Relationship Marketing and Customer Loyalty: A Review of Literature

Dr. Okolo Joachin Uchechukwu
Department of Marketing
Institute of management and Technology (IMT), Enugu

Dr. Uduji Joseph. I
Department of Marketing
University of Nigeria Enugu campus

Abstract
Services become more efficient when employees learn about what customers expect and how best to meet the customer’s needs. For long-time profitability, salesmen attempt not only to offer excellent products but also to retain loyal customers. The strong rivalry characterizing today’s business environment has resulted to the building of stronger firm-customer relationships. However, there have been good discussions in literature concerning how modern-day marketing should be defined. The discussions have led to the conclusion that there is a need for a new paradigm in marketing, one that centres on enabling and maintaining long term relationship with customers rather than the mere application of marketing mix to satisfy a customer. In this concern, there is unquestionably mounting interest in the topic of relationship marketing. Therefore, this study reviews comprehensively relevant literatures on the relationship between relationship marketing and customer loyalty. The study found that a number of scholars studied relationship marketing and customer satisfaction, trust and loyalty; most of them were carried out in other countries. There is still scarcity of studies exploring these relationships and particularly the direct relationship between relationship marketing constructs and customer loyalty. On theory, Morgan and Hunt (1994) identified commitment and trust as playing mediating role in relationship marketing although other contextual factors exist that influence the success or failure of relationship marketing therefore opening a gap in theory that needs to be filled.

Keywords: Relationship marketing, customer loyalty, commitment, trust

1.0 Introduction
Services become more efficient when employees learn about what customers expect and how best to meet the customer’s needs (Clow and Kurtz, 2003). Day (2000) pointed out that for long-time profitability, salesmen attempts not only to offer excellent products but also to retain loyal customers. The strong rivalry characterizing today’s business environment has resulted to the building of stronger firm-customer relationships (Ndubisi, 2007). For many companies, customers are both financial and intellectual capitals and if a company knows how to manage their capitals properly, it will bring more benefits and comparative advantage to the company. Therefore, obtaining a good relationship is as good as gathering and keeping more capitals (Baidi, et al., 2017).
Moreover, there is unquestionably mounting concern in the topic of relationship marketing (Berry, 1983; Christopher, Payne & Ballantyne, 1991; Morgan & Hunt, 1994). There have been good discussions in literature concerning how modern-day marketing should be defined (Gummesson, 2004; Coveiello et al, 2006; Grönroos, 2009). The discussions have led to the conclusion that there is a need for a new paradigm in marketing, one that centres on enabling and maintaining long term relationship with customers rather than the mere application of marketing mix to satisfy a customer (Grönroos, 2009). This new paradigm is relationship marketing and mounting theoretical and empirical research have evolved out of this concept (Gummesson, 2004; Grönroos, 2009). Therefore, the objective of this study is to review related literatures on the relationship between relationship marketing and customer loyalty.

2.0 Literature Review
Concepts of Customer Loyalty and Relationship Marketing
Loyalty denotes the level of consumer repatronage intention of products from specific producer. According to Oliver (1999), customer loyalty is a customer’s deep commitment to patronize or purchase a product regularly in future, in so doing cause repetitive same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. Li (2012) defines the term loyalty as an “Instrument which generates long lasting benefits for both parties in relationship”. According to many researchers, customer loyalty is the key to gain the competitive advantage as well as it ensures the growth of an organization in long run. Because loyal customers are very difficult to switch as well as they are very less likely to be price sensitive while showing a repetitive purchasing which generates profit for organization. Also Lee and Cunnigaham (2004) defined loyalty of customers on the basis of their previous purchasing behavior and their future buying commitments with respect to a specific organization. Reiheld and Detrick (2003) defined the loyalty as a “procedure of generating mutual benefits both for the customers and organization on a long-term basis”. Morgan et al (2004) viewed customer loyalty as a desire to identify, develop and sustain profitable and important relationships.

