

# Assessment the Impact of Relationship Marketing Tactics on Relationship Quality and Customers Loyalty (Case Study: Mellat Bank, the City of Rasht)

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## ABSTRACT

The purpose of this study is to assess how the relationship marketing tactics has an impact on relationship quality and loyalty of bank customers. Firstly, six hypotheses according to three relationship marketing tactics, that called: service quality, price perception, and brand image, determined to test of the effective of these tactics on the relationship quality variables, such as satisfaction and trust. Then, two other hypotheses designed to test of the impact of relationship quality on customer loyalty. A questionnaire containing 27 questions was used and distributed among 280 bank customers in 24 branches in the city of Rasht for gathering the necessary information to analyses hypotheses. To analyses data and hypotheses, the regression analytical method was used. The results showed that there is a positive and meaningful relationship between the relationship marketing tactics and the relationship quality as well as between relationship quality components and loyalty. Finally, pay attention to each of these factors, proposals to increase banks customers' loyalty, were offered.

**KEYWORDS:** Relationship Marketing Tactics, Customer Loyalty, Trust, Satisfaction.

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## 1. INTRODUCTION

Due to the competitive business environment, retaining customers is very important [1]. In this competitive business environment, vendors not only are care to provide products or services with quality, But also they are a lot of attention to maintain useful relations with customers in long term [2]. Due to the intense competition in market, they need to look beyond traditional marketing mix strategies to engage in interactions with clients. So, today, companies have more and more emphasis on relationship marketing to create relationship and interaction with their clients. Relationship marketing has become an essential part of marketing strategy and helps to gain a powerful competitive advantage. Thus, repetitive purchases are increase and get benefit both company and customers [3]. In the final decades of the twentieth century, the concept of relationship marketing became as an important issue in service industries and scientific communities [4]. The first goal of the relationship marketing is increase the customer loyalty and creates the strong relationship between company and customer [5]. Development of market relations is not very simple, but if companies do it, both they and customers can achieve their mutual benefits. A dissatisfied customer will change the current company and another company is going to come. So, relationship marketing tactics used to avoid this behavior. An effective relationship-oriented strategy may be to help the corporations maintaining long-term of clients [2]. Indeed, The main purpose of the implementation of relationship marketing in institutions, maximizing customer loyalty. The main goal of this study also, assess the impact relationship marketing tactics on satisfaction and trust as customer loyalty relationship quality components is.

## 2. RESEARCH LITERATURE AND DEVELOP HYPOTHESES

### 2.1. The Concept of Relationship Marketing and Its Tactics

Relationship marketing activities all are carried out in order to create, develop and maintain successful relationships [6]. Gummesson defines relationship marketing as a continuation of the mutual relationship between a service provider and customer that will lead to formation of profitability. Companies can retain customers and increase their loyalty by planning in their marketing strategies [7]. There are many studies confirming the service companies have received incredible benefits of loyal customers. To acquire and retain profitable customers are the main goal of a successful service company. These companies try to create the loyal customers. Loyal customers, more than ever for companies to increase their profitability. Therefore, they are trying to use more tactics to encourage profitable customers to become loyal customers [8]. Some authors have proposed different ways to implement relationship marketing strategies. "Bansal", price perception, value offered and service-quality as related to marketing strategy implementation tactics are introduced. "Tseng" also believed, membership options and good communication with customers can to develop a healthy relationship. "Peng and

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Wang" also the relationship marketing tactics such as service quality, reputation and price perceptions are assessed. In this research, researchers service quality, perceived price and brand image as a relationship marketing tactics will be tested.

### **2.1.1. Service Quality**

Commercial success in the new world economy, ability to create differentiation values in the product, through quality of design and production and depends on the effective expression of these values to customers. Unlike the products that their qualities are measured often by some standards, service quality is measured through its performance [9]. Level of service quality showed a service, how to meet customer expectations or exceed customer expectations have been. In other words, service quality customer satisfaction levels to meet the needs, wants and expectations are and to establish a distinction between products and build confidence and customer loyalty is essential [10]. View of many researchers, consumer perception of service quality affects the trust and satisfaction of company [11, 12]. With this interpretation, the following hypothesis is offered:

H1: service quality has a positive impact on customers' satisfaction.

