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**A STUDY ON IMPACT OF RELATIONSHIP QUALITY ON CUSTOMER LOYALTY WITH
REFERENCE TO THE INDIAN MOBILE TELECOMMUNICATION INDUSTRY**

Prof. (Dr.) Rajesh Kumar,

Assistant Professor,
Department Of Business Administration and
Commerce,
PG Govt.college-11 , Chandigarh (India)
Affiliation to Punjab university
Email id- rajeshpggc11@gmail.com

Prof. Santosh

Assistant Professor,
Department Of commerce,
Govt. college for girls-14 ,
Panchkula (India) Affiliation to Kurukshetra
University (Haryana) India
Email id- sbkupgrcjind@gmail.com

ABSTRACT

Business, today has become extremely competitive and challenging. With which continuous and long term mutual relationship strategy with customers have emerged as one of the top priorities for most companies recently. By looking specifically into Pull-Push-Mooring (PPM) Migration model, the proposed study aims to examine the impact of relationship quality on customer loyalty. RQ dimension are proposed and to be tested through the study. Specifically, this study intends to assess the impact of BrandReputation and Alternative Attractiveness on RQ's - Trust, which in turn, then lead to customer loyalty in terms of retention behavior. In addition, the study also aims to determine whether Emotions have a direct impact on such behavior.

Keywords: Relationship Quality, Customer Loyalty, Brand Reputation; Alternative Attractiveness; Emotions; Push Pull Mooring

1. Introduction

The concept of relationship marketing gets identified as a successful approach, based on absolute trust and maintenance of commitment with both external as well as stakeholders, especially with the aim to create relations with loyal customer (Morgan & Hunt, 1994). There are many research works that note the relationship marketing offering positive impact over the

business performance of the firm. According to Halimi et.al (2011), companies need to manage strategies for maintaining customer relationship by managing factors that can affect determined relationships for the purpose of creating beneficial relationships between seller and buyer, to gain more profit.

As per Raza & Rehman (2012) relationship marketing is subject to assist the decision makers along with the marketers in taking appropriate decisions for the development of customer loyalty. It further, establishes the relevance of relationship marketing under long term process.

On a particular note, this research work intends to meet the objective for the assessment of the impact led by Relationship Quality over the approach of gaining Customer Loyalty in the industry of Indian Mobile Telecommunication. Basic analyses made over recent research works shows that most researchers implied relationship quality in terms of mediator for loyalty.

1.1. Problem Statement

In context of fiercely increasing competitive environment in the industry of mobile telecommunication, there are various service providers who are with intensive forms of marketing strategies in order to compete and further gain customer loyalty. As per Reza & Rehman (2012) relationship marketing is an integral part of respective industry and especially in service sector. Many companies imply the application of tactics for the retention of customers. However, for many these tactics appear as failure or rather

ineffective. Thus, target customer inclined to specify behavior that is termed as switching. It can function as push factors in terms of customers for moving to another kind of service provider that is liable to meet expectations of the customers. Moreover, Ordekerken-Schroder et.al (2003) marked that marketers are responsible for applying varied forms of tactics, in order to dedicate intention of gaining customer loyalty. Still, there are many who are still struggling with the doubt of identified specified tactics that can offer absolute success for securing customer loyalty. Irrespective of their efforts, consumers still get disrupted through different marketing activities, like doorstep selling, TV advertisement, aggressive sales tactics, direct mail, telemarketing, radio advertisement, and internet promotion towards programmers for customer loyalty (Peng and Wang, 2006).

1.2. Research Questions

Thus, this research work aims to get answers to the following questions:

RQ1: Does the impact of the *Brand Reputation* lay effect on *Relationship Quality* in industry for Indian mobile telecommunication?

RQ2: Does the impact of the *Alternative Attractiveness* lay effect on *Relationship Quality* in industry for Indian mobile telecommunication?

RQ3: To what extent do *Emotions* affect on *Customer Loyalty* directly, within the Indian mobile telecommunication industry?

RQ4: Does *Trust* lays effect *Customer Loyalty* on the industry for Indian mobile telecommunication?