Moreover, the concept of customer loyalty came to academic discuss in the 1940s (Patrick et al, 2014). In early studies, it was seen as a unidimensional construct with the measurement perspective earlier taken by other researchers. Later on two distinct loyalty concepts evolved which is attitudinal loyalty and behavioural loyalty. Many researchers suggested that loyalty may be more multifaceted (Day, 1969; Knox and Walker, 2001) and that it may involve both behavioural and attitudinal loyalty. In that case, customer loyalty dimensions differ. This abundance means that trying to capture customer loyalty in an empirical work, a research is likely to face choosing particular loyalty dimensions which is very important to include and how to deal with their interrelatedness. Jacoby (1971) combined the bi-dimensional concept and called it composite loyalty. The composite definition
of loyalty which considers favourable attitudes, intentions and repeat-purchase or re-patronage intention (Jacoby and Chestnut, 1978) has become the centre of loyalty research ever since. Oliver (1999) proposes that loyalty changes and that there are stages of loyalty.

The key to business longevity is loyalty and recent research showed that word of mouth correlates with company growth (Reichheld, 2003). It is probable that every customer has loyalty potentials in different degrees, and that customers have a different mix of loyalty qualities. Marketers can activate different loyal states or potentials in different ways. For instance, word of mouth behaviours may be encouraged by reward programs where as repurchase intention of customers may be encouraged through sensitive advertising. A wide range of loyalty measures have been inconsistently applied across many different loyalty studies. Word of mouth has been used as a measure of loyalty and it is a strong indicator of loyalty because when customers recommend your service they are putting their reputation on the line. Customer loyalty, a key mediating variable in explaining customer retention (Pritchard and Howard, 1997) is concerned with the likelihood of a customer returning, providing strong word-of-mouth, and making business referrals. Most loyal customers are less likely to engage in product switch due to price inducement, and these customers make more purchases as compared to less loyal customers.

Furthermore, in the context of multi-item approach, there are two main multi-item measurement models which are based on different assumptions regarding both item selection and assessments of measurement properties; the reflective and formative models (Diamantopoulos and Winklhofer, 2001). The assumption for the reflective model concerns the measurement items co-variations caused by variation in one fundamental factor (the latent construct). It means that each individual measurement item to be added in the measure known as multi-item scale should effectively reveal the same latent construct and changes in the validity of the measure if a single item is removed, it should be near zero. In other words, and in the reflective model, it is assumed that the indicators are uni-dimensional (Jarvis et al., 2003). Several dimensions of loyalty have been taken in the essence of the reflective model, such as “repatronage intentions” (Yang and Chang, 2011), “intentions to deal with the same salesperson again” (Foster and Cadogan, 2000), and “preference for one particular retailer” (Lee and Overby, 2004). Such studies, then, are examples of an approach in which one particular and discrete loyalty aspect is in focus, and it is captured by one multi-item measure consisting of items carefully selected so that all of them reflect the same aspect.

The second multi-item approach is the formative measurement model, which assumed that the individual measurement items are theorised to cause variations in the latent construct conceptualized at a higher ordered level than the measurement items. The basis of this approach is the notion that the items are totally uncorrelated; in other words, uni-dimensionality is not necessary in
the approach. Definitely, the purpose of using the formative approach is generally that the relevant construct is observed as containing diverse dimensions and that different measurement items are needed to tap into them. Therefore, reliability of the internal consistency for the individual measurement items is not needed in this case (Jarvis et al., 2003). A clear formative approach to measuring customer loyalty is not common except in Ranaweera and Prabhu (2003), Reichheld (2003) where they used word of mouth approach.

However, four main bodies formed the ideas of relationship marketing as it is in the marketing profession. First among them is the business-to-business marketing attributed to the work of the Industrial Marketing and Purchasing Group (IMP). They stressed the relevance of relationships in the interaction between selling and buying companies (Ford et al., 2002). Also the services marketing, placing emphasis on the intangibility and importance of offers at the moment when the actual brand performance is confronted with the expectations of its customers (Grönroos, 2000). Thirdly, total quality management places emphasis on the review of non-quality costs as well as viewing systematic identification of the main causes of customer dissatisfaction (Crosby, Evans and Cowles, 1990). Finally, the old tradition of direct marketing and its insistence of the need to establish a personal relationship with each customer based on the understanding of his real value to the company (Wunderman, 1996).

