

The Effect of Customer Relationship Management on Customers' Loyalty with the Mediator Role of Service Quality in Qavamin Bank in Sistani and Baluchistan

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Abstract: Nowadays, the most of the banks hope to achieve a higher percentage of customers' loyalty with continuous effort and adoption of some appropriate strategies. Relationship management is useful strategy for creating loyalty in customers as specification, selection, acquisition, development and maintenance the customers. This is a descriptive-survey research regarding research's method and design. Some dimensions have been considered for customer relationship management and the quality of perceived services in order to understand the loyalty in research's conceptual model which has been explained according to research's literature. Descriptive and inferential statistic techniques including factorial analysis tests, path analysis and structural equations modeling have been used by the advantage of Software SPSS and LISREL in order to analyze collected data.

Key words: Relationship with customer, loyalty, offered perceived service quality, bank, strategies

INTRODUCTION

Business world in present century has been the close competition arena of good and service suppliers for market share and more customers earn. In the meantime, service industry allocates trade and transaction's share to itself more than others. Surely, a significant part of service over the world belongs to financial and credit service suppliers. In line with international events, our country has had a remarkable growth in banking and financial service industry in recent decade. The increase in the number of financial and credit institutions and banks means the increase in customers' options number and it will lead to the increase in competition among these economic firms. This competition focuses on new services presentation in the one hand and on the more customers' attraction and preservation on the other hand. Since, new customers' entice and attract cost is accompanied with spending enormous advertisement costs, existing customers' maintenance is a simpler solution. Customer relationship management is an attitude of a comprehensive business and marketing strategy which unifies technology, process and all the business activities regarding customer.

Banking market was monopolized by the government until a few years ago and suitable pattern of country's banks business has not been appropriately designed based on compatibility because of their governmental

nature. Through government's policies change and granting activity license to private banks, this market has been excluded from monopoly situation and space has gone toward more competitive-being. So, the most of the banks hope to achieve a high percentage of customers' loyalty through continuous effort and adopting appropriate strategies. Loyal customer leads to the bank introduction to others by creating a three interaction between themselves, bank and other customers and they will never leave the bank without having a certain and strong reason. Banks can achieve remarkable successes by focus on primary principle of making customers loyal. Constructive elements of service offering quality to customers of bank such as efficiency and effectiveness, behavioral factors, physical factors, banking rules and regulations, service cost, etc. can be converted to some opportunities for promoting and increasing loyalty of bank's customers by correct and appropriate planning. The study and recognition the customers' loyalty indicators are important because customer's loyalty or lack of loyalty determines economic firms' success or failure. So, customer relationship managements is useful strategy for creating loyalty in customers as customers' identification, selection, development and maintenance process. Organizations can response to customers' needs and essentials by establishing a long-term relationship with them and provide their satisfaction. Therefore, it is need that

customer relationship management will be strengthened in order to provide customer's satisfaction as organizations' superiority factor. In this regard, effective factors on success on relationship with customer strategy should be identified and some step must be taken in line with their development and strength (Rahim *et al.*, 2013). Customer relationship management takes advantage of technology lever in order to coordinate organization's interactions by the purpose of creating a long-term loyalty. Technologic progresses have been converted business into relationship with customer in the last decade. Relationship management is an efficient strategy which enjoys technology power in order to combine all the corporate's working aspects with the aim of creating customer's long-term loyalty (Zablah *et al.*, 2004).

Those banks which pay attention to customers' loyalty they consider the importance of one customer preservation following each visit. They know customers as valuable assets and they want that all their personnel do anything in order to satisfy and as a result, make or maintain them loyal (Sheidayi *et al.*, 2015). Therefore, customer relationship management application in different areas especially service section is inevitable and it cannot be ignored. With respect to the increase in importance of customer relationship management implementation in banking industry which is caused by the increase in customers' expectations and wills and inter-banks competitions enhancement, necessity to apply comprehensive and complete tools for this concept's cognition and pathology that is one of the main competition tools and earn the sustainable competitive advantage is very vital (Etzel *et al.*, 2001). So, the research's main issue is mediator role of service quality in order to customer relationship management effect on customers' loyalty in qavamin bank in Sistani and Baluchistan.

