

## **The Impact of Marketing on Customer Loyalty: A Study of Dutch Lady in Malaysia**

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### **ABSTRACT**

Dutch Lady Milk Industries Berhad is one of the most successful manufacturers and suppliers of dairy products in Malaysia. Dutch Lady supplies dairy products packed with essential nutrients and vitamins for people of all ages, ranging from infants to adults. This study aims to investigate the impact of marketing on customer loyalty. A survey through Google form was conducted among different age group people to identify the most effective Dutch Lady's marketing tools. This study showed that one of the most effective marketing tools used by Dutch Lady in Malaysia is 'free samples' under promotion tools that help consumers raise brand awareness and reach the target audience. It also helps to retain customers and create customer loyalty. Therefore, the Dutch Lady should invest more marketing strategies in giving out free samples to potential and current customers.

**Keywords:** Brand Position, Customer Loyalty, Dutch Lady, Malaysia, Marketing

### **INTRODUCTION**

Marketing is a business action of promoting and selling products or services, including market research and advertising. For a business, it is one of the main pillars to get sales. Customers' behavior in buying one brand product is considered a requisite of loyalty based on satisfaction (Verma, Singh, & Sidhu, 2017). The importance of marketing in business has brought many benefits for the customers and the business itself. Informing customers about the products or services is a form of marketing. It informs all the information of the products in sales. To buy something, the customers need to understand what it does and how it works. It has been said that marketing is the most effective way to communicate the value proposition to customers in an interesting way. It is meant to sustain a business presence in which businesses need to invest, cultivate, and work every day to sustain and have longevity.

Marketing creates long-term customer relationships that help the business to grow. It plays its role in the playing field with big-name competitors for small to medium-sized businesses. Modern customers have been familiar to value experience overpricing. Effective marketing can even make small businesses successful. According to Othman et al. (2019), by applying marketing mix practices organizations achieve the objectives

of their sales and profits. This is accomplished through the 7Ps of the service marketing mix (price, product, promotion, place, process, people, and physical evidence). For a business, customer engagement is key to success. It allows the business before communicating a message and engaging customers and potential customers through several mediums. Marketing sells the products or services of a business, throughout which a business needs to invite customers into a purchase. Also, marketing is key to ensuring business growth. Upon understanding the marketing mix elements, businesses and organizations can influence their existing customers to carry on their business and become loyal customers (Khan & Shambour, 2017).

In 1963, Dutch Lady Milk Industries Berhad was founded. Dutch parent company Royal Friesland Campina owns Dutch Lady Malaysia. For more than 50 years, Dutch Lady Milk Industries Berhad has been the most successful manufacturer and supplier of dairy products in Malaysia (Tian, 2017). Dutch Lady does have its marketing strategies. One of the marketing strategies is gaining a lot of loyal customers. Customer loyalty is consistently choosing a company's or a brand's products and services over their competitors. When a customer is being loyal to a specific company or brand, they will not focus on the price or availability. They would rather pay more and ensure the same quality of product and service.

This study aims to investigate the impact of marketing on customer loyalty. The importance of having a loyal customer in a business is that customer loyalty is the pillar for a business to be successful (Hulbert-Williams, Pendrous, Hochard, & Hulbert-Williams, 2020). Sengupta, Sengupta, Lazo Jr., Hicok, and Moseley (2020) supported this because customers are the key to business success, and customer satisfaction will result in customer loyalty. Customer loyalty is a primary key to establishing long-term customer relationships (Pandey et al., 2021). The business providers must know marketing needs, and they must focus on how to keep customers faithful (Othman et al., 2019). Keeping customers coming back is critical to business success. Loyal customers indirectly help a business grow and keep profits high. Besides, they also make recommendations to family and friends, which are more powerful than ordinary promotions as first-time users will be always looking for recommendations. This is where a business will be more recognized among the people. Customer loyalty can be assumed to be the same as loyalty services because customers who are already familiar with a service are crossed in thinking about the product (Mustawadjuhaefa, Basrimodding, Muh.Jobhaarbima & Ilhamlabbase, 2017). For Dutch Lady, customer loyalty is the key point for success. Those loyal customers purchase dairy products consistently. They support the product as Dutch Lady always meets their expectations by giving the best promotions and constantly adds value to customer experience to enhance and hold strongly on customer loyalty.

