Customer Relationship Marketing and Customer Satisfaction: A Study on Mobile Service Providing Companies in Srilanka

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Abstract - In the present era, customer relationship marketing plays a vital role. The major goals of customer relationship marketing can be expressed simply as understanding and treating customers better for increased loyalty and profit. Main purpose of the study is examining the relationship between customer relationship marketing and customer satisfaction. Customer relationship marketing can be measured through following ten variables trust, commitment, empathy and equity. Data were collected through a seven points Likert type summated rating scales of questionnaire. A sample of one hundred and seven customers was surveyed from three mobile service providing companies such as Airtel, Dialog, and Mobitel. Correlation and regression analyzed has been employed to measure relationship and contribution among the dependent and independent variables.

CUSTOMER RELATIONSHIP MARKETING AND CUSTOMER SATISFACTION A STUDY ON MOBILE SERVICE PROVIDING COMPANIES IN SRI LANKA

Strictly as per the compliance and regulations of:

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Keyword : *Customer relationship marketing, customer satisfaction, service quality.*

I. Introduction

In today's highly competitive business environment, companies are unable to longer survive with a transactional attitude towards customers. They have to focus their marketing lenses more rational dimension, which is considered to be the most suitable approach for satisfying and maintaining customers (Hollensen2010). For this reason, nowadays customer satisfaction has been viewed as an important theoretical and practical issue for most of the marketers and researchers (Ramin Rakhsha & Majidazar2011). Kotler (2000) defines it as a feeling in   individuals after comparing product and service   performances with their expectations. Satisfaction also refers to pleasant or unpleasant feeling caused with comparison between imaginative function and expectations. Customer relationship marketing is the biggest paradigmatic shift in marketing theory and practice in recent decades. It is taking back to its roots (Gronroos, 1996). In industries and service markets, customer relationship marketing is becoming a necessity in order to survive. The main goal of the relationship marketing is to build mutually satisfactory long- term relationship with key constituents in order to gain and maintain their business (Gummesson, 2008).

In Sri Lanka, Telecommunication sector is highly competitive and also contribution of telecommunication for Gross Domestic Product (GDP) is continuously increasing. At 2010, Growth rate of Cellular phones users was increased by 16.3% (Annual report of Sri Lankan regulates committee 2010). The growth in the telecommunications sector in recent years was largely fuelled by the increased penetration of services in the northern and eastern provinces and provision of value added services at competitive rates.   Five mobile service providing companies such Dialog, Mobitel, Airtel, Hutch and Erislt are providing the services. Each company is using different kinds of attractive packages to attract their valuable customers.

Significant of study are this study tries to disclose effect of customer relationship marketing on customer satisfaction on the mobile service providing companies in Sri Lanka. This study is intended to help them to formulate more rational strategies aimed at attracting and retaining consumers. This study is able articulates appropriate path to enhance the customer relationship marketing and customer satisfaction.

II. Research Problem

Customer relationship marketing (CRM) is replacing the traditional 'four Ps' of marketing - product, price, place and promotion. Long-term relationships with customers are the key to stability in an increasingly dynamic market. Customer relationship management (CRM) has become the main strategy to retain customers for companies regardless of its size. The emergence of customer satisfaction at financial institutions has been widely studied and focus on customer satisfaction is the primary goal of any organization, especially bank. Full understanding of this issue is important for researchers and officials [Arbore, 2009]. A survey of 1,500 companies found that 91% of businesses plan or have deployed CRM solutions, however 41% of the firms with CRM projects were experiencing serious implementation problems (The Data Warehousing Institute, 2000).   Therefore the present study is initialed to find out what extent customer relationship marketing impact on customer satisfaction in mobile service providing companies?

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III. Objective Of the Study

The main objective of the study is to examine the relationship between the customer relationship marketing and customer satisfaction in mobile service providing companies.

- To identify the role of customer relationship marketing on customer satisfaction;
- Investigate the impact of customer relationship marketing on customer satisfaction;
- To suggest the mobile service companies to build the customer value;

IV. Contribution of the Study

Customer relationship marketing is the biggest paradigmatic shift in marketing theory and practice in existing world. Customer relationship marketing concerns attracting, developing and retaining customer relationship (Berry and Parasuraman 1991). Customer relationship marketing is to identify establish, maintain, enhance, and when necessary, terminate relationship with customers and other stakeholders (Gronroos). Customer satisfaction is difference function between customer perception and customer expectation (Kotler1996). Customer relationship marketing assists to build the good relationship between customer and organization. Every organization try to fulfill their customer required with pleasure. An Examination of Relationship between Customer Relationship Marketing and Customer Satisfaction on Mobile Service Providing Companies in Sri Lanka is very important study in Sri Lanka. Nowadays, in Sri Lanka, five mobile service providing companies are running successfully but every companies faced more completion to survey in the market. This study is intended to help them to formulate more rational strategies aimed at attracting and retaining consumer, this research should contribute to a better appreciation and understanding of customer satisfaction related factors. This study helps to recognize that what are factors determine the customer relationship marketing.