H2: service quality has a positive impact on customers trust.

### **2.1.2. Price Perception**

Price has a significant effect on consumer buying behavior. The prices perception may be vary from one person to another. Sometimes a higher price may have a negative impact on consumer buying decisions. Also, price perception is associated with the price search. "Oliver" proved that the consumer makes relationship between prices and service quality. Most times, customers know have higher prices reflect higher quality[12]. However, research shows that prices can affect the satisfaction and trust [13]. As a result:

H3: a fair price has a positive impact on customers' satisfaction.

H4: a fair price has a positive impact on customers trust.

### **2.1.3. Brand Image**

Build a strong brand not only is important in manufacturing industry, also it is a critical issue in the service sector. "Keller", defines the brand image as an attachment and perception of the brand in the mind of the customer. "Gronroos", refers to that each step of the branding makes different perceptions about the brand in the mind of the customer and the end result being called the brand image. Relationship marketing on the individual relationships between companies and consumers insists. In addition to its brand image also shows the relationship between brands and customers [14]. The brand image can also affect customer satisfaction and trust:

H5: brand image, has a positive impact on customers satisfaction.

H6: brand image, has a positive impact on customers trust.

## **2.2. The Concept of Relationship Quality and Its Components**

"Smith", argues that the relationship quality is important to measure the strength of the relationship strength. "Li and Ho" believe that good relationship quality can reduce the uncertainty in the minds of customers. If the quality is high, may have long-term relationship between customers and companies to develop [15]. Others suggest that quality can be measure by various dimensions such as: trust, communication, and interdependence. "Lages" also offer a relationship quality can by sharing information, attention to time and relationship quality from the corporation landscape be measured. In this research, trust and satisfaction were used as a measure of relationship quality.

### **2.2.1. Trust**

In the realm of relationship marketing, trust as an important variable for relationship success has been recognized [16]. It is an interest to depend on a business partner. 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, bilateral goals, making and keeping commitments [17]. People like "Bloemer and Odekerken", "Ball, Coelho and Machas" recognize that consumers due to uncertainty and less perceived risk in purchasing, to a brand they to trust and tend to remain loyal. Thus the between trust and customers loyalty to an institution or organization there are logical relationship. Hence, the following hypothesis is proposed:

H7: customers trust, has a positive impact on their loyalty.

### **2.2.2. Satisfaction**

Customer satisfaction has very importance in customer's retention. Today's, customer satisfaction is one of the attractive topics in business area [8]. Satisfaction is customer overall experience from a particular product or service and rebuy that. "Mouri" believes that experience, which the customer's needs and interests have been satisfied on that, may increase the chance of forming a long term relationship [3]. In the financial sphere, customer satisfaction due to fundamental role in loyalty is highly regarded [18]. In fact, there is clear consensus

among the scientific community about that satisfaction is an obvious prerequisite for loyalty. Therefore, we can propose the following hypothesis:

H8: Customers' satisfaction has a positive impact on their loyalty.

**2.3. Customer Loyalty**

Admittedly, value of customer's loyalty affects the existence of the company and its future. Customer loyalty can be used as a customer commitment to firm or customer's desire to maintain a relationship with a vendor to be drawn. Consistent with the view of "Gronroos", the main objective of relationship marketing is to acquire and retain customers. Based on previous studies, all marketing activities are intended to create customers loyalty. Consistent with the view of "Moorman", customer loyalty is desire to maintain valuable relationship. If managers and marketers are looking to retain customers and expand its profitability, must spend a lot of attention to customer loyalty. In this regard, relationship marketing enables company that in order to properly understand their customers' needs and creating superior value for its, enough were close to them and by providing products and services in accordance with the their requirements, will guide the organization to reduce costs.