With the acceptance of the basic concepts of relationship marketing and with the growing interest in academic and business circles, it has as well raised some skepticism concerning its real effectiveness (Fournier, Dobscha and Mick, 1998). The most underlying criticisms being those that question the basic means in which these strategies influence the customer’s buying behavior (Dowling, 2002). Relationship marketing comes with a price but can achieve many goals. According to De Kare-Silver (2000) if a firm desires its customers to increase demand on its goods and to actively prefer its business over others, it has to convince them that it cares about them. The prevailing assumption in relationship marketing is that relationship should exist between the company and its customers beyond commercial transactionary motive. It starts with clear communication from the company to the customer. Relationship marketing can take many forms, but it is the backbone of the many of the most successful companies (Wunderman, 1996). When the customer perceives the process as important, the outcome becomes better for the organization. Relationship marketing perceives physical goods and products (equipment) as a part of a process with other elements like host of services (Grönroos, 1999).

Relationship marketing can be said to be a process that can allow an organization to concentrate its limited resources on the greatest opportunities to retain customers, achieve a sustainable competitive advantage and increase performance (Gary and Kotler, 1983). A lot of researchers (Sin et al., 2002;
Sorce, 2002; Terawatanavong and Quazi, 2006; Vargo, 2009; Veloutsou et al., 2002; Wilkinson and Louise Young, 2002) have examine the influence of relationship marketing on customer loyalty. According to Buttle (2009), customer’s relationship marketing is an essential business technique which summarizes both internal and external functions and processes which is helpful in creating and developing value added service/Products for targeted customers at profit. Jamil et al. (2012) also explains that the primarily focus of relation marketing strategies is to create loyalty among customers and build strong long-term relations with customers. Relationship marketing also aids marketers to differentiate themselves from competitors. Dushyenthan (2012) evaluated the role of relationship marketing for developing and retaining customer loyalty conducted with seven dimensions of relationship marketing i.e. commitment, trust, and quality of employees, complaint handling, familiarity and personalization of services. Four dimensions selected for this paper will be discussed in relation to customer loyalty.

2.2 Theories Relevant to Relationship Marketing and Customer Loyalty

There are two relevant theories as it relates to relationship marketing and customer loyalty – commitment trust theory of Morgan & Hunt (1994) and relationship marketing theory of Alexander (1998).

**Commitment-Trust Theory:** According to Palmatier (2008), the Commitment-Trust theory developed by Morgan and Hunt (1994) can be seen as one of most significant relationship marketing theory. The theory that describes the presence of commitment and trust as the “keys” to a successful relationship marketing despite that there are many other contextual factors that influence the success or failure in relationship marketing (Palmatier, 2008). The theory also highlights the model of relationship marketing, called the key mediating variable model or KMV model which focuses on one party in the relational exchange and that party’s commitment and trust in the relationship. Since they hypothesized it as a key construct, both commitment and trust are placed as mediating variables between other five antecedents such as termination costs, benefits, shared values, communication, and opportunistic behavior, and five outcomes comprises of acquiescence, propensity to leave, cooperation, functional conflict, and decision-making uncertainty (Morgan & Hunt, 1994). This theory views relationship marketing from the mirror of the customer so will be the most relevant when a work id from the customer’s point of view.

