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Relationship Marketing and Customer Loyalty: Evidence from Banking Sector in Pakistan

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Abstract- The purpose of this study is to provide an insight into the impact of relationship marketing strategy on customer loyalty of retail bank sector in Pakistan and to examines whether these relationship strengthen through improvements in banking relationship. A questionnaire derived from previous studies and relevant literature was completed by 100 university students having accounts in different banks and Convenience sampling used. Multiple regression analysis assessed the impact on customer loyalty of four key construct of relationship marketing (Trust, Commitment, Communication and conflict handling). Results indicate that four variables have significant effect and predict good proportion of variance in customer loyalty. It is reasonable to conclude, on this evidence, that customer loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, and handling conflict efficiently.

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Relationship Marketing and Customer Loyalty: Evidence from Banking Sector in Pakistan

Mudassir Husnain ^α & M Waheed Akhtar ^σ

Abstract- The purpose of this study is to provide an insight into the impact of relationship marketing strategy on customer loyalty of retail bank sector in Pakistan and to examine whether these relationships strengthen through improvements in banking relationships. A questionnaire derived from previous studies and relevant literature was completed by 100 university students having accounts in different banks and Convenience sampling used. Multiple regression analysis assessed the impact on customer loyalty of four key constructs of relationship marketing (Trust, Commitment, Communication and conflict handling). Results indicate that four variables have significant effect and predict good proportion of variance in customer loyalty. It is reasonable to conclude, on this evidence, that customer loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, and handling conflict efficiently. Furthermore, they are significantly related to one another. The relationship investigated in this study deserves further research. Because the data analyzed were collected from one sector of the service industry in one country, more studies are required before general conclusions can be drawn.
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1. INTRODUCTION

The term relationship marketing is first used by Berry (1983), after him Jackson (1985) indulges this concept in business-to-business context. After the introduction of middleman in the supply chain, relations with the customers were given less attention (Sheth & Parvatiyar, 1995a).

Arndt (1979) found that less importance given to relationships to running businesses. Levitt (1983) used a wedding analogy states that it all depends on seller that how he managed the relations. These unreliable concepts have developed, and to some degree turn into two formal modern expressions "networking" and "relationship marketing". Relationship marketing now becomes an interesting subject area for the researchers. Today in a fast-paced global environment more competition requires more performance which pinpoints the need to develop strong relationships. Ndubisi (2004) says that now firms are striving for more firm-customer relationships to gain competitive advantage to serve and keep customers away from competitors. Definitely this customer

relationship reaps rewards for both buyer and seller (Rapp & Collins, 1990). So it is important to investigate the influence of relationship marketing on customer loyalty in actual conditions from different cultural perspectives like Pakistan, by considering four dimensions of relationship marketing: commitment, trust, conflict handling and communication on customer loyalty in Pakistan. Palmer (1997) has stated that:

"Relationship marketing means different things in different cultures and marketers should be as wary of prescribing universal solutions for exchange bases as they are of developing universal product and promotion for all markets" (pp. 98-106).

The banking sector of Pakistan has remained flexible and strong throughout the financial crisis in 2008-2009, a period in which a considerable amount of FDI invest in this sector. In 2008, figures point out that the large banks are comparatively healthy. This sector twisted profit in 2002. Their profits sustained to rise for further five years and pointed to Rs 84.1 billion in 2006. Now again, business viewpoint is shifting towards relationship marketing again in different context and this is what we want to study in Pakistan perspective. The relation creates additional advantage for both buyer and supplier (Ravald & Grönroos, 1996; Grönroos, 2000). Previously, marketing practitioners emphasize on attracting new customers rather than retaining them (Schneider, 1980).

Marketing practitioners around the globe agree that acquiring the new customers alone are not more fruitful for long-term success, but to keep current customers ensure long-term success. Building and sustaining a loyal customer base is of paramount significance to firms (Kandampully & Duddy, 1999). Relationship marketing now becomes a means for firms to develop and maintain mutually satisfying long-term collaborative relationships (Ravald & Grönroos, 1996). When customers get deeply involved in a company's offerings then relationship marketing work starts (O'Malley & Tynan, 2000). Customer's positive feelings and attitude can be promoted through quick flow of information between bank and customers that leads towards more satisfaction and strengthens relationships (Barnes & Howlett, 1998; Ennew & Binks, 1996). Relationship marketing not necessarily be done towards all the bank customers because retail banks prefer more profitable customers to entertain (Carson et al., 2004; Zeithaml et al., 2001). Treating all customers in a similar way across all

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the segments may not give similar returns (Zeithaml et al., 2001), so often, relationship marketing emphasizing only on most profitable customers having more income and contribute to fixed cost (Abratt & Russell, 1999).

