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# **Investigating the effect of the relationship marketing on customer loyalty to smart phones brands**

## **A case study of Samsung mobile customers in Bushehr province of Iran**

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### **Abstract**

One of the most important features of a brand is the ability to create loyalty in customers which is considered the key in today's business success. By increasing the customers' loyalty, market share and profitability of a business increase accordingly. Today, the challenge that is faced by all the markers is to find a way to raise the customers' loyalty and to maintain them.

The purpose of this research is to investigate the effect of the relationship marketing on brand loyalty of mobile phone buyers. This research is adopted a descriptive survey method, the data collection tool for this research is a questionnaire and all the questions are measured by Likert Scale. (With five options from completely agree to completely disagree).

The population of this research is the customers of the official agent of Samsung mobile phones in Bushehr province. The sample is chosen based on simple random sampling, and the sample size is 400 individuals (by applying Morgan table sampling). The questionnaire contains 40 questions that was distributed between the research population and the result formed the foundation for the research's analysis.

In order to test the hypothesis and to analyse the gathered data, correlation, linear regression and hierarchy tests were used. The results of the test show that the variables of trust, commitment and communication that are among the relationship marketing components are important factors in the company - customers relationship and consequently building loyalty in customers. Another finding of this research shows that the relationship marketing has a meaningful influence on customers' overall satisfaction; nevertheless, the customer satisfaction does not adjust the relation between relationship marketing and customer loyalty.

**Key Words:** Relationship Marketing, RM, brand loyalty, customer satisfaction

### **Introduction**

Nowadays, by considering the increasing competition in the markets, companies are seeking new methods for increasing their sales, one of the most important method of those, is focusing on increasing the repurchase from the current customers (Oh, 2000, 136). Many organisations have realized that their existence and life depends on acquiring loyal customers. By adopting relation marketing approach, and while maintain a long-term relation with customers, companies can recognise, boost and improve those activities that are important and value adding to their businesses and attract more customers to their own originations and brands. (Morgan and Hunt, 1999)

After a comprehensive review of twenty-six definitions for relationship marketing (RM), Harker (1999), offered the following definition: "A company that is proactively engaged in making, developing and continuing profitable committed and interactive deals with its selected customers over the time, has applied relationship marketing". According to Sin and others (2005), RM is a valuable tool to any organisation. In fact, RM is an integrated strategy and a process that enables a company to identify, select and eliminate its customers and by building and maintaining long-term relationships with customers that company can serve in a profitable way. (Shahin and Taimoori, 2007)

The structure of RM and its components differs in different studies, Sin and colleagues in their 2005 research have recognised trust, communication, joint values, empathy and mutual effort as the most important fundamentals to RM.

On the other hand, brand loyalty plays a significant role in company's long-term benefits. Organisation can gain a greater market share by RM owning to loyal customers continuously buy the brand and resist against the situational causes and competitors' marketing attempts. However, David Acker believes that brand loyalty shows a probability of customers joining a complete brand, particularly when a brand makes changes in price and a product's features. (Hussainin and Rahimi, 2009)

Developing new theories in order to understand the customer behaviour in smart phone market is important as over the past years by entering different brands into the market with lower price, customer loyalty has decreased. This is because of product diversity, offering customers services, and raise in the number of smart phones makers/companies. Different factors like increase of the consumers' welfare, variety of consumer tastes, also offer competition in the smart phones market, have forced companies and businesses to keep the current customers at the first place and to win new customer secondly by offering extra services and develop competitive advantages.

The current research, investigates the effect of relationship marketing on to a specific smart phone brand. Therefore, in this paper we aim to answer the next question:

**What are the factors that are involved in customers' satisfaction and loyalty to brand by considering relationship marketing?**

**Literature review and conceptual model of the research**

Relationship marketing (RM) includes all the steps that are needed for identifying and offering better services to key customers. RM can be defined as kind of marketing that maintains the customers' base. RM is more than simply being in touch with customers, fundamentally, RM engages with understanding the true needs of customers – economical, emotional and ethical needs – and to satisfy them, (Lynch, 1996).

In this research, the author is going to assess factors of **trust**, **commitment** and **communications** in connection with RM.

**Trust:**

In the most studies, trust is a crucial element for long-term marketing relations. In other words, the tendency of the parties to establish long-term relationships with each other depends on the mutual trust. Trust is the key and integral part of social relations. Mormon and colleagues (1992) offered this definition for trust: the tendency to trust the other reliable party in a deal which abusing or breaching such a trust may lead to losing customers. There are several elements involved in building trust. MORI institution in its research on public organisations, has pointed factors of keeping promise, learning from mistakes, staff behaviour, management quality and attending to customers views among the most important factors in building trust. Ascension organisation has defined at least twenty explanations for trust that are mentioned in different text books such as, assurance, predictability, ability, competency,

professionalism, good-willing, willingness, companionship type, consistency, loyalty and faith, (Anderson, 2001). Gronroos (1990) believes that companies' resources like employees, technology and systems must be employed in way that attracts and enhances the trust of customers to the resources and the companies.