Accordingly, to this research work, the hypotheses proposed to get tested are:

- x *H1: Brand Reputation* offers positive impact on *Trust* in industry of Indian mobile telecommunication
- x *H2: Alternative Attractiveness* offers positive impact on *Trust* in industry of Indian mobile telecommunication
- x *H3: Emotions* lay positive impact on *Customer Loyalty* in industry of Indian mobile telecommunication
- x *H4: Trust* lay positive impact on *Customer Loyalty* in industry of Indian mobile telecommunication

2.1. Relationship Marketing

According to Berry (1983), relationship marketing in terms of attracting, further maintaining and in the domain of multi-service organizations, withstand as an art of enhancing relationships with customer. He confirmed that as the act of recognizing customer acquisition remains integral to responsibilities allotted to the marketer, this approach will lay importance on relationship of marketing led over retention as well as development being comparatively equivalent or rather greater than the value of organizational structure on a long term basis, as against customer acquisition. As per the declarations made by Morgan and Hunt (1994), relationship marketing representing all kinds of marketing activities leads to the establishment, development and maintenance of successful exchange of relationships. Berry and Parasuraman (1991) stated relationship marketing as a matter of concern for attracting, comparatively developing and further retaining relationships with the customers.

As per Peng and Wang (2006) among all kinds of factors for understanding relationship marketing, there is the need to know the contributions made towards

2. Literature Review

growth of relationship marketing that comprises:

- (1) Increasing trends in advanced economies for being niche oriented, service oriented and information oriented;
- (2) Increasingly global and intense competitiveness and more demanding as well as sophisticated customers;
- (3) Increasing fragmentation of consumer markets, added by rapidly changing buying patterns customer with higher standards of quality;
- (4) Inadequacy of quality for sustainability amidst competitive advantages;
- (5) Influence of technology over all kinds of products and services; and
- (6) Unreliability of traditional marketing with increased strategic networking competition.

According to Gummesson (2008) relationship marketing is a new marketing paradigm about the relationships as elements that is subject to add traditional marketing management for the production of better outcomes.

2.2 Brand Reputation

Weiss et.al (1999) defined brand reputation as “*an overall judgement regarding the*

extent to which a firm is held in high esteem or regard”. For them, brand reputation has significant role in various service companies; especially because of strong brand reputation is liable to increases customer trust, and offers better understanding towards the intangible products, along with reduced buying risk among the customer (Peng & Wang, 2006; 2007). Moreover, service provider having favorable reputation attempt to lower intention of customer switching in due course of time. According to Zhang & Feng (2009), brand building is about the driving force for gaining marketing edge for physical product and is integral to the service firms. They declared brand reputation is subject to get formed through customers via informal approaches like, word of mouth, public reputation of the company and verbal communication. Thus, there is the positive brand reputation that is liable to meet expectation of the customer and is responsible to offer customer benefits, leading towards customer trust added by commitment.

2.3 Alternative Attractiveness

In accordance to the research led by Jones et.al (2000), alternative attractiveness

appears as a positive feature in competitive domains of service providers and influence switching intention of the customer. As per Sharma & Patterson (2000), higher mode of alternative attractiveness over competitive domains of service providers, leads to higher probability count among consumers for making a selection between being not loyal, especially due to the availability of innumerable options. Many researchers like Bansal et.al, (2005), Horng et.al, (2010); Bashir (2011) accepted this declaration. However, there are still many diversions related to the mode of accepting the declaration of Sharma & Patterson. Sharma & Patterson (2000) added lack of alternative attractiveness that can affect customer in terms of staying loyal or rather to make a switch over service provider. There is the possibility that the customers can decide to nullify current relationship and make a shift to new service provider, in case they derives that alternative option is more attractive with better service. There are also the factors like location proximity, available complete services and least possible fees or promise of offering high financial returns (essence of being trustworthy). Horng et.al, (2010) rather insisted alternative attractiveness being significant as well as equally offering

negative impacts over customer in terms of long-term relationship and commitment. They mentioned that customers are committed to those service providers who can maintain current relationships only in case they remain unaware of alternative attractiveness or otherwise never perceive alternatives of being more attractive as against current service providers. Thus, lower level of alternative attractiveness can lead to customer loyalty. As per Bansal et.al (2005) alternative attractiveness is the “pull” factor that attract customers about being aware of all the other available alternative service providers, as such develop customer loyalty. As a result, this research examines impact of alternative attractiveness, in terms of checking its *pull* from switch towards another service provider in case of industry of Indian mobile telecommunication.

