RESEARCH ARTICLE
IMPACT OF RELATIONSHIP MARKETING STRATEGY ON RELATIONSHIP QUALITY AND CUSTOMER LOYALTY: A CASE STUDY OF TELECOM SECTOR OF TAMIL NADU
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ABSTRACT
Every organization strives for long term success. There are various factors that contribute to the success of organization. Organizations with huge profits can’t be considered as strong organizations as profit making is only one function of organizations. Keeping abreast with all the stakeholders is requirement for every organization to be an effective and successful organization. Out of all the stakeholders customers are considered to be the king now a day. In the early nineties, relationship marketing has been seen as a very important factor. It became an integral part of the industry and most importantly in the service sector. Companies use many strategies to retain their customers. Many of the strategies fail or are ineffective on the customers. As a result, target customer shows a behavior called switching. This study is aimed at investigating the relationship of this marketing strategy on trust and satisfaction of customer, which ultimately increases customer loyalty in telecom sector of cuddalore district Tamilnadu. An analytical model is developed to test the relationship between these strategy and customer loyalty.

INTRODUCTION
The 21st century consumer has seen many technological advances especially in the field of telecommunication and information technology. Telecom industry is at the one of the fast growing industries, core of the Information Society. One specific area within telecom sector that has created a lot of attention recently is the Mobile communications arena. This industry is undergoing a radical transformation at present, creating exciting new opportunities and challenges for infrastructure. Mobile telecom has been the most rapidly adopted technology in history. Competition has prompted firms to be more concerned with the quality of their service delivery, and mobile telecommunications sector is no exception. Today it is the most popular and widespread personal technology on the planet. Growth in this industry is fueled by the increased competition that has arisen due to globalization and deregulation, Moreover, the forces of liberalization of telecommunication market have pressurized the companies to maintain their market share by focusing on retaining their current customer. They are being increasingly confronted with the challenges to attract their subscribers by providing high quality of services. With the increase in the cost of acquisition of new customers, Telecom companies continually seek new ways to acquire retain and increase their subscriber base. Thus the ability to retain existing customer is increasingly crucial in this industry.

The 21st century consumer market raises many questions to those businesses that need to respond to this new era of consumerism. Customer Relationship Marketing is a practice that includes all marketing activities directed toward establishing, developing, and maintaining successful customer relationships. Building and maintaining relationships with customers has become a key strategic point with service industries. Therefore, relationship marketing develops long-term relationships and improves corporate performance through customer loyalty and customer retention. This study is an investigation of impact of relationship marketing strategy on satisfaction, trust (relationship quality) and customer loyalty.

LITERATURE REVIEW
Relationship marketing
Morgan et al. (1994) defined relationship marketing as activities performed to develop and enhance a successful long term relationship with customers. Hougaard et al. (2002) also defined relationship marketing as a behaviour of the firm to establish and maintain a profitable relationship with their customers for the benefit of both parties. Wulf et al. (2001) explained that different results of satisfaction and loyalty may come with different duration of relationship. (Bowen et al., 2003) relationship marketing is an exit from traditional transaction behavior to developing the customers as partners.

Relationship Marketing Strategy
The challenge for telecommunication service providers is to attract more customers, focus on building good relationship quality with customers, make customers satisfied and trust, and step by step obtain customer’s loyalty, through relationship marketing strategy.
This strategy might be one of the best ways for service providers to retain customers and building customer loyalty. Many empirical studies have provided evidences that relationship marketing strategy have impact on behavioral loyalty which affects customer retention (Peng and Wang, 2006). Therefore, well awareness of the target consumers and building good relationship with them is the most significant issue.

Bansal et al. (2005) suggested different ways to execute relationship marketing strategy, that is, price perception, value offered, alternate attraction, service quality, Membership options, priority treatment and good communication could develop a healthy relationship with the customers (Tseng, 2007). Peng and Wang (2006) investigated relationship marketing strategy like service quality, reputation and price perception.