**Commitment:**

Another mean for measuring RM is commitment that is vital factor in building customers' trust. "Organisational Commitment" term is a concept that seems has attracted less attention in Farsi management papers to its general meaning. Many concepts like conscience, work ethic, willingness, despite of conceptual difference are used equivalent to commitment. In other words, similar to many organisational psychological concepts, commitment also is defined and explained in deferent ways and measured with different measures and from different perspectives. (ShekarZadeh, 2002)

Wilson (1992), asserted in the supplier- buyer relationship studies, commitment is the most common and conventional dependent variable. According to Al-Rebai and Alnazr (2010) the existence of this mutual commitment in the commercial relations will bring significant profits for organisations. Mormon and colleagues (1992) defined the commitment as a sustainable tendency for gaining a valuable relationship. Since the level of commitment in those who believe they achieve higher benefits in a relationship is higher, the highly committed customers tend to compensate the services of their supplier companies due to the benefits that they gained from those companies in the past.

**Communications:**

Communications refers to the ability of providing on time and yet accurate information. Empirical evidence show that communication improves the level of trust between parties (Morgan & Hunt, 1999). Integration of all marketing communicational messages is crucial in order to boost building, maintaining and enhancing the customers' relationships according to Elto and others. Marketing researchers emphasise on the influence of RM as an important strategic tool that can attract the customers' loyalty.

By taking into account that the importance of the RM methods in marketing is underlined by marketing practitioners also by considering the limited studies that have been conducted on the effect of RM on customer's loyalty and brand supporting of smart phones buyers, altogether show necessity of this study.

**Customer’s satisfaction and barn loyalty**

Over the past decades customer’s satisfaction has been studied significantly, these studies showed that almost only one quarter of the change in customer’s behaviour can be explained by this factor. Ansari and others (2010) quote that according to a former study by Churchill and Surprenant (1982) studying customer’s satisfaction is not only a necessity, yet has a notable importance in marketing and development its theories.

The level of customer’s satisfaction is influenced by those positive or negative feelings (views) that a customer develops after purchasing or during the use of a good or a service, therefore in addition to the epistemological perception of proved or disapproved expectations seem that leverage the satisfaction of a product. (Mosavi et al, 2009). Brand loyalty is a reflection of practical utility of goods services. The main challenge in brand loyalty studies is to define the concept of brand loyalty and measure it. Aaker(1991) has defined the brand loyalty as the affection of consumer for a brand. Brand loyalty is the tendency for being loyal to a brand and it may appear as the propensity to purchase a particular brand as the first sign. Loyal customers are committed to buy a specific brand and this commitment leads to a constant purchase of a product’s brand. (DolatAbadi et al, 2013)

Sadeghi and AdePour (2010) in research with the title of “investigating factors of customer’s satisfaction in industrial markets” offered a coherent model for customer’s satisfaction and concluded that customer’s satisfaction leads to trust and consequently trust leads to loyalty.

Kafash and Akbari (2011) in their research “Prioritising the Effective Factors Contributing in Customers Loyalty” prioritised the effective factors that influenced the satisfaction of customers of Shirin Asal Co. They stated; satisfaction is among those effective factors that build customer loyalty.

HaidarZade and Ghomi (2009), in a research (Evaluating the Relationship between Customers’ Loyalty and Relational Sales in Industrial Markets) concluded that trusting the supplier directly effects the satisfaction of the supplier’s performance, trusting the company and as a result the probability of making a new deal in the future. Additionally, the variable of trust indirectly leverages the faithful behaviour of customers in the future.

Martins and others (2013) carried out a research with an objective of determining the relationship between customers’ relations, commitment, satisfaction and customers’ loyalty. They concluded that loyalty through customers’ satisfaction is indirectly influenced by commitment and customers’ relationship.

Anisimova in a 2007 research “studying the effect of a brand on attitudinal loyalty and customer behaviour” aimed to investigate the consumer behaviour. In this research both customers and organisational levels had been studied. The results showed that organisation values, personality of the organisational brand and consumers’ interests are crucial and sustainable identifiers for future attitudinal behavioural loyalty.

**Figure 1: The conceptual model of the study**



**Hypothesis No.1:** there is a relationship between Relationship Marketing (RM) and brand loyalty

**Hypothesis No.2:** There is a relationship between Relationship Marketing and overall satisfaction

**Hypothesis No.3:** There is a relationship between customers’ satisfaction and brand loyalty

**Methodology**

The current study adopted a descriptive survey method, in terms of rationale it is a applicable research.

Customers of the official agent of Samsung smart phones in Bushehr province of Iran represent the population of the research, therefore due do the unlimited nature of the population the author has chosen a simple random sampling. The size of the sample has been determined by applying Morgan Table sampling which is 400 individuals.