V. Review of Literature

Customer relationship marketing is one of the best contemporary marketing strategies for all companies to satisfy their customer needs and wants. In customer point of view, trust, commitment, mutuality and long- term relationship with customer which are very essential factors to satisfy their customer needs and wants. Customer relationship marketing concerns attracting, developing, and retaining customer relationship (Berry and Parasuraman 1991).

Customer relationship marketing goal is to provide increased value to the customer and results in a lifetime value for the service provider (Liu, 2000). Trust has been defined as "a willingness to rely on an exchange partner in whom one has confidence" (Moorman 1993). In addition trust provides the basis for loyalty, relationship enhancement (decreased perception of risk), and yet is mediated by customer perceived value of the relationship (i.e., perceived net benefits) (Morgan & Hunt, 1994; Selnes, 1998; Sirdeshmukh, 2002).

Customer satisfaction is a dimension of multiple items evaluated as a satisfaction measurement, which can vary from business to business (1991). Customer satisfaction is very important concept and also has been extremely analyzed subject in the marketing research (Hunt, 1977). In recent time, customer satisfaction has gained attention within the context of the paradigm shift from transaction marketing to relationship marketing (Gronroos, 1994: Sheth &Parvatiyar, 1994).

Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. The confirmation model treats satisfaction as a meeting of customer expectations (East, 1997; Oliver 1989) and is generally related to habitual usage of products (East, 1997). However, research on customer satisfaction has moved towards the disconfirmation paradigm which views satisfaction with products and brands as a result of two cognitive variables: pre purchase expectations and disconfirmation (Churchill and Surprenant, 1982; Peter and Olson, 1996).

Customer satisfaction has traditionally been regarded as a fundamental determinant of long – term consumer behavior (Oliver, 1980; Yi 1990). Satisfied customers are valuable assets for every organization to gain the customer loyalty and retention.

Customer satisfaction and its related research is not merely a tool that measures the attitudes of customers but can be used by relationship marketers as a tool to manage the relationships with the customers (Gengler and leszczyc,1997). Satisfaction and quality research "have evolved along parallel tracks" (Strandvik & Liljander, 1995).

The relation of both constructs is currently subject to a passionate and controversial debate (Gotlieb, Grewal,&Brown, 1994; Patterson & Johnson, 1993). For the investigation undertaken here, the following aspects for the distinction of satisfaction and quality are of particular importance .Because quality is a dynamic construct, additional consumption experiences influence and modify the existing quality perception and cause changes in this perception (Thompson & Getty, 1994).

Customer relationship marketing has been the subject of increasing interest globally with the absolute volume of research on the subject; however, most of the research has been done in developed countries. Other issue is lack of researcher paid the attention to find the relationship between the customer relationship marketing and customer satisfaction.

VI. DATA COLLECTION

The primary and secondary data were collected for the survey. Primary data were collected through questionnaires and secondary data were collected from books, journals, magazine and etc.

VII. HYPOTHESES

Following hypothesis were taken for the present study

H1- these is relationship between Customer relationship marketing and customer satisfaction.

H0- there is no relationship between Customer relationship marketing and customer satisfaction.

VIII. CONCEPTUALIZATION

Below conceptualization model shows the relationship between variables. Thus customer satisfaction is considered as dependent variable whereas customer relationship marketing is the independent variable.
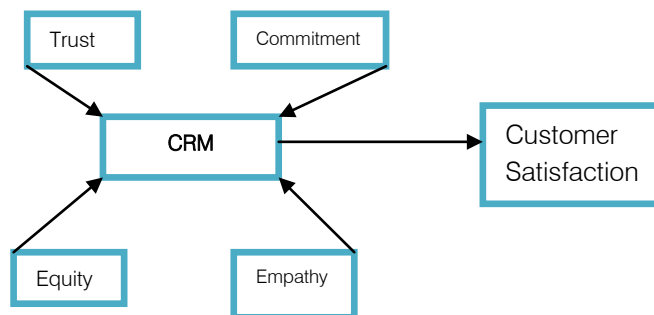
IX. SAMPLING

A survey instrument in the form of close-ended questionnaire was developed for the purpose of collecting the main data for the study. Systematic quasi-random sampling method was taken to select the respondents of the study. It selected every second customer to enter the selected reload center on each day of the survey, starting with the first to come through the doors at start of business, at 9.30 am. This sampling method was chosen because it permits analysis of possible selection bias or error (Ndubisi, 2006). One hundred and thirty respondents were selected as a sample of the study. One hundred and seventeen respondents completed the questionnaire but fifteen questionnaires were damaged.

