty.
- The price in marketing mix is positively correlating to the customer loyalty.
- The promotion in marketing mix does not positively correlated to the customer loyalty.
- The product in marketing mix does not positively correlated to the customer loyalty.
- The customer satisfaction is mediating the relation between product and customer loyalty.
- The customer satisfaction is mediating the relation between price and customer loyalty.
- The customer satisfaction is mediating the relation between promotion and customer loyalty.
- The customer satisfaction is mediating the relation between place and customer loyalty.

5.3 Implication of the Study

This section basically discusses on the theoretical, practical and societal implication based on the result obtained from this study. It further elaborates some particular implication that would benefits to the researches on the customer loyalty and customer satisfaction on book fair industry.

5.3.1 Theoretical Implication

Previously many researches have been carried out to study the relationship between marketing mix element, customer satisfaction and customer loyalty using different models. This search extend prior researches by examining the mentioned relationship in the B2C environment which is the book fair industry in Malaysia. With the result obtained, this study extended the generalizability of marketing mix elements and customer satisfaction are positively related to customer loyalty (Haelsig et al., 2007; Yoo et al., 2000; Lam et al., 2004; Cengzi and Yayla, 2007) in the book fair industry. Besides, it also noticed that customers who are satisfies will able to mediate the relationship between marketing mix element and customer loyalty.

This research has adopted stimulus-organism-responses (S-O-R) model to have in depth understanding to examine the relationship between marketing mix elements 4Ps (product, price, promotion and place), customer satisfaction and customer loyalty. The model actually introduced by Robert (1929) to study the objects' responses after they are stimulated by certain stimulus. Based on the model, customer loyalty is the responses that affected by the stimulus. The responses would be different when the objects are exposed to different type of stimulus. Theoretically, marketing mix can be

considered as the stimulus in the model. Thus, the 4Ps elements (product, price, promotion and place) would be acting as the marketing stimulus to provide different type of stimulus components to try to influence the object's responses. Same like what Jonelle (2012) has been doing, customer satisfaction is acting as the organism element. In other words, the customer satisfaction is mediating the relationship between marketing mix element and customer loyalty.

5.3.2 Managerial Implication

Book retailing industry including book fair is highly competitive in Malaysia. The competition even more severe when the reading rate among Malaysians is low and cause limited revenue generated from this market segment. Therefore the main objectives of the study is to identify what marketing strategies will have the influential power towards customer loyalty.

Products that sold in the book fair remains as one of the critical elements that the company should pay attention to as it has positive and direct relationship towards customer satisfaction and customer loyalty. The book fair organizer should invite more publishers to join the book fair in order to increase the variety of the books sold in the book fair. However, the organizers have to be cautious on the variety and quality of the products displayed and sold. Perhaps there are some publishers don't have a good marketing strategy and don't aware of what the customers are interested. As a result, customers may not get the books that they wanted to buy and they may perceive the book fair doesn't meet their expectation. Probably they may not visit the book fair again in future.

Another element which also positively correlated with customer satisfaction and customer loyalty is price. Right pricing policy is important in order to attract customers to visit and make purchase in the book fair and at the same it doesn't jeopardize the publishers' profitability. Customers are expecting the value of money that they spent is meeting the expectation or at least they feel that the pricing is fair. However, if the pricing is set as a too low level and some customers may perceive that the quality of the product are not good or up to certain standard. Therefore it is crucial that the retailers have good marketing strategy and information to price the product at the reasonable level.

Promotion and place are the factors that create the satisfaction but not loyalty among the customers. However, the situation may get improved when the customer satisfaction mediate the relationship between promotion and customer loyalty. Thus marketers not only should study each individual variables but also the interaction between promotion, place, customer satisfaction and customer loyalty. With that, the effect of customer loyalty could be maximized through promotion and place.