Research's theoretical basics

Customer Relationship Management (CRM):

Communication is a set of exchanges which provides awareness of common relationship through trust and commitment among other several variables. Make the customer satisfied is necessary in order to create loyalty and relationship with customer. Establishment a long-term relationship with customer will occur during time. This relationship with customer is created at the time of service offering. Created relationship with customer maintenance and preservation requires very much effort. The commitment level of relationship parties is very important in communication success. There should be a sense of bank's reliability and their offered services in their customers in order to maintain created relationship with customer. If customer knows that he can trust in stability

in offered services to himself, the relationship will be stronger and longer (Yu and Tung, 2013). Customer relationship management is a pluralist business paradigm which it has been composed of individual, processes and technology (Chen and Popovich, 2003) which has taken its root from relationship-oriented marketing and information technology whose aim is maximizing obtained benefits from relationship with customers (Zablah *et al.*, 2004).

Perceived quality: Perceived quality is defined as "customer perception of quality or excellence of a product or service according to the intended purpose that specific product or service have compared to other products or services available on the market". Zeithaml stated perceived quality as the customer perception from higher quality of the product or service compared to the competitors which does not include technical aspect, he also determines that the perceived quality is part of the brand value, therefore perceived quality mostly leads consumer to choose one brand over other competing brands. Thus, adding perceived quality by customer, special brand value is also increased. Perceived quality of consumer is related to the evaluation of information and loyalty toward a brand, also it has much influence on the consumer in the shopping section. But this hypothesis had not proven in his study (Fairhurst, 2001). Gil states that children experience quality of brands at home that parents consume or offer with them and their perceptions by quality is that their parents know much more than them and this impact is on their mind for a long time, also perceived quality would be a guide for the person in buying a product or loyalty to a brand. But this hypothesis had not proven in his study. Aker defines perceived quality as the customer perception of overall quality or superiority of a product or service according to the objectives in comparison with other options. He states that perceived quality can be effective from 5 ways to brand value:

- A reason to buy the brand
- Differentiation/positioning
- Higher paying the price
- Attracting interest of channel members to use products with higher perceived quality
- Development of the brand (Berry and Parasuraman, 1991)

Customer loyalty: Customer loyalty have different forms. For example, significant loyalty to others, a family, an employer or a country and as a service provider, a store or a brand (Samadi *et al.*, 2015). In this study, we mean loyalty, customer loyalty. In recent years, there have

been fundamental changes in the business. In general an open and competitive framework has been rising in which many firms defensive strategies to prevent customer loss started limitations. As the market becomes competitive most of the firms confirm the importance of maintaining existing customers and some of them have done activates to improve customer loyalty have begun (Hirschowitz, 2001).

Researchers like Jacoby and Chestnut said that the company should maintain long-term relationships with customers in order to capture the benefits of having loyal customers. Loyalty during the past decade has been turned to a vital structure and marketing in particular has become a growing customer relationship management (Bradshaw and Brash, 2001). So, marketing experts to create and maintain long-term relationships with clients and attention to customer loyalty as the ultimate goal in the development of its business strategies due to increased competition in the market were busy. Many researchers suggested that customer loyalty is a competitive asset. The concept of customer loyalty and fostering loyal customers in the business sector as “creating commitment in customer to do business with certain organizations and the purchase of goods and services frequently”.

Research’s main question: The present research’s main question includes:

- Is there a significant relationship between customer relationship management, perceived services quality and customer’s loyalty?

Research’s secondary questions:

- Is there a significant relationship between customer relationship management’s dimensions and customers’ loyalty?
- Is there a significant relationship between perceived services quality’s dimensions and customer’s loyalty?
- Is there a significant relationship between customer relationship management and perceived services quality?
- Is the perceived services quality effective on relationship between customer relationship management and customer’s loyalty?
- Does this research’s conceptual model enjoy good fitness?

MATERIALS AND METHODS

This is an applied research regarding purpose and its nature is descriptive and in the type of survey. This

research’s theoretical basics were collected in the form of library studies and it was done as survey and through questionnaire distribution at the next stage.

