

Assessment of the Impact of Relationship Marketing on Customer's Loyalty Level (Case Study; Mellat Bank in Rasht City-Northern of Iran)

Mohammad Reza Taghizadeh Jourshari¹, Abbas Rezaloie², Mohammad Taleghani^{3,*},
Mohammad Reza Gholizadeh Toochei⁴

¹ Department of Business Management, Rasht branch, Islamic Azad University, Rasht, Iran

² Department of Accounting and Management, Roudbar branch, Islamic Azad University, Roudbar, Iran

^{3,*} Department of Industrial Management, Rasht branch, Islamic Azad University, Rasht, Iran

⁴ Department of Business Management, Rasht branch, Islamic Azad University, Rasht, Iran

ABSTRACT

The purpose of this study is to evaluate the impacts of relation centered factors on the loyalty of the bank clients. To do so and according to each of the relationship marketing factors called: trust, commitment and conflict handling, the hypotheses of the study were made. To collect the needed data to test the hypotheses, a standard questionnaire was used and distributed among 280 clients of the bank in 20 branches in Rasht city.

To analyze the hypotheses and data, the analytical method called multiple regressions was used. According to the results, it is clear that there is a positive and meaningful connection between relationship marketing factors and client's loyalty. The bigger the amount of these variables, the higher the client's loyalty. Finally, according to each of these factors, some suggestions are made to increase the loyalty among bank clients.

KEYWORDS: Relationship Marketing, Customer Loyalty, Trust, Commitment, Conflict Handling.

1- INTRODUCTION

Undoubtedly, there is an increasing interest in relationship marketing. The expanding rivalry in today's business environment has resulted in deeper firm – client communication. This idea is vastly supported by the modern business world. Currently more and more organizations invest on the strong communication between clients and organizations to achieve great ideas about serving clients more efficiently. Otherwise, the clients may go to their rivals (Ndubisi, 2004, 70-89). Therefore, the communication with the clients makes the bilateral profits for both the organization and the clients. Having an effective communication with the clients, the association can achieve quality resources to program for better marketing strategies. To analyze the real impact of relationship marketing on the client's loyalty is of great importance. Such understanding can help us manage the better client – association communication and reach higher levels of loyalty among clients (Ndubisi, 2007, 98).

2. Importance of Study

Nowadays, marketing consultants seek out the ways and information to make more and more loyal clients for them. In each organization, both product and service, the most crucial factor to keep the organizations moving is the client. If the organization can satisfy the clients and make them feel loyal, it can be the best of the improvement of the whole system for a long time. The whole ideas mentioned and possible through management studies and programming whose introductory step is to be fully aware of the client's demands. The foundation of banking system is based on the clients and most experts believe customer orientation is the best and most profitable strategy for banks. Nowadays, bankers should really feel what customer demand and they ought to try to understand their wishes in a competitive environment. Customer can leave the banks while satisfied. A main principle for banks is to have a general customer orientation and, on the other hand, the satisfaction of the customers is one of the matters which service companies face. They strongly believe that to keep a customer is less costly than finding new ones. Studies show that if institutes and organizations add 5% to the cost of keeping their present customers, it can lead them to have up to 25% profit (Caruana et al., 2000, 1338-1352). Relationship marketing can help us find the customer's needs, and it can also make them loyal and decrease the institute's costs. This idea presents new values for the customers and then put them forward to both customers and institutes. We can achieve the customer's satisfaction which enhances the loyalty of customers and the reliability of the whole system (Taleghani, 2012, 19). As the resources of the organizations are limited and it is impossible to focus on all the effective factors to satisfy the customers, it is so vital to recognize, sort out, and prioritize all these factors. All this can help the organization to

*Corresponding Author: Mohammad Taleghani, Associate Professor of Industrial Management, Rasht branch, Islamic Azad University, Rasht, Guilan, Iran.

focus on all the important and effective factors (Moorman et al., 1992, 314-328). In this study, the investigators try to clarify the effectiveness of marketing factors based on the customer's loyalty, and present some practical ways and methods to increase the satisfaction of bank customers.

3. LITERATURE REVIEW

3.1. Relationship Marketing

The idea of relationship marketing has appeared within service and industrial marketing parts (Lindgreen et al., 2004, 673-692). In this viewpoint, the marketing activities are the means to support long-term relationship with customers and presenters (Taghizadeh, 2011, 15). The purpose of relationship marketing is to make, keep and increase the relationships with customers and others in a profitable manner in which the involved group's goals (organization and customer) are developed (Gronroos, 1994, 4-20). Therefore, all the units belonging to a firm should cooperate together to provide the customers with different services. To do so, we should have the relationships at various levels (economical, social, technical, and legal) which can be empowered and enforced through customer's loyalty (Kotler&Armstrong, 2008, 870-871).

