

An Investigation into the Effect of Relationship Marketing on Customers' Loyalty; a Case Study: Mehr-e-Eghtesad Bank; Sistan and Balouchestan Province, Iran

Seraj Alddin Mohebbi, Mahin Jahntighi

*Ph.D. in organizational behavior management and professor/Associate in department of management Science ,Islamic Azad University ,Qeshm
Branch*

,Ph.D student in school of management Science, Islamic Azad University ,Qeshm Branch

Abstract

Today, creation and preservation of loyal customers plays a vital role in organizations' success in current competitive atmosphere. Loyal customers have various advantages. They use organizations' products or services more, they are less sensitive to probable price rise and as a positive propaganda tool they recommend the organization's services to their close relatives. To this end, modern organizations try to identify and implement mechanisms by which they can create and preserve royal customers. Relationship marketing is among the mechanisms with the capacity of attracting and preserving loyal customers through identifying and better understanding of their needs as well as establishing sustainable relations based on mutual benefits. The purpose of this study is to investigate the impacts of relationship marketing on customers' loyalty. Following the investigation of previous studies carried out inside and outside Iran and negotiations with the authorities and specialists of this field, this study investigated the fundamental components of relationship marketing including competence, communications, commitment and conflict management and their relationship with the relationship quality (RQ) and customer loyalty. This study examined one main hypothesis (leading hypothesis) and four sub hypotheses (alternatives). The main hypothesis assumed a significant relationship between relationship marketing and customer loyalty. The first sub hypothesis, however, implied a significant relationship between relationship marketing fundamental components and customer trust while the second sub hypothesis indicated a significant relationship between relationship marketing fundamental components and customer satisfaction. The sub hypotheses 3 and 4 considered the dimensions of relationships quality (RQ) and indicated a significant relationship respectively between customer's trust and satisfaction with customer's loyalty. Statistical Population consisted of loyal customers with a long-term background in Mehr-e-Eghtesad Bank, branch Zahedan, Sistan Balouchestan Province. Data was collected through a questionnaire. Simple random sampling method was used to select the members. A total of 200 customers provided the data of this study. Data was analyzed using one-sample t-test, Friedman test and Structural Equations Model (SEM). The results indicated a significant relationship between relationship marketing, relationship quality and customers' loyalty. In other words, all the main and subsidiary hypotheses were accepted.

Keywords: relationship marketing, relationship quality, customer loyalty, bank

Introduction

In the event of a turbulent competitive market, the most important challenge of a supplier is not to supply high quality products and services. Rather, it tries to save its current customers (Tesseng, 2007). To compete within such a turbulent atmosphere, marketers have no choice to enhance their strategies beyond traditional visions or 4ps strategies in order to enable their organization to obtain a sustainable competitive advantage. To this end and as an alternative, relationship marketing fills the gap of having no relation with customers. As a part of marketing strategies, relationship marketing tries to attract and save customers by providing them with high quality services. For this reason, it has been considered as one of the success mysteries in turbulent markets (Andaleeb, 1996).

In recent decades, relationship marketing has theoretically and practically attracted the attentions. For the first time, this concept appeared in marketing literature in the last decade of the 20th century and then evolved to a main procedure of business and marketing (Egan, 2001). By concentration on making customer loyalty as the final target, relationship marketing wishes to create a value for mutual parts of a deal (Peng and Wang, 2006). Relationship marketing tactics are a vision putting relationship marketing to practice (Teseng, 2007). By following the tactics marketers, in fact, seek for an effective relation with customers in order to enable their organizations to attract and save their customers and convert them to loyal ones. Actions like the privatization of financial industry, development of financial institutes' activity area and various needs of financial services customers have rose a tight competition in banking industry. The tight competition has switched the resources and abilities of banks from product-oriented or service-oriented abilities to customer-oriented ones where the customer is the core element of banking activities (Gilmore and MC Mullan, 2008).

Therefore, by emphasizing on the necessity of establishing a long-term relationship with customers, relationship marketing has prepared the infrastructure for making loyal customers in banks the product of which is the sustainable satisfaction of customer. The purpose of relationship marketing is to establish a long-term and mutual relationship with all stakeholders especially customers so that it should result in the maximum preservation and the minimum loss of customers which in turn develops market share and raises profit of banks [King and Brughes, 2008)

The importance of the relationship marketing role in the ability of banks in attracting and saving profiting customers and increasing their re-purchase rate raises a question that how this marketing strategy should be put into practice? Therefore, this study is about to develop and examine an analytical model (see Fig.1) concerning practical relationship marketing. To this end, related literatures and comments were studied and different data collection methods were employed in order to study the significant relationship between relationship marketing components, relationship quality and customer royalty.

