



**A STUDY ON DETERMINANTS OF CUSTOMER
RETENTION IN S.P.SATRIA LOGISTICS SDN BHD
SERVICES**

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SATRIA LOGISTICS SDN. BHD. SERVICES

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND OF STUDY

S.P. Satria Logistics Sdn. Bhd. (SPSL) is one of the Suria Capital Holdings Berhad subsidiaries company. This company provide bunkering and logistics services to the port users of Sabah Port Sdn. Bhd. In the form of fuel, fresh water and lubricants supplies as well as other support services. (S.P. Satria Logistics Sdn. Bhd., Company Profile, 2007). The study is emphasizing on determinants of customer retentions in S.P. Satria Logistics Sdn. Bhd. Customer retention are critical for any company and has been found to be key profitability (Desai & Mahajan, 1998) and essential determinants of market share among service firms (Appiah-Adu, 1999).

Today's most of companies find themselves more in intense and vital situation which they have to build professional customer retention management system (Stauss.B, 2000, p.7). Customer retention is very important and can cause huge impact on business performance. *"1 per cent increase in customer retention had almost 5 times more impact on firms value than a 1 per cent change in discount rate or cost of capital"* (Gupta et. al, 2004). There are several reason why customer retention is essential in performing business, most of marketers think that the cost of gaining new customers in highly competitive markets are increasingly considerably. (Reichheld & Sasser, 1990). On the other hand, retained customers may pay higher prices than other customers (Buttle, 2004).