

IMPACT OF RELATIONSHIP QUALITY WITH CUSTOMER (RELATIONSHIP MARKETING) ON CUSTOMER LOYALTY IN CUSTOMER- ORIENTED STRATEGY (CASE STUDY AGRICULTURE BANK CUSTOMERS-TEHRAN-IRAN)

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Abstract

The objective of this study is to evaluate impact of relationship quality with customer (relationship marketing) on customer loyalty in the customer- oriented strategy (Case Study Agriculture Bank customers in Tehran) that according to the infinity of the statistical population, suitable sample size for distribution is calculated 384, thus 384 questionnaires is distributed throughout the province. LISREL and SPSS software used to analyze the hypotheses. The results of analysis show that in the first hypothesis examines the relationship between relationship marketing and customer loyalty in long-term, path coefficient of relationship between relationship marketing and customer loyalty obtained 0.93. In second hypothesis of research is concerned relationship of customer trust and relationship marketing that path coefficient of relationship between customer trust and relationship marketing is 0.81. In the third hypothesis examined relationship of customer commitment with marketing, path coefficient relationship between customer commitment and relationship marketing is 0.77. In the fourth hypothesis examined relationship of how to contact customer with marketing, path coefficient relationship between how to contact customer and relationship marketing is 0.87. The results of the fifth research hypothesis that is investigated high satisfaction level with customer loyalty, path coefficient of relationship between high level of satisfaction and customer loyalty is 0.74. Consequently, sixth hypothesis of research deals with relationship to continue purchasing and customer loyalty, path coefficient of relationship between continuity of customer and customer - loyalty is 0.63. As it can be seen all hypotheses according to path coefficient is confirmed that this indicates impact of relationship quality with customer (relationship marketing) on customer loyalty in customer- oriented strategy.

Keywords: Relationship Marketing, Relationship Quality, Service Quality, Loyalty, Trust

1. Introduction

The globalization of markets, competitive pressure, frequency brands and most important lifestyle and customer behavior is constantly changing, companies have to adopt strategies to protect their customers and their loyal (Flambard-Ruaud, 2005). Tavakoli & Beheshtipour (2010)

believed that organizations need to realize that customers are the main reason for their survival and through understanding and anticipating customer needs and expectations, are struggling to innovate and create value for them and ensure that employees have tools, competencies and necessary authority to optimize the customer experience. Successful organizations valorize for their employees. They developed the capabilities of their employees and create motivation and commitment to them and enable them to use their skills and knowledge for the benefit of their organization. The need to attract and retain customers is even more especially in the banking industry that it is increasing competition. Being service of banking industry is caused that existence of satisfied and motivated staff be necessary; because In such an environment staff are in contact with clients at any moment and It is clear that the staff will have an important role in the customer experience.

2. Statement of Problem

Increasing competition is under pressure capabilities of financial institutions to maintain their profitability and in along with changes in the structure of the industry and its saturation occurred; the nature of competition has changed. Perhaps the need to develop customer relationships is in a changing environment with changing laws and technology and ..., customer changes and changes in competition (globalization and competitors of new entrants ...). Therefore new thinking was formed to understand customer-oriented that creates relationships and increase and update knowledge related to this issue that is as relationship marketing. Relationship marketing is one of the most extensive concepts that it can be concluded it from all views of marketing that argues on relationship. The basis of this branch of marketing that has closely linked with consumer behavior. It comes out from the investigation into the relationship between buyer and seller relatively large and mid-sized businesses. Marketing progress in the past two decades and the emergence of new thinking in this area has led to the emergence of significant changes in marketing methods. It should be noted that in order to maintain and manage strong relationship with customers and other interest groups is used the relationship marketing. On the other hand due to changes made in management processes seriously and especially in the implementation and definitions, having knowledge and awareness of individual clients to design products and services that can be achieved by long term interaction with the customer as considered a current need. Through relationship marketing can be used to update this knowledge. It should be noted that according to the definitions provided, the aim of relationship marketing to maintain and strengthen customer relationships is in a way that targets both parties involved in the transaction are realized through mutual exchanges and supply commitments (Varey,2003: P.16). In marketing, the customer is considered as an asset that will not be amortized ever. Therefore, in relationship marketing are interested in maintaining these assets so it can be used in the future. At the philosophical level, relationship marketing is Participatory (Gronroos, 2000: 328). Buyers and sellers do it together and even better than what marketers to consumers are running. Since in development of marketing planning is considered four known element of product, price, promotion and place, relationship marketing can also be network to promote the relationship between these four elements and as is model better than past models. All of marketing management strategies is active in the field to attract customers that this issue is also subject to enhancing the quality of services. In this regard, the relationship marketing by establishing effective communication links, will play an active role in this field. One of the successes of relationship marketing is that its structure is similar to human relations from weak relationship desire to the strong relationship. Similar views were presented by Ford in 1997 that relationship marketing was introduced in 5 steps: Before relationship, initial, development, long term and