The impact of marketing on customer loyalty in Nigerian breweries Plc. is that price, product, place, and promotion (4P) were jointly and independently predicted consumer loyalty. This supported Kotler (2011) suggesting that marketing mix elements have become major business tools for companies to pursue their marketing objectives. Thus,

marketing mix elements significantly affect consumer loyalty (Owomoyela & Oyeniyi, 2013). Marketing, more than any other business function, deals with customers. Perhaps the simplest definition is that managing profitable customer relationships. The twofold marketing goal is to attract new customers by promising superior value and keeping and growing current customers by delivering satisfaction (Kotler, 2011). On this basis, marketing is the main pillar to achieve the customer loyalty target to impact customer loyalty. Besides, the attractive content of the product will give impactful customer attention and make them come back again.

Souar, Mahi, and Ameer (2015) showed the critical importance of the marketing mix elements in the telecommunications sector in general and applied to Algerian telecommunications' company. They examined a model to account for the relationship between the seven elements of the marketing mix and consumer loyalty. They concluded that product, the process of providing the service, and promotion have a positive and significant effect on consumer loyalty, while the performance of employees, physical evidence, price, place, or distribution do not have a significant effect on consumer loyalty. This implies that customer loyalty is most likely to influence, motivate, and convince the respective products or services and the company or the brand.

Satisfied consumers tend to be loyal. They are most likely to use similar products in the future. This pretty statement explained that European visitors have the characteristics of being loyal consumers (Yuniati, Priyanto, & Suharti, 2020). The most important thing that reflects customer loyalty is a preference for dealing with a particular company due to the confidence and trust it exudes, which leads customers to recommend to their acquaintances the services of this examined company. Also, they feel a sense of familiarity, which further leads them to defend the company in case of criticism because of the ease and positive emotions when dealing with its services. In addition, the company is characterized by its name and brand (Souar et al., 2015). Based on the study, trust is confidence in the honesty or integrity of a person or thing. Trust is the belief that someone is being truthful. In that case, customers will expect trustful products or services from a company or a brand. Once the customer realizes the truthful products or services and be confident in them, they instantly believe in the company or the brand. That is how customer loyalty occurs in a business. In that way, the company will make the necessary facilities to make their customers feel comfortable.

Abtin and Pouramiri (2016) reported a significant relationship between customer loyalty and trust, satisfaction, management, communication, and competence. In addition, the customers are expecting more flexible communication with a company. Communication is a bridge between customer and company in which they can query the product or services given by the respective company. By asking questions and having a brief knowledge about the product or services, they get acknowledged together with satisfaction feelings for the product or services. In this way, customer loyalty will be sustainable for the long-term recognizing customer loyalty is essential, and organizations may easily build relationships and commitment with their existing customers to force them to repurchase their products and services (Mustawadjuhaefa et al., 2017).

Gaurav (2014) stated that the automobile customers in India tend to be very loyal if the automobile organization elucidates customer-centricity while dealing with its customers, staying committed, remaining trustworthy, serving the customers in the best possible way, and communicating with them openly regularly. This indicates that the customers and the company stay connected and committed by the product or services. Customers will be more encouraged for the commitment to a company. A basic commitment leads the customers from an ordinary customer to a loyal customer for a business.

### **RESEARCH METHOD**

This study aims to describe and identify the impact of marketing on customer loyalty of Dutch Lady in Malaysia. The primary method we used to collect data was by conducting surveys with the customers as respondents by Google Forms shared via social media. We did quantitative research to obtain results. The quantitative data helps us to count our respondents as it is in numerical data about our respondents' responses. A total of 101 respondents who were Dutch Lady's consumers from different age groups and different income ranges in Malaysia completed the survey.

The survey consisted of four sections. The first section is about the demographics of respondents to know respondents' backgrounds and make sure that the respondents represent the target population. The second section consisted of seven questions to check how aware respondents are on the availability of Dutch Lady products. The third section comprised four questions to know the respondents' perception of the Dutch Lady's marketing tools. The last section was presented with a 9-point scale. We asked the respondents to indicate (1 = strongly disagree to 7 = strongly agree) the degree of their agreement or disagreement with each statement. The respondents are asked to rate their perception on three types of loyalty: customer loyalty, brand loyalty, and price royalty towards Dutch Lady. Microsoft Office Word is used to present and analyze the data and results collected in the form of tables.

### **RESULTS AND DISCUSSION**

Our study was carried out to find out the influence of marketing on customer loyalty. The survey was carried out among 101 respondents. The survey comprised 6 main sections of demography, product awareness, marketing strategy, advertisement, promotion, and customer satisfaction.

