The Effect of Relationship Marketing Dimensions by Customer Satisfaction to Customer Loyalty

Mousa Reznani 1Shahram Gilaninia 2Seyyed Javad Mousavian

1,2,3Department of management, Astara Branch, Islamic Azad University, Astara, Iran.

Abstract: According to private banks activation and markets fragmentation, communications and information development at the international level and customers being more informed and expert, today customers absorption and maintenance in banking industry has been complicated by many degrees and only those banks whose activities main pivot is customer absorption and maintenance benefit from a good position in competition arena. In such situation this question is raised whether using relational marketing in country banking industry can influence customers’ loyalty through customers’ satisfaction. The aim of this research is examination of stronger dimensions of relational marketing upon insurance customers’ loyalty, which is considered on the basis of a model offered by Doisy including reliance, commitment, communications, and confliction control. Current research is of causative type and research statistical assembly includes total customers of Ardabil province bank branches. Questionnaire gathered data were examined by using LISREL software in structural equation modeling style and all of the assumptions were confirmed.

Key words: marketing relationship, customer satisfaction, customer loyalty, structural equation modeling

INTRODUCTION

Current arena is the period of accelerated and unpredictable evolutions and companies confront with the most difficult and unprecedented competition conditions due to existence of such factors like uncertain boundaries among markets, more fragmentation of markets, shortened product consumption period, accelerated variation of customers purchasing paradigms and customers being more expert (Wong and shohal, 2002).

In this direction only those organizations whose activities main pivot is providing customers requirements and satisfying their needs will benefit from a good position in competition arena since elevated level of customer satisfaction leads to his more loyalty. Today customers’ absorption and maintenance in the country banking industry has been complicated due to activation of private banks companies and development of communications and information at the international level which gives this opportunity to people to compare various insurance companies all over the world (Amirshahi, 2007) So banks nature necessitates appropriate strategies and solutions to absorb and maintain customers. Because durance and existence of these companies depends upon their customers and the more they try to maintain their customers the more successful they will be in long term. The main viewpoint of customer maintenance is that one should acquire customer satisfaction by continuously offering him superior value (Kotler, 2001) One of these ways is using relational marketing (Bose and Bansel, 2007). Relational marketing is a strategy to surmount services intangibility, especially in the case of services like insurance that estimation is difficult for customers even after use and purchase (Crosby and Stephen, 2001). In spite of emphasize upon relational marketing importance and existence of various studies around relational marketing main topic, to make this concept applicable still is ambiguous.

Literature review:

Considering this fact that suppliable services in commercial banks are almost the same and to most banks it is difficult to make these services distinct from rivals’ services, so many of world banks have moved toward relational marketing approach (So and Spece, 2000) The concept of relational marketing, for the first time was pointed out in an American literature in berry article, 1983. Berry considered relational marketing as a strategy to absorb, maintain and strengthen relation with customer (Wong and sohal, 2002; Kotler and Armstrong, 1999) Gronrooz has defined relational marketing as the process of identification, creation, maintenance, strengthening and in the case of necessity, terminating relationship with customers and other beneficiaries in a reciprocal profit, so that all group goals are realized in this regard (Gronroos, 1994) Although there are different interpretations of relational marketing concept by various researchers, its advantages and influences upon organizations performance improvement should not be concealed from views. For example results obtained from seen and others examinations show that foundations or roots of relational marketing such as reliance, social relations, communications, mutual values, sympathy and reciprocal attempt has had positive and
significant impact upon sales growth, market share and ROI in these companies (Sin et al., 2002) Kastler describes loyalty as a constant commitment towards family, country or friends and believes that for the first time this term entered marketing literature with commercial name emphasizing upon loyalty (Kotler, 2003.) In conceptual sense, customer loyalty includes three dimensions of behavioral, perceptual and synthetic. Behavioral dimension of loyalty emphasizes customer behavior in repetition of purchase. Perceptual dimension means extend of desired and appropriate inclination towards a supplier of service. At last synthetic viewpoint of loyalty combines perceptual and behavioral dimensions definitions of loyalty (Zins, 2001) Different researchers have considered various foundations for relational marketing. Chew in his search has introduced three classes of variables as relational marketing foundation for banking industry which includes financial connection, social connection and structural connection (Chia, 2005) Seen and his colleagues in a research identified reliance, communications, mutual values, sympathy and reciprocal attempt as most important roots of relational marketing (Sin and et al., 2002) Rashid, in his research has introduced reliance, commitment, social relations, sympathy, positive experiences, fulfilling commitment and communications as primary variables which form relational marketing (Rashid, 2003) Relational marketing aim is creation and maintenance of durable relations between company and its customers so that it is satisfactory for both sides (Ndubisi et al., 2005) According to many researches carried out in the field of relational marketing, in each of these researches key dimensions has been considered including reliance, equality, commitment, sympathy, proficiency, communications, home relational marketing, fulfilling promise, good experiences, social connections, customer satisfaction, conflict control and taking part in relational marketing. In this research we focus on stronger dimensions which have already been identified, Doisy in 2007 introduced them like this: reliance (Morgan and hanta, 1994; Wang and sohan, 2002; wolotoso, 2002; Rashid, 2003), commitment (Morgan and hanta,1994; Rashid, 2003; dobisy, 2004) communication (kerasby, 1990; morgan and hanta, 1994; Rashid, 2003; dobisy, 2005) and conflict control (dyvir, 1987 and dobisy in 2005) (Ndubisi et al, 2007). According to moon and minor viewpoint loyalty variable is the extent of customers’ adherence to a particular brand, good or service and purchase aim is defined in the future (moon and minor, et al, 1382) There are three approaches to measure loyalty: behavioral, perceptual and synthetic approaches. Behavioral measures assume repetition of purchasing behavior as loyalty index. Perceptual measures deals with loyalty sense and synthetic measures measure loyalty by means of customers’ preferences for a product, inherent inclination to exchange, purchase repetition and total amount of purchase (Bowen, 2001) In this study to measure customer loyalty perceptual approach is applied.

Research problems:

According to private banks activation, competition development and communication and information
development at international level, today absorption and maintenance of customers in the country banking
industry has been complicated by many degrees that itself led to reduction of banks interest. Richard and Sesser,
1990, declared that a decrease of 5% in customer number will lead to banks loosing 50% of their profit.
According to carried out studies, 5% increase in maintenance of current customers will increase company
profit by 25 to 125% (Beerli and et al, 2007). So, customers’ loyalty is a significant factor in banks business
success. Important point is that loyal customers bring about various advantages, such as company profitability
improvement, marketing expenditure reduction, company sales increment, having customers with low price
sensitivity and etc. (Kandampully and Suhartano, 2006) Oliver defines loyalty as a profound commitment to
frequent purchasing or encouraging others to buy products or services (Oliver, 1999). Relational marketing ia a
strategy to surmount services intangibility especially in the case of services like bank that assessment is difficult
for customer even after purchase and use (Crosby and stephens, 2001). According to interviews done with banks
managers, to find dimensions of relational marketing influencing upon customers loyalty is one of the
challenges before them.

In this study, reliance, commitment, communications and conflict control are considered as dimensions of
relational marketing based on Doisy model, 2007. Reliance shows the extent to which one side of relationship
can count on the other side promises and pledges and is defined as an inclination to rely on and trust in
addressee (Wong and shoal, 2002). Commitment: one sided intention and determination to continue or maintain
relation with the other side (Rashid, 2003). Communication: all of the formal and informal contacts that lead to
exchange of meaningful and pertinent information between sellers and buyers and eventually conflict control is
defined as supplier capability in minimizing negative results of apparent and potential confliction (Ndubisi,
2007). So this study deals with relational marketing dimensions through impacts of customers’ satisfaction upon
extent of their loyalty in Ardabil province banks and main issue is as the following:

Does relational marketing have any impact upon the extent of bank customers’ loyalty through effectuality?