Customer loyalty considered as backbone for firms as it is way for sustaining and increasing sales. As well as it plays important role for increasing profits, as it is obvious from previous researches the cost of obtaining new customers is much higher than to serve current customers (Reichheld & Sasser, 1990). These customers spread positive word of mouth about service providers and suggest it to other prospects as well. With the invention of new technologies and computerized networks led changes in banking sector which reduced transaction cost and increase the speed of service level, but on the other hand it also effect the buyer-supplier relations for example now they rely more on mobile calls (Ndubisi & Kahraman, 2005). These changes in equipment manipulate relationship marketing perspective and customer loyalty in banking sector. Still the buyer-supplier relationships are important to re examine (Ndubisi et al., 2005).

This paper is going to explore how banking sector of Pakistan use relationship marketing as a competitive weapon to gain customer loyalty. The basic aim of this paper is to explore customer's perceptions and likings about their banks and to investigate relationship marketing exactness in its key dimensions (trust, communication, commitment, and conflict handling) for banking sector in Pakistan.

II. LITERATURE REVIEW

a) *Relationship Marketing*

In past relationship marketing at first imagined as a marketing strategy in inter-organizational and service state of affairs in different environment and arrangements (Berry, 1983; Ford, 1997; Hakansson, 1982). Since 1980's relationship marketing becomes get popularity and considered as collaborative approach rather than traditional arms length relationship, especially in service industry that were more relational focused previously (Sheth & Parvatiyar, 2000; Berry, 1983; Gronroos, 1994; Dwyer et al., 1987; Gummesson, 1994). As by Gruen (1997) and Gronroos (1989) the entire picture of business perspective has moved from production to a promotion orientation, and to "marketing" orientation which is the most basic marketing conception on which ground of marketing is stand, and after that to a societal direction. Walsh et al. (2004) defines in banking RM is "the activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers." p. 469).

So RM is focusing on maximizing profitability and customer loyalty with ambitions of providing even better services. According to Keltner (1995) states that due to relationship marketing strategies, tactics and policies in retail banking, German banks were able to

stable themselves as compare to American banks during 1980's and 1990's. To be effective, RM strategies should promote and ensure perceived benefits to engage in interactions (O'Malley & Tynan, 2000). There is tendency that most of the customers do not move towards relationships, so in retail banking close relationship with customers are rare, and furthermore they becomes low as customer use more self-service equipments (O'Loughlin et al., 2004). A Rapp & Collins (1990) state that objective is to create, sustain and develop long term mutually satisfying relationships that are beneficial for both buyer and seller. This strong relationship ultimate results customer loyalty which is defined by Oliver (1999) as a "deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behavior".

The main features for RM: all customers are unique, all activities must be directed towards existing customer satisfaction, execution of plans is based on open flow of information and firm's intentions should maximize profits through maintaining lower customer turnover and strengthens relationship with customers. Companies should put forth enough investment in building quality relationship with loyal or potentially loyal customers (Ndubisi, 2004). Previous studies covered by marketing literature on relationship marketing highlights four key dimensions as trust (Veloutsou et al., 2002; Morgan & Hunt, 1994), conflict handling (Ndubisi & Chan, 2005; Dwyer et al., 1987), commitment (Chan & Ndubisi, 2004; Grossman, 1998), and shairing of business secrets or communication (Morgan & Hunt, 1994; Ndubisi & Chan, 2005; Crosby et al., 1990). This paper include four key dimensions of RM namely as (trust, commitment, communication and conflict handling) as these are mostly considered by academicians in past researches to check their impact on customer loyalty. All these key dimensions are linked to customer loyalty in this study.

b) *Trust*

Trust is another good predictor of loyalty (Reichheld et al., 2000). Trust theory has been considered in a number of disciplines and a variety of definitions have been suggested (Lewicki et al., 1998).