**Relationship Marketing Theory:** Alexander (1998) proposed the relationship market theory. According to the theory, relationship marketing is the development of profitable, interactive and long-term relationship with potential and existing customers, suppliers and interest groups. It involves integrating the customers, the suppliers and all other stakeholders in the marketing process and activities (McKenna 1991). The theory enlisted three types of relationship marketing, that is, database marketing, network marketing and interaction marketing. Database marketing as an internal
marketing uses information technology to increase customer satisfaction, customer loyalty and profits. Relationships exist when customers have interactions with the organizations. Successful relationship marketing efforts advance customer loyalty in the course of stronger relational bonds (Sirdeshmukh, Singh, and Sabol, 2002; De Wulf, Odekerken-Schröder, and Iacobucci, 2001). Relationship marketing should be viable and valuable both to organizations and customers. Also, relationship between organization and customers will increase the importance of organizations to enhance and maintain the total relationships that exist with the customers. Melonakos (2009) pointed out that customers interact more with the organization that satisfies their need. The profitability through customer relationship is greater after years of sustainable relationship due to decreasing costs, incremental purchases and increase in price. This theory views relationship marketing from the standpoint of the firm and may have a limited explanation to customer choices. The main explanation is that information on network and database marketing may possibly be gotten only from the firms.

3.0 Research Methodology
This paper applied secondary data approach to arrive at the result. The aim is to understand how relationship marketing affects customer loyalty through other research articles. Other articles were collected through search engines like research gate and Google scholar. We collected a total of 23 empirical articles.

4.0 Results
Ly and Loc (2017) researched the relationship between brand experience, brand personality and customer loyalty in the fashion industry of Ho Chi Minh City, Vietnam so as to understand the impacts of brand experience and brand personality on customer loyalty as well as to suggest solutions to increase loyalty. They collected information on 408 customers from fashion stores in Ho Chi Minh City and employs multiple analysis methods including descriptive statistics, Exploratory Factor Analysis (EFA), and Cronbach’s Alpha to analyze the data. The study confirmed that brand experience and brand personality do play an indispensable role in the context of Vietnam’s fashion market, because of their significant impacts on customer satisfaction.

Adekiya and Adepoju (2016) investigated the relationship between brand trust and customer loyalty. Their research also looked at the moderating influence of age, gender and income level, among subscribers in the Nigerian telecommunication industry. They utilized structured and close ended questionnaire in eliciting responses from three hundred and seventy six (376) mobile telecommunication users who were selected through the multistage sampling technique, from the eight local governments of Kano metropolis. They analysed the data using three step regression analyses and it indicates that while brand trust has a significant and positive effect on customer loyalty. The relationship was not moderated by age, gender and income level. They recommended that those companies whose focus is improving customer loyalty from the viewpoint of brand trust, should carry out
such action without any consideration for the three highlighted demographic variables: gender, age and income level, in their segmentation exercise.

Ogungbade (2015) explored the relationship between relationship marketing, relationship quality and customer loyalty in Nigerian telecommunication industry. The study looked at the effect of quality service, price perception, brand image and value offers on customer satisfaction and how satisfaction influences the loyalty of customers in modern business operations. Data was collected from 81 pre-paid mobile subscribers from four operators (MTN, Airtel, Glo and Etisalat) through self-administered survey questionnaire. The data collected from the survey with the aid of questionnaire was analyzed with Multiple Regression Analysis. The study’s findings show that service quality, price perception, brand image and value offers are predictors of customer satisfaction. The findings also indicate that customer satisfaction has high strong influence on customer loyalty but it was however concluded that customer satisfaction alone cannot lead to loyalty unless it is backed up with trust towards both the service and the service provider.

Tushar and Shivani (2014) investigated the effect of relationship marketing (RM) on the performance of service companies with the use of descriptive research design. The study’s findings revealed several measures of RM such as price perceptions, service quality, trust, customer satisfaction and complaint handling which are responsible for the performance of service companies. The research concluded that RM and service delivery are the factors responsible for the performance and the growth of service companies.

Malik, Yaqoob and Aslam (2012) investigated the impact of price perception, service quality and brand image on customer loyalty in Pakistani hospitality industry. They used survey method through self-administered questionnaire which was adopted from Zhang & Feng (2009) with a sample size of 300 respondents. Data was collected and analyzed through statistical techniques of correlation and regression. The study findings shows that service quality, Price Perception, and Brand image have positive and significant correlation with customer loyalty.