Service Quality

Traditionally, service quality has been conceptualized as the extent between customer expectations regarding a service to be received and perceptions of the service being received (Grönroos, 2001; Parasuraman, Zeithaml, & Berry, 1988). Services are different from tangible products. The uniqueness of service is based on its intangible and heterogeneous nature. It is not possible to keep an inventory of services. It is produced and consumed at the same time. Service delivery process takes place in interaction between consumer and service provider (Gronroos, 2000). The service quality is the perception of service consumer developed during the interaction with the service provider (Gronroos, 2000).

In some earlier studies, service quality has been referred as the extent to which a service meets customers’ needs or expectations (Lewis & Mitchell, 1990; Dotchin & Oakland, 1994). It is also conceptualized as the consumer’s overall impression of the relative inferiority or superiority of the services (Zeithaml, Berry, & Parasuraman, 1990).

Service Quality Dimensions

Parasuraman et al. (1988) identified five dimensions of service quality (viz. reliability, responsiveness, assurance, empathy, and tangibles) that link specific service characteristics to consumers’ expectations.

- **Tangibles**: physical facilities, equipment and appearance of personnel;
- **Empathy**: caring, individualized attention;
- **Assurance**: knowledge and court-tesy of employees and their ability to convey trust and confidence;
- **Reliability**: ability to perform the promised service dependably and accurately;
- **Responsiveness**: willingness to help customers and provide prompt service.

After a comprehensive review of service quality studies, Asubonteng, Mc Cleary, and Swan (1996) concluded that the number of service quality dimensions varies in different industries. For example, Kettinger and Lee (1994) identified four dimensions in a study of information systems (IS) quality, which did not have tangible dimension. Cronin and Taylor (1992) developed a one-factor measurement instrument instead of the five-factor measures proposed by Parasuraman et al. (1988). Besides SERVQUAL, Sureshchandar, Rajendran, and Anantharaman (2003) have identified five factors of service quality from the customers’ perspective.

Those are: a) Core service or service product, b) Human element of service delivery, c) Systematization of service delivery: non-human element, d) Tangibles of service, and e) Social responsibility. After a close inspection it could be safely concluded that the newly defined construct of service quality by Sureshchandar et al. (2003) has some resemblance with the definition provided by Parasuraman et al. (1988). For this study the researchers have employed the five dimensions of service quality proposed by Parasuraman et al. (1988).

Price Perception

Consumer pays a certain monetary or financial value in order to get a service. Price has a significant impact on the consumers buying behavior. Price perception may vary from individual to individual. Sometimes, higher price might effects negatively to the consumer buying decision (Peng and Wang, 2006). Price perception also has relation with price searching (Lichtenstein et al., 1993). Oliver (1997) ascertains that consumer makes a relationship between price and quality of service. Price perception can be measured by two methods: one is price reseaonableness and the other one is value for money (Cheng et al., 2008). Most of the times, customer considers high price as a reflection of high quality (Chitty et al., 2007). Research has shown that trust and satisfaction may influence by price (Kim et al., 2008).

Brand Image

Building a strong brand is not only important in manufacturing industry but it is also a critical issue in service sector. Keller (1993) defined brand image as association and perception of brand in customer’s mind. It is a picture of brand in consumer’s memory which is shown by his response (Dobni et al., 1990). Gronroos (2000) suggested that each step of branding creates separate perception about the brand in consumer mind and ultimate result is called brand image. Relationship marketing emphasize on one to one relationship between firm and customers. It also shows the relationship among brand and customers (O’Loughlin et al., 2004).

Relationship Quality

Smith (1998) argues that relationship quality is important to measure the degree of relationship strength. Successful relationship leads to a smooth exchange process and proper treatment from both parties (Crosby et al., 1990). Li et al. (2008) stated that good relationship quality can decrease uncertainty in the mind of customers. If relationship quality is high, it may develop a strong and long term relationship between customer and firm (Singh, 2008). Whitten et al. (2007) proposed that relationship quality can be measured by considering different dimensions like trust, communication, and interdependence. Lages et al. (2005) suggested that relationship quality can be measured by intensity of information sharing, time orientation and communication quality in firm’s perspective.