3.2. Relationship Marketing Factors

In marketing literature, the relationship marketing has turned in to a theory according to key characteristics called trust, commitment, conflict handling and communication (Morgan &Hont, 1994, 20-38). This four factors as the bases for the relationship marketing directly affect the customer's loyalty and can easily predict it (Ndubisi, 2007, 99).

3.2.1. Trust

It is the interest to depend on a business partner (Moorman et al., 1993). In fact, trust means that what the partner claims or commits is reliable and does his responsibilities in the communication. The other writers define the word as common values (Morgan &Hont, 1994, 20-38), bilateral goals (Wilson, 1995, 335-345), making and keeping commitments (Bitner, 1995, 246-251).

3.2.2. Commitment

An important factor for the relationship marketing and a proper structure to measure the probability of the customer's loyalty and the prediction of future repetitive shopping (Gundlach et al., 1995, 78-93). Studies show that commitment is the commonest dependent variable used to study buyer- seller communication (Wilson, 1995, 335-345). Commitment is the forever interest in keeping a valuable communication (Moorman et al., 1992, 314-328). This phenomenon points to a higher level than responsibility to make a successful communication and a bilateral satisfaction (Morgan &Hont, 1994, 20-38). That's why; commitment among those who believe they can achieve more values through communication is more.

3.2.3. Communication

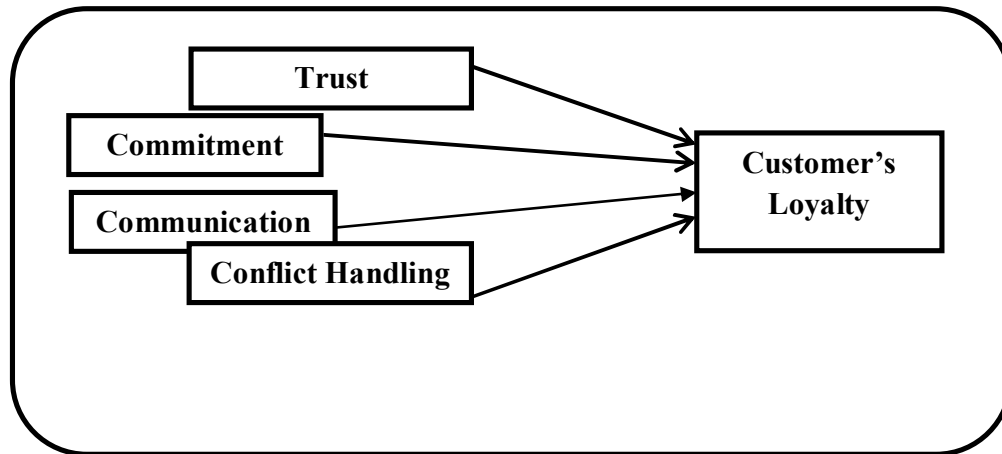
In this paper, communication refers to the ability to prepare the proper and trustable information. Today, communication is an interactional conversation between the company and customers taking place in presale, sell, consumption and post-consumption (Andeson&Narus, 1990, 42-58). Communication in relationship marketing means keeping in touch with valuable customers, providing the needed and trustable information about services, and changing the services and informing the customers if there is a problem in delivering process. In early stages, we should inform the customers, expend the customer's preferences, and convince and persuade the buyers to by more. Communication tells the dissatisfied customer that what an organization can do to put everything back right to satisfy the customer. Whenever there is an effective communication between and organization and its customers, we can expect better results and more loyal customers.

3.2.4. Conflict Handling

Conflict handling means the ability to avoid the potential conflicts, solve the clear conflicts before they turn into problems and discuss the solutions as the problems arise. Researchers have found that there is an effective communication between conflict handling and customer's loyalty directly through trust and communication. The producer's ability to handle the conflicts indirectly affects the customer's loyalty (Ndubisi& Chan, 2005, 542-557).

4. Research Conceptual Model

To do a scientific and classified research, we are in need of a theoretical and scientific framework. As the suggested model of "Nelson OlyNdubisi" contains all the present studied variables, the present model has been used shown in fig 1. In this model, customer's loyalty is considered as the dependent variable while trust, commitment, communication and conflict handling are called the independent ones. The effect of each of the factors on the customer's loyalty has been analyzed.



5. Research Hypothesis

Based on the research model which focuses on variables, such as: trust, commitment and conflict handling among customers, the researchers have test the following hypotheses in their study.

1. Trust affects the customer's loyalty to banks
2. Commitment affects the customer's loyalty to banks
3. Communication affects the customer's loyalty to banks
4. Conflict handling affects the customer's loyalty to banks

6. RESEARCH METHODOLOGY

This study is practical from the point of view of purpose and descriptive from the point of view of achieving the presented factors. As the needed data are used to survey the social factors of the group through sampling, the present study is the scale study. To collect the needed information in literature of the study, the library method was used and in other to test the hypotheses, the statistical group was chosen among the customers of 20 branches of Mellat bank in Rasht. 280 people were chosen. They were give questionnaires randomly. The questionnaire was prepared based on the previous investigation. It consisted of 19 questions at 5 levels. The customers marked the questionnaires according to Likert scale (from strongly disagree to strongly agree). To achieve the validity of the questionnaire, we asked some skilled instructors. Furthermore, its reliability was confirmed by Mr. Ndubisi of Monash University in Malaysia. Also, in other to do the final calculation and study of the questionnaire, 30 questionnaires were distributed among the customers who were finally calculated based on the SPSS software to present the Cronbach's alpha amount for each part of study. The results of the table show that the above questionnaire has got enough reliability.