final step. Christopher and others divides in two steps the macro level and the micro level (Gilaninia & et al, 2012a). Among the features of relationship marketing can be cited to being focused strategies intended to implement the model stated, a direct impact on the nature and effectiveness of relationships with buyers and identify the behavioral mechanisms associated with customer relations, such as stress, commitment and ... and a closer look at customer satisfaction. It is noted that relationship marketing and trade marketing is different. In relationship marketing is highly regarded foresight and long-term thinking, empathy and understanding long term and focused on expectations and perception and trust and while in marketing of transaction is focusing on current transaction and with short-term vision and profitability and focusing on product and sales (Gilaninia & et al, 2012b). Therefore, in relationship marketing forms firm and safe results with strong support together with after-sales service as an investment that these items be exchanged to focusing after purchase and service after sales and as a cost (Gilaninia & et al, 2011c). The difference in relationship marketing with traditional marketing types is at high long-term objectives and commitment to the customer and improves quality with comprehensive services. Therefore, customer retention is caused over time by observing the existing commitment. As well as relationship marketing consider as well as offensive marketing and defensive marketing. As a result, it will also be considered both attract and retain new and existing customers, according to new markets and saturated and advertising services.

According to the subjects presented, model of present study is as follows:

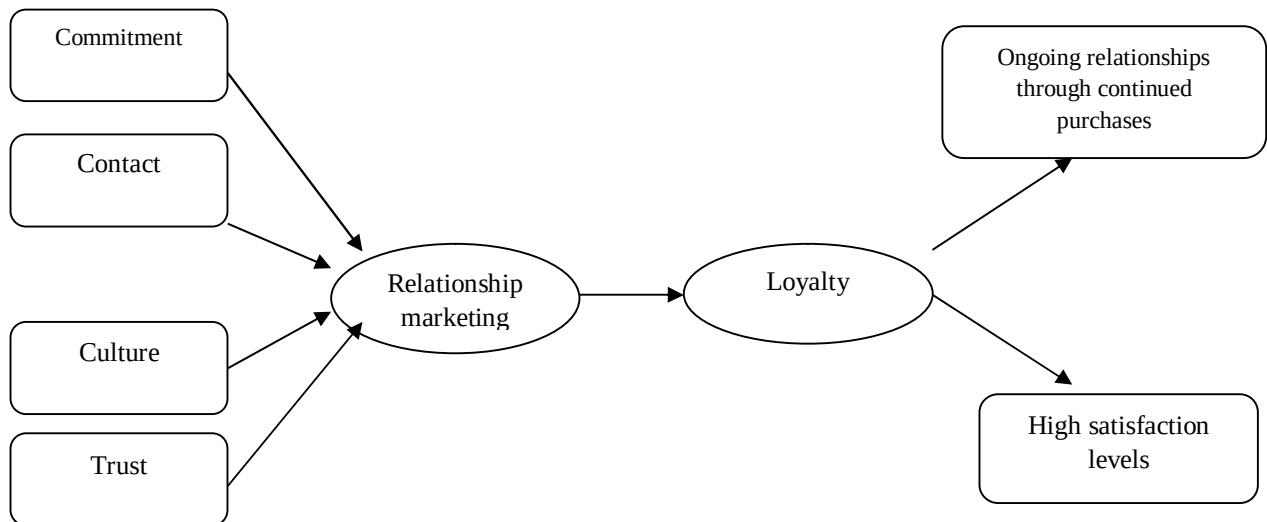


Figure 1: Theoretical model of research (Tsu-Wei Yu & Feng-Cheng Tung, 2013)

3. Research Hypotheses

Main hypothesis: Relationship marketing has a significant relationship with customer loyalty over the long term.

