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Analysis of Factors That Determine Customer Delight and Their Impact on Customer Loyalty

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ABSTRACT

Customers are the first asset that require proper care because each one generates revenue that can sustain a firm. Customers are the company's kings, and they must be taken into consideration in order for it to successfully manage its business. At Apotek Iwos Farma Badung, the purpose of this study was to determine and validate the between service relationship customer value, costumer delight, and customer loyalty. The respondents in this https://doi.org/10.32535/ijabim.v8i1.1829 study were Apotek Iwos Farma Badung customers. This survey had 80 respondents, which was the set number. In this work, structural equation modeling analysis is performed using the Smart-PLS 3 program. The results of this study indicate that as a result, current services will be of greater quality. The findings of this study suggest that enhancing the quality of currently offered services will boost costumer delight. Customer delight can rise with good customer value. The quality of the current services has prevented a rise in loyalty of customer. Customer loyalty will be able to rise the higher the worth of current customers. However, Apotek Iwos Farma Badung has seen a boost in customer loyalty, but consumer delight has been unable to identify it.

> **Keywords:** Service Quality, Customer Value, Customer Delight, Customer Loyalty.

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INTRODUCTION

Several economic sectors were impacted by the Covid-19 epidemic and saw a very noticeable drop. Contrastingly, the health industry is expanding quickly in times of pandemic because people require vitamins, masks, and medications to stay alive. The pharmacy is one of the areas of the health economy that has grown quickly throughout the pandemic. In accordance with the Republic of Indonesia's Decree of the Minister of Health No. 1027/MENKES/SK/IX/2004, a pharmacy is a specific location where pharmaceutical work is performed and pharmaceutical preparations and other health supplies are distributed to the general public. Additionally, pharmacies are a source of medical supplies for the community, so their existence is crucial for meeting the needs of the community in terms of health (Seto, Nita, & Triana, 2015).

Optimizing drug use, which includes planning to assure drug availability, safety, and effectiveness, is the most crucial part of pharmacy services (Rahmawatie & Santosa, 2015). Since Apotek Iwos Farma Badung's mission is "serving patients wholeheartedly," customers will feel comfortable visiting the pharmacy if they receive the greatest care and go above and beyond their expectations. The providing of high-quality services is the technique used to sustain customer loyalty, thus in this case, pharmacy management must pay attention to the quality that consumers expect. The focus of service quality is on attempts to meet customer needs and on delivery accuracy to balance customer expectations (Abadi, Nursyamsi, & Syamsuddin, 2020). When consumers are happy with the services provided, they are more inclined to stick with a company. The maintenance of customer loyalty is a key objective of outstanding service quality (Priyo, Mohamad, & Adetunji, 2019). Customer loyalty ensures increased profits and market growth (Ismail & Yunan, 2016). Service quality can determine customer loyalty, according to previous research by Lai (2015); Iqbal, Hassan, & Habibah (2018); and Iddrisu, Nooni, Fianko, & Mensah (2015), providing customers with satisfactory service helps ensure their loyalty to the company. However, contrary results from Sitorus & Yustisia (2018) and Desiyanti, Sudja, & Martini (2018) demonstrated that the quality of the services provided could not predict consumer loyalty.

Customer loyalty is greatly affected by the existence of the pharmaceutical sector and the potential of strong future rivalry. Therefore, maintaining current customers is more crucial than using forceful strategies to increase business size of the market by attracting new customers (Lupiyoadi, 2013). Pharmacies must implement the best marketing tactics to win over customers and increase consumer loyalty. One of the things that can persuade customers to use services is the worth of the client (Harryani, 2017). Customer loyalty to the product or service they use will be impacted by the value that they perceive to offer (Rahi, 2016). The level of customer loyalty will be affected if a firm offers value that is significantly higher than that of its rivals; the higher the value that a customer perceives, the more likely it is that they would engage in a relationship or transaction (Kim & Park, 2019). Empirical studies by Romdonny, Juju, Jusuf, & Rosmadi (2018); Chen (2015), and Abadi, Nursyamsi, & Syamsuddin (2020) demonstrate customer value can provide variations in increasing customer loyalty. However, customer value can't determine customer loyalty, according to several empirical studies by El-Adly (2018) and Lai (2015).