Trust can be described as a faith or assurance regarding to second party's intention inside the bond (association). In RM perspective, trust is define, the aspect of business relationship that establish the level to which each party believe and they can rely on the honesty of the promise offered by the other (Callaghan et al., 1995). Also it is a vital element of business relationships, and recognized as a major construct in modeling RM (Morgan & Hunt, 1994). In general it shows that the high degree of trust among buyer and supplier, then there are more chances of continuation or long duration of the relationship among them (Martin & Sohi,

1993). In this contextual study, trust refers to customer-supplier relationships. Customers are less likely to be loyal to those firms who not keen to trust in a marketplace. Gronroos (1990) emphasized that the assets of the seller – human resources, equipment and arrangements utilized in such manner that the customer's trust in the resources implicated and, therefore, in firm it is sustained and made stronger. The significance of trust in describing customer loyalty is supported by many authors e.g. (Garbarino & Johnson, 1999), (Lim et al., 1997), (Singh & Sirdeshmukh, 2000), (Chaudhuri & Holbrook, 2001 and (Sirdeshmukh et al., 2002). As evident from previous studies, we can say that in considering loyalty the benevolence element of trust is strong in B2C context. We argue it first, because loyalty is important and has given credence element in many service markets. Secondly trust is of critical importance because (especially in strong mature relationship such as retail banking). We assumed in our model that if customer trust is increased then have direct positive effect on customer loyalty.

c) *Commitment*

The literature on relationship marketing is familiar with another possible antecedent of customer loyalty, which is relationship commitment (Morgan & Hunt, 1994; Bendapudi & Berry, 1997).

Based on literature of organizational behavior (Meyer & Allen, 1997), commitment is defined in different ways like as an aspiration to sustain a relationship (Morgan & Hunt, 1994; Deshpandé, Moorman, & Zaltman, 1993), an undertaking of bond among parties (Dwyer, Schurr, & Oh 1987), the give up or sacrifice if a relationship split (Anderson & Weitz, 1992), and with the lack of viable or attracting offerings (Gundlach, Achrol, & Mentzer, 1995). Due to these varieties of basis generate "stickiness" that stickiness sustains customers loyal to firm.

Previous literature and many other definitions highlight two key dimensions of commitment: calculative and affective commitment (Hansen, Sandvik, & Selnes, 2003; Fullerton 2003; Johnson et al. 2001). Calculative commitment is more economic, depend on reason rely on benefits of product (Anderson & Weitz, 1992; Dwyer, Schurr, & Oh, 1987; Heide & John, 1992). Affective commitment is hot concept, or more touching, that builds up through personal involvement of customer with a firm, which lead towards high level of trust and commitment (Morgan & Hunt, 1994; Garbarino & Johnson, 1999). In a context of services, Verhoef (2003) reveals that relationship development and relationship maintenance (retention) both are affected by affective commitment. Hennig et al., (2002) describe that relationship benefits are directly and positively linked to commitment level that the customer may experience with the service provider. In most of the service firms, customers pay's before acquiring the service, that's why

open communication service is vital and leads to less problems and increase customer expectation favorably. So open communication among partners' is very important for long lasting relationship and commitment.

d) *Communication*

Sales and communication are essential elements of transaction marketing. We have to adjust the customer's communication desires or needs and start on the communication cycle all over again. This is actually RM is at its best" (Schultz et al., 1992). Morgan & Hunt (1994) found that trust exist due to communication and with shared values. In retail banking, communication mean as done through letters, mail, interactions on websites and other machine related interactions and even personal interactions with personnel's who provide service after, before and during transactions. If these communications are appropriate, supportive, positive, valuable, simple, and pleasing then it consider as "good". In short customers can personally benefits by interpreting the communication if information offers by the service provider is in proper manner. It is valuable specially when delivered in person to person arrangements. Good communication has positive impact on customer satisfaction, loyalty and trust. In relationship marketing perspective marketing communication is an effort to develop a two-way or sometimes even a multi-way communication procedure. All activities are not directly two-way communication but communication efforts should result to a response of some nature that continue and develop the interaction. If relationship marketing is to be effective, there should be an alignment among all marketing communication messages is required for continuance and improvements of long term mutually satisfying relationships with customers and stakeholders.