Trust
Mayer et al. (1995) defined trust as vulnerability of one party to the actions of another’s on the basis of expectations that other person was perform in the desired way. It is the extent to which a party believes that other party is honest (Geyskens et al., 1995). According to Doney (1997), it is a perception of credibility. Trust is a human attribute assessed by one’s traits (Chu, 2009), behaviour and motives (Tian et al., 2008). Liang et al. (2008) called it the ability to sacrifice one’s own interest for others.

**Satisfaction**

Marketers are paying too much attention to satisfaction of the customer. To satisfy the customer in the best way is considered a competitive advantage. Satisfaction is an overall experience of consumer with a certain product or service and repeat purchase is also considered in it (Fornell, 1992). Oliver (1997, 1999) defined satisfaction as fulfillment in a pleasurable way. Mouri (2005) ascertains that experience which satisfies the need and desire of customer may increase the possibility of long term relationship. A customer requires different satisfaction level at different stages of relationship (Spath et al., 2007).

**Customer Loyalty**

All the activities in marketing are focused on customer to make him loyal. Oliver (1997) defines it as the deep commitment of a customer to repurchase the same product or service and remain repetitive in this behavior. Hayes (2008) argues that customer is the only source of a profitable growth, and customer loyalty may contribute in it. Chu (2009) explains loyalty as a commitment to a certain product for repeat purchase. There is a difference between the purchase rate of loyal and non loyal customers (Bowen et al., 2003). Blackton (1995) argues that loyal consumers are very important and valuable assets for a firm. It is up to the company to retain these customers for a long term relationship (Tseng, 2007).

Customer loyalty has two dimensions. One is attitudinal and other one is behavioral (Aydin et al., 2005). Attitudinal loyalty is related to preference, recommendation and purchase intentions of the customers. Behavioral is related purchase share and frequency.

**Research Objectives**

Relationship marketing strategy may vary from company to company. The effectiveness of these strategy may also differ from firm to firm. Keeping it in view, our research objective are framed

- To find out Which of the relationship marketing strategy contribute more positively to customer loyalty
- How different relationship strategy impact on customer loyalty?

**Purpose Of The Study**

The purpose of this study is to measure the impact of customer relationship marketing strategy on customer loyalty in mobile telecom industry in tamilnadu with special reference to cuddalore district.

**Proposed Model**

The proposed model for the study is shown in Figure 1.

**Hypothesis**

- **H1:** High service quality is positively related to customer satisfaction.
- **H2:** High service quality is positively related to customer trust.
- **H3:** Fair Price is positively related to customer satisfaction.
- **H4:** Fair Price is positively related to customer trust.
- **H5:** Brand image is positively related to customer satisfaction.
- **H6:** Brand image is positively related to customer trust.
- **H7:** Customer trust is positively related to customer loyalty.
- **H8:** Customer satisfaction is positively related to customer loyalty.

**Research Design**

**Sample selection and Size**

Data was collected from mobile service users. For this purpose, four companies were selected. (Airtel, Aircel, BSNL, Reliance). A sample size 210 was selected on the basis of previous studies. Unit of analysis for this study was individuals from telecom industry.

**Survey instrument**

The instrument for data collection was questionnaire. A self administered questionnaire was used to ensure the quality of data. A Likert scale of 1-strongly disagree to 5-strongly agree was used to quantify the data.

**Type Of Study And Time Horizon**

This was a causal type of study because impact and relationship was investigated between the variables. It was a cross sectional study. Data was collected once to conduct research.

**Data analysis**

Structural Equation Modelling was used as data analysis technique.

**Data reliability**

Cronbach’s alpha was measured to check the reliability of the data (Table 1).

