

THE IMPACT OF CUSTOMERS - SALESMEN RELATIONSHIP ON CONSUMER LOYALTY IN SRILANKA



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Abstract

This research is aimed to examine the impact of perceived factors of the customer–salesman relationship on customer loyalty. This study attempted to contribute to the knowledge of how Fast-Moving Consumer Goods (FMCG) companies in Sri Lanka can retain their customers by making them loyal through customer-salesman relationships. This paper examined the relationships between a salesperson’s ethical sales behaviors, customer perceived confidence benefits, consumer satisfaction, consumer trust and customer commitment thereby considering to which party the customer is loyal. The sample size selected for research constitutes 384 customers as a representative sample under random sampling. Multiple regression and correlation coefficient were used to examine the hypothesized relationship. According to that, ethical sales behavior and trust posited a negative and significant impact on customer loyalty and satisfaction, confidence benefits and commitment posited a positive and significant impact on customer loyalty. The findings indicated that the salesperson plays a key role in retaining customer loyalty to the firm. Therefore, FMCG companies in Sri Lanka should pay more attention to customer-salesman relationships and should encourage their salespersons to improve their attributes towards customers.

Keywords: *Customer loyalty, customer–salesman relationship, Fast Moving Consumer Goods, customer satisfaction, customer commitment*

Introduction

Customer relationship management is not a new thing in the modern world. Salespersons are friendly with customers, identify their expectations and hope to fulfill customer satisfaction. Salespeople act on behalf of their companies. They create value for their firms’ customers, managing relationships and relaying customer and market information back to their organizations. In addition to acting on behalf of their firms, sales representatives also act on behalf of their customers. Recently marketers have a higher level of

ethical awareness and face a higher level of competition. Therefore, the majority of marketers have determined the importance of initiating and maintaining enduring relationships with customers. Usually, any organization creates a set of behavioral codes for their salespersons but, there are some situations that might harm or violate those ethical codes because of following reasons. Salespersons perform their duties where they are not supervised or they are not considered about the ethical codes. Not using a wide selling network, haven’t direct

supervision, and being unaware about ethical codes are reasons for that. Salespersons are responsible to earn profit and revenue for the company that can create high levels of stress. In this, most companies are usually based on short-term performance and objectives.

In such situations most of the occasion's salespersons violate the company's ethical policies and codes. It can damage the customer - salesman relationship and consumer loyalty. Today customers are concerned about the behavior of sales people and however, if sales persons have unethical behavior actually that is a problem. Because, customers always trust sales people and customers expect positive outcomes from the relationship with salespersons. When looking at the organization side, this unfavorable relationship that arises with this unethical behavior and other factors is largely harmful to Customer Relationship Management and promotion activities, because always customers' decisions depend on the relationship between him and salesperson. The purpose of this research is from the customer's perspective to examine how a salesperson's relationship affects customer loyalty, and to further examine roles of the salesperson and FMCG companies in developing customer loyalty. There is a high level of demand for FMCG in Sri Lanka irrespective of both categories of urban and rural areas and this research is important for marketers to adjust the role of the salespersons to maintain a positive relationship with customers.

Literature review

i. Customer Loyalty

Customer loyalty is a determining factor in the success of a brand. The deliverance of high quality services on the part of the

company results in enhanced customer trust in the brand. A satisfied and happy customer is beneficial for the company in the long-run as that customer will present a positive image of the company in the marketplace. Hence, the company is able to generate higher revenues, and the profitability ratio is raised. (Asharf, 2019) Although there are many factors that affect consumer loyalty, the relationship between the consumer and sales person plays a major role.

ii. Ethical Sales Behavior

Ethical behaviors of salespersons are defined as conformance to social norms including fair play, honesty, and full disclosure. (Robertson and Anderson, 1993). Salesperson ethical behavior indicates that the salesperson delivers a valid and accurate message in communication with the customer, only sells goods or services that can provide benefits to the customer, promises only to something that can be delivered, and can maintain the confidentiality of customer private data (Jalali et al., 2016), (Madhani, 2014). Within the context of service, the ability of sales representatives to influence customer loyalty and attachment to an organization are determined by the behavior in interacting with customers (Goff, et al., 1997). The findings of some studies show that the salesperson's ethical behavior has a significantly positive effect on consumer loyalty, (Lin, 2012; Riana, 2020). Regarding those results, the hypothesis of this research was proposed as follows:

H₁- Ethical Sales behavior of salespersons has a significant impact on customer loyalty

iii. Customer perceived confidence benefits

Perceived confidence benefit is trust in the service provider or risk reduction in the process of transactions through the confidence in the provider's reliability and integrity. (Berry, 1995), Proposed "customers who develop trust in service suppliers based on their experiences have good reasons to remain in these relationships" (p. 242). This implies consumer loyalty will be greater when consumers have perceptions of confidence in the service provider (salesperson). (Bitner, 1995) Echoed this proposition when she asserted that each service encounter represents an opportunity for the provider to build perceived confidence benefits and thus increase customer loyalty. The findings of some studies show that the Customer perceived confidence benefits have a significant effect on consumer loyalty (Lin, 2012; Thorsten et al., 2002). Based on results of those previous researches, the hypothesis of this research was proposed as follows.

