



LOYALTY PROGRAM AND ITS RELATIONSHIP WITH CUSTOMER  
SATISFACTION TOWARDS CUSTOMER LOYALTY OF THE PETRONAS RETAIL  
STATION

FARAH ADIBAH BTE CHAHARUDDIN  
2011507755

BACHELOR OF BUSINESS ADMINISTRATION WITH (HONOURS) MARKETING  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
KOTA KINABALU, SABAH

JUN 2014

**TABLE OF CONTENTS**

	<b>Page</b>
<b>TITLE PAGE</b>	<b>i</b>
<b>DECLARATION OF ORIGINAL WORK</b>	<b>ii</b>
<b>LETTER OF SUBMISSION</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT</b>	<b>iv</b>
<b>TABLE OF CONTENT</b>	<b>v</b>
<b>LIST OF FIGURES</b>	<b>viii</b>
<b>ABSTRACT</b>	<b>x</b>
<b>CHAPTER 1</b>	
<b>INTRODUCTION</b>	
<b>1.0RESEARCH BACKGROUND .....</b> ERROR! BOOKMARK NOT DEFINED.	
<b>1.1PROBLEM STATEMENT .....</b> ERROR! BOOKMARK NOT DEFINED.	
<b>1.2RESEARCH QUESTIONS .....</b>	<b>4</b>
<b>1.3RESEARCH PURPOSE.....</b>	<b>4</b>
<b>1.4SCOPE OF STUDY .....</b>	<b>4</b>
<b>1.5SIGNIFICANT OF STUDY.....</b>	<b>5</b>
<b>1.6LIMITATION OF STUDY .....</b>	<b>6</b>
<b>1.8 DEFINITION CONCEPT .....</b>	<b>7</b>
<b>1.8.1 Loyalty .....</b>	<b>7</b>
<b>1.8.2 Customer Loyalty .....</b>	<b>8</b>

1.8.3	Loyalty Program .....	9
1.8.4	PETRONAS .....	9
1.8.5	Petrol Station .....	11
1.9	SUMMARY .....	12

**CHAPTER 2**

**LITERATURE REVIEW**

2.1	INTRODUCTION.....	13
2.1.1	Company Background (PETRONAS) .....	13
2.2	CUSTOMER LOYALTY .....	14
2.2.1	Customer Loyalty towards Organization .....	14
2.2.2	Customer Loyalty Program in Retailing .....	17
2.1.3	Customers Satisfaction Can Build Customer Loyalty .....	18
2.3	CUSTOMER SATISFACTION	
2.3.1	Introduction .....	23
2.3.2	Importance of Customer Satisfaction .....	25
2.3.3	Customers Satisfaction Can Build Customer Loyalty .....	25
2.3	THEORETICAL FRAMEWORK.....	30

**CHAPTER 3**

**METHODOLOGY**

3.1	POPULATION AND SAMPLE.....	33
3.2	THE SURVEYS METHODS.....	33
3.2.1	Interviews .....	33

## ABSTRACT

Malaysia is the largest pay or pump market in the world, outside of the U.S.A. PETRONAS is the national oil company of Malaysia and controls the entire oil reserves of the country. Nationwide it has over 1000 retail petrol stations, all of them pay or pump. Studies on customer loyalty typically focus on the behavioral side of brand loyalty or on the attitudinal side. In research on customer loyalty in the service industry, customer satisfaction has often been mentioned as an important determinant. Findings from the test will determined whether there is any relationship between loyalty program and customer satisfaction towards the loyalty of the PETRONAS retail station. Four sections of questionnaire have been formulated to examine the relationship proposed. A collection of data from the managers, employees and customers of selected PETRONAS retail station within Tawau will be gathered and analyzed to test the relationships with the proposed questions. The outcome will then be concluded and to be used for further analyses, if necessary. The findings of this thesis were collected from interview and set of questionnaires using SPSS analysis and Microsoft Excel.



# CHAPTER 1

## INTRODUCTION

### 1.1 RESEARCH BACKGROUND

Customer Loyalty is important to the success of a business organization. Oliver (1997), for example has directly correlate the importance of customer loyalty to a long-term profit of an organization. Retail businesses such as petrol station has always put in their best effort to develop customer loyalty by organizing short term and long term activities with aims to attract new set of customers as well as retaining their existing customers through a systematic customer retention program.

The retail market has been influx with too many retailers using all kind of creative strategies to attract customer interest towards them. The same happened to the Petrol Stations such as PETRONAS.

Customer satisfaction comes about when customer expectations are met or exceeded in a specific transaction. Satisfaction is the judgment that the product or service feature provides a pleasurable level of judgment. It is pertinent to state that satisfaction does not necessarily translate into loyal or profitable customers. In fact 40% of satisfied customers defect to other suppliers (Berndt, Herbst and Klopfer, 2007). They further maintain that despite this statistic, customer satisfaction remains an important determinant of customer loyalty to an organization.

Besides customer satisfaction, loyalty program also important to build customers loyalty. Loyalty programs can be seen as vehicles to increase single-brand loyalty, decrease price sensitivity, induce greater consumer resistance to counter offers or counter arguments (from advertising or sales-people), dampen the desire to consider alternative brands, encourage word-