e) *Conflict handling*

Conflict in our lives is obvious. In general conflict is considered as a harmful, destructive experience by people, but it is more natural and invasive phenomenon in their understanding (Boonsathorn, 2007). Conflict can be healthy and normal in an organizational perspective, lack of tension is ultimately dull and stagnant and unlikely to foster creativity and growth. Putnam & Poole (1987) consider conflict from the communicational point of view. Communication is viewed as one of the five elements of "conflict situations". Customer interactions of service providers with their customers contain complaint handling as an integral part. It poses negative impact on credibility and on trust of service provider if viewed by customer as inappropriate and slow handling of complaints (Ganesan, 1994). Conflict handling was described by Dwyer et al. (1987) as the firm's capability to reduce the harmful outcomes of apparent and possible conflicts. Conflicts handling depicts the supplier's capability to keep away from possible clashes, resolve apparent

conflicts before they generate troubles and the ability to talk about frankly, clarification as problems occur. How conflicts are resolved will make sure loyalty, leave or say. Rusbult et al. (1988) said, chances that a person will be connected in such behaviors based on the level of preceding satisfaction with the relationship, the degree of the person's involvement in the relationship and an assessment of the choices one has. Once conflict is known, accepted, as well as managed in an appropriate approach, organizational and personal benefits will end result (Silverthorne, 2005). So proper handling of conflict can contribute to loyalty.

f) *Customer loyalty*

Marketers considered customer loyalty vital because of its positive result on long-term success and profitability. Academic literature contains considerable discussions over loyalty's definition and dimensions or parallel concepts like commitment e.g. (Gundlach et al., 1995; Oliver, 1999; Bennett & Rundle-Thiele, 2002; Buttle & Burton, 2002; Dick & Basu, 1994). For example, commitment has been defined as aspirations to go on with a relationship with motivation to work towards continuation and hope that the relationship will maintain (Anderson & Weitz, 1989; Wilson, 1995). Parallel definitions exist for loyalty that are based in behavioral and attitude intentions, still much of the work on loyalty focus it in behavioral conditions (purchase regularity and repurchase) and later on admitted an attitudinal element (Jacoby & Chestnut, 1978).

After that advancement continues on customer loyalty and is significant in banking sector. Ganesh et al. (2000) establish two items as active loyalty (spreading word of mouth) and passive loyalty (not leaving even in less favorable situations) in loyalty items. Loyalty considered as process rather than outcome according to some authors. Oliver (1997) differentiates between four phases of loyalty which includes cognitive, affective, conative, and action. Obviously loyalty is a deep concept with many possible definitions. Behavioral loyalty means sales that are why it is very much appreciated. Behavioral and attitudinal loyalty is highly correlated (repetitive purchases direct to positive attitude), which moves to (conative loyalty: high levels of involvement and intention to keep on repurchase) so attitudinal is also highly appreciated too. Customers having strong attitudinal loyalty are more difficult to grab by competitors to steal them away (Gundlach et al., 1995) and less search for substitute (Dick & Basu, 1994). Different aspects of customer loyalty are positively predicted by commitment like using referrals. Mutual commitment serves as a basis upon which relationships are grown (Berry & Parasuraman, 1991). We will focus on explaining loyalty with trust, commitment, communication and conflict handling. There is a considerable positive relationship between (trust, conflict handling, communication, commitment) and loyalty.

g) *Research hypothesis*

As we mentioned earlier, that the objective of this paper is to explore customer's perceptions and likings about their banks and to investigate relationship marketing exactness in its key dimensions (commitment, trust, conflict handling and communication,) for banking sector in Pakistan. For that purpose, research hypothesis formed as:

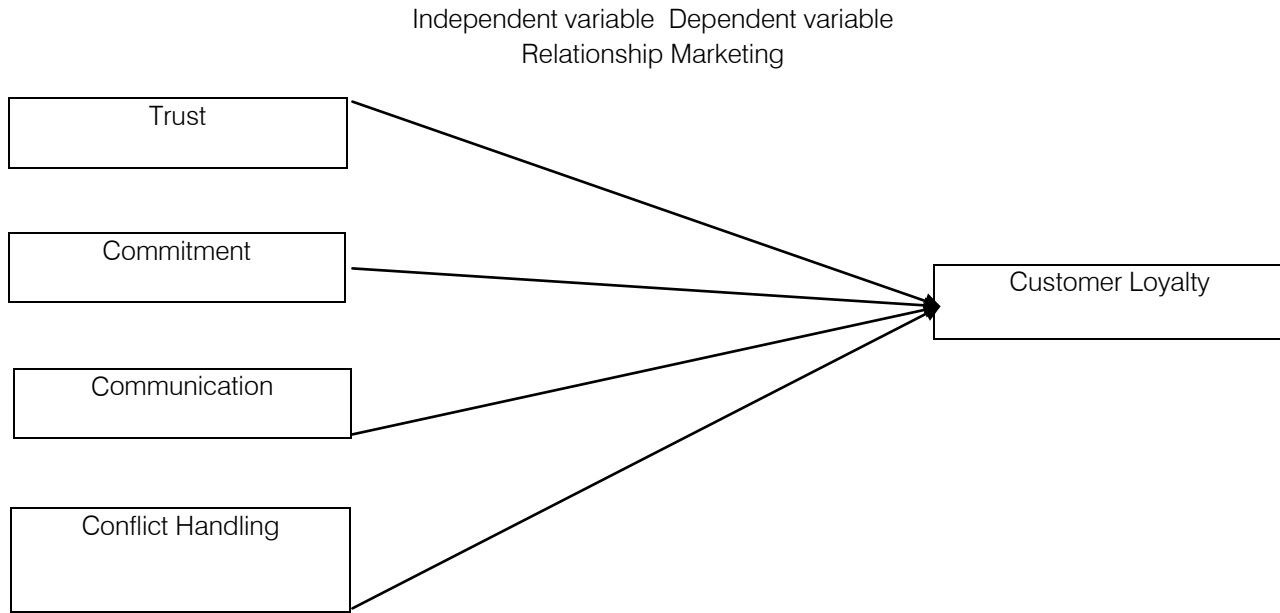
H1 (A): Trust has directly and positively impacts on customer loyalty.

H1 (B): Commitment has directly and positively impacts customer loyalty.

H1 (C): Communication has positive and significant impact on customer loyalty.

H4 (D): Conflict handling positively affects on customer loyalty.

h) *Conceptual framework of study*



III. RESEARCH METHODOLOGY

a) *Population and sample size*

Bank customers were the population of this study in the city of Islamabad, capital of Pakistan which is recognized as dense and ethnically diverse city (peoples with different background from all over the country are living there). We can't argue that the bank customers in this city completely represent the Pakistani sample, but we can draw up a general picture of how relationship marketing impacts on customer loyalty in banking sector. Sampling technique that was used to select respondents was convenience sampling. Respondents filled up a survey questionnaire during the period of March-April 2012. Responses were analyzed from almost 125 customers having accounts in different banks, 107 questionnaires were returned back, among them 100 were useful and response rate was 80%. A survey was used to investigate the relationship. The constructs in questionnaire presented information regarding conflict handling, trust, communication, commitment and customer loyalty. And, the basic purpose of the survey was to know that how respondents think about trust, conflict handling, communication, and commitment with their respective banks.

b) *Variables measurement*

Items that measure the construct dimensions in questionnaire were adapted from past researches: Bloemer et al., (1999) for loyalty dimension (e.g. the bank that first comes to my mind when making purchases decision on bank services). (Churchill & Surprenant, 1982) for trust (e.g. the bank's promises are reliable), (Morgan & Hunt, 1994) for the communication (e.g. the bank provides timely and trustworthy information), conflict handling (e.g. the bank tries to

avoid potential conflict) and commitment (e.g. the bank is flexible when its services are changed) dimension. Total number of 19 questions connected to five dimensions are includes in questionnaire. Responses of all items were measured by agreement with statements, which are ranging from 1=strongly disagree to 5=strongly agree on a five-point Likert scale.

c) *Analysis used*

Different statistical tools used to analyze data; regression analysis was carried out to examine the association among the four key dimensions of RM and customer loyalty, in this perspective (Butcher et al., 2001; Tam and Wong, 2001).