Customer satisfaction obviously has helped to make the effort of the customer loyalty activities to be more effective. As this study have learnt the important of the customer loyalty, the cost of retention existing customer is normally lower than to attract new customers. Therefore marketers should invest and design a proper customer relationship management (CRM) process in the company to enhance the level of customer loyalty. By optimizing CRM process, it can focus on the targeted group of customer to address their specific needs or requirement. Besides by analyzing the sale report though software programming, the marketers could customize the approaches to

majority of the customers to improve the elements performance like product, promotion and price to gain bigger market segment through maximizing the customer satisfaction in the book fair. Marketers should continue to explore those unexplained areas such as additional value added service that haven't found by this study to further increase the satisfaction level among the customers.

5.4 Limitation of the Study

Although the result has provided theoretical and managerial explanations, but it has some limitation that could be improved for future researches. They are as follows:

- i) The demographic result has showed that the respondents that coming from different ethnicity, age group, area of staying and education level are not distributed properly. Different category of customers may have different buying behavior or experience which are going to impact the buying decision and as a result affect the generalizability of the data collection to whole Malaysia.
- ii) Almost half of the respondent have quoted Big Bad Wolf Book Fair as their book fair that visited the most in the past. Therefore they may be possibility that the result is skewing towards the shopping experience in this particular book fair and not giving a good overall picture as it supposed to.
- iii) According to the data obtained, the variance explained R^2 for the variable loyalty 72% and it does mean that there are 28% remain unexplained. At the same time, R^2 value for the variable satisfaction is lower and only 60.4% which means 39.6% is remained as unexplained. In laymen, these statistical number have shown that there are other crucial variables that are also

influence the customer satisfaction and customer loyalty might have been left out from the present study.

- iv) Keep in mind that there are only 127 respondents provided the feedback and thus the sample size is not a huge number. This small number may give rise to concern and doubts in generalizing the corresponding finding from this study to a larger Malaysia population size, indicating insufficient sample size for the targeted population representation.
- v) Each marketing element is evaluated individually towards the dependents variable and the interaction between the elements are ignored. However due to the complication of the customer behavioral, there are possibility that the place and product or promotion and place or other combinations have to work hand in hand in order to maximize the influential towards customer loyalty.
- vi) This research is based on perceptual only and not actual measurement of marketing activities. Therefore, there are limitation for the studies which based on perception.

5.5 Suggestions for Future Research

There are some improvement can be done for comparative studies in future. First, the sample collected for future studies in similar scope of context have to be collected with regards to the actual population structure in Malaysia to avoid any dominant categories like what mentioned in previous section. Besides, the data collection period can be prolonged to allow more data to be collected to improve the generalization aspects of the study.

Future researches could apply structural equation modeling (SEM) in order to find out the interaction effects between the three components, marketing mix, customer satisfaction and customer loyalty. Furthermore, an empirical study on the reciprocal effect of customer satisfaction and customer loyalty able to find out whether a loyalty program can enhance the customer loyalty.

Last but not least, in order to understand thoroughly the casual impact of each marketing activity and the customer loyalty formation process, future researches should manipulate the level of marketing activity by carrying out experiments. Therefore the actual factors which affect the most customer loyalty will be identified.

5.6 Conclusion

The objective of the study is to find out the conceptual framework of marketing mix element 4Ps with the customer satisfaction and customer loyalty in book fair industry. At the same time this study want to understand whether customer satisfaction is able to mediate the relationship between customer loyalty and marketing mix 4Ps. The study has helped to understand the factors that contribute to the customer satisfaction and customer loyalty. Marketers could use this study as one of the references to determine the right factor to design and carry out the loyalty program activities to strengthen the customer loyalty.

Based on the result, this study are able to conclude that marketing mix element 4Ps (product, price, promotion and place) are positively correlated with customer satisfaction and customer loyalty except promotion and place doesn't show the positive relationship with customer loyalty.