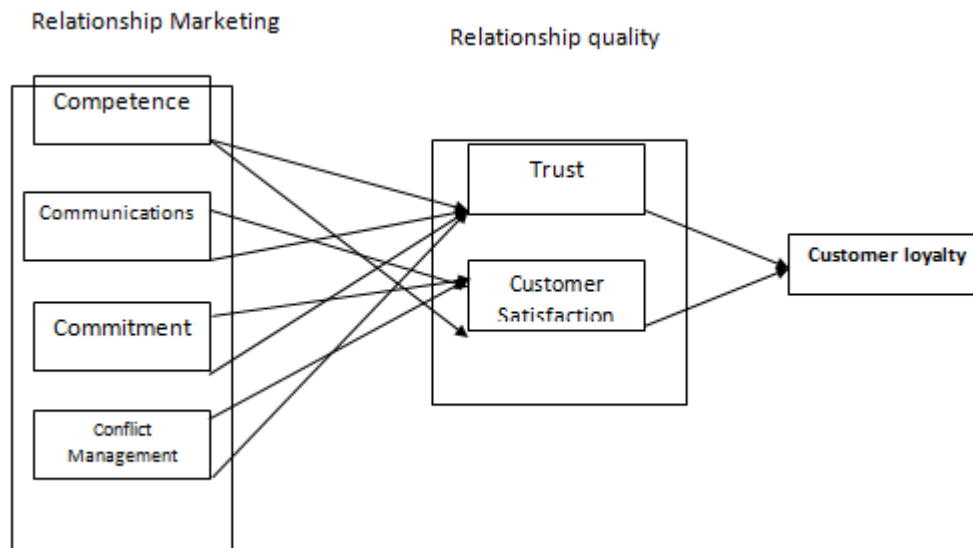


Fig. 1 Research Model

Statement of Problem

Today, customer-orientation and customer relationship is a great challenge of firms and organizations. Therefore, relationship marketing is a strategic necessity as well as an important undeniable subject for all organizations with a direct influence on the ability of attracting a customer and converting him/her to a loyal and permanent one which in turn results in the increased-profitability in today's tight competitive atmosphere [Piercy, 2009]. According to researchers, attraction of a new customer costs more compared with saving the currently available one so that the price of attracting a new customer is 7 to 10 times as much as that of saving the current one [Gebert et al, 2003].

On the other hand, organizations, especially banks, have concluded that customers are their most valuable asset. Therefore, they view communications with customers as profitable transactions. The change of customers' behavior in financial and service institutes especially banks is more crucial due to their monetary based activities. This demands an accurate and on time planning by service and banking network managers as well as accurate managing of the changes [Liou, 2009]. However, this requires knowledge about customers and their potential profitability capacity, preferences of customers regarding product and services, making customer contact channels and giving priority to them, measurement of service quality and those stages and evidences affecting providing service to customers because for a bank, a customer is at least an asset. Generally, it could be argued that relationship marketing promote organizations' competitive advantages [Kelly et al, 2003].

Due to the increased-competition in Iran banking industry, banks should try to have satisfactory and loyal customers in order to increase their market share through them. Therefore, identification of the factors affecting customers' satisfaction and loyalty would be helpful. To this end, Mehr-e-Eghtesad Bank as a private sector's bank acting in high competitive banking industry needs to pay more attention to the establishment of a long-term relationship with its customers. This study is try to answer the question that whether relationship marketing affect the bank customers' loyalty?

Objectives

The purpose of this study is to investigate the effect of relationship marketing on customers' loyalty in Mehr-e-Eghtesad Bank. A positive relation between relationship marketing components (competence, communications, commitment and conflict management), relationship quality components (customers' trust and satisfaction) and customers' loyalty was expected. The customers' loyalty of the bank could be assessed using the proposed model.

Questions

- A) Is there a positive relationship between relationship marketing and customers' loyalty in Mehr-e-Eghtesad Bank?
- B) Is there a positive relationship between relationship marketing and relationship quality (customers' trust and satisfaction) in Mehr-e-Eghtesad Bank?
- C) Is there a positive relationship between relationship quality (customers' trust and satisfaction) and customers' loyalty in Mehr-e-Eghtesad bank?

Hypotheses

The main (leading) hypothesis: there is a significant relationship between relationship marketing and customers' loyalty in Mehr-e-Eghtesad Bank.

Subsidiary hypothesis (alternative) 1: there is a significant relationship between relationship marketing and customers' trust in Mehr-e-Eghtesad Bank.

There is a significant relationship between competence and customers' trust in Mehr-e-Eghtesad Bank.

There is a significant relationship between communications and customers' trust in Mehr-e-Eghtesad Bank.

There is a significant relationship between commitment and customers' trust in Mehr-e-Eghtesad Bank.

There is a significant relationship between conflict management and customers' trust in Mehr-e-Eghtesad Bank.

Subsidiary hypothesis 2: there is a significant relationship between relationship marketing and customers' satisfaction in Mehr-e-Eghtesad Bank.

There is a significant relationship between competence and customers' satisfaction in Mehr-e-Eghtesad Bank.

There is a significant relationship between communications and customers' satisfaction in Mehr-e-Eghtesad Bank.
There is a significant relationship between commitment and customers' satisfaction in Mehr-e-Eghtesad Bank.
There is a significant relationship between conflict management and customers' satisfaction in Mehr-e-Eghtesad Bank.

Subsidiary hypothesis 3: there is a significant relationship between customers' trust and customers' satisfaction in Mehr-e-Eghtesad Bank.

Subsidiary hypothesis 4: there is a significant relationship between customers' satisfaction and customers' loyalty in Mehr-e-Eghtesad Bank.

Theoretical Fundamentals and Background

Relationship Marketing

Relationship marketing was introduced during the recent decade of the 20th century as a thought style in the strategic planning of marketing, industrial marketing and consumer marketing [Tesseng, 2007]. According to Morgan and Hunt (1994) theory, relationship marketing covers all marketing activities aimed at establishment, development and saving a long-term and successful relationship with customers. Hougaard and Bjerre, however, defined relationship marketing as the companies' behavior aimed at establishment, saving and development of customer relationship in a profitable form so that both parties benefit from the relation. Hougaard and Bjerre (2002, Pg 40) argued that marketing management should consider the following three targets:

- 1- Managing the commence of a new relationship
- 2- Maintenance and promotion of available relationships, and
- 3- Investigation of the termination time of the relationship

Wulf [Wulf et al, 2001], stated that the duration of customers' relationship with a company varies by total consumption duration of a product, experiencing different products and different satisfaction and loyalty levels originated from different relationship marketing tactics.

Establishing relationships with customers aimed at obtaining mutual and long-term profits is more important in relationship marketing compared with the traditional one. Basically, in contrast to traditional marketing, relationship marketing tries to consider customers as its partners. Table 1 shows the differences of the two mentioned marketing styles.