IV. DATA ANALYSIS

In this chapter we focus on analysis of data and we conducted firstly demographic results, correlation among the study variables and then regression analysis performed to investigate the effect on independent variables on dependent variable.

a) Demographics of respondents

Table 1 : Sample profile

	Percent
Age	
18-25	52
26-35	41
36-45	07
46 and above	02
Marital status	
Married	49
Single	51
Gender	
Male	64
Female	36
Relationship strength	
1-5 years	39
6-10	38
11-15	19
16 and above	4

Table 1 summarizes Demographic data of respondents, majority of respondents were male: 100, to 36 percent female. More than three quarters (93%) were below 40 years of age, (39%) are with their current bank

for 5 years, 38 percent for between 6 and 10 years, and (19 percent) had been customers for 11-15 years or less. 51 percent among the respondents are unmarried.

b) Correlation

Table 2 : Mean Standard deviation, Alpha reliability and Correlation

	Mean	SD	TR	COMIT	COMMU	CH	CL
TR	3.10	.914	(0.899)				
COMIT	4.01	.525	.120	(0.588)			
COMMU	3.50	.823	.331**	.322**	(0.803)		
CH	3.19	.944	.244*	-.085	.021	(0.844)	
CL	3.45	.903	.477**	.238*	.657**	.273**	(0.621)

** Correlation is significant at the 0.01 level (2-tailed). N=100, α values in parenthesis.

* Correlation is significant at the 0.05 level (2-tailed).

TR=Trust, COMIT=Commitment, COMMU=Communication, CH=Conflict handling, CL=Customer loyalty,

We calculate means and standard deviations for each variable and produced a correlation matrix of all variables used in hypothesis testing. Means, Standard deviations, reliabilities, and correlations among all scales used in the analyses are shown in Table 2. The constructs of the entire variables were tested for reliability analysis using cronbach alpha scores, and the values of cronbach alpha for all the variables (trust .899>.70), commitment (0.588), communication (.803>.70), conflict handling (.844>.70) and customer loyalty (.621<.70) were found significant at level of 0.70 which was recommended by (Nunnally, 1978) and same

found in the study of (Ndubisi, 2006). After analyzing the Table 1, we can see that the correlations between customer loyalty (CL) and trust, CL and communication, and CL and conflict handling are positive correlate at 0.01 level and CL and commitment are positive correlated and significant at the 0.05 level. And we also conclude that the correlation values between all the independent variables are less than 0.80, so the chances of multi colinearity are nothing. This is satisfactory for our research intentions as well as match up positively with value calculated by (Goldsmith et al., 1999).

Table 3 : Regression Analysis

Model	Unstandardized Coefficients		Standardized	t	Sig.	R ²
	B	Std. Error	Coefficients			
1	(Constant)	-.191	.255		-.747	.457
	TR	.127	.056	.130	2.247	.027
	COMIT	.639	.063	.645	10.073	.000
	COMMUNI	.206	.066	.191	3.123	.002
	CH	.187	.050	.200	3.769	.000

Dependent Variable: Customer loyalty

Table 3 shows the regression analysis between trust, commitment, communication and conflict handling as independent variable and customer loyalty as a dependent variable.

The result depicts that the relationship between trust and CL is positive and significant ($\beta=0.130$, $p<0.05$). The β value of H1 (A) shows that if one unit increases in trust then customer loyalty will be increased by 13 percent. The p value is less than 0.05 so (H1A, Trust directly and positively affects customer loyalty) is accepted. Relationship between commitment and CL is positive and significant ($\beta=0.645$, $p<0.05$) means one unit increase in commitment then customer loyalty will be increased by 64.5percent;(H1B, Commitment directly and positively affects customer loyalty)is accepted. Similarly, communication and CL ($\beta=0.191$, $p<0.05$) and conflict handling and CL is ($\beta=0.200$, $p<0.05$) these findings support (H1C, which was proposed that communication has significant and positive affect on customer loyalty) and (H1D, which was proposed that conflict handling has significant and positive affect on customer loyalty) so, H1 (C) and H1 (D) also accepted. Our findings provide the same results as with previous studies of Bansal et al. (2004) and (Hennig-Thurau et al., 2002; Dwyer et al., 1987).We computed R² value for our model which is (R²=0.757) also shows fitness of good of model. And the explanatory power of our model means that 75.7 percent of the model is explained.

