THE RELATIONSHIP BETWEEN SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY TOWARDS KTMB (COMMUTER)

NORSHAFINA BINTI ABDULLAH

Submitted in Partial Fulfillment of the Requirement for the Bachelor of Business Administration (Hons) Marketing

FACULTY OF BUSINESS MANAGEMENT UITM, MELAKA

2007

ACKNOWLEDGEMENT

There are many individuals that had contributed to the success of this research proposal. First and foremost, my gratitude goes to ALLAH the Al-Mighty for bestowing me the strength and patience to complete this research proposal. My warmest gratitude goes to Miss Asma' Rashidah Idris as my research advisor and also for Prof Madya Shahariah Hj Osman as my second advisor for giving me the most beneficial assistance throughout the development of this study.

My appreciation goes to all the staffs of KTMB (Commuter) especially Mr. Mohd Hider Yusof (Senior Manager, Business Development & Marketing, KTMB Commuter Services) and Mr. Shahril Sahak (Customer Service Executive, KTMB Commuter Services), who gave me access, co-operation and invaluable insights in relation to the relevant information gathered for the study and also for the practical training stint with the company.

I also wish to thank my friends who were always there when I need them the most. I really treasure your honest opinions and encouragement that have put me through good and bad times. Besides that, my best regards and thanks to everyone who participated in the making of this research proposal whether directly or indirectly. Your involvement helped me greatly.

Last but not least, I would like to express my deepest gratitude to my beloved parents, as well as my family members for their moral support and understanding.

Thank you.

TABLE OF CONTENTS					
ACKNOWLEDGEMENT TABLE OF CONTENTS LIST OF TABLE LIST OF FIGURES ABSTRACT					
CHAI	PTERS				
1	INTRODUCTION				
	1.1 1.2 1.3 1.4 1.5 1.6 1.7 1.8	Background of Company 1.1.1 KTMB Commuter Services 1.1.2 Extensions/ Future Plans Background of Study Problem Statement Research Questions Research Objectives Theoretical Framework Research Hypothesis Significance of Study 1.8.1 Company 1.8.2 Customer 1.8.3 University 1.8.4 Researcher Scope of Study Limitations of Study 1.10.1 Time Constraints	2 3 5 7 10 10 11 12 14 14 14 15 15 15 16 16		
	1.11	 1.10.1 Time Constraints 1.10.2 Financial 1.10.3 Lack of Experience 1.10.4 Availability and Confidentiality of Data Definition of Terms 	16 17 17 17 18		
2	LITERATURE REVIEW				
	2.1 2.2 2.3 2.4	Introduction Service Quality Customer Loyalty Customer Satisfaction	21 21 25 27		

3 RESEARCH METHODOLOGY

	3.1	Resea	rch Design	31			
	3.2	Popul		32			
	3.3	Samp		32			
		3.3.1		32			
		3.3.2		33			
		3.3.3		33			
		3.3.4		33			
	3.4		Collection Method	34			
		3.4.1	Primary Data	34			
		3.4.2	8	34			
		3.4.3		35			
	3.5	Data A	Analysis & Interpretation	37			
		3.5.1	Reliability Testing	38			
		3.5.2	Mean	38			
		3.5.3	Correlation	38			
4	ANA	LYSIS	AND INTERPRETATION OF DATA	40			
	4.1		uction	41			
	4.2		pility Testing	42			
	4.3	-	ondents Profile	42 47			
	4.4	Customer Loyalty					
	4.5		ency Analysis	48			
		4.5.1		48			
		4.5.2	Reliability	50			
		4.5.3	Responsiveness	51			
		4.5.4	Assurance	53			
			Empathy	56			
		4.5.6	Expectation	57			
		4.5.7	Perception	61			
		4.5.8	Customer Loyalty	63			
		4.5.9	Service Quality and Customer Satisfaction	64			
	4.6		Hypothesis Testing				
		4.6.1	Relationship between Tangible and Customer Loyalty	66			
		4.6.2	Relationship between Reliability and Customer Loyalty	67			
		4.6.3	Relationship between Responsiveness and Customer Loyalty	68			
		4.6.4	Relationship between Assurance and Customer Loyalty	69			
		4.6.5	Relationship between Empathy and Customer Loyalty	69			
		4.6.6	Relationship between Expectation and Customer Loyalty	70			
		4.6.7	Relationship between Perception and Customer Loyalty	71			

ABSTRACT

This research is about a study on relationship between factors influencing customer loyalty on KTMB (Commuter). Five dimension of service quality in terms of tangible, reliability, responsiveness, assurance, empathy and also customer satisfaction in terms of customer expectation and perception have been identified in order to investigate whether or not these factors have a relationship with customer loyalty. This research is conducted in order to identify whether the service quality that KTMB (Commuter) delivered to their customer meets their satisfaction and make them loyalty to this firm. The objective of this research are to determine whether service quality (tangible, reliability, responsiveness, assurance and empathy) has a direct impact on customer loyalty, to examine whether customer satisfaction (expectation and perception) has a direct impact on customer loyalty, to determine whether service quality has a direct impact on customer satisfaction and to identify a good solution on how to delivered best service to customer.

The survey is conducted at KTM Commuter Stations. Sampling technique that has been used in this research is convenience sampling. The sample size for this study is 90 customers who are also have experience in using KTMB (Commuter). Respondents are required to answer the questionnaires and the data will be analyzed SPSS version 15.0 will be used to summarize the data. The result of reliability testing is 0.849 and all the data has answered my research objective by using One-Way ANOVA to test the hypothesis and also cross tabulation and correlations.