Gaurav (2008) aims to understand the impact of relationship marketing on customer loyalty. It also discusses the effect of different demographic variables such as gender, education and income in relation with marketing variables, on customer loyalty. The study adopted a structured questionnaire method administered to 130 bank customers in Hyderabad. They analysed the data using two step analyses method-factor analysis and multiple regression method. The study found that the measures of relationship marketing variables (Trust, customer focus and communication) can predict customer loyalty very well in the case of Indian banking customers.

The study adopted the customers' view and data was gathered from the questionnaires directed to a total sample of 500 retail pharmacies located in Amman and Zarqa. The statistical results indicated that communication significantly and negatively affects relationship quality. While seller expertise, which is the most influential factor within relationship marketing factors that affects relationship quality, has a significant and positive effect on relationship quality. The results of the comparison level of alternatives showed that it has a positive and significant effect on trust, no effect on satisfaction and positive but insignificant effect on commitment, while the dependence on seller indicated a positive but insignificant effect on commitment and satisfaction, while it has a significant and positive effect on trust. Regarding the results of cooperation, it affects trust and commitment significantly and negatively while it has insignificant and negative effect on satisfaction. The results of the effect of relationship quality on customer retention, showed a significant and positive effect of satisfaction and commitment on customer retention, while trust has insignificant effect on customer retention.

Olannye (2014) studies the effect of interpersonal relationship on marketing performance in the Nigerian Hotel industry. A survey research design technique, convenience sampling method was employed to select 350 participants and structured questionnaire. They used a principal component factor analysis, correlation and multiple regression analysis as tool of analysis. The findings revealed that friendly interactions exhibited overwhelming positive effect on customer retention, indicating the importance of the dimension of interactive factor in perceived service quality. It is concluded that interpersonal relationship has become an important competitive weapon in the hotel industry due to its potential in eliciting friendly interaction that fosters commercial friendship, emotional attachment and loyalty to the service providers.

Fatemeh et al (2013) investigated the effect of relationship marketing strategies on customer loyalty. The study looked at the impact basis of relationship (RM) -bound marketing on customer loyalty, the importance of these variables in customer’s point of view and the level of banks success in the field of creating each of these variables. The study used multiple regression analysis and U Mann-Whitney testing system and found that relationship bound marketing strategy have a significant and positive impact on the loyalty of customers and preference of impact of these variables has been done as communication management, conflict management, commitment and trust. Sorce (2002) examined the impact of relationship marketing strategy on the demand for customized communication through printing. Two exploratory studies were carried out. In the first exploratory study, the perception of 160 adults were sought to determine their preferences for common relationship marketing tactics such as receiving mail from businesses they patronize, getting e-mail notices of sales, joining frequent buyer programs, and use of customer service phone lines. The results indicated that catalogs and direct marketing were viewed very favorably by the
respondents. Commercial e-mail messages were viewed somewhat less favorably. There was not a high level of interest in frequent buyer programs. A factor analysis revealed that these preferences combined to form four dimensions representing the different forms of media to communicate with customers: printed mail, e-mail, telemarketing, and face-to-face service. Relationship marketing strategies will be successful if customer communication preferences are part of the customer profile database of a firm. The second exploratory study addresses whether there are infrastructure or implementation barriers to capturing and using this customer feedback. Interviews with executives from an advertising agency, a large printing company that produces direct mail, and an executive from a customer relationship management software company were conducted to determine what are the barriers to implementing personalized print campaigns using variable data? The results indicated that many of their business clients were not able to implement these campaigns because their internal databases were inadequate; there were a small number of businesses cases where this level of personalization was cost effective and there was an overall lack of awareness of the range of marketing automation possible with today’s digital printing technology. They therefore asserted that these barriers must be overcome in order for viable data printing to meet its potential.

Foster & Cadogan (2000) examined how customers' loyalty is influenced by their relationship with organization at two different levels; specific relationship between customers with the salesperson; and the overall relationship customers share with the organization. Mail survey for business customers of a large New Zealand office products organization was undertaken for the purpose of data collection. Only those customers were considered for the study who had earlier interaction with company's sales personnel during the month prior to the survey. The results of the study showed that the relationships that customers experience with salespeople play a vital role in ensuring their long term relationship with the organization. In this study, relationships at both levels were found to impact positively on the probability of customers exhibiting behavioural loyalty.