Data collection method of this research is based on a questionnaire. In total 410 questionnaires were distributed between the sample and 400 were returned that have been used as a foundation for the analysis. The questionnaire contains 15 questions that each one has five multiple-answers for measuring trust, commitment, relationship, satisfaction and loyalty. Questions 1 to 3 deal with customer’s trust, 4 to 6 related to commitment, 7 to 9 for relationship, 10 to 12 for satisfaction and finally 13 to 15 measure brand loyalty. In the questionnaire, customers’ views are measured by using the five-pointed Likert scale.

Since in this research, a standard questionnaire from former studies used by the researchers, for assuring the validity of the work the questionnaire was offered to the professionals of the field and university lecturers, their views approved the validity of the questionnaire also they admitted the compatibility of questions of the questionnaire with the Farsi translation and the compliance with the population in Iran. Thus, the current measurement in this paper is reliable and this reliability has been acquired through content consistency.

The questionnaire was handed out to 30 individuals as an experiment for ensuring there is no ambiguity in the questions. Cronbach's alpha ( $\alpha$ ) was used for determining the questionnaire's Reliability Coefficient by SPSS software, as it is demonstrate in the Table No. 1, this figure is 91.0 which illustrates a desirable reliability coefficient of the questionnaire.

Trust	1					
communications	0/856	1				
Commitment	0/854	0/804	1			
Overall Satisfaction	0/839	0/728	0/845	1		
Loyalty	0/837	0/851	0/879	0/885	1	
Relationship Marketing	0/961	0/914	0/942	0/879	0/913	1

**Table No.1: Questionnaire's Reliability**

No.	Research's variable	Final coefficient
1	Trust	884/0
2	Commitment	886/0
3	Relationship	925/0
4	Satisfaction	923/0
5	Loyalty	822/0
6	Questionnaire's overall	91/0

Pearson correlation test was used in order to evaluate the effect of RM on brand loyalty, for this purpose SPSS software is employed.

**Research's Findings**

**Descriptive Statistics**

For demographic appraisal of the sample 3 questions were designed; according to the findings about 70.3% of the individuals were male and 29.3% were females, 28% of which were single and 72% married. Among the educational levels of the sample BA with 37% was the highest.

**Inferential Statistics**

First of all, a Correlation Matrix between variables of the research has been drafted. (Table No.2)

**Table No. 2, Correlation Matrix between the research's variables**

Variable	Trust	Communications	Commitment	Satisfaction	Loyalty	Relationship Marketing
Trust	1					
Communications	0/856	1				
Commitment	0/854	0/804	1			
Satisfaction	0/839	0/728	0/845	1		
Loyalty	0/837	0/851	0/879	0/885	1	
Relationship Marketing	0/961	0/914	0/942	0/879	0/913	1

The results of correlation test Shows that among all the research's variables (trust, communication, commitment, overall satisfaction and loyalty), there is a direct and positive correlation. As all the acquired coefficients are located in the intervals of (+0.6 and +1) it is safe to conclude that the intensity of the relationship between these variables is strong.

**Conclusion:**

For remaining in competition and to gain a complete advantage, companies directors can expand their relations through managing each element of RM and boost loyalty in customers. In other words; when it comes to design strategies for building loyalty in customers, senior management must pay an appropriate attention to RM elements of trust, commitment, communications and customers satisfaction. In fact, directors must consider RM as an investment not a cost. Directors, have to build customers' loyalty with developing adequate educational plans for employees, extending their perception towards activities that through which RM can be applied, familiarising their employees with foundations of RM and understanding its importance. Trust, is one of the foundations of RM and an important factor in customers-company relationship and trust building as a result. Thus, companies must seek customers' trust. Methods that can be applied by companies to reach this objective involve fulfilling obligations, attracting customers' towards the company and its services, caring about customers and transactions security, speed of service, application of modern technologies in services, providing an attractive and relaxing environment and by applying innovation and creativity in services and the that those services are offered.

Another factor for measuring RM is commitment that is a crucial element in building customers' loyalty. Companies must be aware of power and ability of commitment in building loyal customers and acting accordingly. In this regard, companies should be coordinated with the customers' needs and have to improve their products according to customers' expectations and needs, to get feedback and attend to complaints, and to be flexible in their relations with clients. Communications represents another foundation of RM. Communications provides the context for preventing drop-down of customers. Customer's loyalty can be won by providing right and on time information for them. Conferences and exhibitions can also help to create a closer relationship with customers. Creating an appropriate database and updating it is also very useful, as more a company gains completed information on customers there will be more opportunities for firming the communications with customers and offering them customised services.

Moreover, demographic data analysis demonstrates that customers' loyalty improves by aging. Hence, focusing on targeting younger generations is suggested here. Additionally, demographic data analysis shows by increasing the educational level the loyalty decreases. Therefore, we suggest when dealing with educated people greater consideration should be paid to RM foundations and in result to trust building in this kind of customers.

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