Examining the Effect of Relation-Oriented Marketing on the Customer Loyalty Using the Intermediate Role of Customer Satisfaction (Case Study: Urmia Mellat Bank)

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Abstract: The present study aims at investigating the effect of relation-oriented marketing on the customer loyalty using the intermediate role of customer satisfaction (case study: Urmia Mellat Bank). The study is applied, descriptive and survey in terms of the goal, quality of data collection, and quality of implementation. The statistical population comprised of all clients of Mellat Bank. Using Cochrans formula and stratified random sampling method, the sample size was obtained as 384. Questionnaire constituted the data collection instrument which included 85 items, the reliability of which was estimated as 0.865 using Cronbach alpha coefficient. To make the analysis, AMOS and SPSS software were employed. The results indicated the influence of relation-oriented marketing on the customer loyalty using the intermediate role of customer satisfaction.

Keywords: relation-oriented marketing, customer loyalty, customer satisfaction

Introduction

It is evident from the few recent year that world has moved from an industrial economy for which the machines were taken into consideration as the main component towards the economy rooted in human for which the customer plays the vital role (Hagigi & Akbari, 2011). It is believed in today’s competitive market, where the goods and services do not suffice for attracting new market or preserving the markets as well as their customers, that various forms of the products various forms of the products are the key in final choosing of product and the price for which the customers will pay (Sadegi & Karani, 2009). The main emphasis is on development and advancing the goods with the commercial sign which address the needs of the consumers (Huwang, 2008). Considering the competitive milieu, one can demonstrate that one of the essentials of survivals in each industry is to expand and develop the customer loyalty. Today, customer loyalty is regarded as the key for success in every business. The increase of customer loyalty results in market share and profit of the enterprise. The development technology and the orientation of market towards the competiveness lead to the consideration that the loyal customer is regarded as the main capital for every company.

Regardless of being large or small in size, governmental or non-profit, national or global, every organization requires a healthy market for attaining the success, marketing has to do with the customers more than any other commercial activities. Providing the customer satisfaction and creating value are the thinking axis and new marketing conduct (Sadegi et al., 2009). Nowadays, almost every people is aware of the marketing since they observe the effects of marketing. All these effects take place to attract the customer and encourage people to purchase (Geru et al., 1996, cited in Ghazizade, 2011).

Customer is the sole agent for providing the income of companies in present and guarantees the future development of it. However, finding a suitable customer is a hard task which mean a person who provides much more income and financial sources with much more lower expenses. The reason is that the purchasing decision of individuals is a function of different and expanded factors on the society level. The communication technology can offer an instrument through the assistance of which one can determine and manage these customers in a facilitated way. Hence, customer communion management can be considered as a marketing technique which rots in customers’ information banks.

The customer is the only profit making factor in companies; however, it is feasible to lose a customer in such a condition since the competition is severe over attaining good customers (Gary & Byun, 2001). It is suggested the companies emphasize on preserving current customers and establishing long-term relations with them. The main scope of customer preservation is that one should provide the satisfaction of customer through creating excellent value for customer (Katler & Gray, 2001). Philip Carter defines a relation-oriented marketing as establishing, preserving and enhancing the strong relation with customers and other beneficiary groups (Caler, 1999, cited in Venus & Zohori, 2011). Today, every customer enjoys his/her special value and companies are recommended to strive for obtaining much of the market share. Marketing grows in its perfectionism ion a level in which the marketers do not seek solely for having new customers. Today, the main purpose of the marketing is to run the
demand management through developing and leading the customer towards the organizational loyalty up to the mature level (Richard, 2001, cited in Gadami, 2013). The customer satisfaction does not suffice and companies should ensure that the customers are loyal. In this paradigm, the goal is to establish a long-term and mutual relation with the beneficiary groups and the customer so that few customers are lost, leading to the increase of market share and profit making of companies (Abasnejad, Hagigi, Kafash, & Sehat, 2011). Six-fold satisfaction is not the whole, rather it is the loyal era. Customer loyalty, employee loyalty, management loyalty, loyalty to society and principles, goal and purposes are among the types of loyalty. Most of the studies have shown that satisfaction is not the ultimate key to success (Lin & Wu, 2012).