#### **Respondent Demographics**

The study was conducted among 101 local people who acknowledge the Dutch Lady. All the 101 questionnaires were answered and deemed valid to be used with a response rate of 100%. Table 1 presents the respondent demographics.



**Table 1.** Respondent Demographics

|               |                    | Frequency | Percent |
|---------------|--------------------|-----------|---------|
| Age           | 18-25              | 92        | 91.1    |
|               | 26-30              | 3         | 3.0     |
|               | 31-35              | 3         | 3.0     |
|               | 41-45              | 2         | 2.0     |
|               | 46-50              | 1         | 1.0     |
|               | Total              | 101       | 100.0   |
| Gender        | Female             | 72        | 71.3    |
|               | Male               | 29        | 28.7    |
|               | Total              | 101       | 100.0   |
| Ethnicity     | Bajau              | 1         | 1.0     |
|               | Bumiputera Sabah   | 1         | 1.0     |
|               | Chinese            | 29        | 28.7    |
|               | Indian             | 41        | 40.6    |
|               | Malay              | 28        | 27.7    |
|               | Siamese            | 1         | 1.0     |
|               | Total              | 101       | 100.0   |
| Annual Income | Below RM10,000     | 89        | 88.1    |
|               | RM10,001-RM30,000  | 3         | 3.0     |
|               | RM30,001-RM50,000  | 2         | 2.0     |
|               | RM50,001-RM100,000 | 7         | 6.9     |
|               | Total              | 101       | 100.0   |
|               | Bachelor's Degree  | 71        | 70.3    |
|               | Diploma            | 16        | 15.8    |





|                         |                  |       |
|-------------------------|------------------|-------|
| Highest Education Level | High School or 5 | 5.0   |
|                         | Master Degree    | 3.0   |
|                         | Matriculation    | 2.0   |
|                         | MATRICULATION    | 1.0   |
|                         | Ph.D Degree      | 2.0   |
|                         | STPM             | 1.0   |
|                         | Total            | 100.0 |
| Location (States)       | Johor            | 8.9   |
|                         | Kedah            | 8.9   |
|                         | Kelantan         | 3.0   |
|                         | Kuala Lumpur     | 1.0   |
|                         | Malacca          | 4.0   |
|                         | Negeri Sembilan  | 1.0   |
|                         | Pahang           | 2.0   |
|                         | Penang           | 32.7  |
|                         | Perak            | 10.9  |
|                         | Sabah            | 2.0   |
|                         | Sarawak          | 1.0   |
|                         | Selangor         | 22.8  |
|                         | Terengganu       | 2.0   |
|                         | Total            | 100.0 |

Table 1 shows the respondent's demographic including the respondent's age, gender, ethnicity, annual income, highest education level, and location. These factors do affect the customer's loyalty in a way with the marketing impact.



**Table 2.** Descriptive statistics, Cronbach's Coefficient Alpha, and Zero-Order Correlation

| Variable              | M1    | S1    | S3    | S2    | S4    | S5    | S7    | S6    | S8    | S9    |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Marketing             |       |       |       |       |       |       |       |       |       |       |
| M1                    | 1.000 |       |       |       |       |       |       |       |       |       |
| Component of Products |       |       |       |       |       |       |       |       |       |       |
| S1                    | .667  | 1.000 |       |       |       |       |       |       |       |       |
| S3                    | .581  | .649  | 1.000 |       |       |       |       |       |       |       |
| S2                    | .642  | .698  | .680  | 1.000 |       |       |       |       |       |       |
| Marketing impact      |       |       |       |       |       |       |       |       |       |       |
| S4                    | .679  | .741  | .593  | .671  | 1.000 |       |       |       |       |       |
| S5                    | .693  | .766  | .547  | .635  | .837  | 1.000 |       |       |       |       |
| S7                    | .552  | .614  | .424  | .473  | .694  | .728  | 1.000 |       |       |       |
| S6                    | .598  | .665  | .464  | .628  | .828  | .846  | .774  | 1.000 |       |       |
| S8                    | .512  | .572  | .704  | .679  | .543  | .472  | .381  | .514  | 1.000 |       |
| S9                    | .095  | .125  | .188  | .113  | .218  | .135  | .163  | .175  | .107  | 1.000 |
| M                     | 8.09  | 4.16  | 4.37  | 4.28  | 4.08  | 4.00  | 3.76  | 4.00  | 4.06  | 3.88  |
| Sd                    | 1.674 | .784  | .809  | .814  | .857  | .949  | 1.159 | .959  | .892  | 1.013 |

*Note:* N= 101;  $p < 0.05$ ,  $p < 0.01$ ; Diagonal entries indicate Cronbach's coefficients alpha; M1= Marketing Opinion; S1=Meet the needs; S2=Quality; S4=Continuation; S3=Availability; S5= Favourable; S6=Recommendation; S7=Loyalty; S8=Price; S9=Consideration.