Table 1: Reliability of Research Criteria

Criteria	Cronbach's alpha
Trust	0.82
Commitment	0.81
Communication	0.79
Conflict Handling	0.75
Loyalty	0.90

7. Description of Statistical Data

Firstly, we use the description statistics to study the characteristics of statistical cases. The data show that the majority of the respondents were men. There were 200 people which included 70% of the respondents. The rest

were women who made 29% of the whole group. Approximately half of the respondents, that is 44% had B.A degrees. Finally, 47% of them were the bank customers for more than 10 years, 34% between 5 and 10 years and 19% of them were the customers for 5 years or less.

Table 2: Description of Demographic Research Criteria

Variable	Frequency	Percent
Sex	Male: 200	71%
	Female: 80	29%
Age	20 ta 30: 97	35%
	30 ta 40: 86	30%
	40 ta 50: 61	22%
	50 and more 36	13%
Education	Diploma degree: 85	30%
	B.A. degree: 124	44%
	M.A. degree: 70	25%
	Ph.D.: 1	1%
Years of membership in Bank	5 years or less	19%
	More than 10	34%
	Between 5 and 10	47%

8. Data Analysis

To analyze the data of this research, the multiple regression method was used. The results of the survey summarized in the following tables show that trust, communication, conflict handling have a considerable effect on the loyalty of the customers and predict 53.2% of the changes.

Table 3: Multiple Correlation Coefficients

R	R Square	Adjusted R Square	Std.Error of the Estimate
0.574	0.532	0.530	6.11

As in regression test, the meaningful level for the factors (Sig), is less than 0.05, these four independents factors affect the dependent factor. In other word, regression analysis shows a significant and direct communication among the four sides under study and the customer's loyalty which equals 0.05. That's why, the results of the hypotheses show that the customers of Mellat Bank in Rasht will stay loyal if the bank: is trustable, responsible to give services, and acts efficiently to handle the conflicts. The positive sign for each of the factors shows that the bigger the amounts, the higher loyalty of customers. As a result, all the levels of research subject are proven right. In sum, when the customer's trust in bank, the commitment of the bank, the dependable communication, and conflict handling increase, the customer's loyalty increases, too.

Table 4: Multiple Regression Analysis

Variables	Un-standard coefficients B	Standard coefficients β	t	Sig
Constant	11.23		4.34	0.001
Trust	4.61	0.29	3.35	0.000
Commitment	4.23	0.27	3.12	0.011
Communication	3.78	0.22	3.02	0.032
Conflict handling	3.24	0.19	3.00	0.003

9. DISCUSSION AND CONCLUSION

The present study showed that relationship marketing can predict the loyalty of customers at least dealing with banks. Therefore, the researchers and investigators looking for the loyalty of customers and investigators looking for the loyalty of customers should focus on factors, such as: trust, commitment, communication and conflict handling. Banks desiring to have their loyal customers or increase them should be trustable and keep on behaving respectfully. Such banks should make the right relationship and interaction with the customers and try to handle the conflicts about the less important matters. The loyal customers are the valuable connectors who give great comments about an organization or product they feel loyal to. They can attract new supporter and customers to an organization. They can even affect the amount of selling, income and the profits of different organizations. They can also be a big source for new services and products.

Trust is another important combination for the company and customers and finally it can expand the loyalty to banks or any other working place. Therefore, banks should try different ways to meet these goals to have the trust of the customers, such as promising to the customers and keeping the promises, paying attention to the safety of the trade, providing quality services, respecting the customers, performing different duties and acting hard to let the customers trust in the bank and its services.

Commitment is a vital factor in the loyalty of customers which include the adaptability to the customer's needs, the accordance of the products to the needs and in general the adaptability in the relationship with the customers. Banks should consider the commitment in services to keep the loyal customers. They should show the real commitments instead of just naming them.

Effective relationship prepares the needed have to keep the customers and bank service organizations next to each other. Loyalty can begin through providing just and on time information. For example, to present information about the uses and preferences of new bank services or trade conditions are among these categories. Furthermore, the customer's loyalty can be enforced through just data about the banks which specifically deal with the specific problems.

Finally, customers: like to be loyal to banks which consider their objections and handle their problems and conflicts. Therefore, these mechanisms not only give energy, but also will not let them turn into potential problems. Effective reaction solutions should be prioritized explicitly to protect the customers while solving their problems. Finally, banks are supposed to talk to their customers while dealing with problems.

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