If the consumer is really satisfied with the pharmacy, and there is an incentive to pass it on to other consumers, then this indicates a loyal customer. One sign of the mindset of customers who keep in touch or do business with the company is loyalty. Because of this, a marketer must always produce consumer delight that is sought by consumers, which means that if consumers are just content, it is insufficient to be used as a basis for winning the competition and boosting sales. Instead, this is what motivates customer delight, which encourages consumers to be more loyal to the brand that will be employed

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(Kotler & Armstrong, 2012). Based on several empirical research (for example, Indriyanti & Irene, 2020; Kim & Park, 2019; Desyanti, Sudja, & Martini, 2018; and Wati, Kusuma, & Widnyana, 2020), customer loyalty has been demonstrated to be influenced by customer delight. However, Jeffany, Kosasih, Vinsen, & Purba (2021) found that customer delight did not have determine on customer loyalty.

Customer delight can occur when an individual is at ease and content with the service they are receiving. Customers' comfort and satisfaction with the services offered is a valuable asset for the business since happy consumers play more essential roles than just purchasing products or services; these customers also spread the word about the firm favorably and generate a lot of profit for it. It is essential to have excellent service quality in order to offer more service (delight) and ensure that customers are really comfortable with the services received, which exceed their own expectations (Purohit & Purohit, 2013). Empirical research has demonstrated the link between customer delight and service quality, according to Widyastuti & Mu'afiah (2015); and Alzoubi, Alshurideh, Kurdi, & Inairat (2020). Meanwhile, the perceived value of the customer is another factor that affects customer delight. According to empirical study (for example, Dubey, Bajpai, Guha, & Kulshreshtha, 2018; Roberts-Lombard & Petzer, 2018; Ghorbanzade, Mehrani, & Rahehagh, 2019; and Alzoubi, Alshurideh, Kurdi, & Inairat, 2020) indicates the high value of the company perceived by consumers.

This study aims to answer the phenomenon and fill the available research gaps to analyze and explain the influence of service quality and customer value on customer delight to achieve customer loyalty. In addition, this study will examine the mediating role of customer delight. This mediation test was carried out because there are still limited empirical references about the role of customer delight as a mediator to determine customer loyalty.

LITERATURE REVIEW

Service Quality

A product or service's overall qualities are what support the capacity to meet needs (Kheng, Mahamad, Ramayah, & Mosahab, 2010). How well the level of service supplied can fulfill consumer expectations is measured as service quality (Mosahab, Mahamad, & Ramyah, 2010). Including courier service quality can be affected consumers behavior and satisfaction (Tang et al., 2022). As a result, the company's capacity to satisfy customer wants and expectations determines the quality of its services (Tjiptono, 2012).

Customer Value

Customer value is the main focus of designing marketing programs (Alzoubi, et al., 2020). Customers have needs and wants, which they anticipate they will be satisfied by the advantages of the manufacturer's goods. Customers then attempt to fulfill their needs and aspirations through the exchange process (Ganthika & Wahdiniwaty, 2020). A trade-off between the goods that buyers want and the prices they must pay (Kotler & Armstrong, 2012).

Customer Delight

Customers feel comfortable and enjoy doing business with the company, so this condition is called customer delight (Malik, Naeem, & Arif, 2011). Customer delight is the happiness that consumers experience when they enjoy the services provided by the company, and experience exceeding their expectations (Ansori, 2014).

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Customer loyalty

Loyalty can be expressed as a feeling that arises from self-awareness that is built from the accumulation of pleasant experiences (Griffin, 2005). Consumer views are more likely to be influenced by initiatives taken to increase customer delight (Ladhari, Ladhari, & Morales, 2011). While the idea of customer loyalty explains how purchasers tend to be dependable and make repeated purchases (Malik, Naeem, & Arif, 2011). In other words, despite the product or service being in short supply on the market, customers voluntarily suggest it to friends, family, and other acquaintances (Mosahab, Mahamad, & Ramyah, 2010).

Hypothesis and Research Model

Based on the literature review conducted, the hypothesis can be put forward as follows:

- H1: Improving the quality of services provided can increase customer delight.
- H2: Increasing customer value can increase customer delight.
- H3: Improving the quality of services provided can increase customer loyalty.
- H4: Increasing customer value can increase customer loyalty.
- H5: Increasing customer delight can increase customer loyalty.