Table 1

Characteristics		Frequency	Percentage
Age	18 – 25	21	20.6
	26 -45	48	47.1
	46 – 55	20	19.6
	56 and Above	13	12.7
Gender	Male	60	58.8
	Female	42	41.7
Occupation	Government	42	41.2
	Private sector	30	29.4
	Self employment	22	21.6
	Others	8	7.8
Income level	Below 5000	8	7.8
	5000 - 15000	24	23.5
	15000- 30000	44	43.1

	30000- 50000	13	12.7
	Above 50000	13	12.7
Company	Dialog	39	38.2
	Airtel	27	26.47
	Mobitel	12	11.76
	Dialog and Mobitel	09	8.82
	Dialog and Airtel	11	10.78
	Mobitel and Airtel	04	3.92

X. QUESTIONNAIRES

An instrument/questionnaire was used to collect data.

This questionnaire consists of three sections A, B, and C. section A consists personal details such as sex, status, age, education, monthly income, company name, and length of time customer has been in brand, kinds of packages.

Sections – B consists of ten statements such as trust, commitment, equity and empathy to measure the customer relationship marketing.

Sections – C consists of ten statements to evaluate customer satisfaction.

Above information/ data were collected through the questionnaire which is prepared with seven point Likert scale ranging from excellent to poor. Then data were converted into quantitative manner and then the analyses were made. Using the above information the following model was formulated.

CVC= f (CRM)

$CS = \beta0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4$ -------------------------- (1)

Where,

CRM- Customer relationship marketing

CS – Customer Satisfaction

X_1- Trust

X_2 – Commitment

X_3 – Empathy

X_4 – Equity

XI. Empirical Results

a) Reliability

Before applying statistical tools, testing of the reliability of the scale is very much important as its shows the extent to which a scale produces consistent result if measurements are made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scales. If the association is high, the scale yields consistent result, thus is reliable. Cronbach's alpha is most widely used method. It may be mentioned that its value varies from 0 to 1 but, satisfactory value is required to be more than 0.6 for the scale to be reliable (Malhotra, 2002; Cronbach, 1951). The Cronbach alpha estimated for trust was 0.889, Commitment scale was 0.890, Empathy scale was 0.908, Equity scale was 0.901, customer relationship marketing 0.855 and the overall customer value creation scale was 0.726. As the Cronbach's alpha in this study were all much higher than 0.6, the constructs were therefore deemed to have adequate reliability.

Table 2 : Details of reliability.

S.No	Details	Cronbach alpha
01	Customer Relationship Marketing	0.855
02	Trust	0.889
03	Commitment	0.890
04	Empathy	0.908
05	Equity	0.908
06	Customer Value Creation	0.726

b) Validity

An important aspect of increased rigor in conducting scientific research in the modern positivist paradigm is the testing for content and convergent validity.

The Content validity ensures that the measure includes an adequate and representative set of items that tap the domain of the concept (Malhothra 2005, S2004, Warnakulasuriya, 2009). An exact literature review was carried out to ensure the content validity of the both construct.

Convergent validity can be measured through the inter correlation value. If inter correlation are available among the more than 50% items (Hatcher,1994). Those are showing strong evidence of convergent validity.

c) Multi-Collinearity

Two major methods were utilized in order to determine the presence of multi collinearity among independent variables in this study. These methodologies involved calculation of both a Tolerance test and Variance Inflation Factor –VIF (Kleinbaum et.al, 1988).The results of this analysis are presented in Table 03.

Table 3 : Test of Collinearity.

Variable	Tolerance	VIF
Trust	0.995	1.005
Commitment	0.988	1.012
Empathy	0.900	1.111
Equity	0.909	1.100

As can be seen from this data, none of the Tolerance level is < or equal to 01; and all VIF values are well below 10. Thus the measures selected for assessing independent variables in this study, do not reach multicolinearity.

Table 4 : Test of Durbin-Watson.

Variable	Durbin-Watson
Reliability	1.732
Responsiveness	2.124
Functionality	1.698
Call charges	1.899

The acceptable Durbin – Watson range is between 1.5 and 2.5. In this analysis Durbin – Watson values for all depended variable are well below 2.5. There was no auto correlation problems in the data used in the research. Thus, regression model was applied.

d) Regression

Regression test was carried out to find the contribution of the customer relationship management in customer satisfaction.