Customer satisfaction is the emotional response of customer which is derived from the interaction with the target organization or consumption of product. Satisfaction is generated by perceiving the difference between customer expectation and real performance of product or organization (Lay et al., 2009). There are two approaches for defining the customer satisfaction. In the first approach, satisfaction is a status which is derived by consuming the product or using the service for customer. The second approach has to do with the process of perceiving and evaluating the customer with respect to the experience of consuming the product or use of the services. All in all, customer satisfaction is defined as follows: satisfaction is an emotional response which has derived from the interaction with the target organization or consumption of product (Shabatipor et al., 2016). Satisfaction is generated by mutual understanding between the customer and real performance or organization. Prior experience of customer with respect to the product use or his experience of interaction with the target organization play a great role in developing the expectations. Customer satisfaction influences the future interaction when considered with the organization (Nik Zat et al., 2014). Those types of organizations can feel succeed which address their customers’ satisfaction since the customer is the most important asset of every organization (Linka et al., 2009).

Review of Literature

Shabanpor et al. (2016) conducted a study indicating the relationship between product price and customer satisfaction of Behpaksh Company of Tabriz. The study followed a descriptive design and applied. To collect the data, a questionnaire involving 28 items (evaluating the satisfaction of price) and 30 items (assessing the customer satisfaction) developed by Mogimi et al. was used. The obtained data were analyzed through the use of Pearson correlation test and independent t-test. The findings predicts that there is a positive and significant relationship between assessing the price of products on all dimensions (ensuring the price, clarity of price, relative price, price-quality, logical price) and customer satisfaction except for the confidentiality dimension.

In a similar vein, Gasemi Hamedan and Rajabi Farjad (2015) examined the linkage between relation-oriented marketing and customer loyalty among Birjand Insurance Companies. The study was conducted base on multivariate correlation design. The population comprised of 152 customers in Birjand insurance companies. Questionnaire was used to gather the data, which were analyzed by means of SPSS software.

Omidinia (2014) captured his attention towards the examination of the effect of relation-oriented marketing on customer loyalty among public and private banks of Qom. The statistical population involved 111 customers of the banks across Qom. The results proved the positive relationship between relation-oriented components and customer loyalty. Commitment, trust, communications and conflict management were the first four priorities. Also, there was no significant difference among the research variables in public and private banks.

In another study, Dev and Heesup (2014) developed a study entitled “the personality satisfaction, thought, internal decorations and customer loyalty: examining their relations in the hotel industry”. The results of structural equations showed that extroversion, adoption and neuroticism had an effect on the satisfaction factor, and satisfaction had an influence on hotel mentality. Hotel mentality had a less effect on loyalty when compared to the satisfaction factor, which also played an intermediate role for the influence of satisfaction on loyalty.

Kim (2014) examined the association between biased services, quality, customer satisfaction as well as customer loyalty and developing the conceptual model with respect to the chain restaurants of Seoul in South Korea. The data were collected through the use of questionnaire. It was concluded that the coefficient of service quality effect on satisfaction and that of the satisfaction on customer loyalty were greater than the corresponding coefficients proposed in the structural model.

Materials and Method

The study is applied, descriptive and survey in terms of the goa, quality of data collection and quality of implementation. The statistical population was Urmia Mellat Bank. The study was conducted through Dey 2016 to Farvardin 1396. Also, the study followed a correlational design. Both descriptive and inferential statistics were employed. Descriptive statistics deals with estimating the frequency, mean and standard deviation while the inferential tactics has to do with fit tests (Kolmogorov-Smirnov) to study the normality or non-normal distribution of variables. In case of the normality, parametric tests are used. Otherwise, non-parametric test are employed. Using path analysis, the effect among the variables are assessed using LISREL software.

Statistical analysis
According to the frequency of gender, male gender (256 participants) and female gender (128 participants) constituted the whole respondents. The participants were categorized by 30-39 years of age (151 subjects, 39.3%) and more than 50 years of age (14 subjects, 3.6%) in term of the maximum and minimum frequencies.