The explanation of the hypothesis put forward above gives instructions for compiling a research model as shown in Figure 1 below.

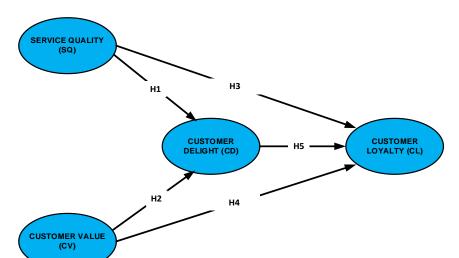


Figure 1. Research Model

RESEARCH METHOD

By using a survey as a data collection tool, this study employs a quantitative approach to research to demonstrate how service quality and customer value affect customer delight and customer loyalty. Customers of Apotek Iwos Farma, which is located in Abiansemal District, Badung Regency, composed the study's population. According to Hair, Ringle, & Sarstedt. (2010) guidelines, the study's sample size was decided upon, with up to 80 samples being used in purposive sampling. Customers' perceptions of the characteristics under research were measured to use a five-point Likert scale in this study (strongly disagree to strongly agree).

The measurement of service quality variables refers to Parasuraman (1994) with five indicators, namely: tangible, reliability, responsiveness, assurance, and empathy. All indicators on the service quality variable are described in two items. On the customer value variable, the indicator refers to Tjiptono (2012) with four indicators, namely:

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emotional value, social value, quality value, and price value. The indicators of the customer value variable are further described in two items. For customer delight variable with three indicators, namely: being fair refers to Hariri & Putri (2009), respect, and final touch refers to Ansori (2014). All indicators on the customer delight variable are described in two items. On the customer loyalty variable, the measurement uses four indicators from Griffin (2005), namely: making repeat purchases regularly, buying between product lines, recommending to others, and strength against competitors. The indicators of customer loyalty variables are then presented in two items.

Thirty samples were initially evaluated prior to the distribution of the research questionnaires to all targets. This is done to make sure that research instrument calibration is verified through validity and reliability tests (Ghozali, 2011). To describe the profile of the respondents, a descriptive analysis was done using the data that was gathered through the distribution of the questionnaire. Furthermore, the Smart-PLS program was employed to test hypotheses and mediation.

RESULTS

The beginning of the analysis is to know the respondent's profile. The profile of the respondents aims to obtain a description of the respondent's background, both regarding gender, age, and education. The results of the analysis obtained for the profile of respondents can be presented in Table 1.

Table 1. The Profile of Respondents

Information	Total	(%)
Number of Samples	80	100
Gender:		
Men	48	60
Women	32	40
Age:		
21-30 years old	34	42.5
31-40 years old	26	32.5
41-50 years old	13	16.2
>51 years old	7	8.8
Education:		
Senior High School	10	12.5
Diploma	16	20
Bachelor	52	65
Postgraduate	2	2.5

The respondents profile based on gender can be reported that male customers dominate by 60%, while female customers only have a distribution of 40%. This proportion indicates that men more often visit the Apotek Iwos Farma Badung. Besides that, the respondents profile based on age show that there are more respondents aged 20 - 30 years with a distribution of 42.5%. Next, followed by the age of respondents 31 - 40 years by 32.5%, ages 41 - 50 years by 16.2%, and the lowest portion aged > 50 years by 8.8%. Profile of respondents on the aspect of age indicates that the customers of Apotek Iwos Farma Badung are predominantly adults. The profile on the aspect of education, the majority of customers at Apotek Iwos Farma Badung have a bachelor's degree, which is 65%, then Diploma by 20%, high school education of 12,5%, and Postgraduate by 2.5%. This information illustrates that the dominant customers of Apotek Iwos Farma Badung are people with high knowledge.

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Direct and Indirect Testing

In this study, the Smart-PLS program was used for hypothesis testing and mediation analysis. This analytical approach is being used to predict and explain the factors that determine customer delight to achieve customer loyalty, as well as to investigate customer delight interventions as a mediating factor.

Outer Model Evaluation

According to convergent validity analysis (Table 2) findings, all variable constructs have outer loading values upper than 0.7 and AVE values upper than 0.50. These results demonstrated that all indicators for each variable are valid measures (Ghozali, 2014).