V. DISCUSSION AND CONCLUSION

The vast body of literature on relationship marketing is often suggesting that it is a solution in all conditions for customers where such a relationship strategy is looking suitable. This study has confirmed that measurement of the "underpinnings" of RM can forecast customer loyalty, at least in the Pakistani banking sector. For that reason, academicians and practitioners trying to care for loyal customers should pay concentration on problems regarding to trust, commitment, communication and conflict handling.

Findings entails that diverse kinds of loyalty behavior need different commitment. This recommends that tailored marketing strategies are needed. Passive loyalty leads to loyalty behavior by means of any type of

commitment. On the other side, affective commitment leads to active loyalty. These results are similar with findings of (Meyer, Allen, & Smith, 1993). Our results show that to increase customer commitment, marketers in banks must make sure that customers feel safe and sound, that they see minimal risk and are happy with relationship. The social features of relationship in business not only improve relationship but also increase commitment towards firm (Goodwin & Gremler, 1996). We found as we expected that communication influenced customer loyalty supported by past studies (Dwyer et al., 1987; Hennig-Thurau et al., 2002). One important result of this study is that loyalty is described not as much by trust than predicted and much more by communication, in banking sector Pakistan. With little distinction in basic services of banks, communication may be a key tool to differentiate the bank. Useful, precise, and personalized sort of information and guidance boost satisfaction, trust and loyalty, to large extent. Pakistani bank customers expect from their banks to have knowledge about their business. Trust is a key aspect in the improvement and retention of existing relationships. (Morgan & hunt, 1994) explained that relationship commitment and trust are prerequisite of relationship marketing success and this commitment and trust further leads to cooperation. In contrast, lack of commitment in relationship means more turnover of customer and functional conflict may rise due to lack of trust. Moves towards relationship marketing will require various types of changes to old arrangements and thoughts. Considerable internal marketing is needed (Voima, 2000; Ballantyne, 1997;George, 1990; Gro'nroos, 2000). Conflict sometimes becomes destructive or constructive. If situation handle before surfacing of conflicts or resolve in unbiased manner then it contribute to loyalty (banking hours, ATM malfunctioning etc). Sometimes it arises due to communication gap that further harms trust, findings are similar with prior researches (Tang & Kirkbride, 1986). At last, banks should think carefully about negative effect of communication, can harm commitment and carefully design communication so that it seems to be as straight, authentic, open and truthful.

Furthermore, the paper explores the relationship marketing approaches of Pakistani banks and to examine whether it contribute to satisfaction and developments in the bank relationship, thus increase loyalty. The desirable and profitable customer segment is small but vital to the bank. So, the banks paid special attention to the needs and desires of these customers than with other customer segment having low deposit account.

Now the concept is changed and become reverse, said by a manager who was respondent in a survey, that banks are now responsible for maintaining and developing relationship with their customers due to customer oriented strategy, whereas previously this was up to the customer. Due to continuous interaction with customers and sophisticated information system banks are now able to stock up information about them for the sake of future contacts. This is all because of deposits, high volumes of loans, and investments. It is also important to discuss that profitable customer wants to be conscious of their significance to the bank, and they don't compromise for anything less than excellent service.

a) Implications

Theoretically, this study provides empirical support for influence on customer loyalty based on four key factors of RM: communication, conflict handling, commitment and trust. This strengthens the existing literature value by relating list of factors to customer loyalty with empirical support. This paper provides value to existing body of literature by empirically connecting further wide-ranging list of determinants to the customer loyalty. It based on previous work in this field, which had either examined an unfinished listing of possible underpinnings (Wong & Sohal, 2002; Ndubisi, 2004) or linked them to relationship quality (Wong & Sohal, 2002) and satisfaction (Ndubisi & Chan, 2005) without considering the objective of any service provider, that build customer loyalty.

Practical implications, practitioner interest has been the driving force behind RM popularity. The reason behind the popularity of this field is interest of practitioners. RM managers of banks in Pakistan can gain from a comprehensive understanding of the different factors that drive loyalty. This study proposes that relationship marketing managers should incorporate both general estimation of performance(customer loyalty) and capability offerings (commitment) in cyclic surveys in order to anticipate loyalty. Managers should focus on commitment that ultimately leads to different types of loyalty behaviors like word of mouth. Managers should periodically work to promote integrity and generosity. Both features are necessary for developing trust. It is suggested that banks should focus on building and sustaining the association among(benefits commitment), than concentrating just on benefit offerings simply.