Table 1. relationship marketing versus traditional marketing (source: Bowen and Shoemaker,2003)

Relationship marketing versus Traditional marketing	
Traditional marketing	Relationship marketing
• Inclination so sale only • Randomly communication with customer • concentration on products' features • short-term horizon • negligible concentration on providing service to customers • a little commitment to customer visit • paying a little attention to customer's expectations • Only manufacturing staff observe quality considerations	• Inclination to customer preservation • Permanent communications with customer • concentration on customer's value • Long-term horizon • serious emphasize on providing service to customers • commitment to customer visit • considering customer expectations completely • All staffs observe quality considerations
Traditional marketing, however, can serve as an exchange marketing where every sale is considered as a separate event. This table has been inspired by F. Robert Dwyer, Paul Schurr , and Sejo oh "development of purchaser-supplier relationships", Journal of Marketing, Vol. 51. April, 1987, pg 11-27	

Since the ultimate target of relationship marketing is to extract the maximum value from a customer, customer's loyalty should be highlighted. The advantages of relationship marketing are derived through continuous support of loyal customers who are not sensitive, as a partner, to price variation through time (Bowen and Shoemaker, 2003). This marketing style requires mutual reliance and mutual cooperation and commitment between supplier and customer. Therefore, whole the relationship is considered as a key of competitive advantage (Hougaard and Bjerre, 2002).

Relationship Marketing Components

Relationship marketing literature has developed important concepts like competence, commitment, conflict management and sharing confidential information founding relationship marketing. The concepts are in relation with customer's loyalty. Ndubisi suggests that the four concepts of relationship marketing are in relation with each other and can create customer loyalty.

Competence

The word of competence is defined as the purchaser's perception of the supplier's technology and business. This agrees with Anderson and Weits (1989) definition. There are four terms which are related to competence. Supplier's knowledge about customer market, the ability of offering recommendations about a deal, the ability of assisting customers in regulating his/her purchase programs and the ability of offering fit-for sale goods. In banking industry, competence implies the ability of a bank in creating customer welfare.

Commitment

Commitment is another characteristic defining the strength of relationship marketing and is a suitable tool for measuring the profitability of customer's loyalty and predicting the frequency of future purchase. Wilson (1995) found out that the commitment is the most typical dependant variable used in purchaser-supplier relationship studies. In sociology, commitment is used to assess both personal and organizational performances and demonstrates the various types of performance indices of different individuals and groups while psychologists define it as decisions or cognitions that commit a person to behave in a given manner. In marketing literature, Moremen [Mormen et al, 1992], define commitment as an inclination to save a valuable relationship. This word indicates a top level of a commitment to the creation of a successful and beneficial relationship. Since commitment is more evident among those who think that they receive more values thanks to a given relationship, the more committed customers should compensate the company's efforts for the pre-received advantages. On the other hand, committed companies, however, should continue to benefit from the advantages.

Communications

In this research, communication means the ability of providing on line and reliable information. Today, there is a new vision about communication i.e. a mutual dialogue between a company and its customers which continues over pre-sale, sale, and consumption and post consumption stages. In relationship marketing, communication means preservation of a relationship with valuable customers, providing them with reliable and on time information about services and changes and providing them with information about delivery time problems. In the early stages, the task of communication is to give awareness about the necessity of developing customers' preferences, through the promotion of value, performance and other measures, and to convince and encourage purchasers to make purchasing decisions. However, making communication with unsatisfactory customer suggests the organization those actions to be done in order to remove dissatisfaction factors. In the event of a more effective communication between an organization and its customers, the result would be the creation of a better relationship and in turn the more loyal customers [Ndubisi, 2007:226].

5-1-5 Conflict Management

Dwyer et al (1987) defined conflict management as the ability of a supplier in preventing potential conflicts, solving apparent conflicts before they evolve to a serious problem and having a clear conversation about probable solutions in the case of emerging a problem. Rusbult et al (1988) concluded that in unique cases, conflict management performance likely depends on the initial satisfaction level of relationship, investment of customer and assessment of valuable options. Ndubisi and Chen (2005) found that there is an important relationship between conflict management and customer's loyalty which is observed indirectly through trust and relationship quality. The ability

of service and product provider in managing conflicts, however, directly affects customer's loyalty [Ndubisi, 2007: 100].

2-6 Relationship Quality (RQ)

Relationship Quality (RQ) is a branch of Relationship Marketing (RM). Due to the important role of relationship marketing in today's business world, relationship quality is required for assessing the relationship strength as well as satisfaction level of supplying customer's needs and expectations [Crosby & Evans & Cowles, 1990; Smith, 1998]. In the development a long-term relationship, a good relationship quality could decrease risks and lack of reliability aimed at enhancing customer's trust [Cosby et al, 1990; Li and Ho, 2008]. In other words, a superior relationship quality creates an interaction between service providers and customers and establishes long-term sustainable exchanges by which both parties can obtain common benefits [Singh, 2008].

For the first time Crosby et al (1990) tried to measure relationship quality. He investigated relationship quality through satisfaction and trust concepts. Morgan and Hunt (1994) suggested commitment-trust theory and stated that they are two main components in the process of measuring relationship quality. Chakrabarty, Whitten and Green (2007) integrated different visions and stated that relationship quality is measured in terms of trust, commitment, culture, mutual dependency and contact.

Even though there is no agreement on the ingredients of relationship quality, satisfaction and trust, however, have been accepted as two important factors employing in the measurement of relationship quality. Especially in service market, the existence of a high quality communication with customers is investigated through their trust and satisfaction level which are two key elements for service providers by which they can create a sustainable long-term relationship with their customers and finally preserve and convert them to loyal customers. Therefore, by concentrating on the trust and satisfaction in customer view, this study assesses relationship quality.