Table 2. Convergent Validity Analysis

Variables	Indicators	Outer Loading	AVE
Service Quality	SQ1	0.781	0.726
(SQ)	SQ2	0.884	
(04)	SQ3	0.851	
	SQ4	0.850	
	SQ5	0.887	
Customer Value	CV1	0.775	0.716
(CV)	CV2	0.825	
	CV3	0.833	
	CV4	0.944	
Customer Delight	CD1	0.890	0.781
(CD)	CD2	0.883	
	CD3	0.878	
Customer Loyalty (CL)	CL1	0.872	0.748
(OL)	CL2	0.854	
	CL3	0.859	
	CL4	0.876	

The square root of AVE value of each variable must then be compared with the correlation between latent variables to determine whether the discriminant validity test is valid (Ghozali, 2014). It can be seen in Table 3, the correlation coefficient of the latent variable, so it can be stated that all variable constructs have good discriminants.

Table 3. Discriminant Validity Analysis

Variable	AVE	√AVE	CD	SQ	CL	CV
CD	0.781	0.884	0.884			
SQ	0.726	0.852	0.833	0.852		
CL	0.748	0.865	0.826	0.779	0.865	
CV	0.716	0.846	0.832	0.794	0.825	0.846

Using composite reliability and Cronbach's alpha analysis, test the reliability of the variable construct (Ghozali, 2014). According to Table 4, values for all variables under study were already over 0.70. As a result, the reliability of every variable under investigation is high.

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Table 4. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability
CD	0.860	0.914
SQ	0.905	0.929
CL	0.888	0.922
CV	0.866	0.909

Inner Model Evaluation

The inner model is evaluated using the predictive relevance model (Q^2), which evaluates how well the model generates the observed values. The coefficient of determination for all dependent variables forms the basis of Q^2 . The value of Q^2 has a range from 0 to 1, the closer the value to 1 means the better the model (Hair, Ringle, & Sarstedt, 2011).

Table 5. Predictive Relevance Model Analysis

Variables	R Square (R ²)				
CD	0.884				
CL	0.897				
Calculation: $Q^2 = (1-[(1-0.884) (1-0.897)] = 0.988$					

The results of the calculations performed, the value of Q^2 is obtained at 0.988 and are nearly equal to 1. (Table 5). Therefore, these findings can show that the structural model fits the data well. The analysis's findings suggest that the model can account for 98.8% of the data, while the remaining 1.2% is explained by errors or other variables not properly considered by the model.

Next stage, the direct effect of this study was examined using five hypotheses. Criteria for accepting the hypothesis, if the T_{statistic} value is greater than 1.96.

Table 6. Testing The Direct Effect Hypothesis

Effects	Original Sample	Sample Mean	Standard Deviation	T-Statistic	Remark
$SQ \rightarrow CD$	0.287	0.287	0.104	2.747	H₁ accepted
$CV \rightarrow CD$	0.676	0.677	0.107	6.347	H ₂ accepted
SQ → CL	0.241	0.263	0.130	1.849	H₃ rejected
$CV \rightarrow CL$	0.356	0.313	0.163	2.182	H ₄ accepted
$CD \to CL$	0.380	0.401	0.177	2.150	H₅ accepted

The results of hypothesis testing on the direct effect (Table 6) show that Improving the quality of services provided can increase customer delight. This result is indicated by a the $T_{\text{statistic}} = 2.747$ (greater than 1.96), so that H1 can be accepted. In testing H2, customer value is proven to determine the increase customer delight. This result is showed by a statistical value of 6.347 (above 1.96). Furthermore, service quality does not affect customer loyalty, because the statistical value obtained is 1.849 (below 1.96), so H3 is rejected. Meanwhile, the results of the H4 test show that customer value can increase customer loyalty with with a statistical value of 2.182 (above 1.96). Additionally, the H5 test results demonstrate that it is acceptable because the statistical value is greater than 1.96. (2.150). Thus it can be stated that increasing customer delight can increase customer loyalty.

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According to the directions of Hair, Ringle, & Sarstedt (2011), the results of the mediation examination analysis can be presented in Table 7 below.