Information collection tool is mainly taking notes from library resources and questionnaire distribution. Three standard questionnaires have been used including customer relationship management, service quality and loyalty. Confirmative factorial analysis has been used in present research in order to assess questionnaire’s validity. The present research’s statistical population includes all the people who have bank account such as current account or savings in qavamin bank at the Zahedan Province which 260 number was determined as sample size respecting Morgan table. Therefore, 260 questionnaires were prepared and they were distributed among bank’s customers that finally, 250 questionnaires were collected. The obtained information by the means of inferential statistic techniques such as factorial analysis, path analysis and modeling the structural equations have been applied in order to analyze and the level of each factors’ importance has been determined. Soft wares including SPSS and LISREL have been applied in this research in order to classify and analyze information.

RESULTS AND DISCUSSION

Inferential statistic: Confirmative factorial analysis, path analysis and Pearson correlation coefficient have been used in this research in order to study research’s questions whose analysis results are as follow:

The first main question (Is there a significant relationship between customer relationship management, perceived services quality and customer’s loyalty?): In order to answer to first main question at first two by two variables’ relations should be studied that this was done by posing secondary question.

The first secondary question (Is there a significant relationship between customer relationship management’s dimensions and customers’ loyalty?): Correlation test between customers’ relationship management and its constitutive dimensions showed that there is significant and positive relationship between all the dimensions and loyalty at the 99% of confidence whose results are as Table 1.

Table 1: Correlation coefficient customer relationship management and loyalty

The relationship between variables	Significance level	Pearson correlation coefficient
Customers identification (loyalty)	0.00	0.590
Customers attraction (loyalty)	0.00	0.600
Customers (loyalty)	0.00	0.492
Customers (loyalty)	0.00	0.529

The second secondary question (Is there a significant relationship between perceived services quality's dimensions and customer's loyalty?): Correlation test between perceived services quality and its constitutive dimensions showed that there is significant and positive relationship between all the dimensions and loyalty at the 99% of confidence whose results are as Table 2.

Third secondary question (Is there a significant relationship between customer relationship management and perceived services quality?): Correlation test between customer relationship management and its constitutive dimensions showed that there is significant and positive relationship between all the dimensions and perceived services quality at the 99% of confidence whose results are as Table 3.

Table 2: Correlation coefficient perceived services quality and loyalty

The relationship between variables	Significance level	Pearson correlation coefficient
Accountability (loyalty)	0.00	0.612
Apparent dimensions and service quality (loyalty)	0.00	0.542
Confidence capability (loyalty)	0.00	0.536
Guarantee (loyalty)	0.00	0.572
Empathy (Loyalty)	0.00	0.609

Table 3: Correlation coefficient

The relationship between variables	Significance level	Pearson correlation coefficient
Customers relationship management (perceived services quality)	0.00	0.630

We can claim according to the results of the first secondary questions that there has been a significant and positive relationship between three variables including customer relationship management and its constitutive dimensions, perceived services quality and its dimension and customers' loyalty and change in anyone of these variables causes change in other one variable and these changes are positive and direct. It means that if one variable decreases, the other two variables will have descending rate and vice versa if one variable increases, the other two ones will have ascending and increasing rate.

The second main question (Is the perceived services quality effective on relationship between customer relationship management and customer's loyalty?): We can claim that the perceived service quality of mediator indicator is in the effect of independent variable on dependent one in the case that the model enjoys a suitable fitness. So, we can apply obtained indicators in path analysis's results for evaluating fitness of model at the significance state (Fig. 1) to judge regarding model's fitness and then we can study the level and manner of mediator variable's effect according to path analysis at the standard estimate state (Fig. 2).