A) Customer's Trust

Trust is a topic that has been widely discussed in management, economy, philosophy and psychology literatures. Mayer, Davis and Schoorman (1995) who systematically investigated organizational trust defined a general concept for it: the tendency of a group in doing important works to a person who has trusted a company based on his/her expectations while the works cause damage to another group regardless of having the ability or motive for controlling the other group. Geyskens and Steenkamp (1995) briefly defined the trust as an extent to which a company believes that its business partner is trustworthy and have goodwill. Donney and Cannon (1997) emphasized that the trust is the perceived credit and benevolence. The above definitions clearly indicate that the trust is a human-related characteristics which is based on the assessment of others personal characteristics (Cho, 2009), motivations and behaviors (Tyian et al, 2008). In the generalization of the trust concept, the expectations and perception of the trustees should be considered as well. It has been suggested that trust level significantly differs from a person to another depending on their personal characteristics, habits and decision makings [Chow, 2009].

Trust or distrust is always associated with a high-ingredient relation. When a supplier actively tries to establish a relationship, it actually provides evidences implying that one can trust it, it gives priority to customers' interests and it is ready to sacrifice in the way of meeting customers' needs related to the establishment of the relationship [Liang and Wang, 2008].

Therefore, in practical business activities, the improvement and development of trust is considered as a unique product of a long-term successful mutual relationship between the considered parties. In the case of sophisticated service markets, customers incline to behave based on their previous consumption experience (Doney and Cannon, 1997), expectations (Anderson and Narus, 1990; Mayer et al (1995) and perceptions (Liu et al, 2008; Gwinner et al, 1998; Doney and Cannon) and make purchase decisions. Thus, investment on making a long-term relationship with customers helps the development of customer's trust and improves effective quality of a relation in the way of achieving mutual and common benefits [Anderson and Weitz, 1989]. Customers, who trust the qualification of service providers, are likely wish to establish a service-based relationship in order to meet their expectations [Morgan and Hunt, 1994]. Even in ever-changing environments and external conditions, the customers will believe that instead of any harmful action, the service provider will take into account their interests in order to develop the relationship [Liu et al, 2008]. Mayer et al (1995) supposed organizational trust by suggesting the following three main elements: the competence of trustee, the benevolence of trustee and the honesty of trustee. The elements later were supported and accepted by researchers and they used the concepts in their next studies [Lin and Ding, 2005; Aydin and Ozer, 2005; Tian et al, 2008]. Moreover, the process which was considered comprehensively in a

relationship was to establish the trust on the qualification of a team in performing its tasks continuously [Doney and Cannon, 1997; Aydin and Ozer, 2005].

Trust is an important element in a long-term relationship and in the promotion of customer's loyalty. Most researchers have pointed out the important role of customer's trust in the creation of a long-term relationship and achievement of customer's loyalty [Berry, 1995; Bowen and Shoemaker, 2003; Chu, 2009]. Using the trust as a pioneer element, a customer remains loyal and his/her commitment to a company is shaped [Bowen and Shoemaker, 2003].

B) Customers' Satisfaction

Theoretical literatures and practical studies pay more attention to customer's satisfaction. It is an expected output of supplementary marketing activities so that by providing customers with satisfactory services and products, it results in success in the tight competitive business world. Fornell (1992) defined satisfaction as a comprehensive assessment of total purchase rate and the experience of consuming the target service and product compared with re-purchase expectations through the time. Oliver (1997, 1999), reviewed satisfaction as a pleasuring supplementary activity which is sensed by customer when he (she) uses a product. This means that "the customer feels that consumption completes some needs, wishes and targets. Therefore, he(she) views it as a pleasuring supplementary activity "[Oliver, 1999 : 34].

Relationship marketing literature argues that customer's satisfaction is a key performance indicator assessing the quality of the relationship which is available between service provider and customer. The customers' expectations of the relationship's costs and benefits depend mainly on previous experiences so that satisfactory experiences promote the likelihood of lasting a relationship and encourage customers to continue a relationship [Mouri, 2005]. The customer's perception of the most-used services and products measures customer's satisfaction. According to Li (2008), the following 5 perceptions of customers are satisfactory:

- 1- Satisfaction: customer can accept products or tolerate them
- 2- Content: products create a positive experience in people and make them happy
- 3- Diversity: products remove negative morals of people
- 4- Surprise: products make customers happy suddenly

Moreover, customer's satisfaction has been measured in association with the life cycle of customer relationship which describes different stages of customer relationship. During this period it is necessary to concentrate on special targets and expectations of customer [Spatch and Fahnrich, 2007].

Customer's satisfaction promotes the quality of relationship between customers and service providers in general and increases the chance of re-purchasing behavior. Therefore, hypothesis 10 is put forward.

Customers' Loyalty

Customer's loyalty is the ultimate target of relationship marketing activities. Oliver (1997, pg 392) defines customer's loyalty as a deep commitment to a superior product or service resulting in continuous purchase of the same brand or a collection of the same brand in future regardless of the fact that positional factors and marketing efforts will potentially change customers' behavior. Customers are the drivers of a profitable growth and customer's loyalty leads to profitability [Hayes, 2008]. For a customer, loyalty means inclination to a positive behavior and commitment to re-purchasing of a brand in future [Chu, 2009].

Loyal customers are less likely go to a competitor company only for price purposes. They, however, have more purchase rates than non-loyal ones [Bowen and Shoemaker, 2003]. Also, loyal customers are considered as the most important asset of a company [Blackton, 1995]. Therefore, suppliers need to preserve the loyal customers who contribute to long-term profits of commercial organizations [Teseng, 2007]. Attempts which are done to persuade customers to increase their purchasing rate are a way for strengthening the financial growth of a company [Hayes, 2008]. Moreover, the financial growth of organizations depends on the ability of them in preserving currently available customers with a quicker rate compared with finding new customers [the same]. Therefore, competent managers should understand that continuation of growth is possible through customers- not only by attracting new customers but also through preserving currently available ones and encouraging them to spend more and recommend the products and services to others [Keiningham et al, 2008].