In summary, the study has provided another reference and valuable insight for the customer satisfaction and customer loyalty building process in book fair industry. However marketers should smartly prioritize the limited resources on the right segment in order to achieve customer satisfaction and followed by customer loyalty. With that, company could receive the maximum outcome of an effective customer loyalty program.

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APPENDIX A: QUESTIONNAIRE



Dear Respondents,

Subject: Factors Affect The Customer Loyalty Towards Business Event: Book Fair Industry

I am a final year student currently pursuing my Master of Business Administration (MBA) program at Universiti Sains Malaysia (USM). I am conducting a research entitled “**Factors Affect The Customer Loyalty Towards Business Event: Book Fair Industry**”. This research is undertaken as a partial requirement for completion of MBA program at USM.

Customer loyalty is one of the important element in marketing strategy planning. Good execution of customer loyalty program not only help to ensure business profitability but also create a good brand equity. Hence, this study strives to investigate what are the factors that would influence the customer loyalty in Malaysia book fair industry.

I seek your kind assistance in completing the attached questionnaire which takes approximately 5 minutes of your valuable time. To make this study possible, your kind co-operation and honest responses are greatly valued. There is no right and wrong answer.

Your responses will be treated as “*strictly confidential*”

Yours sincerely,

Loo Chun Hou
MBA Student
Graduate School of Business
Universiti Sains Malaysia

Dr. Zurina Mohaidin
Supervisor
Graduate School of Business
Universiti Sains Malaysia

Instruction: Please tick (✓) ONE for the following questions

Instruction: Please tick (✓) ONE for the following questions

Section A: Personal Demographic Details

1. What is your gender?

- Male Female

2. What is your age?

- | | |
|-------------------------------------|-------------------------------------|
| <input type="checkbox"/> below – 20 | <input type="checkbox"/> 36 – 40 |
| <input type="checkbox"/> 21 – 25 | <input type="checkbox"/> 41 – 45 |
| <input type="checkbox"/> 26 – 30 | <input type="checkbox"/> 46 – 50 |
| <input type="checkbox"/> 31 – 35 | <input type="checkbox"/> 51 – above |

3. What is your highest education level?

- SPM or equivalent or lower
 Certificate or Diploma
 Bachelor Degree
 Post Graduate or higher
 Other (please specify)

4. Ethnicity: Malay Chinese Indian

Others: _____

5. Area of staying

- | | |
|--|--|
| <input type="checkbox"/> Johor | <input type="checkbox"/> Perak |
| <input type="checkbox"/> Kedah | <input type="checkbox"/> Perlis |
| <input type="checkbox"/> Kelantan | <input type="checkbox"/> Sabah |
| <input type="checkbox"/> Melaka | <input type="checkbox"/> Sarawak |
| <input type="checkbox"/> Negeri Sembilan | <input type="checkbox"/> Selangor |
| <input type="checkbox"/> Pahang | <input type="checkbox"/> Terengganu |
| <input type="checkbox"/> Penang | <input type="checkbox"/> Wilayah Persekutuan |

6. Please select one book fair that you have visited the most in the past

- Big Bad Wolf Book Fair
 BookFest by Popular
 Kuala Lumpur International Book Fair
 MPH Book Fair
 Other (please specify)

7. Please indicate the number of visits you have made on the book fair

- | | |
|----------------------------|------------------------------------|
| <input type="checkbox"/> 1 | <input type="checkbox"/> 4 |
| <input type="checkbox"/> 2 | <input type="checkbox"/> 5 |
| <input type="checkbox"/> 3 | <input type="checkbox"/> 6 – above |

Section B: Marketing Mix Element 4Ps

Important instruction: The following question are designed to understand which features are playing important role when you visit the book fair. Please have a specific book fair in mind that you purchase from.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1	2	3	4	5

Dimension: Price

- 8. I paid a fair price for the items I purchased in the book fair. 1 2 3 4 5
- 9. I consider the book fair pricing policy is acceptable. 1 2 3 4 5
- 10. The price of the book fair meets my expectation. 1 2 3 4 5
- 11. The price of the book fair is good value for money. 1 2 3 4 5