Path analysis was done in order to study the second main question. The criterion is confirmation or lack of confirmation of significant number state. So, if

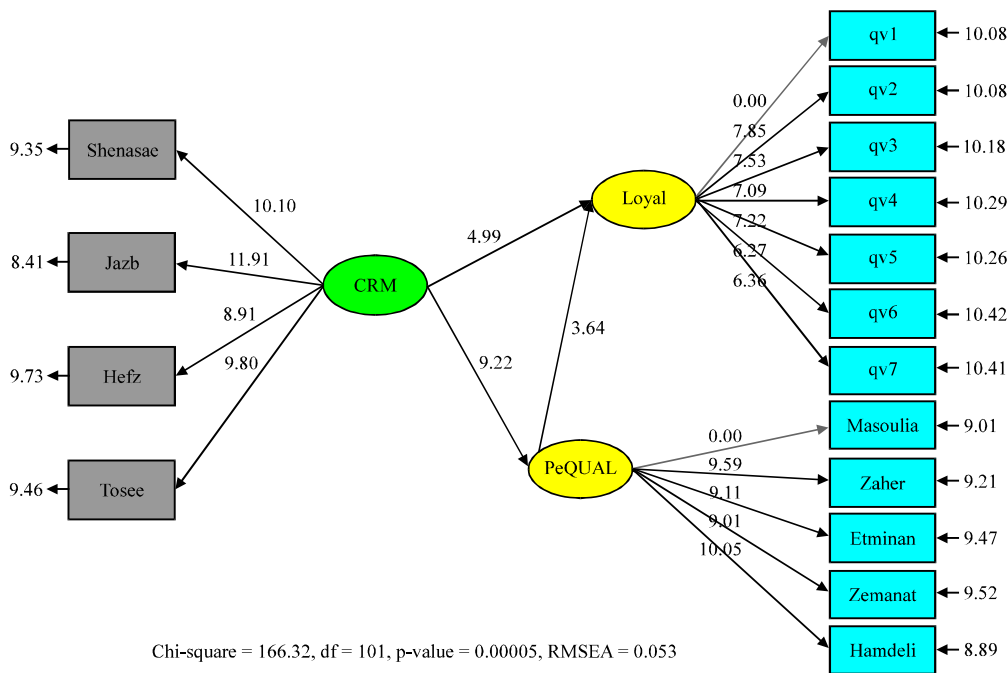


Fig. 1: Path analysis results at the significant number state

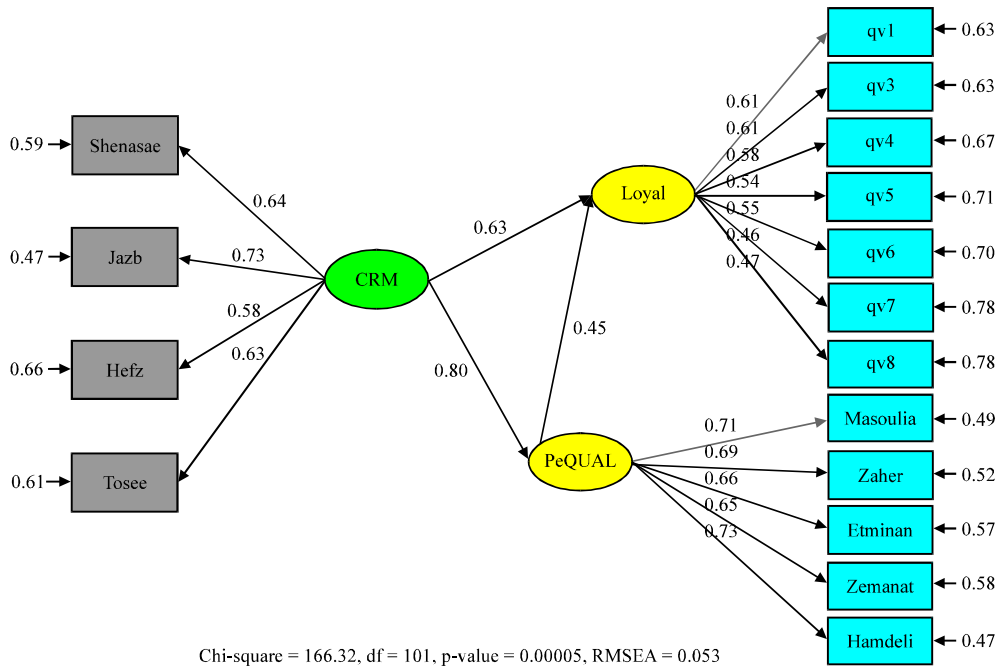


Fig. 2: Path analysis results at the standard estimation state

significance number is more than +1.96 or it is less than -1.96, the question will be confirmed. It can be concluded regarding obtained numbers in Fig. 1 that significance numbers have been placed out of considered interval. Therefore, the model has had a good fitness and perceived services quality variable has mediator role in the relationship between customer relationship management and customers' loyalty.