Generally, customer's loyalty is divided to attitudinal and behavioral loyalties [Aydin and Ozer, 2005]. Attitudinal loyalty describes the customer's vision about loyalty through measuring his/her taste, purchasing intent, giving

priority to suppliers and inclination to recommending the products/services to others. On the other hand, behavioral loyalty indicates purchase amount and frequency [the same].

There are evidences imply that a stronger relationship commitment supports the purchaser continually. Wolf et al (2001) define behavioral loyalty as a general scale which is based on the customer's purchasing frequency as well as the amount of money spent in a retail compared with the amount spent in other retails from which the customer has purchased. Morgan and Haunt (1994) found significant relations between relationship commitment level and inclination to continuing the relationship and collaboration, all of which are the items which could be considered as the behavioral outputs of the relationships.

Generally, customer loyalty is the ultimate target of companies which is sought by relationship marketing. This study is about to investigate marketing effect on relationship quality and customer's loyalty through examination of the proposed hypotheses.

Research Method

This was an applied research in objective and a descriptive research in data collection method and a casual research in the relationship between variables. However, this was a survey research in method which enables the investigations of the capacities of research results. Study population was the customers of Mehr-e-Eghtesad bank (Zahedan branch) which was selected through convenience sampling method due to the unlimited number of customers. The study's questionnaire was distributed among the customers in May-June. Necessary data for examining study's model was collected using 5 point likert scale with 37 questions. Table 2 shows how the questionnaire was distributed in order to assess the study's variables.

Table 2. Components

Components		question no	number of questions
relationship marketing	competence	29 ,20 ,13 ,4	4
	communications	21 ,15 ,11 ,2	4
	commitment	16 ,14 ,10 ,1	4
	conflict management	12 ,9 ,3	3
relationship quality	trust	,34 ,31 ,28 ,23 ,22 ,19 ,18 ,17 ,6 ,5 36 ,35	12
	customer satisfaction	37 ,32 ,30 ,26 ,25 ,8 ,7	7
customer loyalty	loyalty	33 ,27 ,24	3
sum			37

The validity of the questionnaire was confirmed by the authorities of the field. However, construct-related validity showed an appropriate correlation between all questions and their latent variables. Cronbach's alpha was calculated for all 37 questions. It was obtained as 0.835 indicating the sufficient reliability of the questionnaire

Data Analysis

Structural Equation Modeling (SEM) was used in which the casual relationship between cultural intelligence and organizational culture was assessed using standard coefficient and significance number via Liserl sftware the results of which led us to accept or reject the main hypothesis (leading hypothesis) and subsidiary ones (alternatives). However, the sub hypotheses of the alternative hypotheses were analyzed using SPSS ver. 19 and Pearson correlation test.

Study Finding

One-sample t-test

The study's variables were assessed by one-sample t-test. According to this method, for sig numbers >0.05 there would be no significant difference between the variable and the considered average number i.e. point 3 which is the middle range of the 5-point likert scale. However, if the upper and lower limits of both items are positive, the status of a variable would be described as proper while in the case of a negative limit the variable's state would be inappropriate.

Table 3. one-sample t-test

variable	average	variance	sig. level	lower limit	upper limit	status
competence	1.55	1.32	0.00	0.84	4.44	proper
communications	1.39	1.22	0.00	0.61	4.31	proper
commitment	1.35	1.17	0.00	0.64	4.26	proper
conflict management	1.34	1.16	0.00	0.64	4.25	proper
trust	1.34	1.18	0.00	0.62	4.26	proper
customer satisfaction	1.60	1.36	0.00	0.86	4.48	proper
customer loyalty	1.41	1.23	0.00	0.63	4.32	proper

According to the above table, the sig. level for all the variables was below 0.05 and all null hypotheses ($\mu \leq 3$) were rejected for all variables and all alternative hypotheses ($\mu > 3$) were accepted. Therefore, it could be argued that all variables have a suitable status in Mehr-e-Eghtesad Bank.

Examination of Hypotheses

In this section, the relationship between relationship marketing components, including competence, communications, commitment and conflict management, and relationship quality components, including trust and customer satisfaction, as well as the relationship between relationship quality dimensions and customer loyalty are assessed using Pearson correlation factor. For sig. level <0.05 the null hypothesis (no relation between variables) is rejected and the alternate hypothesis (correlation of variables) is accepted.

Table 4. relationship between study's variables

RQ dimensions	Relationship marketing dimensions	relationship	Relationship type	Hypothesis No.	Result
Trust	competence	0.41	direct	1-1	accepted
	communications	0.70	direct	1-2	accepted
	commitment	0.73	direct	1-3	accepted
	Conflict management	0.66	direct	1-4	accepted
Customer satisfaction	competence	0.23	direct	1-1	accepted
	communications	0.48	direct	1-2	accepted
	commitment	0.55	direct	1-3	accepted
	Conflict management	0.49	direct	1-4	accepted

According to table 4, all the study's hypotheses are accepted in the confidence level of 95% implying the relationship between relationship marketing components and relationship quality components where commitment has the strongest relationship with trust and customer satisfaction.

Table 5. relationship between study's variables

Customer loyalty	RQ dimensions	Relationship level	Relationship type	Hypothesis No.	Result
Loyalty	trust	0.53	direct	Sub-hypothesis 3	accepted
	Customer satisfaction	0.54	direct	Sub-hypothesis 4	accepted

According to table 5, sub-hypotheses 3 and 4 are accepted implying the relationship of trust and customer satisfaction with customer loyalty in Mehr-e-Eghtesad Bank

Structural Equation Modeling (SEM)

When the accuracy of the measurement model was approved using confirmatory factor analysis, the main hypotheses of the study were assessed. In other words, the existence of a relationship between relationship marketing, relationship quality and customer loyalty was measured the results of which are discussed in the following model in standard estimation (standard coefficients) and significance coefficients (significance number) states.

