

Studying the Relationship between Relationship Marketing with Customer Satisfaction

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Abstract

Customers are the most important keys for organizations' success in today's complex environment. Therefore their satisfaction and loyalty is one of vital factors to improve organizational business performance. The purpose of writing the current paper is to survey the influence of relationship marketing on customer satisfaction in Iran insurance company in Iran. The research is applicable from goal view and descriptive from data collection. Also data collection tool is questionnaire which library and fieldwork were used for its designing. The questionnaire was designed in two separated parts about relationship marketing and customer satisfaction. To measure relationship marketing, five main dimensions include trust, commitment, communication, competency and conflict handling were utilized. Statistical society contains all customers of Iran insurance which decreased into 306 ones utilizing sampling formula in unlimited societies. The mentioned questionnaire was distributed among participants after proving its validity and reliability. The results of applying Pearson and Regression tests illustrated that relationship marketing and its dimensions apart from commitment affect significantly and positively on customer satisfaction. Meanwhile trust was selected as the most important one.

Keywords: relationship marketing, customers' satisfaction, insurance

Introduction

Over the past 30 years, the field of marketing has witnessed a number of major developments such as enhanced interest in relationship marketing and the advent/expansion of information technologies. In fact, the ever increasing use of and access to technology, including the internet and social media, have resulted in the emergence of new opportunities for creating and maintaining personalized relationships with customers (e.g. customer/service provider chat function) (Brun et al, 2014). These two developments are therefore not irreconcilable. Moreover, for some, the very definition of e-marketing has a relationship-oriented connotation: "e-marketing enables relational exchanges in digital, networked, interactive environments" (Kalyanam and McIntyre, 2002). The relationship marketing (RM) literature is a theoretically, ideologically and empirically rich documentation of marketing practice beyond the mass-market focus of the mainstream marketing literature. Originating in the late 1970s on the edges of marketing practice (i.e. services, business-to-business, channel management), by the end of the 1980s RM was being proposed as a solution to some of the problems faced by mass marketers (see Dwyer et al., 1987). The 1990s represented the golden years for RM, as evidenced by the increasing academic and practitioner attention afforded to it. Indeed, it might be argued that mass marketers attempted to obtain ownership of RM from their colleagues in services, industrial and channel contexts through the formulation and propagation of customer relationship management (CRM) as a mass marketing strategy or tactic. The beginning of internationalization research in the late 1950s and 1960s focused on large multinational companies and their international activities often called the economic approach, resulted in a vast body of theoretical and empirical data (Ruzzier et al., 2006). According to Calof and Beamish (1995), internationalization is: "the process of adapting firms' operations, strategy, structure, resource, etc. to international environments". Internationalization is associated with increasing involvement in foreign markets. Similarly, Hitt et al. (1994) define internationalization as "expanding across country borders into geographic locations that are new to the firm". It presents new opportunities for value creation by providing access to new resources, foreign stakeholders, new institutions (Lin, 2012); and specially the transfer of firm-specific knowledge and the accumulation of location-specific knowledge (Goerzen and Makino, 2007).

Despite varying definitions and key concepts, it is evident in the literature that agreement about the processes and objectives of internationalization occur. Based on the literature, we therefore define internationalization as entering an international market through the adaptation of the organization's processes, transfer of knowledge and opportunities to reach a new market.