Dimension: Place

- 12. The layout of the book fair is well planned and organized. 1 2 3 4 5
- 13. The signage is sufficient and clear. 1 2 3 4 5
- 14. The venue is clean. 1 2 3 4 5
- 15. The flow of the customers is in good order. 1 2 3 4 5
- 16. The location of the book fair is convenient. 1 2 3 4 5

Dimension: Promotion

- 17. I was made aware of this book fair through advertisement. 1 2 3 4 5
- 18. This book fair offers sales promotion frequently. 1 2 3 4 5
- 19. Advertisement from this book fair are seen frequently. 1 2 3 4 5

Dimension: Product

- 20. The book fair offers a wide range of books. 1 2 3 4 5
- 21. The book fair sells more books as compare to other book fairs. 1 2 3 4 5
- 22. The product that I buy from the book fair is as good as expected. 1 2 3 4 5

Section C: Customer Satisfaction

Important instruction: The following question are designed to understand how satisfied you are when you visit the book fair. Please have a specific book fair in mind that you purchase from.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1	2	3	4	5

- 23. I am fully satisfied with the book fair. 1 2 3 4 5
- 24. This book fair always fulfill my expectation. 1 2 3 4 5
- 25. My experiences with this book fair are excellent. 1 2 3 4 5
- 26. This book fair has never disappointed me. 1 2 3 4 5

Section D: Customer Loyalty

Important instruction: The following question are designed to understand how loyalty you are towards the book fair you have visited. Please have a specific book fair in mind that you purchase from.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1	2	3	4	5

- 27. I really like purchasing books in this book fair. 1 2 3 4 5
- 28. I believe this book fair is a good place to purchase books. 1 2 3 4 5
- 29. I try to visit the book fair whenever it is hold. 1 2 3 4 5
- 30. I say positive things about this book fair to other people. 1 2 3 4 5
- 31. I recommend this book fair to others. 1 2 3 4 5
- 32. I consider this book fair as first choice when purchasing books. 1 2 3 4 5

APPENDIXE B: SPSS OUTPUT

Frequencies

		Statistics						
		gender	age	race	state	education	bookfair	visit
N	Valid	127	127	127	127	127	127	127
	Missing	0	0	0	0	0	0	0

Frequency Table

		gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	53	41.7	41.7	41.7
	female	74	58.3	58.3	100.0
	Total	127	100.0	100.0	

		age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 and below	3	2.4	2.4	2.4
	21-25	8	6.3	6.3	8.7
	26-30	41	32.3	32.3	40.9
	31-35	49	38.6	38.6	79.5
	36-40	17	13.4	13.4	92.9
	41-45	8	6.3	6.3	99.2
	46-50	1	.8	.8	100.0
	Total	127	100.0	100.0	

race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Chinese	82	64.6	64.6	64.6
	Indian	14	11.0	11.0	75.6
	Malay	23	18.1	18.1	93.7
	Others	8	6.3	6.3	100.0
	Total	127	100.0	100.0	

state

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Johor	4	3.1	3.1	3.1
	Kedah	5	3.9	3.9	7.1
	Melaka	5	3.9	3.9	11.0
	Negeri Sembilan	2	1.6	1.6	12.6
	Penang	76	59.8	59.8	72.4
	Perak	4	3.1	3.1	75.6
	Perlis	9	7.1	7.1	82.7
	Selangor	9	7.1	7.1	89.8
	Wilayah Persekutuan	13	10.2	10.2	100.0
	Total	127	100.0	100.0	

education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SPM or equivalent or lower	8	6.3	6.3	6.3
	Certificate or Diploma	16	12.6	12.6	18.9
	Bachelor Degree	84	66.1	66.1	85.0
	Post Graduate or higher	19	15.0	15.0	100.0
	Total	127	100.0	100.0	