H₂ - Customer perceived confidence benefits have a significant impact on customer loyalty

iv. Customer trust to salesperson and Consumer Loyalty

Trust in a salesperson is the belief felt by the customer that the salesperson is able to provide long-term relationships that benefit the customer. (Hazrati and Zohdi, 2012). Customers have limited knowledge of the products offered so customers rely on the information provided by the salesperson. (Hess and Story, 2005). Trust has become significant antecedents of customer loyalty (Akbar and Parvez, 2009). Trust can be the source to construct confidence amongst patrons. Furthermore, trust is vital and intended for edifice and maintaining long-

standing associations (Islam, 2008). The findings of some studies show that the Customer trust has a significantly positive effect on consumer loyalty (Riana, 2020; Zaman et al., 2012; Nguyen, 2015). Based on the results of those previous researches, the hypothesis of this research was proposed as follows.

H₃ - Customer trust to salespersons has a significant impact on customer loyalty

v. Customer satisfaction with salesperson and Consumer loyalty

Satisfaction is the extent to which product performance is actually perceived against customer expectations (Kotler and Keller, 2012). (Hoyer, et al., 2013) stated satisfaction as a feeling that arises when a customer makes a positive evaluation or feels happy with his decision. (Kotler and Keller, 2012) Argue that customer satisfaction at a higher level will lead and have a positive effect on the level of greater customer loyalty. Satisfied customers are the basis for loyalty, where satisfaction will encourage customers to make repeated purchases (Sangadji and Sopiah, 2013). The findings of some studies show that the Customer satisfaction has a significantly positive effect on consumer loyalty (Lin, 2012; Thorsten et al., 2002; Wedatamal and Sukaatmadja, 2019). Based on results of those previous researches, the hypothesis of this research was proposed as follows.

H₄ - Customer satisfaction with salespersons have a significant impact on customer loyalty

vi. Customer commitment and Consumer loyalty

Commitment is an eternal willingness to maintain and appreciate ascertain relationship (Moorman, et al., 1992). Customer commitment in this research is

regarded as an important determiner of long-term customer-salesperson relationship (Dwyer, et al., 1987), (Garbarino and Johnson , 1999). Moreover, commitment has been regarded as an important factor that determines a successful social interaction (Thibaut and Kelley, 1959), including the relationship between customer and operator (Morgan and Hunt, 1994) Customers tend to have stronger commitment to a company (Moorman et al., 1993) as they perceive the service as important (Moorman, et al., 1992). As a result, customers tend to have stronger commitment which makes the relationship between clients and company become more stable (Wang and Aliyari R, 2006) , leading to strong long-term relationships. Another research concluded that customer commitment significantly influences customer loyalty. Regarding the results of those researches, (Dagger et al., 2009; Riana, 2020; Nguyen, 2015). The fifth hypothesis of this research was formulated as follows:

H₅ - customer commitment has a significant impact on customer loyalty

Research Methodology

This study is quantitative in nature, aiming to develop a better understanding of the relationship between customers and salesperson on consumer loyalty, based on the FMCG industry.

Conceptual frame work

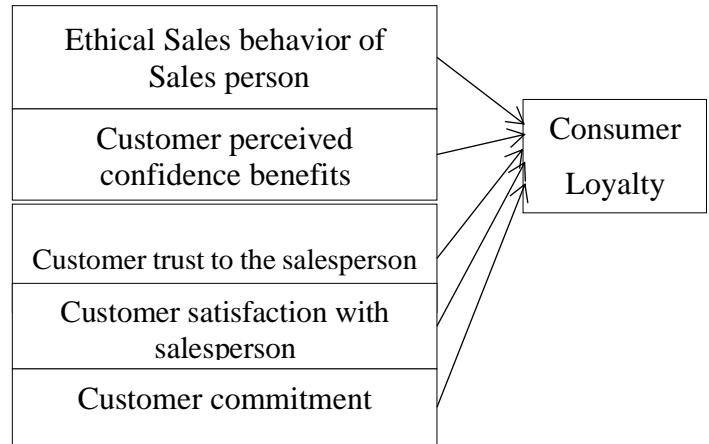


Figure 01: Conceptual Frame work

(Alrubaiee, 2012; Md.Hafez and Naznin Akther, 2017; Lin, 2012)

Population, sample and data collecting methods of the study

The population which is considered by the researchers is Fast Moving product Consumers in Sri Lanka. Google form questionnaires were shared with the respondents. Researchers received 392 responses, after screening all responses researchers ended up with 384 responses. Respondent category comprised of university students, academic staff, office workers, housewives and business people those who have much exposure to the FMCG category. According to Hair et al., (2014) the sample size is also enough to generalize findings to the population context.