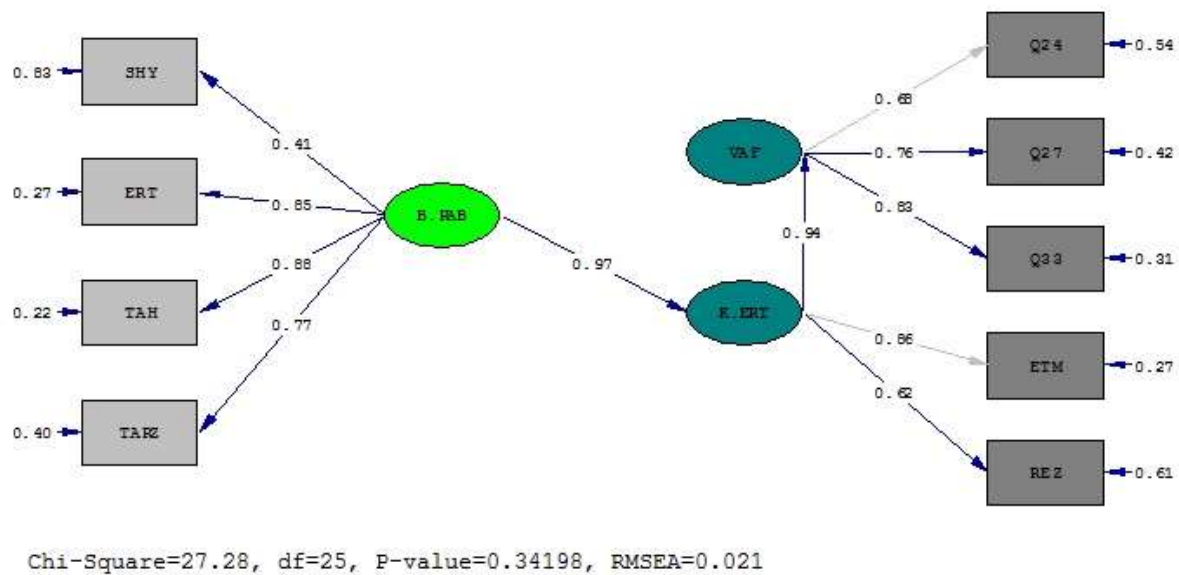


Fig. 2- structural Equation Modeling for Standard Estimation

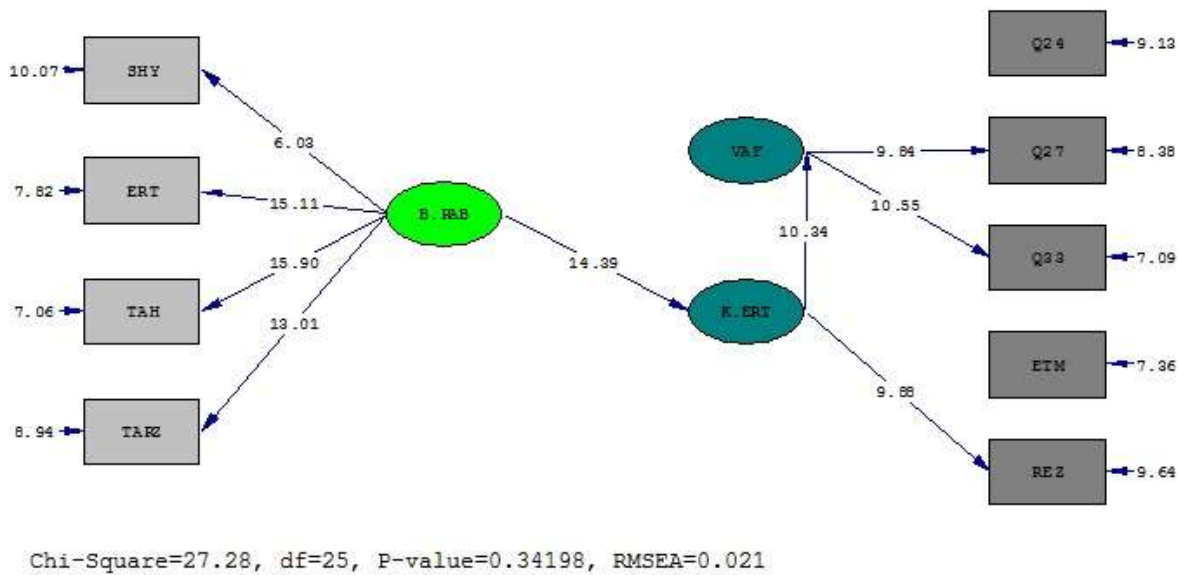


Fig. 3. structural Equation Modeling for Significance Number

According to figures 2 and 3, (χ^2/df) is below 3 and the value of GFI index which is one of the fitness measures is 0.92. Regarding RMSEA index, for values below 0.8, it is accepted while values before 0.5 imply a good fitness. According to the model's output this index was 0.021 for this study indicating a good fitness of the conceptual model of the study. In summary, the obtained values indicate a good fitness of the conceptual model of this study.

Table 6. Structural Equations Modeling Results (Path Analysis)

Hypothesis	path		Standard factor	Sig. numbers
main	Relationship marketing	Customer loyalty	0.91	Indirect effect
Sub 1	Relationship marketing	Relationship quality	0.97	14.39
Sub 2	Relationship quality	Customer loyalty	0.94	10.34

According to the results derived from SEM, the study's main hypothesis and sub-hypotheses 1 and 2 are accepted. Therefore, it could be argued that through intervening variable of relationship quality, relationship marketing creates customers' loyalty to Mehr-e-Eghtesad Bank.