**4. Research Theoretical Framework**

Relationship marketing tactics may vary from one company to another company. Performance of these tactics may be different from one company to another company. The present study investigated the effects of relationship marketing tactics on the loyalty of bank customers using the comprehensive model are discussed. In the present conceptual model (Figure 1), service quality, perceived price and brand image (relationship marketing tactics) as independent variables; Satisfaction and trust (relationship quality) as mediating variables and finally, customers loyalty are the dependent variable.

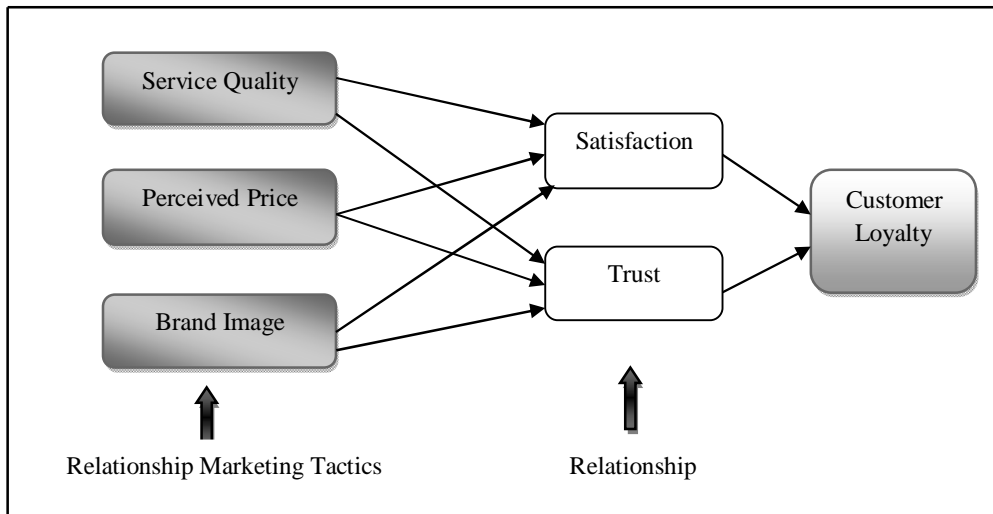


Figure 1: Research Conceptual Model [3].

**5. 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. To collect the needed information in literature of the study, the bibliography method was used and in other to test the hypotheses, the statistical group was chosen among the customers of 24 branches of Mellat bank in Rasht city. 280 people were chosen. They were give questionnaires randomly. The questionnaire was prepared based on the previous investigation. It consisted of 27 questions at 6 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. Also, in order to do the final calculation and study of the questionnaire, 40 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.

Cronbach's Alpha	Criteria
0.86	Service Quality
0.81	Perceived Price
0.84	Brand Image
0.85	Satisfaction
0.89	Trust
0.83	Customer Loyalty

## 6. 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 182 people which included 65% of the respondents. The rest were women who made 35% of the whole group. Approximately half of the respondents, that is 46% had B.A degrees. Finally, 53% of them were the bank customers for more than 10 years, 31% between 5 and 10 years and 16% of them were the customers for 5 years or less.

Table 2: Description of Demographic Research Criteria

Variable	Frequency	Percent
Sex	Male: 182	65%
	Female: 98	35%
Age	20 to 30: 87	31%
	30 to 40: 84	30%
	40 to 50: 70	25%
	50 and more 39	14%
Education	Diploma degree: 80	28%
	B.A. degree: 129	46%
	M.A. degree: 70	25%
	Ph.D.: 1	1%
Years of membership in bank	5 years or less	16%
	More than 10	31%
	Between 5 and 10	53%

## 7. DATA ANALYSIS

In order to test the research hypotheses, simple linear regression analysis was used. Results of regression test using SPSS software are summarized in Table 3. Since a significant number (sig) observed for all the research hypotheses is smaller than 0.05 and because, of all of statistic research hypotheses above 1.96 is located, Thus, between two variables in any the hypothesis presented in 0/95, there is a significant relationship. Other words, regression analysis, a significant direct relationship between various dimensions of the test at significance level 0.05 show. Therefore, research hypothesis, to be fully confirmed. Considering the correlation between both variables for each hypothesis is a positive sign, it can be said that the changes in both the direction and type of each variable is positive. Means that increase in a variable is associated with an increase in another variable and vice versa.