Additionally, branch manager shave to continuously balance among services to fresh customers and spend in RM to keep current customers, with low funds(Carson et al., 2004).Moreover, banks should striving towards selected customer who contributed most to fixed cost and retain them. As by (Payne & Frow,2005), RM involves a series of routes, which required being aligned within the banks, if the bank wants to succeed.

Banks aspirations are to keep and grow loyal customers should be truthful, reliable and commit to the service norms, should talk well-timed and exactly, and must resolve clashes or conflict in a way that will remove loss and trouble to customers. It has been recommended by (Ndubisi, 2004) that loyal and satisfied customers are important communicators of positive word-of-mouth regarding firms or their brands to which they believe faithful. Furthermore, they can contribute in a way, by giving new customers to organization and loyal customers can also provide as helpful sources of innovative product ideas.

b) Limitations and Suggestions for Future researches

As mentioned earlier, bank customers were the population of this study in the city of Islamabad, capital of Pakistan which is recognized as dense and ethnically diverse city (peoples with different background from all over the country are living there).So, several limitations were found in our study that put question mark. First, this study is conducted in one city of Pakistan more studies are required that comprises more geographical areas and cross national comparison. This study focused on just one service sector, future studies may advance these efforts by examining the distinction among service types. Secondly, relationship characteristics such as duration, strength and intensity of the relationship, socio-demographic may also provide exciting results at least. Previous studies have reported that women are more loyal as compared to men (Ndubisi, 2005), and younger age groups are less loyal than older people. Future studies might productively consider such moderating effects. Last but not least, in order to increase validity of the study it is recommended to replicate study on larger scale with more representative sample.

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RELATIONSHIP MARKETING AND CUSTOMER LOYALTY

Dear Respondent!

I am a student of MS (MARKETING) at International Islamic University Islamabad. And am conducting a research on 'RELATIONSHIP MARKETING AND CUSTOMER LOYALTY'. The questionnaire will be used for research which is a part of my MS course. The objective of this questionnaire is to find out relationship between relationship marketing and customer loyalty. It should not take more than 10 minutes to fill the questionnaire as all of questions just require you to tick appropriate answer.

Your answer will be kept strictly confidential and will only be used for research purposes. Your name will not be mentioned any where on the document so kindly give an impartial opinion to make research successful.

You are requested to take 10 minutes out of your busy schedule to fill this questionnaire. Your cooperation is highly appreciated. If you need findings of this research please send a request to Mudassirhusnain@yahoo.com

Thanks once again for your time and cooperation.

Mudassir Husnain
MS scholar

Please tick the appropriate answer or fill in the box.

Section: 1
Demographics:

1. What is your age?

- (a) 18-25 (b) 26-35 (c) 36-45 (d) 45 and above

2. What is your marital status?

Married	
Unmarried	

3. What is your Gender?

Male	
Female	

4. Relationship strength:

1 to 5 years.	
5 to 10 years.	
10 to 15 years.	
15 years and above.	

5 Point Likert scale used (strongly disagree "1" to strongly agree "5")

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

Section: 2
Trust:

5. The bank is very concerned with security for my transactions

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

6. The bank's promises are reliable. The bank is consistent in providing quality service

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

8. Employees of the bank show respect to customers

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

9. The bank fulfils its obligations to customers

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

10. I have confidence in the bank's services

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

**Section: 3
Commitment:**

11. The bank makes adjustments to suit my needs.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

12. The bank offers personalized services to meet customer need

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

13. The bank is flexible when its services are changed

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

14. The bank is flexible in serving my needs

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

**Section: 4
Communication:**

15. The bank provides timely and trustworthy information.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

16. The bank provides information when there is new banking service

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

17. The bank makes and fulfils promises.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

18. Information provided by the bank is always accurate

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

**Section: 5
Conflict Handling:**

19. The bank tries to avoid potential conflict

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

20. The bank tries to solve manifest conflicts before they create problems.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

21. The bank has the ability to openly discuss solutions when problems arise

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

Section: 6
Customer Loyalty:

22. I consider the bank as first choice among other bank in the area

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

23. The bank that first comes to my mind when making purchases decision on bank services.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