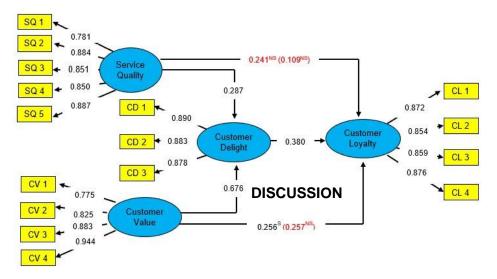
Table 7. Results of Examination of Mediation Variable

Γffeete		Domork				
Effects	Α	В	С	D	Remark	
$SQ \to CD \to CL$	0.241	0.109	0.287	0.380	No	
	(No Sig.)	(No Sig.)	(Sig.)	(Sig)	Mediation	
$CV \rightarrow CD \rightarrow CL$	0.356	0.257	0.676	0.380	Partial	
	(Sig.)	(No Sig)	(Sig.)	(Sig.)	Mediation	

Information that can be conveyed from Table 7, customer delight is not able to amplify the impact of service quality on customer loyalty. This finding suggests that there is still very little variance of customer delight as a mediator of the indirect impact of service quality on customer loyalty is still very low (not meditating). In other information, customer delight can mediate the indirect effect of customer value on customer loyalty. These results suggest that an increase in customer delight based on customer value will be able to increase customer loyalty. Customer delight mediation is partial, thus providing customer delight findings is not a crucial mediation on the indirect effect of customer value on customer loyalty.

According to the results of the overall analysis carried out, the research results model can be compiled in Figure 2 below..

Figure 2. The Research Results Model



Service quality is proven to determine the increase in customer delight. These findings indicate that Apotek Iwos Farma Badung customers will be happier if service quality is implemented more effectively. When a company's service quality is excellent, consumer will feel incredibly delighted. This result is following the findings of Widyastuti & Mu'afiah (2015); and Alzoubi, Alshurideh, Kurdi and Inairat (2020) stating that providing satisfactory service quality to consumers will encourage bonds to the company. Bonds that come from consumers increasingly encourage companies to know consumer needs in the long term. Services provided by a company if it meets consumer needs cause higher customer delight. In line with the views of Alzoubi, Alshurideh, Kurdi and Inairat (2020), providing high-quality services to customers and making those customers feel such quality leads to very delight, which in turn creates a high level of loyalty, and that

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loyalty brings customer pleasure and happiness.

The rise in customer delight is evidence of the value of customers. According to the analysis's findings, Apotek Iwos Farma Badung's customers are delighted the more value they place on their business. These results are in accordance with what was stated by Dubey, Bajpai, Guha and Kulshreshtha (2018) that the more delight the customer feels, the customer will give a high value to the business. This is supported by research conducted by Roberts-Lombard and Petzer (2018), Ghorbanzade, Mehrani and Rahehagh (2019), and Alzoubi, Alshurideh, Kurdi and Inairat (2020), measuring the effect of perceived customer value on customer delight. The marketing function is one of the core functions of every organization today. Based on this, marketing can be considered an important function because it has the most business-to-customer contact dimensions. The essence of a successful marketing strategy and best business practice is to survey, understand, build, deliver, and provide added value to customers that lead to customer delight.

Proven service quality cannot directly ensure customer loyalty. This finding is relevant to the existing conditions at the Apotek Iwos Farma Badung, due to the occurrence of less-than-optimal services such as there is one employee who is not friendly, the explanation from the pharmacist is sometimes difficult to understand, and the operating time of the pharmacy is not 24 hours so that the implementation of service quality is not enough optimal. Application of service excellence should prioritize customer convenience in shopping which is reflected in always being friendly to customers, providing easy-to-understand explanations so that they are easily accepted by customers and pharmacy operations should be 24 hours because customers come erratically. In addition, service quality does not indirectly affect customer loyalty through customer delight mediation. This finding indicates that the effect of service quality on customer delight is still low, so it cannot determine loyalty. The results of this study are in accordance with empirical studies by Sitorus and Yustisia (2018) and Desiyanti, Sudja, and Martini (2018 who found that the service quality provided by the company does not necessarily ensure customer loyalty. The results of this study also confirm reject the findings of Lai (2015); Igbal, Hassan and Habibah (2018); and Iddrisu, Nooni, Fiankoand Mensah (2015) stated that the customer loyalty has been determined to increase with service excellence.