Conclusion

In the event of a turbulent competitive atmosphere, a supplier's main challenge is not to provide high quality products and services. Rather, it is to preserve its currently available customers. To compete in such a turbulent competitive market, the marketers have no choice to extend their strategies beyond traditional visions (4Ps strategies) in order to enable their companies to achieve a sustainable competitive advantage. To this end and as an alternative, relationship marketing fills the gap of having no relationship with customer. As a part of marketing

strategy, relationship marketing is about to attract and preserve customers through providing them with high quality services. As a result, it has been one of the success mysteries in today's turbulent markets.

To this end, Iran's banking industry which has experience a tight competitive atmosphere in recent years, needs relationship marketing in order to create and save long-term relationships with customers. Therefore, this study was carried out to assess the effect of relationship marketing on customer loyalty in Mehr-e-Eghtesad Bank, Sistan and Balouchestan Province. The results revealed that relationship marketing affects customer loyalty through a relationship intervening variable. Therefore, according to the researcher expectations, there is a significant relation between relationship marketing fundamental components and relationship quality. In this study competence, communications, commitment and conflict management were introduced as the relationship marketing components. However, relationship quality was conceptualized through trust and customer satisfaction dimensions. The first sub-hypothesis predicted a significant relationship between relationship marketing fundamental components and trust component of relationship quality. However, a significant relationship between all relationship marketing components including competence, communications, commitment and conflict management and trust component of relationship quality was confirmed in a confidence level of 95%. The second sub-hypothesis, however, predicted a significant relationship between relationship marketing fundamental components and customer satisfaction component of RQ. This hypothesis was confirmed in a confidence level of 95% using SEM. Also, a significant relationship was confirmed in a confidence level of 95% between all relationship marketing components including competence, communications, commitment and conflict management and customer satisfaction component of RQ. Regarding the relations, it could be argued that as it was mentioned in the theoretical fundamentals of the study, competence refers to the customer understanding of an organization and its employees' technological and business capacities. This means that an organization's employees should have sufficient information regarding banking services as well as baking market trends, tendencies and flows.

However, offering necessary recommendations about transactions by bank employees and assisting customers to plan and employ their capital lies within competence concept sub-layers. The results of this study confirmed that competence has a positive effect on customer's trust and satisfaction. The more competence indices are provided by a bank and its employees, the more impact on customer's trust and satisfaction would be the result. Other fundamental component of relationship marketing i.e. communications refers to the ability of a bank in providing reliable and on time as well as accurate and valuable information. In other words, in relationship marketing communications means maintaining a relationship with valuable customers, providing them with on time and reliable information about services and changes and providing them with on time information about delivery time problems. According to the study's findings, this claim that communications have a positive effect on relationship quality was confirmed. This implies that when employees provide customer with communications facilities, customers more trust employees the related bank.

In this study commitment was introduced as another component of relationship marketing. It refers to the inclination of a customer to continuing a valuable relationship based on mutual benefits. The results revealed that if an organization and its employees establishes a valuable relationship with customers and takes his/her benefits into account the customers more trust them. This has a positive effect on customer satisfaction. Conflict management is another component of relationship marketing which was introduced in this research. This concept refers to the ability of a bank in the prevention of potential conflicts, solving apparent conflicts before they evolve to a serious problem and having clear negotiations about the possible solutions in the event of emerging a problem. The study's findings indicate that the ability of managing conflicts by a bank and its employees has a significant positive effect on relationship quality. Apparently, avoidance of challenges and conflict by employees and solving possible conflicts promote customer's trust and satisfaction. In summary, it could be concluded that an organization which has implemented the fundamentals of relationship marketing will have satisfactory customers who more trust the organization. In other words, relationship marketing fundamentals have a positive and significant effect on relationship quality.

However, it was showed that there is a significant relationship between relationship quality and customer's loyalty. This study introduced relationship quality, RQ, using its two components i.e. trust and customer satisfaction. The third sub-hypothesis predicted a significant relationship between trust and customer loyalty. However, the 4th sub-hypothesis predicted a significant relationship between customer satisfaction and customer loyalty. All the hypotheses were confirmed through SEM. Trust has been defined as the belief that the speech or promises of an organization are valid and the organization fulfills its obligations regarding the relationship. Finally, the results confirmed the relationship between relationship marketing and customer loyalty. It could be concluded from the findings that when the components of relationship marketing are offered in a higher levels to customers, loyal customers would be created. Loyal customers are the most important asset of banks in current competitive

atmosphere. Relationship marketing enables an organization to know customers needs and expectations through establishing an accurate relationship and make proper actions to this end. Therefore, relationship marketing is able to develop loyal customers who use its services frequently and recommend the services to others. The customers are less sensitive to price rise which makes it difficult for competitors to attract them.