Table 5 : Standard regression coefficient.

Independent variable:- Customer relationship marketing	Dependent:- Variable customer satisfaction
ß	0.460
Significance of F	0.000
R^2	0.211
Adjusted R^2	0.204

According to the regression results in the Table - 5, the fitted model encountered a significant relation between customer relationship marketing and customer satisfaction. The R^2 value multiplied by 100 tells the percentage of variance in one variable accounted for by the predictor variables. The R^2 value is 0.211so, that

21% Percentage or almost quarter the variance in Customer satisfaction is accounted for by the predictor variable CRM. Further it means customer relationship marketing positively impact on customer satisfaction.

Table 6 : Correlation analysis for mobile service providing companies.

Variable	Customer relationship marketing	Customer satisfaction
Customer relationship marketing	1	460** .000
Customer satisfaction	460** .000	1

Significant at; *$P < 0.05$, **$P < 0.01$
Scale; Strong (r>.5), Moderate (r=5), Weak (r < .5)

Table 6 shows correlation the relationship between customer relationship marketing and customer satisfaction. Results indicate that the customer relationship marketing is weakly but positively correlated with customer satisfaction. However, correlation was highly significant.

Four main dimensions such as trust, commitment, empathy, and equity were used to measure the customer relationship marketing and four main dimensions such as reliability, responsiveness, functionality, and call charges were used to measure customer satisfaction. Therefore

Correlation (matrix) analysis was applied to identify the relationship among these variables and results are revealed in the table -7. Results revealed significant correlation among dimension of customer relationship marketing and customer satisfaction. Correlation between CRM and dimensions of the customer satisfaction such reliability, responsiveness, functionality and call charges were positively correlated. Finally hypotheses testing

Ho: There is no relationship between customer relationship marketing and customer satisfaction.
H1: There is relationship between customer relationship marketing and customer satisfaction.

Null hypothesis has to be rejected when p value is 0.05 as a rule. Here, researcher has tested in 1 % of the significant level. However, p value is less than 0.05 at 1 % of the significant level. There is chance to reject null and accept alternative hypothesis. Therefore, researcher rejects null and accept alternative one. There refers to that researcher rejects there is no relationship and accepts that there is relationship between customer relationship marketing and customer satisfaction.

XII. Conclusion and Managerial Implication

Although there are only five mobile service providing companies (Dialog, Mobitel, Airtel, Etisalate, Airtel) in the Sri Lankan mobile service market, the completion between them is more intense than ever. They compete not only in infrastructure facilities like network, tower. They have invested the lot of amount of money to provide effective service for customers. This research clearly expressed that important of functionality of service in service quality and customer satisfaction. Customer relationship marketing has significant impact on customer satisfaction. However, proportion of impact CRM on customer was low level. Reason for that most of mobile service providing companies fails to build the trust among their customers. Companies spent lot of time and money to build and maintain their companies' infrastructure facilities but their fail to take fruit full effort to satisfy their customer needs with psychological view. According to this research, as to what mobile service providing companies have been doing, the priority should be given to how to reduce customer dissatisfaction and improve mobile service network facilities, service quality, customer retention, customer loyalty.

XIII. Limitation and Directions of Future Research

This research has been successfully applied what has been learnt from the literature with the support from Sri Lankan mobile service market. In Sri Lanka, five mobile services providing companies are providing mobile services but three mobile service providing companies like Airtel, Mobitel, and Dialog have been taken to this study and remaining other two companies have been not considered into this study. Furthermore, to provide even more convincing evidence for the casual relationship among constructs. In addition, it is also of practical and theoretical significance to extend behavior intentions of customers and take constructs such customer relationship marketing and customer satisfaction into consideration to provide more useful suggestions for mobile service providers.

Table 7 : Correlation matrix.

	RE	RN	FU	CC	T	C	EM	E	CRM	CS
RE	1									
RN	.709**	1								
FU	.720**	.656**	1							
CC	.692**	.607**	.756**	1						
T	.319**	.188**	.282**	.425**	1					
C	.283**	.207**	.430**	.356**	.547**	1				
EM	.289**	.260**	.302**	.465**	..534**	.457**	1			
E	.411**	.274**	.460**	..242**	.438**	.477**	.411**	1		
CRM	.401**	.291**	.467**	.484**	.797**	.835**	.780**	.691**	1	
CS	.909**	.879**	.883**	.849**	.335**	.358**	.363**	.399**	.460**	1

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