Data analysis

The data were analyzed using the Statistical Package of the Social Science (SPSS 23). In this study, both the descriptive and inferential analysis techniques including reliability statistics (Cronbach Alpha), and multiple regression analysis were used to achieve the objectives of the study.

Data Analysis And Results

Analysis of Reliability

Table 1: Reliability Analysis

Instrument	Cronbach's Alpha	N of Items
Ethical Sales Behavior	.831	5
perceived Confidence Benefits	.883	7
Customer Trust	.882	6
Customer Satisfaction	.872	5
Customer Commitment	.906	7
Consumer loyalty	.868	6

The Ethical sales behavior identification subscale consisted of 5 items ($\alpha = .831$), the Perceived confidence benefits subscale consisted of 7 items ($\alpha = .883$) the Customer trust subscale consisted of 6 items ($\alpha = .882$) the Customer satisfaction subscale of 5 items ($\alpha = .872$) the Customer Commitment subscale consisted of 7 items ($\alpha = .906$) and Consumer loyalty subscale consist 6 items ($\alpha = 0.868$). Accordingly, Table 01 all the values are greater than 0.7 and therefore the reliability of all the indicators is satisfied, and will give credible results.

Descriptive Statistics

Table 2 shows the demographics profile of the FMCG customers including gender income level and nature of the relevant FMCG outlet. From this study, it is also shown that female respondents are dominant (43%) compared to male respondents (57%). The respondent's monthly income Rs.50, 000 - Rs.100,000 and more than Rs.100,000 both percentages are equal to 36%. According to this study most FMCG customers use super markets as FMCG outlets which is 47%.

Table 2: Descriptive Statistics

Variable	Respondent (N=384)	Frequency
Gender		
Female	218	57%
Male	166	43%
Income Level		
Less than Rs.25,000	89	23%
Rs.25,000 - Rs.50,000	21	5%
Rs.50,000 - Rs.100,000	137	36%
More than Rs.100,000	137	36%
Nature of the relevant FMCG Outlet		
Grocery Store	71	18%
Small Grocery Store	50	13%
Super Market	182	47%
Whole Seller	53	14%
Pharmacy	20	5%
Other	8	2%

Hypothesis Testing

Table 3: Correlation Analysis

	C L	EC B	PC B	CT	CS	CC
Pearson Correlation	1	.763**	.826**	.836**	.919**	.939**
Sig. (2-tailed)		.000	.000	.000	.000	.000
N	384	384	384	384	384	384

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4: Test of Coefficients

Model	Unst. Coefficients		St. Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.204	.070		2.895	.004
Ethical Sales Behavior	-.115	.034	-.109	3.429	.001
perceived Confidence Benefits	.019	.039	.019	.479	.632
Customer Trust	-.035	.038	-.035	-.905	.366
Customer Satisfaction	.469	.040	.481	11.833	.000
Customer Commitment	.617	.033	.613	18.649	.000

Test of Hypothesis 01

From table 3 and 4, it has been revealed that there is a significant impact between Ethical Sales behavior and customer loyalty. In Table 05 ($p=0.000<0.05$) ($r=0.736$), that means there is a relationship between ethical sales behavior and consumer loyalty. In Table 06 ($B = -0.115$) that means ethical sales behavior has significant impact on consumer loyalty in the FMCG industry and the study supports H1.

Test of Hypothesis 02

From table 3 and 4, it has been revealed that there is a significant impact between

perceived confidence benefits of and customer loyalty. In Table 05 ($p=0.000<0.05$) ($r=0.826$), that means there is a relationship between perceived confidence benefits and consumer loyalty. In Table 06 ($B = 0.019$) that means perceived confidence benefits have a significant impact on consumer loyalty in the FMCG industry and the study supports H2.

Test of Hypothesis 03

From table 3 and 4, it has been revealed that there is a significant impact between customer trust and customer loyalty. In Table 05 ($p=0.000<0.05$) ($r=0.836$), that means there is a relationship between customer trust and consumer loyalty. In Table 06 ($B = -0.035$) that means customer trust has significant impact on consumer loyalty in the FMCG industry and study support H3.