References

- Andaleeb, S. S. (1996). An Experimental Investigation of Satisfaction and Commitment in Marketing Channels: The Role of Trust and Dependence, *Journal of Retailing*, Vol.72, No.1, pp.77-93, ISSN 0022-4359.
- Anderson, E. and Weitz, B. (1989). Determinants of continuity in conventional industrial
- Aydin, S. and Özer, G. (2005). The analysis of antecedents of customer loyalty in the Turkish mobile telecommunication Market, *European Journal of Marketing*, Vol.39, No.7/8, pp.910-925.
- Berry, L. L. (1995). Relationship marketing of service: Growing Interest, emerging perspective, *Journal of the Academy of Marketing Science*, Vol.23, No.4, pp. 236-245.
- Bowen, J. T. and Shoemaker, S. (2003). Loyalty: A Strategic Commitment, *Cornell Hotel and Restaurant Administration Quarterly*, Oct-Dec 2003, 44, 5/6, pp.31-46.
- Bowen, J. T. and Shoemaker, S. (2003). Loyalty: A Strategic Commitment, *Cornell Hotel and Restaurant Administration Quarterly*, Oct-Dec 2003, 44, 5/6, pp.31-46.
- channel dyads, *Marketing Science*, Vol.8, No.4, pp.310-323.
- channel dyads, *Marketing Science*, Vol.8, No.4, pp.310-323.
- Chu, Kuo-Ming. (2009). The Construction Model of Customer Trust, Perceived Value and Customer Loyalty, *The Journal of American Academy of Business*, Cambridge, Vol.14, No.2, pp.98-103.
- Crosby, L. A.; Evans, K. R. and Cowles, D. (1990). Relationship Quality in Services Selling: An Interpersonal Infuence Perspective, *Journal of Marketing*, Vol.54, No.3, pp.68-81.
- Customer Relationship in Medical Service, *The Business Review*, Cambridge, Vol.11, No.1, pp.152-158.
- Doney, P. and Cannon, J. P. (1997). An examination of the nature of trust in buyer seller relationships, *Journal of Marketing*, Vol.61, No.2, pp.35-51.
- Egan, J. (2001). Relationship Marketing: Exploring Relational Strategies in Marketing,
- Hayes, B. E. (2008). The True Test of Loyalty, *Quality Progress*, 41, 6, pp.20-26.
- Hougaard, S. and Bjerre, M. (2002). Strategic Relationship Marketing, Samfundslitteratur Press. ISBN 87-593-0840-0.
- Keiningham, T. L.; Aksoy, L.; Cooil, B. and Andreassen, T. W. (2008). Linking Customer
- Kelley, L.L. and Gilbert, D. and Mannicon, R. (2003), "How e-CRM can enhance customer loyalty", *Marketing intelligence and Planning*, Vol 24, N.4, pp:239-248.
- King, S.F. and Burgess, T. (2008). Understanding success and failure in customer relationship management, *Journal of Industrial Marketing Management*, Vol. 37, pp: 421- 431.
- Li, Ye-Chuen and Ho, Yung-Ching (2008). Discuss the Impact of Customer Interaction on
- Liang, Chiung-Ju and Wang, Wen-hung (2008). Do Loyal and More Involved Customers
- Liao, S- H. and Chen, Y- J. and Deng, M-Y. (2010). Mining customer knowledge for tourism new product development and customer relationship management, *Journal of Expert Systems with Applications*, Vol. 37, pp: 4212- 4223.
- Liou, j. (2009). A novel decision rules approach for customer relationship management of the airline market, *Journal of Expert Systems with Applications*, Vol. 36, pp: 4374-4381.
- logistics outsourcing relationship: Empirical evidence from China", *Industrial Management & Data Systems*, Vol.108, No.3, pp.346-367.
- Mayer, R.C.; Davis, J. H. and Schoorman, F. D. (1995). An integrative model of Master Thesis, Halmstad University- 50. organizational trust, *Academy of Management Review*, Vol.20, No.3, pp.709-734.
- Mc.Mullan. R. and Gilmore, A. (2008). Cusromer loyalty: an empirical study, *European journal of marketing*, Vol. 42, No.9/10, pp: 1084- 1094.
- Morgan, R.M. & Hunt, S. (1994). The Commitment-Trust Theory of Relationship Marketing, *Journal of Marketing*, Vol.58 (July 1994), pp.20-38.
- Mouri, N. (2005). A Consumer-based Assessment of Alliance Performance: An Examination of Consumer Value, Satisfaction and Post-purchase behavior; University of Central Florida, 2005, 156 pages; AAT 3193496, available on 01/03/2009

<http://proquest.umi.com/pqdweb?did=1014307471&sid=1&Fmt=2&clientId=46934&RQT=309&VName=PQD>

- Ndubisi, N. O. and Wah, C. K. and Ndubisi, G. C.(2007), “ Supplier-customer relationship management and customer loyalty ”, *Journal of Enterprise Information Management*, Vol. 20 No. 2, pp: 222-236
- Oliver, R. L. (1997). *Satisfaction: A Behavioral Perspective on the Consumer*, New York:McGraw Hill. Pearson Education Limited, ISBN 0273-64612-5.
- Peng, Leong Yow & Wang, Qing (2006). Impact of Relationship Marketing Tactics (RMTs) on Switchers and Stayers in a Competitive Service Industry, *Journal of Marketing Management*, V.22, pp.25-59.
- Piercy, N.F. (2009). Strategic relationships between boundary-spanning functions: Aligning customer relationship management with supplier relationship management, *Journal of Industrial Marketing Management*, Vol. 38, pp: 857–864.
- quality in emerging markets”, *Asia Pacific Journal of Marketing and Logistics*, Vol.20, No.4, pp.479-492.
- Reciprocate Retailer’s Relationship Efforts?, *Journal of Services Research*, Vol.8, No.1, pp.63-90.
- relationships: a cross-country and cross-industry exploration, *Journal of Marketing*, Vol.65, No.4, pp. 33-50
- Singh, R. (2008), “Relational embeddedness, tertius iungens orientation and relationship
- Smith, J. B. (1998), “Buyer-Seller Relationships: Similarity, Relationship Management, and Quality”, *Psychology and Marketing*, Vol.15, No.1, pp. 3-21.
- Spath, D. and Fähnrich, K.-P. (Eds) (2007), “Advances in Services Innovations”, Springer, Berlin, ISBN: 978-3-540-29858-8.
- Tian, Yu; Lai, Fujun and Daniel, Francis (2008), “An examination of the nature of trust in
- Tseng, Yi Ming (2007). The Impacts of Relationship Marketing Tactics on Relationship Quality in Service Industry, *The Business Review*, Cambridge; Summer 2007, 7 (2), pp.310-314.
- Wulf, K. D., Odekerken-schroder, G. and Iacobucci, D. (2001). Investments in consume