Conceptual model:

On the right side of model, relational marketing dimensions include reliance, commitment, communications
and conflict control which are independent variables in research. In between, customer satisfaction variable is
placed as modifying variable and on the left customer loyalty is placed as dependent variables. And the
assumption is that reliance, commitment, communications and conflict control have impacts upon satisfaction and loyalty of customer (Ndubisi et al, 2007).

![Fig. 1: Proposed framework](image)

**Research questions:**
Given the above theoretical model, to achieve the research objectives, answer the following questions to be considered.
1. Does Trust dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction?
2. Does Commitment dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction?
3. Does Connection dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction?
4. Does Conflict dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction?
5. Does customers satisfaction influences the extent of bank customers’ loyalty?

**Hypotheses:**
Given the above theoretical model, to achieve the research objectives, the following hypotheses can be raised include:
1. Trust dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.
2. Commitment dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.
3. Connection dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.
4. Conflict dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.
5. Customers satisfaction influences the extent of bank customers’ loyalty.

**Methods and data collection:**
This study is the type of field research and the library. Statistical populations are the total number of customer in the bank of Ardabil about 119000 in 2011 year and considering that the population is limited and unclear, Morgan is used to determine the sample size table. For 119000 the number of cases, the sample size is 384 people and 384 questionnaires were distributed of which 379 units were collected and analyzed. Also in this research the distance scale is measured in this study was to test the hypothesis test of structural equation modeling was used.

**Questionnaire validity and reliability:**
Validity or credibility of the answer to this questions that measuring to what extent the desired trait measures. (Sarmad and et al., 2002.) In the survey questionnaire to determine if the data needed to test the research hypotheses can gather, the views of faculty advisors are used. To determine the reliability of the final distribution of a preliminary study by distributing questionnaires among 40 customers of banks, and then through the Spss software, Cronbach's alpha coefficient was calculated over the value of is 79 percent. So we can say that the questionnaire has suitable and good reliability. (Table 2)
Table 2: Questionnaire reliability.

<table>
<thead>
<tr>
<th>variable</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>.801</td>
</tr>
<tr>
<td>commitment</td>
<td>.850</td>
</tr>
<tr>
<td>Connection</td>
<td>.802</td>
</tr>
<tr>
<td>Conflict</td>
<td>.708</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.734</td>
</tr>
<tr>
<td>Loyalty</td>
<td>.837</td>
</tr>
</tbody>
</table>

Results of the test research hypotheses:
The results of this study are presented in two parts: descriptive and inferential statistics. The results are shown in table 3 and 4.

A) Results of the descriptive statistics:

Table 3: Descriptive Statistics

<table>
<thead>
<tr>
<th>variable</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>379</td>
<td>20.46</td>
<td>6.18</td>
<td>6.00</td>
<td>30.00</td>
</tr>
<tr>
<td>commitment</td>
<td>379</td>
<td>12.61</td>
<td>4.29</td>
<td>4.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Connection</td>
<td>379</td>
<td>13.49</td>
<td>4.43</td>
<td>4.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Conflict</td>
<td>379</td>
<td>10.84</td>
<td>3.26</td>
<td>3.00</td>
<td>15.00</td>
</tr>
<tr>
<td>Loyalty</td>
<td>379</td>
<td>22.66</td>
<td>3.64</td>
<td>3.00</td>
<td>15.00</td>
</tr>
</tbody>
</table>

B) The results of inferential statistics
Research causative model test

Fig. 2: The standard test.
H1: Trust dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.

By referring to t-value amounts table it is shown that t-value amount equals 4/49 which is more that absolute value 1/96 so assumption 1 is confirmed and impact of Trust upon the extent of bank customers’ loyalty through influencing customers’ satisfaction is 0/27.

H2: Commitment dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.

By referring to t-value amounts table it is shown that t-value amount equals 2/01 which is more that absolute value 1/96 so assumption 2 is confirmed and impact of Commitment upon the extent of bank customers’ loyalty through influencing customers’ satisfaction is 0/15.