Sub-hypotheses:

1. Customer trust has a direct and significant relationship with marketing relationship.
2. Customer commitment has a direct and significant relationship with marketing relationship.
3. Customer culture has a direct and significant relationship with marketing relationship.
4. How to contact customer has a direct and significant relationship with marketing relationship.
5. High satisfaction level has a direct and significant relationship with customer loyalty.
6. Continued purchase has a direct and significant relationship with customer loyalty.

4. Research Methodology

This study in terms of purpose is considered applied and its method is descriptive-survey, in terms of data collection is field research. Statistical population of this research is all employees of the Agriculture Bank in Tehran-Iran. According to the infinity of the statistical population, suitable sample size for distribution is calculated 384, thus 384 questionnaires is distributed throughout the province. It should be noted, sampling method in this study, a non-probability sampling and convenience. Cronbach's alpha method is used to test the reliability of the questionnaire. Given that Cronbach's alpha coefficient was obtained more than 70% so questionnaire has been reliable. In this study, LISREL and SPSS software used to analyze the hypotheses.

5. Research Findings

1. Relationship marketing has a significant relationship with customer loyalty over the long term. Effect of relationship marketing on customer loyalty in the long term has standard path coefficient 0.93 that value of $t=14.91$. T value for this parameter (as error rule of 1% percentage in the region reject the null hypothesis for values outside the range of 2.58 to -2.58 for each parameter of model), is greater than the calculated 2.58. Therefore it can be said that research hypothesis is confirmed with 99% confidence, in other words, relationship marketing on customer loyalty in the long term has significant effect statistically and the probability of 99% with an increase of 1 standard deviation unit of relationship marketing, customer loyalty increases 0.93 standard deviation in long term, Therefore, this hypothesis is accepted.

2. Customer trust has a direct and significant relationship with marketing relationship. Effect of customer trust on marketing relationship has standard path coefficient 0.81 that value of $t=18.64$. T value for this parameter (as error rule of 1% percentage in the region reject the null hypothesis for values outside the range of 2.58 to -2.58 for each parameter of model), is greater than the calculated 2.58. Therefore it can be said that research hypothesis is confirmed with 99% confidence, in other words, customer trust on marketing relationship has significant effect statistically and the probability of 99% with an increase of 1 standard deviation unit of customer trust, marketing relationship increases 0.81 standard deviation, therefore, this hypothesis is accepted.

3. Customer Commitment has a direct and significant relationship with marketing relationship. Effect of customer commitment on marketing relationship has standard path coefficient 0.77 that value of $t=17.50$. T value for this parameter (as error rule of 1% percentage in the region reject the null hypothesis for values outside the range of 2.58 to -2.58 for each parameter of model), is greater than the calculated 2.58. Therefore it can be said that research hypothesis is confirmed

with 99% confidence, In other words, customer commitment on marketing relationship has significant effect statistically and the probability of 99% with an increase of 1 standard deviation unit of customer commitment, marketing relationship increases 0.77 standard deviation, therefore, this hypothesis is accepted.

4. Customer culture has a direct and significant relationship with marketing relationship.

Effect of customer culture on marketing relationship has standard path coefficient 0.83 that value of $t=19.47$. T value for this parameter (as error rule of 1% percentage in the region reject the null hypothesis for values outside the range of 2.58 to -2.58 for each parameter of model), is greater than the calculated 2.58. Therefore it can be said that research hypothesis is confirmed with 99% confidence, In other words, customer culture on marketing relationship has significant effect statistically and the probability of 99% with an increase of 1 standard deviation unit of customer culture, marketing relationship increases 0.83 standard deviation, therefore, this hypothesis is accepted.