Gaurav (2016) examined the impact of relationship marketing on customer loyalty in Indian automobile industry. Data was collected directly from the respondents by administering structured questionnaire prepared for data collection and questionnaires were shared to 510 respondents. The study employed factors analysis and multiple regression method. It found that multiple regression analysis has clearly revealed that all the four constructs of relationship marketing viz. Customer Centricity, Commitment, Trust and Communication contribute significantly to customer loyalty and predict substantial percentage of the variation in customer loyalty.

Tonder (2016) explored trust and commitment as mediators of the relationship between quality advice and customer loyalty of insurance companies in South Africa. The study sample was made up of 242 clients of
independent insurance agents and self-administered surveys were used to collect the data. Their findings show that trust and commitment have a strong influence on customer loyalty. The findings of the study could assist larger organisations focusing on consultative selling practices and help them create solid client relationships with the potential to deliver great profit.

Aslam, Hamid and Arshad (2015) explored impact of interactive marketing on consumer satisfaction and loyalty. The study focused on commitment, trust, familiarity, quality of employees, service quality and service personalization efforts as key predictor of customer satisfaction and loyalty. They collected data using pretested questionnaire through personal interviews and a sample of 160 consumers was selected by using convenience sampling technique. The study employed multiple regression method and found interactive marketing to positively and significantly influence customer satisfaction and customer loyalty.

Alrubaiee and Al-Nazer (2010) examined the impact of various demographic variables (viz. sex, education & income) in association with relationship marketing on customer loyalty in Amman, Jordan. The sample was 450 bank customers and structured questionnaire was used for collected. Two step statistical analyses of data was undertaken; Factor analysis was performed to extract the underlying factors of relationship marketing and then multiple regression analysis was performed to elucidate dyadic relationship between relationship marketing and customer loyalty and to examine the impact of demographic variables on relationship marketing – customer loyalty relationship. This study argued that the measurement of relationship marketing variables can predict customer loyalty very well in the case of Jordanian banking customers. At the same time, it was observed that both sex and income has significant influence on relationship marketing – customer loyalty relationship.

Liang & Wang (2005) developed and empirically tested a conceptual model in order to examine the connection between relationship bonding tactics, customer satisfaction, trust/commitment and customer behavioural loyalty in a relationship marketing system in Taiwan financial services industry. The study is based on data collected from customers of different department of the selected bank viz. 396 from the loans department, 431 from the deposits department and 216 from the credit cards department. First, confirmatory factor analysis (CFA) was performed to evaluate the construct validity regarding convergent and discriminate validity. In the second stage, path analysis was performed to test the research hypotheses empirically. The study's findings suggested that financial products with different product attributes will benefit the most from individual types and levels of relationship investment that can be applied directly to each product.

Gerpott et al (2001) explored customer retention, loyalty and satisfaction as important (intermediate) goals for telecommunication network operators on their way to superior economic success in the
liberalised German market. They used a sample of 684 residential customers of digital cellular network operators in Germany and the study tested hypotheses suggesting that customer retention, loyalty and satisfaction should be treated as differential constructs which are causally inter-linked. LISREL analyses support a two-staged model in which overall customer satisfaction has a significant impact on customer loyalty which in turn influences a customer's intention. Mobile service price and personal service benefit perceptions as well as (lack of) number portability between various cellular operators were identified as supply-related variables with the strongest effects on customer retention. Mobile network operators’ perceived customer care performance had no significant impact on customer retention. The findings suggest that an important lever for regulators to promote competition in cellular markets is the enforcement of efficient number portability procedures between mobile network operators.

Kulet (2017) examined the effect of Conflict Handling on customer loyalty of commercial banks in Nakuru Municipality, Nakuru County of Kenya. The study used survey research design on a population of 414,000 retail customers of commercial banks and a sample of 381 respondents drawn from a cross-section of customers of the commercial banks. Questionnaires were used to collect data and Pearson Correlation was used in analyzing the data. The study finds out that conflict handling positively and significantly influences customer loyalty. These findings indicate that increased application of conflict handling by banks leads to increased customer loyalty.