2.4. Emotions

Emotions appear as mental readiness leading to cognitive appraisals of thoughts. It comprises of varied modes of cognitions, like phenomenological tone and physiological proceedings, expressed physically and can lead to determined actions for confirming emotion (Bagozzi

et.al., 1999). As per Claeys & Roozen (2012) the emphasis is over few researches related to emotional impact on customer loyalty. They investigate emotional components and functions of customer in terms of contributing loyalty under two different aspects. These are: experiences and services. Derivations show these components being illustrated by loyalty. Still, impacts are liable to differ as per experience. Thus, roles of emotions are subject to expand in varied forms, like hospitality and all the other service sectors.

2.5. Relationship Quality (RQ)

Relationship quality or the RQ, is about the perception of the customer extended towards the fulfillment of the relationship that has expectations, future predictions, goals and desires of the customer about overall relationship (Wong & Sohal, 2002). There is the high note of relationship quality related to customer being able to rely over integrity of the service provider as well as development of confidence of the future performance, as the level of past-performance get consistently satisfactory (Tseng, 2007). However, relationship quality appears integral in terms of assessing relationship's degree of strength. In case a

relationship quality gets high, it is liable to develop strong and for longer term among the firm and the customers. As per Morgan and Hunt (1994), theory of commitment-trust refers to two components of basic constructions in terms of assessing relationship quality. This research will implement *trust* as a kind of indicator for the quality check of the relationship to investigate loyalty.

2.6 Customer Loyalty

Customer loyalty is the most significant goal led by the relationship maintenance tactics in marketing. As per Oliver (1999) loyalty appears as a profound commitment led by customer in order to repurchase same product or consider same service and being repetitive in this particular buying behavior. As per Hayes (2008) customer is the source of offering profitable growth to the firm, and customer loyalty can contribute to the same. This is the reason that good service provider always believes in the process of growth led by satisfied customers, that denies to attract new customers and hold current customers. Thus adds the act of motivating them in terms of spending more and getting recommended for the products and services to other people.

3. Research Methodology

This research work is applying a mixed qualitative and quantitative research approach, whereby there is the involvement of in-depth interview along with selected target audience for the attainment of specified insight into the subject. Qualitative results will be assisted in terms of designing survey questionnaires. There will be a face to face as well as online survey with a sampled participants of 382 students selected from public universities in the region of Selangor, as noted in table by Krecjie & Morgan (1970). There will be the quota sampling, implemented in order to define determined sample size for respective research.

A specified pilot test is planned for reliability check of the selected instrument for the establishment of research variable from samples. Research instrument for this research has six sections. These are:

- a. demographic,
- b. brand reputation,
- c. alternative attractiveness,
- d. emotions,
- e. relationship quality (RQ), and
- f. customer loyalty.

All these sections are based on 5 point Likert-scale that has been ranged from 1 = “Strongly Disagree” to 5 = “Strongly Agree” except the section for demography. There is a proposed model developed in order to test relationships among Relationship Marketing Tactics (that comprises *Brand Reputation, Alternative Attractiveness, and Emotions*), and the Relationship Quality (RQ of *Trust*), and Customer Loyalty. Collected data will be further assessed through Structural Equation Modeling (or the SEM AMOS) to test hypothesized model path.

4. Conclusion & Implication

This research attempts to contribute newer knowledge towards the theory of *Pull-Push-Mooring* (or the PPM) through the extension of current model that originally discussed 12 antecedents, influencing customers in terms of migrating from a service provider to another. Through the process of implementing Relationship Marketing Theory added by Trust-Commitment Theory, this research attempts to investigate impact led by the relationship marketing tactics added by relationship quality over customer loyalty.

Moreover, emphasis has been led over several practical implications that contributes towards newer understanding about the proposed marketing tactics in the sector of mobile telecommunication in India and eventually can remain beneficial to managers. This research aims in assisting the managers in gaining better understanding over the effectiveness of relationship marketing and ways to add developmental strategies, as per their capabilities. This can assist in gaining better picture about appropriate relationship strategies that must be implemented or should be strategically structured over newer tactics for the achievement of customer loyalty.

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