H3: Connection dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.

By referring to t-value amounts table it is shown that t-value amount equals 3/02 which is more that absolute value 1/96 so assumption 3 is confirmed and impact of Connection upon the extent of bank customers’ loyalty through influencing customers’ satisfaction is 0/27.

H4: Conflict dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.
By referring to t-value amounts table it is shown that t-value amount equals 4/35 which is more that absolute value 1/96 so assumption 4 is confirmed and impact of Conflict upon the extent of bank customers’ loyalty through influencing customers’ satisfaction is 0/23.

H5: customers satisfaction influences the extent of bank customers’ loyalty.

By referring to t-value amounts table, t-value amount is shown to be 7/91 which is more than absolute value 1/96, so assumption 5 is affirmed. And the impact of customers’ satisfaction upon the extent of bank customers’ loyalty is 0/9.

<table>
<thead>
<tr>
<th>Research hypotheses</th>
<th>standard assessments</th>
<th>t - value</th>
<th>Hypotheses status</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Trust dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.</td>
<td>0.30</td>
<td>4.49</td>
<td>confirmed</td>
</tr>
<tr>
<td>H2: Commitment dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.</td>
<td>0.17</td>
<td>2.01</td>
<td>confirmed</td>
</tr>
<tr>
<td>H3: Connection dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.</td>
<td>0.30</td>
<td>3.02</td>
<td>confirmed</td>
</tr>
<tr>
<td>H4: Conflict dimension have any impact upon the extent of customers loyalty through influencing customers satisfaction.</td>
<td>0.26</td>
<td>4.35</td>
<td>confirmed</td>
</tr>
<tr>
<td>H5: customers satisfaction influences the extent of bank customers’ loyalty.</td>
<td>0.9</td>
<td>7.91</td>
<td>confirmed</td>
</tr>
</tbody>
</table>

Examination of defining coefficient of model by using above equation shows that 80 percent of loyalty variations are defined by satisfaction variable which is a good amount.

\[ \text{loy} = 0.90*\text{satis}, \quad R_y = 0.80 \]

\[ \text{satis} = 0.30*\text{trust} + 0.17*\text{commit} + 0.30*\text{connection} + 0.26*\text{conflict}, \quad R_y = 0.62 \]

Also examination of the model defining coefficient indicates that 62 percent of satisfaction variations are defined by variables reliance, commitment. Communications and conflict control.

Examination of obtained defining coefficients shows that research model primarily covers key variables influencing loyalty.

Summary and conclusions:

According to results obtained from structural model, since all of the assumptions were confirmed it can be concluded that:

1- Reliance dimension has an indirect impact upon the extent of bank customer’s loyalty up to 27% So it is suggested that banks instruct their employees to exert adequate accuracy in accomplishing their duties, also, banks should apply modern technologies to fulfill their promises and pledges in order to abide by their commitments towards customers and fulfill their pledges as soon as possible.

2- Commitment dimension has an indirect impact upon bank customers loyalty up to 15%, so it is suggested that banks do some measures to create commitment and make their services compatible with each customer needs, for this sake, it is suggested that bank management and employees identify each customer needs by establishing long term and stable relationship and do some measures to support customers with required and special services.

3- Communication dimension has an indirect impact upon bank customer’s loyalty up to 27%. So it is suggested that banks make their attempts to increase customers loyalty for creating effectual relations and it is suggested that banks , at the time of supplying new services, deliver necessary information on time through various media. Banks supports customers with pertinent and reliable information through providing and distributing customers guide booklets.

4- Conflict control dimension has an indirect impact upon bank customers’ loyalty up to 23%. So it is suggested that banks hold some special trainings about how to confront with customers and pay some appreciative bonus to their employees and promote key variables such as reliance, commitment and communication.

5- Customers’ satisfaction variable has a direct impact upon bank customers’ loyalty up to 9%. So it is suggested that banks recognize variables like relational marketing dimensions which influence customers’ satisfaction and examine or improve it to increase their customers’ satisfaction.
REFERENCES