5. How to contact customer has a direct and significant relationship with marketing relationship.

Effect of how to contact customer on marketing relationship has standard path coefficient 0.87 that value of $t=20.93$. T value for this parameter (as error rule of 1% percentage in the region reject the null hypothesis for values outside the range of 2.58 to -2.58 for Each parameter of model), is greater than the calculated 2.58. Therefore it can be said that research hypothesis is confirmed with 99% confidence, In other words, how to contact customer on marketing relationship has significant effect statistically and the probability of 99% with an increase of 1 standard deviation unit of how to contact customer, marketing relationship increases 0.87 standard deviation, therefore, this hypothesis is accepted.

6. High satisfaction level has a direct and significant relationship with customer loyalty.

Effect of high satisfaction level on customer loyalty has standard path coefficient 0.74. Therefore it can be said that research hypothesis is confirmed with 99% confidence, In other words, high satisfaction level on customer loyalty has significant effect statistically and the probability of 99% with an increase of 1 standard deviation unit of High satisfaction level, customer loyalty increases 0.87 standard deviation, therefore, this hypothesis is accepted.

7. Continued purchase has a direct and significant relationship with customer loyalty.

Effect of continued purchase on customer loyalty has standard path coefficient 0.63 that value of $t=11.42$. T value for this parameter (as error rule of 1% percentage in the region reject the null hypothesis for values outside the range of 2.58 to -2.58 for each parameter of model), is greater than the calculated 2.58. Therefore it can be said that research hypothesis is confirmed with 99% confidence, in other words, continued purchase on customer loyalty has significant effect statistically and the probability of 99% with an increase of 1 standard deviation unit of continued purchase, customer loyalty increases 0.63 standard deviation, therefore, this hypothesis is accepted.

Table 1. Summary of research hypotheses

Number	hypothesis		Standard path coefficient	t-value	result	sig
	From	to				
1	Relationship marketing	Customer loyalty	0.93	14.91	Confirmed	99%
2	Customer trust	Relationship marketing	0.81	18.64	Confirmed	99%
3	Customer Commitment		0.77	17.50	Confirmed	99%
4	Customer culture		0.83	19.47	Confirmed	99%
5	How to Contact Customer		0.87	20.93	Confirmed	99%
6	High satisfaction level	Customer loyalty	0.74	-	Confirmed	99%
7	Continued purchase of customers		0.63	11.42	Confirmed	99%

6. Conclusion and Recommendations

This research in term of topic evaluates impact of relationship quality with customer (relationship marketing) on customer loyalty in the customer- oriented strategy in Agriculture Bank. Statistical population studied includes customers Agriculture Bank in Tehran-Iran. Suitable sample size for distribution is calculated 384, thus 384 questionnaires is distributed throughout the province. The results of analysis show that in the first hypothesis examines the relationship between relationship marketing and customer loyalty in long-term, path coefficient of relationship between relationship marketing and customer loyalty obtained 0.93. In second hypothesis of research is concerned relationship of customer trust and relationship marketing that path coefficient of relationship between customer trust and relationship marketing is 0.81. In the third hypothesis examined relationship of customer commitment with marketing, path coefficient relationship between customer commitment and relationship marketing is 0.77. In the fourth hypothesis examined relationship of how to contact customer with marketing, path coefficient relationship between how to contact customer and relationship marketing is 0.87. The results of the fifth research hypothesis that is investigated high satisfaction level with customer loyalty, path coefficient of relationship between high level of satisfaction and customer loyalty is 0.74. Consequently, sixth hypothesis of research deals with relationship to continue purchasing and customer loyalty, path coefficient of relationship between continuity of customer and customer loyalty is 0.63. As it can be seen all hypotheses according to path coefficient is confirmed that this indicates impact of relationship quality with customer (relationship marketing) on customer loyalty in customer- oriented strategy. Thus, according to the results following suggestions are offered:

- By creating a club for loyal customers, so that customers join in this club and enjoy special benefits.
- The Agriculture bank train its employees to do things carefully and also bank shall provide necessary facilities in order to perform their promises and obligations because can be committed to its obligations to customers and in the shortest possible time act to their promises.
- By training courses institutionalized customer-oriented culture among managers and staff that communicate directly with customers.

- by preparation and distribution of brochures for clients, in relation to banking regulation, types of deposits and so on take steps in order to provide timely and reliable information to customers.
- The mission of the bank is developing in line with customer satisfaction.
- Programs be developed, while customer retention, many banking matters of them can easily be done

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