**Correlation matrix**

Table 2 shows that all the variables are positively correlated with each other. Customer loyalty and satisfaction show the

<table>
<thead>
<tr>
<th>Constructs</th>
<th>No. of items</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loyalty</td>
<td>6</td>
<td>0.850</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>4</td>
<td>0.808</td>
</tr>
<tr>
<td>Trust</td>
<td>5</td>
<td>0.848</td>
</tr>
<tr>
<td>Service quality</td>
<td>6</td>
<td>0.791</td>
</tr>
<tr>
<td>Price perception</td>
<td>5</td>
<td>0.766</td>
</tr>
<tr>
<td>Brand image</td>
<td>3</td>
<td>0.798</td>
</tr>
</tbody>
</table>
highest value of 0.750(**). Service quality and price perception has the lowest value of 0.507(**).

<table>
<thead>
<tr>
<th>Table 2 Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SQ</td>
</tr>
<tr>
<td>SQ</td>
</tr>
<tr>
<td>PR</td>
</tr>
<tr>
<td>BI</td>
</tr>
<tr>
<td>TR</td>
</tr>
<tr>
<td>SA</td>
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<tr>
<td>CL</td>
</tr>
</tbody>
</table>

SQ, Service quality; PR, price perception; BI, brand image; TR, trust; SA, satisfaction; CL, customer loyalty.

CONFIRMATORY FACTOR ANALYSIS

Confirmatory factor analysis is a type of factor analysis in which we confirm our factors. Table 3 shows the parameter estimate, standard error, T-statistics and probability level of each variable. Each variable has probability level that is less than 0.05, which shows that each variable construct has a significance value. Therefore, all the variables are confirmed.

RESULTS AND DISCUSSION

Bentler-Bonett normed fit index

This index approaches 1 in value as fit becomes perfect. However, it does not compensate for model parsimony. NFI values above 0.95 are good, between 0.90 and 0.95 acceptable, and below 0.90 indicate a need to respecify the model. NFI greater than or equal to 0.9 indicates acceptable model fit. NFI less than 0.9 can usually be improved substantially.

Estimated SEM equations

Customer loyalty = 0.856(satisfaction) + 0.069(trust)
quality, price perception and brand image because customer loyalty depends on satisfaction and trust and then these two variables that are satisfaction and trust further depends on these three exogenous variables. From the aforementioned results, we can conclude that the satisfaction mostly depends on service quality because it has the biggest estimated coefficient. This means that if the service quality is good other then price perception and brand image then the customers are more satisfied and customer loyalty is also mostly depends on customer satisfaction other than trust because it has bigger estimated co-efficient.

Results help to understand the concept of relationship marketing strategies and customer loyalty. The findings from this study support that buyer’s and seller’s long term relationship can be made healthier by implementing these strategies. This relationship will eventually increase customer loyalty. This research will also help decision makers and marketers to take accurate decisions to enhance customer loyalty. It also proves the importance of these strategies in a long term relationship. All the strategies are important but some have more significance.

Customer retention is becoming more important than customer development. Customer loyalty is very much vulnerable in service industry. These relationship strategies are being implemented to develop a long term relationship between customer and the company. These Strategies are implemented by all companies but still customers switch to other companies. From the preceding results, we can conclude that satisfaction mostly depends on service quality because it has the biggest estimated coefficient. Means if the service quality is good other then price perception and brand image then the customers are more satisfied and customer loyalty is also mostly depends on customer satisfaction other than trust because it has bigger estimated co-efficient. This study was conducted to measure the impact of relationship marketing on relationship quality and customer loyalty in telecom sector of cuddalore district in Tamilnadu. The findings can be concluded as: All the strategies of relationship marketing are positively related to relationship quality. Results show that service quality has a significant impact on satisfaction. It means that if service quality is high, satisfaction will increase. Relationship quality is positively related to customer loyalty. The result supports the previous studies that satisfaction and trust may increase customer loyalty. Satisfaction may increase customer loyalty other than trust.