Among the variables analyzed, the highest correlation between trust and customer loyalty is owned ( $R=0.61$ ). The coefficient of determination this relationship, show that trust can be 0/37 of the bank customer loyalty explains. Also the lowest correlation coefficient there is between brand image and customer satisfaction ( $R=0.41$ ). In this respect, brand image with a low determination coefficient, only 0.16 of the customers satisfaction of the services in this bank described.

Table 3: Regression Analysis.

Variables	R	R <sup>2</sup>	$\beta$	t	Sig
Service Quality and Trust	0.56	0.31	0.56	3.71	0.000
Service Quality and Satisfaction	0.55	0.30	0.55	3.13	0.001
Perceived Price and Trust	0.46	0.21	0.46	2.66	0.002
Perceived Price and Satisfaction Brand Image	0.48	0.23	0.48	2.81	0.000
and Trust	0.43	0.18	0.43	3.49	0.005
Brand Image and Satisfaction	0.41	0.16	0.41	2.48	0.000
Satisfaction and Loyalty	0.59	0.34	0.59	2.89	0.000
Trust and Loyalty	0.61	0.37	0.61	3.44	0.003

## 8. DISCUSSION AND CONCLUSION

Banking sector has been increasingly competitive in the world and in the field of commercial banking has taken a more real way. In addition, the actual and major product that banks offer to their customers, are similar. Consequently, banks are increasingly required to provide stronger products, to differentiate themselves from

competitors. One way to achieve this goal is developing long term relationships with their key customers. But what key strategies or tactics can be the personnel ability to develop successful relationships with our customers to increase? Today, the relationship marketing tactics to develop long term relationships between companies and customers are used. Relationship marketing activities, the banking sector is also vital. For continued success in the banking sector, these institutions should at relationship marketing with aim to support customer-oriented invest. The tactics used by the financial institution is to retain customers to these customers to receive services, the current institute did not change, and not tending to the other institutions. Hence customer loyalty in banking industry is so important. In this study, with the aim of increasing customer loyalty, influence of relationship marketing three tactics (service quality, perceived price, brand image) on elements of relationship quality (satisfaction and trust) were analyzed. In accordance with any of the hypotheses and results of their suggestions are offered:

Increase the quality of banking services, timely response to customer needs and demands in addition interest of employees to help customers, among the things that attract the customers satisfaction and increases their trust to the bank. Research results shows that many customers considered prices for products and services are sensitive. Set fair fees and the rate of banking services, both satisfaction and customer trust raises. Indeed, fair behavior of bank, it provides a reasonable picture of self that among the individuals who accepted and will be acceptable. Trust is a very important compound in the communications business – customers and finally, the development of loyalty in the bank or anywhere else. So banks must try to gain the trust of customers. Ways that can fulfill this goal includes a promise to its customers and to act, note that the security of transactions, To provide services quality, respect to customers and showing it through the headquarters staff, to accomplish tasks and to create confidence in the bank and its customers. Finally the most important prerequisite for the formation of customer loyalty, obtain their satisfaction. Satisfaction is the starting point of state transition sequence to the loyalty. Impact of satisfaction on loyalty is possible at very high levels of satisfaction. So for loyal customers should be given to factors influencing satisfaction, its satisfaction to the highest increase. Improve staff performance and development of new banking services, including strategies to improve customer satisfaction and thus their loyalty.

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