bookfair

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Big Bad Wolf Book Fair	63	49.6	49.6	49.6
BookFest by Popular	39	30.7	30.7	80.3
Kuala Lumpur International Book Fair	13	10.2	10.2	90.6
MPH Book Fair	9	7.1	7.1	97.6
Others	3	2.4	2.4	100.0
Total	127	100.0	100.0	

visit

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
2	42	33.1	33.1	33.1
3	50	39.4	39.4	72.4
4	14	11.0	11.0	83.5
5	11	8.7	8.7	92.1
6 and above	10	7.9	7.9	100.0
Total	127	100.0	100.0	

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
price1	127	2	5	3.95	.754
price2	127	2	5	3.94	.764
price3	127	1	5	3.91	.791
price4	127	1	5	3.98	.740
place1	127	1	5	3.39	.927
place2	127	1	5	3.54	.862
place3	127	2	5	3.67	.797
place4	127	1	5	3.38	.951
place5	127	1	5	3.80	.810
promotion1	127	1	5	3.89	.847
promotion2	127	1	5	3.91	.797
promotion3	127	1	5	3.90	.853
product1	127	2	5	4.14	.794
product2	127	2	5	3.87	.756
product3	127	2	5	3.94	.743
satisfaction1	127	2	5	3.87	.728
satisfaction2	127	2	5	3.69	.742
satisfaction3	127	2	5	3.77	.726
satisfaction4	127	2	5	3.72	.763
loyalty1	127	2	5	3.86	.804
loyalty2	127	2	5	3.87	.810
loyalty3	127	2	5	3.86	.861
loyalty4	127	2	5	3.92	.762
loyalty5	127	2	5	3.92	.813
loyalty6	127	1	5	3.69	.887
Valid N (listwise)	127				

APPENDIX C: SMARTPLS PLS ALGORITHM REPORT

Total Effect

	loyalty	place	price	product	promotion	satisfaction
loyalty	1					
place	0.216	1				0.202
price	0.336		1			0.219
product	0.312			1		0.326
promotion	0.13				1	0.222
satisfaction	0.455					1

Outer Loading

	loyalty	place	price	product	promotion	satisfaction
loyalty1	0.861					
loyalty2	0.877					
loyalty3	0.837					
loyalty4	0.888					
loyalty5	0.883					
loyalty6	0.812					
place1		0.743				
place2		0.791				
place3		0.835				
place4		0.697				
place5		0.671				
price1			0.897			
price2			0.9			
price3			0.881			
price4			0.882			
product1				0.86		
product2				0.768		
product3				0.879		
promotion1					0.954	
promotion2					0.983	
promotion3					0.945	
satisfaction1						0.831
satisfaction2						0.861
satisfaction3						0.832
satisfaction4						0.817

Outer Weight

	loyalty	place	price	product	promotion	satisfaction
loyalty1	0.216					
loyalty2	0.201					
loyalty3	0.176					
loyalty4	0.189					
loyalty5	0.197					
loyalty6	0.184					
place1		0.225				
place2		0.229				
place3		0.348				
place4		0.194				
place5		0.337				
price1			0.29			
price2			0.279			
price3			0.296			
price4			0.258			
product1				0.435		
product2				0.301		
product3				0.449		
promotion1					0.331	
promotion2					0.347	
promotion3					0.363	
satisfaction1						0.323
satisfaction2						0.289
satisfaction3						0.279
satisfaction4						0.308

R Square

	R Square
loyalty	0.72
satisfaction	0.604

Average Variance Extracted (AVE)

	AVE
loyalty	0.74
place	0.562
price	0.793
product	0.701
promotion	0.923

satisfaction	0.698
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Composite Reliability

	Composite Reliability
loyalty	0.945
place	0.864
price	0.939
product	0.875
promotion	0.973
satisfaction	0.902