**Implications**

This study proves the relationship between customer loyalty, relationship quality and relationship strategies. The study

<table>
<thead>
<tr>
<th>Relations</th>
<th>Parameter estimates</th>
<th>Standard error</th>
<th>T-Statistic</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SQ)--&gt; (SA)</td>
<td>0.466</td>
<td>0.117</td>
<td>3.985</td>
<td>0.000</td>
</tr>
<tr>
<td>(SQ)--&gt; (TR)</td>
<td>0.082</td>
<td>0.039</td>
<td>2.129</td>
<td>0.033</td>
</tr>
<tr>
<td>(PR)--&gt; (SA)</td>
<td>0.306</td>
<td>0.017</td>
<td>2.885</td>
<td>0.000</td>
</tr>
<tr>
<td>(PR)--&gt; (TR)</td>
<td>0.059</td>
<td>0.029</td>
<td>2.024</td>
<td>0.043</td>
</tr>
<tr>
<td>(BI)--&gt; (SA)</td>
<td>0.102</td>
<td>0.119</td>
<td>3.564</td>
<td>0.001</td>
</tr>
<tr>
<td>(BI)--&gt; (TR)</td>
<td>0.223</td>
<td>0.039</td>
<td>2.243</td>
<td>0.020</td>
</tr>
<tr>
<td>(TR)--&gt; (CL)</td>
<td>0.069</td>
<td>0.021</td>
<td>2.209</td>
<td>0.023</td>
</tr>
<tr>
<td>(SA)--&gt; (CL)</td>
<td>0.856</td>
<td>0.435</td>
<td>1.968</td>
<td>0.049</td>
</tr>
</tbody>
</table>

| Joreskog AGFI | 0.891 |
| Schwartz and Aposithe Bayesian criterion | 16.579 |
| Browne-Cudeck cross validation index | 17.643 |
| Independence model chi-square | 3012.978 |
| Bentler-Bonett normed fit index | 0.900 |
| Bentler-Bonett non-normed fit index | 0.890 |
| Bentler comparative fit index | 0.945 |

**Table 5** Single sample fit indices

<table>
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<tr>
<th>Value required</th>
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<tbody>
<tr>
<td>2=df (&lt;3)</td>
</tr>
<tr>
<td>p-value (&gt;0.05)</td>
</tr>
<tr>
<td>CFI (&gt;0.9)</td>
</tr>
<tr>
<td>NNFI (&gt;0.9)</td>
</tr>
<tr>
<td>GFI (&gt;0.9)</td>
</tr>
<tr>
<td>AGFI (&gt;0.9)</td>
</tr>
<tr>
<td>RMSEA (&lt;0.05)</td>
</tr>
<tr>
<td>RMR (&lt;0.08)</td>
</tr>
</tbody>
</table>

**Structural Equation Modeling (SEM)** is being used in this research to test the proposed model. The fitness model is calculated by an excellent model’s ratio of chi- of square value to degree of freedom ( 2=df) which should not be larger than 3. (Carmines and Maclver, 1981). The RMR should be smaller than 0.08 and RMSEA should be smaller than 0.05, and GFI, AGFI, NFI, RFI, and CFI should be larger than 0.9 (Joreskog and Sorbom, 1989). The table 5 shows goodness of fit of this model.

**CONCLUSIONS**

Customer retention is becoming more important than customer development. Customer loyalty is very much vulnerable in service industry. These relationship strategies are being implemented to develop a long term relationship between customer and the company. These Strategies are implemented by all companies but still customers switch to other companies. From the preceding results, we can conclude that satisfaction mostly depends on service quality because it has the biggest estimated coefficient. Means if the service quality is good other then price perception and brand image then the customers are more satisfied and customer loyalty is also mostly depends on customer satisfaction other than trust because it has bigger estimated co-efficient. This study was conducted to measure the impact of relationship marketing on relationship quality and customer loyalty in telecom sector of cuddalore district in Tamilnadu. The findings can be concluded as: All the strategies of relationship marketing are negatively related to relationship quality. Results show that service quality has a significant impact on satisfaction. It means that if service quality is high, satisfaction will increase. Relationship quality is positively related to customer loyalty. The result supports the previous studies that satisfaction and trust may increase customer loyalty. Satisfaction may increase customer loyalty other than trust.

**References**


Toward a Unifying Framework of Consumers Switching Behaviors, *Journal of the Service Behavior*.