Literature review

The ideological appeal of RM has rarely been questioned and has regularly been appropriated in various "calls to arms" to instigate paradigm shifts in the theory and practice of marketing (McKenna, 1991; Blattberg and Deighton, 1991; Shani and Chalasani, 1992; Gronroos, 1994; Hakansson, 1982; Morgan and Hunt, 1994). Traditional marketing, it has been argued, has failed in that (despite the extensive rhetoric) customers have been put last, not first (Brownlie and Saren, 1992; Desmond, 1997; O'Malley and Patterson, 1998). This inherent lack of customer focus on behalf of organizations led many consumers to conclude that organizations generally over-promise and under-deliver (Sisodia and Wolfe, 2000; O'Malley and Prothero, 2004). This has earned marketing and associated public relations activities a much-maligned image as instruments of corporate manipulation (Fitchett and McDonagh, 2000). RM was positioned in such a way as to address this poor image directly by instigating a fundamental transformation in the practice of marketing. It heralded a distinct move away from customer manipulation and toward genuine customer involvement becoming, in the process, a champion of corporate credibility (McKenna, 1991). Moreover, such a transformation would also increase both the efficiency and effectiveness of marketing by bringing the customer into a cooperative partnership with the organization (Sheth and Parvatiyar, 1995; Gordon, 2000). Rather than competing on economies of scale, as had been the norm, organizations could leverage these relationships and compete on economies of scope (Gordon, 2000). Moreover, the practice of RM would lead to greater value creation through cooperative and collaborative relationships, with this value benefiting all parties engaged in the relationship (Tzokas and Saren, 1997; Parvatiyar and Sheth, 2000). In order to achieve this transformation in marketing practice, an equally momentous transformation is necessary in terms of how marketing as a discipline is viewed. Gummesson (1994) successfully captures this new understanding through his definition of RM as marketing seen as "interactions, relationships and networks". This demands a more holistic approach to theory and methods to explore and understand how markets work, how companies interact, and how relationships are created (Berry, 1995; Wilson, 1995; Ford, 1997). Once it was acknowledged that companies are naturally involved in a whole host of relationships with employees, suppliers, competitors, non-profit organizations, distributors, retailers and consumers (Hakansson, 1982; Morgan and Hunt, 1994; Gummesson, 1997), a radical shift in the conceptualization of marketing was required. Moreover, each of those parties is also involved in a complex array of relationships with other parties, each of which can have an impact on the financial success of any given relationship within the network (Hakansson and Snehota, 1995). Attempts to understand the nature and content of these diverse relationships have necessitated the development of a new language that appropriately and adequately describes them. As a result, the RM literature draws largely upon insightful theories and concepts from social exchange theory (Blau, 1964) and upon a rich qualitative research tradition (Moller and Wilson, 1995). Relationship marketing concept has emerged in the marketing literature from the 70s. This concept is an expansion of marketing concept in order to take into account the evolution of the markets, where the notion of punctual transaction began to give the way to a more relational approach. This new approach comes from the interest of exchange parties to continue the relationship in time (Dampérat 2007). There is no agreement among researchers on the definition of relationship marketing (Copulsky and Wolf, 1990). However, there is a consensus on the willing to set up and preserve a valued relationship (Weitz and Jap, 1995). Accordingly, Morgan and Hunt (1994) define relationship marketing by the maintenance and development of successful relationships with clients on the long run (Matri Ben Jemaa, 2011). Several models have been developed to enrich the knowledge inherent to this concept including for example Hutt and Speh (1998) research, which presents a continuum from pure transaction to a strategic alliance. In this continuum, pure transactional exchange refers to the exchange of commodities according to market prices. While, the pure collaborative exchange refers to the process where a client and a supplier form economic, social and technical bonds over years, in order to reduce costs and increase the value and mutual benefits (Anderson and Narus, 1991). Thus, appears to be richer than the previous model since he added two other types of relationships: networked organizations and the vertical integration. Thus,

transactional approach includes specific and repetitive transactions. While, the relational approach begins from long-term relationships to vertical absorption (Ben Jemaa and Tournois, 2014).

Conceptual framework and hypotheses

Figure 1 illustrated the influence of relationship marketing on customer satisfaction in Iran insurance Company. In the model, relationship marketing and its dimensions contain trust, commitment, communication, competency and conflict handling are independent variables and customer satisfaction is dependent one.