With respect to confirmation of perceived services quality in the relationship between customer relationship management and customers' loyalty in Fig. 2, the results of path analysis results at the standard estimation state indicate that customer relationship management has an indirect, positive and significant effect on customers' loyalty which it is equal to 0.368.

The third main question (Does this research's conceptual model enjoy good fitness?): Eight common indicators accompanied with acceptable value of each indicator has been applied in order to study conceptual model's fitness. Research's conceptual model has an appropriate fitness with collected data according to Table 4.

This research has been done in order to study customer relationship management on customers' loyalty with the mediator role of service quality in Qavamin in Zahedan and research's questions were formed in this regard that research's findings results are explained as follow.

Table 4: Model's fitness indicators

Fitness indicator	Acceptable amount	Conceptual model's statistic	Resources
χ^2/df	<5.00	1.640	Hair
RMSEA	<0.06	0.053	Joreskong and Sorbom
RMR	<0.08	0.010	Bentler
NFI	>0.90	0.950	Fornel and Larcker
NNFI	>0.90	0.980	Bagozzi and Yi
CFI	>0.90	0.980	Joreskong and Sorbom
GFI	>0.90	0.920	Bagozzi and Yi
AGFI	>0.80	0.890	Etezadi-Arnoli and Farhooman

The first main question (Is there a significant relationship between customer relationship management, perceived services quality and customer's loyalty?): With respect to this fact that three secondary questions had been discussed in order to study this question, Pearson correlation coefficient was used to assess the two by two relationships between each one of variables that research's results can be compared with results of previous researches.

Rahim *et al.* (2013) showed in their research that customer relationship quality influences perceived quality and loyalty that their research's results were consistent with present research's results that this indicates that there is significant relationship between customer relationship management, perceived service quality and loyalty in Qavamin bank in Zahedan. Sotudeh also showed that loyalty formation process in customers is created through the effect of customer's satisfaction and trust toward organization by four-stage pattern including

cognitive loyalty, emotional-loyalty, active loyalty and emotional loyalty. Sheidayi *et al.* (2015) also showed in their research that variables including sensitive marketing, trust and commitment in private and governmental have significant and positive effect on customers' loyalty. On the other hand, Samadi *et al.* (2015) showed service quality has a significant and positive effect on quality and finally relationship quality has positive and significant effect on customers' loyalty.

The second main question (Is the perceived services quality effective on relationship between customer relationship management and customer's loyalty?):

Research's findings results for second question showed that customer relationship management has direct effect on customers' loyalty and also it can influence perceived service quality and it leads to customers' loyalty that these results support the previous researches' results. Zirati Sang and View in 2014 showed in their research that customer's knowledge has a significant and positive on service quality through customer customers' relationship management. On the other hand, Abdol-Alem showed that customer relationship management's dimensions has a significant and positive effect on organizational performance's different aspects.

Some advices are suggested to Qavamin bank's branches according to present research's results including:

- The presence of responsible reference in order to solve difficulties in holidays and non-administrative times
- Identifying hidden needs and customers' expectation and banking services expansion
- Train and encourage bank's personnel in order to appropriate encounter with customers and their difficulties resolve
- Assess efficiency and effectiveness of customers' service unit and its effect on customers' loyalty
- Assess personnel's performance and bonus system based on better accountability toward customers
- Implementing customer's knowledge management systems in order to unify customers' information

CONCLUSION

The results obtained of these data indicated that all the customer relationship managements' processes including identification, attraction, maintenance and development the relationship with customers have a significant effect on perceived service quality and customers' loyalty. On the other hand, the results showed

that the bank's customers decide whether they stay loyal to bank or not according to its perception of offered services such as accountability, offered services' apparent dimensions, bank's guaranty, trust in bank and empathy. Therefore, some advices and suggestions have been made in order to improve the condition regarding the relationship with customer and loyalty.

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