Valashejerdi, Ghasemi and Najjari (2015) researched on customer satisfaction and conflict management relationship with customer loyalty in Bank Tose’eSaderat of Tehran. They applied survey method on a population of 640 customers and derived a sample size of 246 individuals. Questionnaire was employed as a method of data collection. Correlation and regression method was employed to analyze the data. Their findings show that there is positive and significant relationship between customer satisfaction, conflict management and customer loyalty.

Chakiso (2015) investigated the effect of relationship marketing on customers’ loyalty. The study’s a sample are from customers of Zemen Bank in Addis Ababa of Ethiopia. They analyzed the data using bivariate correlations and simple as well as multiple regressions. The study found out that there is a significant effect of trust, commitment, communication, and gratitude on predicting customers’ loyalty. Of these relationships, gratitude emerged as the strongest factor which influences customers’ loyalty while conflict management remained statistically insignificant and negligible influence on customers’ loyalty in the cumulative model.

Patrick et al (2014) studied the effect of relationship marketing on customer loyalty in Uasin-Gishu County of Kenya. They employed explanatory survey design with simple random and systematic sampling techniques to select a sample of 354 customers of petrol service stations. The
study utilized factor analysis, correlation analysis and Multiple Regression and showed that the level of customer loyalty was positively and highly affected by trust, commitment, communication effectiveness and conflict handling capacity of the service providers.

Jesri, Ahmadi and Fatehipoor (2013) investigated the relationship between the components of relationship marketing (Conflict handling, trust, commitment and competence) and customer loyalty. The population for the study was all customers with an account in Mehr Bank in the province of Kermanshah. They used the simple random systematic sampling method and Ndobisi&Wah(2005) standard questionnaire were used as data collection tool with sample size 384. They analysed the gathered data with correlation and regression methods. Their findings show that there is a relationship between relationship marketing components including conflict handling, trust, commitment, communication quality, and competence on customer loyalty.

Ndubisi, Malhotra and Miller (2013) studied customer reactions to conflict management: a review and empirical evidence from two service industries. They tried to examine service recovery by service organizations and its effect on the important marketing outcomes of customer perceptions of service quality (satisfaction, trust, attribution/praise, and value) which influences customer retention rate (loyalty) and thus firm profitability. The study collected data from 412 banking customers through questionnaire that was employed to test the study’s model, and the results were subsequently cross-validated using a sample of 421 health-care customers. They found that in services marked by moderate to low customer contact (i.e., task oriented) such as banking, effective conflict management tends to increase customer satisfaction, trust, and perceived customer value. It also has a positive effect on customer loyalty, albeit mediated by the above three variables. However, in high contact service contexts (i.e., personal oriented) like health care, conflict management seems to have relatively weak direct and indirect effects on customer loyalty.

Ibrahim et al (2015) examine the relationship between customer relationship marketing quality in terms of trust, commitment, communication, conflict handling and customer loyalty by examining attitude and behavior in Sudanese banking sector. They employed convenience sampling technique and questionnaire was used to collect data from various Sudanese bank customers in Khartoum. The data collected was analysed using correlation and regression. They found that there is relationship between the variables and revealed that (communication and conflict handling) have significant relationship with customer loyalty of Sudanese bank customers, while other variables of customer relationship marketing quality have positive significant relation with customer loyalty except communication.

5.0 Conclusion
The above section reviewed existing related literature on the effect of relationship
marketing on customer loyalty. Nevertheless, a number of scholars studied relationship marketing and customer satisfaction, trust and loyalty; most of them were carried out in other countries. There is still scarcity of studies exploring these relationships and particularly the direct relationship between relationship marketing constructs and customer loyalty. On theory, Morgan and Hunt (1994) identified commitment and trust as the constructs for relationship marketing although other contextual factors exist that influence the success or failure of relationship marketing therefore opening a gap in theory that needs to be filled.

References