Cronbach's Alpha

	Cronbachs Alpha
loyalty	0.93
place	0.809
price	0.913
product	0.789
promotion	0.958
satisfaction	0.856

Discrimination Validity

	loyalty	place	price	product	promotion	satisfaction
loyalty	0.86					
place	0.549	0.75				
price	0.688	0.454	0.89			
product	0.673	0.427	0.561	0.837		
promotion	0.608	0.367	0.612	0.622	0.961	
satisfaction	0.796	0.523	0.63	0.674	0.633	0.835

APPENDIX D: SMARTPLS PLS BOOTSTRAPING REPORT

Total Effect

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	T Statistics ((O/STERR))	P Values
place -> loyalty	0.216	0.219	0.069	3.127	0.002
place -> satisfaction	0.202	0.207	0.077	2.621	0.009
price -> loyalty	0.336	0.343	0.072	4.654	0
price -> satisfaction	0.219	0.222	0.075	2.929	0.004
product -> loyalty	0.312	0.306	0.072	4.346	0
product -> satisfaction	0.326	0.321	0.073	4.497	0
promotion -> loyalty	0.13	0.126	0.065	2.006	0.045
promotion -> satisfaction	0.222	0.219	0.079	2.8	0.005
satisfaction -> loyalty	0.455	0.457	0.082	5.542	0

Outer loading

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	P Values
loyalty1 <- loyalty	0.861	0.863	0.031	0
loyalty2 <- loyalty	0.877	0.88	0.027	0
loyalty3 <- loyalty	0.837	0.837	0.033	0
loyalty4 <- loyalty	0.888	0.888	0.021	0
loyalty5 <- loyalty	0.883	0.884	0.021	0
loyalty6 <- loyalty	0.812	0.813	0.034	0
place1 <- place	0.743	0.729	0.071	0
place2 <- place	0.791	0.777	0.069	0
place3 <- place	0.835	0.837	0.03	0
place4 <- place	0.697	0.685	0.075	0
place5 <- place	0.671	0.679	0.081	0
price1 <- price	0.897	0.897	0.023	0
price2 <- price	0.9	0.901	0.025	0

price3 <- price	0.881	0.881	0.023	0
price4 <- price	0.882	0.881	0.025	0
product1 <- product	0.86	0.86	0.026	0
product2 <- product	0.768	0.768	0.062	0
product3 <- product	0.879	0.878	0.025	0
promotion1 <- promotion	0.954	0.953	0.017	0
promotion2 <- promotion	0.983	0.983	0.007	0
promotion3 <- promotion	0.945	0.946	0.016	0
satisfaction1 <- satisfaction	0.831	0.833	0.035	0
satisfaction2 <- satisfaction	0.861	0.86	0.03	0
satisfaction3 <- satisfaction	0.832	0.831	0.046	0
satisfaction4 <- satisfaction	0.817	0.817	0.039	0

R Square

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	P Values
loyalty	0.72	0.734	0.055	0
satisfaction	0.604	0.622	0.05	0

Average Variance Extracted (AVE)

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	P Values
loyalty	0.74	0.743	0.033	0
place	0.562	0.558	0.049	0
price	0.793	0.793	0.032	0
product	0.701	0.702	0.045	0
promotion	0.923	0.923	0.023	0
satisfaction	0.698	0.699	0.041	0

Composite Reliability

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	P Values
loyalty	0.945	0.945	0.009	0
place	0.864	0.86	0.026	0
price	0.939	0.938	0.011	0
product	0.875	0.874	0.024	0
promotion	0.973	0.973	0.009	0
satisfaction	0.902	0.902	0.017	0

Cronbach's Alpha

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	P Values
loyalty	0.93	0.93	0.012	0
place	0.809	0.806	0.033	0
price	0.913	0.912	0.017	0
product	0.789	0.788	0.045	0
promotion	0.958	0.958	0.014	0
satisfaction	0.856	0.855	0.029	0