**Table 3.** Summary of Correlation

| Item-Total Statistics |                                |                                  |                              |                                  |  |
|-----------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|--|
| Scale Mean if Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |  |

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|    |       |        |      |      |      |
|----|-------|--------|------|------|------|
| M1 | 36.58 | 38.785 | .726 | .584 | .903 |
| S1 | 40.51 | 47.392 | .807 | .704 | .891 |
| S2 | 40.40 | 47.562 | .757 | .670 | .893 |
| S3 | 40.31 | 48.275 | .693 | .646 | .897 |
| S4 | 40.59 | 45.984 | .861 | .793 | .887 |
| S5 | 40.67 | 45.102 | .841 | .828 | .887 |
| S6 | 40.67 | 45.342 | .810 | .828 | .888 |
| S7 | 40.91 | 44.562 | .699 | .640 | .895 |
| S8 | 40.61 | 48.099 | .632 | .601 | .899 |
| S9 | 40.79 | 53.126 | .174 | .080 | .925 |

**Table 4.** Summary of Reliability Statistic

| Reliability Statistics |  |            |
|------------------------|--|------------|
| Cronbach's Alpha       | Cronbach's Alpha Based on Standardized Items | N of Items |
| .906                   | .920   | 10         |

**Table 5.** Summary of Coefficient Beta

| Coefficients <sup>a</sup> |                  |                             |            |                           |       |      |
|---------------------------|------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |                  | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|                           |                  | B                           | Std. Error | Beta                      |       |      |
| 1                         | (Constant)       | 1.242                       | .769       |                           | 1.614 | .110 |
|                           | Meeting the need | .208                        | .265       | .098                      | .788  | .433 |
|                           | Quality          | .424                        | .238       | .206                      | 1.783 | .078 |





|                             |       |      |       |        |      |
|-----------------------------|-------|------|-------|--------|------|
| Available for everyone      | .203  | .234 | .098  | .867   | .388 |
| Continuation                | .372  | .288 | .191  | 1.293  | .199 |
| Favourable                  | .587  | .281 | .333  | 2.090  | .039 |
| Recommendation              | -.313 | .282 | -.179 | -1.109 | .270 |
| Loyalty                     | .156  | .162 | .108  | .961   | .339 |
| Price                       | .078  | .201 | .041  | .387   | .700 |
| Consideration another brand | -.060 | .116 | -.036 | -.517  | .606 |

a. Dependent Variable: Marketing Opinion

**Table 6.** Summary of Regression Analysis

| Impact of marketing on customers loyalty | Beta |
|--|------|
| Marketing opinion                        | .041 |
| Component of product                     | .723 |
| Marketing impact                         | .165 |

Note; N=101;  $p < 0.05$ ,  $p < 0.01$

Table 2, Table 3, and Table 4 indicate that the dependent variable is the scale towards Dutch lady's marketing, while the independent variable is another question about marketing opinion from the customers. The perception of meeting the need and availability for everyone are statistically significant together. As for the relationship, these variables are correlated to customers' opinion toward Dutch lady's marketing. As for variables, recommendation and consideration of another brand are negative statistically with a beta of -.179 and -.036 independently (see Table 5).

## CONCLUSIONS

The analysis that Dutch Lady improved all kinds of weaknesses all the years and did not step back. This is the main reason why Dutch Lady has been selected by all Malaysians. Despite its good aspects, Dutch Lady remains so adamant that they need to improvise to get more loyal customers. It is the first company that uses Ultra High-Temperature Pasteurization (UHT) that most Malaysian do not know what it stands for. Thus, Dutch Lady should give some awareness about the UHT to consumers. It is clear why the price of the Dutch Lady is more expensive compared with the Marigold and Farm Fresh. As

many are not aware of this special UHT excitement, they are not aware of the reason for the high price.

Moreover, Dutch Lady should have a direct market selling where consumers can buy the product directly from the company, by which the sales will increase. As per study, Dutch Lady has a variety of selling methods and they have used the mix strategy. Most of the products can be seen in all supermarkets, grocery stores, hypermarkets, and convenience stores. Other than that, Dutch Lady can add on some reward to consumers such as loyalty points where each time a customer buys, they will get a discount or free products. This may lead to increased sales and consumer loyalty.

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