178 participants (46.6%) and 43 participants (11.2%) constituted the bachelor of art and diploma academic degree holders, respectively. In addition, 272 participants (70.8%) and 112 participants (29.2%) constituted the married and single subjects, respectively.

The paradigm suggested for examining the effect of relation-oriented marketing on customer loyalty with respect to the intermediate role of customer satisfaction was examined through the use of path analysis method. Diagram 1 represents the tested model.

Diagram 1: analytic model of variables

The following table represents the path coefficient, levels of significance and sum of square for multivariate correlation pertinent to the theoretical model.

<table>
<thead>
<tr>
<th>Variables to</th>
<th>Estimates</th>
<th>Regression weights</th>
<th>Level of significance</th>
<th>Variables to</th>
<th>Correlation square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relation-oriented marketing to Customer satisfaction</td>
<td>0.452</td>
<td>0.000</td>
<td>Customer satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relation-oriented marketing to Customer loyalty</td>
<td>0.348</td>
<td>0.000</td>
<td>Customer loyalty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction to Customer loyalty</td>
<td>0.238</td>
<td>0.000</td>
<td>Customer loyalty</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the table above, the direct effect of relation-oriented marketing on customer satisfaction (0.452) is significant at 0.01 level. The direct effect of relation-oriented marketing on customer loyalty (0.384) is positive and significant at 0.01 level. This variable predicts 51% of the changes related to the customer loyalty.

One of the main goals of using structural equation modeling is to acknowledge the congruence between the experimental data and the conceptual model. To understand the congruence between the structural data and conceptual model, one uses the criteria and indexes called fitting indexes. One employs different parameters for ensuring the fitness of the model.

Table 2. Path coefficients, levels of significance and sum of square for multivariate regression related to the family support of the theoretical model

<table>
<thead>
<tr>
<th>Indexes</th>
<th>Index</th>
<th>Obtained value</th>
<th>Acceptable fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute fit</td>
<td>Chi-square</td>
<td>878.639</td>
<td>Not being significant</td>
</tr>
<tr>
<td></td>
<td>NFI</td>
<td>1.000</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td></td>
<td>CFI</td>
<td>1.000</td>
<td>Greater than 0.95</td>
</tr>
<tr>
<td>Comparative fit</td>
<td>RFI</td>
<td>1.344</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td></td>
<td>IFI</td>
<td>0.581</td>
<td>Between 0 to 1</td>
</tr>
<tr>
<td>Thrifty fit</td>
<td>PNFI</td>
<td>0.836</td>
<td>Greater than 0.5</td>
</tr>
<tr>
<td></td>
<td>RMSEA</td>
<td>0.484</td>
<td>Less than 0.08</td>
</tr>
</tbody>
</table>
One concludes from the fitness parameters that the suggested model is acceptable. Finally, direct, indirect and overall effects of the research variables were obtained.

<table>
<thead>
<tr>
<th>Effects</th>
<th>Customer satisfaction overall</th>
<th>Customer loyalty overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relation-oriented marketing</td>
<td>0.010</td>
<td>0.003</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>…</td>
<td>0.018</td>
</tr>
</tbody>
</table>

According to the table above, one can explain that the overall effect of relation-oriented marketing on customer satisfaction is significant at 0.05 level. Direct effect of customer satisfaction on customer loyalty is significant at 0.05 level. Indirect effect of relation-oriented marketing is significant at 0.05 level.

**Conclusion**

Today’s organizations tend to establish and preserve the long-term relations with the customers due to their understanding of addressing the customer needs. Relation-oriented marketing approach seeks for establishing such supportive long-term relations. The present study considered five subscales of relation-oriented marketing, namely, commitment, trust, communications, conflict management and competency as the basis for relation-oriented marketing. In this study, the effect of this variable on customer loyalty with respect to the intermediate variable of customer satisfaction was examined. Based on the results obtained which proved such an influence, one can say that maximum attention is suggested to be directed towards customer satisfaction to maximize the loyalty of bank customers.

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