Customer value is proven to ensure increased customer loyalty. These results mean that the higher the customer value, the higher the customer loyalty at the Apotek Iwos Farma Badung will be. Customer value makes an important contribution to increasing customer loyalty (Harryani, 2017). This implies that customer value is important to consider to give high value to a thorough evaluation by consumers of usability based on perceptions of what is received and what is given to create and maintain customer loyalty (Abadi, Nursyamsi, & Syamsuddin, 2020). Another finding is, customer delight can mediate the indirect effect of customer value on customer loyalty. These results suggest that an increase in customer delight based on customer value will be able to increase customer loyalty. However, customer delight mediation is only partial or does not play a key role. This is because customer value also has a direct impact on customer loyalty. This result is by the findings of Romdonny, Juju, Jusuf, & Rosmadi (2018) and Chen (2015), the customer value can boost customer loyalty. Customers are more devoted to a company's products when their worth to the business is higher. Therefore, if the price is high but the consumer only receives a limited number of benefits, it will affect their level of loyalty.

Following the results of the analysis, customer delight is proven to have an impact on increasing customer loyalty at Apotek Iwos Farma Badung. This result gives meaning, that happy customers tend to become loyal customers. Consumer loyalty will occur when

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consumers feel satisfied, so consumers will be encouraged to be loyal to the company. Whereas loyalty is an indication of the attitude of customers who stay in touch or do business with the company. Therefore, a marketer must always create satisfaction that is desired by consumers, meaning that if consumers or customers are just satisfied, it is not enough to be used as a basis for winning the competition and increasing sales. Companies get loyal customers when the services provided by the company meet and exceed customer expectations. Because customers must receive more than the bare minimum of service in order to be satisfied, businesses must evaluate and check whether this is happening. (Kim & Park, 2019). The results of this study are following empirical findings such as: according to Indriyanti and Irene, 2020; Kim and Park, 2019; Desyanti, Sudja and Martini, 2018; and Wati, Kusuma and Widnyana, 2020 which state that the increasing customer delight towards customer loyalty will be higher. However, different studies found by Jeffany, Kosasih, Vinsen and Purba (2021) in this study showed that customer delight did not have determine on customer loyalty.

CONCLUSION

The conclusions that can be conveyed from the results of this study are that service quality and customer value both have an impact on increasing customer delight at Apotek Iwos Farma Badung. In addition, It was found that service quality cannot directly determine customer loyalty. However, service quality can determine customer loyalty by mediating customer delight. Next customer value can increase customer loyalty, either directly or through the mediation of customer delight. However, customer delight is not a crucial mediator of the indirect effect of customer value on customer loyalty, because customer value also has a direct significant impact on customer loyalty. Meanwhile, this study also found that customer delight can ensure increased customer loyalty at Apotek Iwos Farma Badung.

Some suggestions that can be conveyed from the results of this study are that management in improving the quality of service at Iwos Farma Pharmacy Badung should prioritize empathy at work. In addition, in terms of service quality, it is also necessary to have reliability, responsiveness, assurance, and tangibles. The reality is that the quality of service at Iwos Farma Badung Pharmacy has been carried out well by employees, by prioritizing empathy in work which is reflected in the attitude of serving in a friendly and courteous manner. Management in increasing customer value at Iwos Farma Badung Pharmacy should make improvements that prioritize price value, and are accompanied by emotional values, social values, and quality values. Management in increasing customer delight at Iwos Farma Badung Pharmacy should prioritize being fair at work. In addition, in customer delight, it is also necessary to apply an attitude of respect and the final touch. In reality, customer delight in the workplace has been implemented well, by prioritizing being fair at work which is reflected in the attitude of providing accurate product information and promoting according to reality. To increase customer loyalty at Iwos Farma Apotek Badung, they should enhance their offerings to encourage customers to buy more frequently, switch between product lines, recommend them to others, and resist pulls from rival.

For further research, they can develop this research by examining similar factors or other factors that can affect customer loyalty and can also increase the number of respondents. In addition, further researchers are also expected to expand the orientation of research to other pharmacies. When further research is carried out at Iwos Farma Pharmacy Badung, it is recommended to offered that service quality does not significantly affect customer loyalty, look at other factors that might have an impact.

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DECLARATION OF CONFLICTING INTERESTS

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