Test of Hypothesis 04

From table 3 and 4, it has been revealed that there is a significant impact between customer satisfaction and customer loyalty. In Table 05 ($p=0.000<0.05$) ($r=0.919$), that means there is a relationship between customer satisfaction and consumer loyalty. In Table 06 ($B = 0.469$) that mean customer satisfaction has a significant impact on consumer loyalty in the FMCG industry and study supports H4.

Test of Hypothesis 05

From table 3 and 4, it has been revealed that there is a significant impact between customer commitment and customer loyalty. In Table 05 ($p=0.000<0.05$) ($r=0.939$), that means there is a relationship between customer commitment and consumer loyalty. In Table 06 ($B = 0.617$) that mean customer commitment has a significant impact on consumer loyalty in FMCG industry and the study supports H5.

Based on the SPSS results, regression model of the study is,

$$\text{Consumer Loyalty} = 0.204 - 0.115 (\text{Ethical sales behavior}) + 0.019 (\text{Perceived confidence benefits}) - 0.035 (\text{Customer trust}) + 0.469 (\text{Customer satisfaction}) + 0.617 (\text{Customer commitment})$$

Discussion of the Findings

The general objective of the study was to assess the impact of perceived factors of relationship between salespersons and customers on consumer loyalty on the FMCG industry. The research findings and analysis of data, the study found that ethical sales behavior of sales person has a statistically significant impact on the employee performance as follows:

Accordingly, the study supported H₁ which showed there is a negative relationship between ethical sales behavior of salesperson and consumer loyalty. That's means ethical sales behavior of the sales person negatively affects consumer loyalty due to factors such as, the capacity of salesperson to provide service, dishonest explanation in providing service, salesperson to always provide answers even if they do not understand the question and salesperson are forcing to customers product even though product is not suitable. These results are in line with previous researches conducted by (Riana, 2020)

Accordingly, the second hypothesis H₂ customer perceived confidence benefits have a significant positive impact on consumer loyalty in FMCG industry. The results of this study, which are specific to the FMCG industry, are consistent with prior studies of the technology-based service industry (Yen and Gwinner, 2003), life-insurance industry (Lin, 2012) and the clothing industry (Reynolds and Beatty, 1999). This implies consumer loyalty will

be greater when consumers have perceptions of confidence in the service provider (salesperson).

Based on the results of testing the hypothesis H₃, it was found that customer trust had a significant but negative effect on customer loyalty. Distrust or regret that arises after purchase (post purchase dissonance), not providing information on product warranty and how to use the product correctly, not providing gifts or discounts provided by company

As expected, H₄ customer satisfaction has a positive effect on customer loyalty. This means that along with the increasing satisfaction experienced by customers, the level of customer loyalty is also increasing. The results of this study support the previous research conducted by (Lin and Wu, 2012) and (Wedatama and Sukaatmadja, 2019). Customer with higher levels of satisfaction will reduce the presence of regret after purchase so that it will increase customer loyalty and make customers more willing to give a commitment to establish a long-term relationship with the salesperson. (Kotler and Keller, 2012)

Based on the results of testing the hypothesis H₅, it is found that customer commitment has a significant positive effect on customer loyalty. This means that along with the increasing customer commitment, the level of customer loyalty is also increasing. These results support previous studies, such as (Ndubisi, 2007), (Riana, 2020) whose research shows that commitment significantly influences customer loyalty. They put the salesperson at the first choice when they want to use other FMCG products.

Conclusion And Implication Of The Study

Customer-salesperson relationship is very important to any organization and also it is directly affected to enhance the consumer loyalty. Hence researchers conducted this research to understand impact of relationship between customers and salesperson on consumer loyalty in the FMCG industry. The research methodology was built up based on Literature review. That was the basis for the success of this research. All the relationships proposed among the variables in the research model were tested and it was found that relationships between the variables. According to this current survey, researchers found that relationships between customers and salesperson has a significant impact on consumer loyalty.

In this, researchers were used five independent variables for measure relationship between customers and salesperson. That's ethical sales behavior of sales person; customer perceived confidence benefits, customer trust to salesperson, customer satisfaction and customer commitment. According to this research finding we can identify there is a significant impact of perceived factors of relationship between customers and salesperson on consumer loyalty. So that FMCG companies should ensure to create a favorable customer-salesperson relationship in their outlets. Thus, that customer-salesperson relationship is positively influenced to customers, salespersons as well as to the company to achieve their objectives in a more efficient manner.

Building customer loyalty in the FMCG industry is an urgent need due to the increased competition. Few guidelines are given for managers and salesperson based on the findings. Managers should pay

severe attention to build codes of ethics to encourage ethical sales person behavior. Here, actions such as providing honest and accurate information when selling products, giving customers the opportunity to select the products they want are appropriate. They should organize effective and ongoing training methods for salespersons in a way that consumers are satisfied with salespersons' service and recommend their service to others.

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