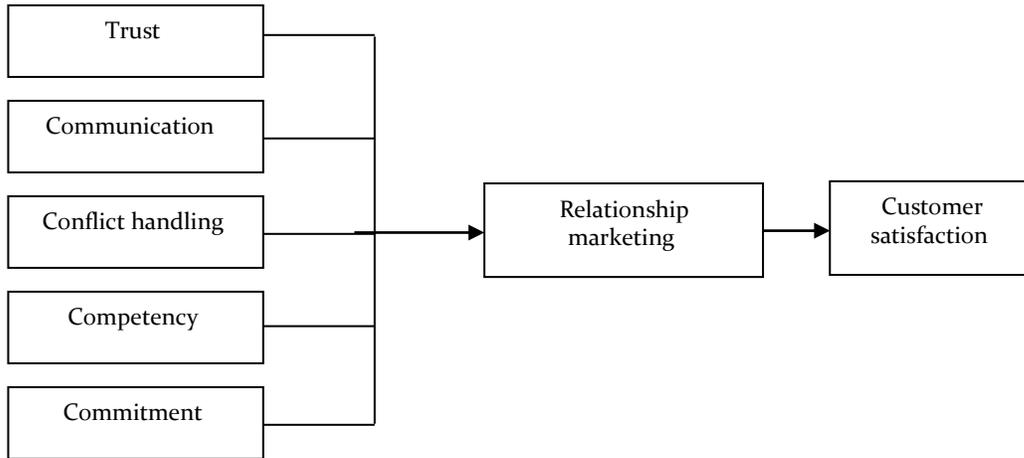


Figure 1: Conceptual framework

- 1- Relationship marketing affects significantly on customer satisfaction in Iran insurance company.
- 1-1- Trust affects significantly on customer satisfaction in Iran insurance company.
- 1-2- Communication affects significantly on customer satisfaction in Iran insurance company.
- 1-3- Conflict handling affects significantly on customer satisfaction in Iran insurance company.
- 1-4- Competency affects significantly on customer satisfaction in Iran insurance company.
- 1-5- Commitment affects significantly on customer satisfaction in Iran insurance company.

Research Methodology

The study was done in a society involving all customers of Iran insurance company which is too much. Therefore sampling strategy from unlimited societies was done through the statistical society.

$$n = \frac{Z^2 1 - \frac{\omega^2}{2}}{\epsilon^2} + \Rightarrow \frac{1.96^2 \times 0.422178^2}{0.05^2} \cong 247$$

Therefore statistical sample are 274 ones.

The current research can be considered as a descriptive and applied research if to view from data collection and to investigate the goals of the research aspects. To collect the data library method (to refer to books, articles, libraries, etc...) and fieldworks (questionnaire) was being utilized.

For gathering data, a questionnaire in two parts was designed.

The first one was about relationship marketing includes 23 and the other part contains 22 questions with 5 point likert scale about customer satisfaction.

To analyze the data SPSS 19 and Kolmogorov-Smirnov, Pearson, Friedman, Chi-square and Binomial tests and Entropy technique were utilized.

The management experts were being asked to evaluate the validity of questionnaires. For this mean, the questionnaires were given to some professors and experts in management, and after their modifications were being used and they confirmed it, the questionnaires were given to the samples.

To determine the questionnaires' reliability, the 'Cronbach Alpha technique' was used. For this purpose, 35 people were selected by random (from the statistical samples) and the questionnaires were given to them. The 'Cronbach Alpha' values for all variables were calculated:

Table 1: the results of reliability

Variables	Cronbach Alpha
Relationship marketing	0.845
Customer satisfaction	0.873

These values support the reliability of questionnaires, because the calculated results for Cronbach’s alpha are more than (0.7).

Data Analysis

Kolmogorov-Smirnov test

To survey the normality of statistical society, Kolmogorov-Smirnov test was applied:

Table 2: the results of applying Kolmogorov-Smirnov test

Variables	Sig
Relationship marketing	0.119
Customer satisfaction	0.074

As table 2 shows, the calculated sig numbers for both variables are more than standard error (0.05), so normality hypothesis was rejected. Therefore some parametric tests were applied for data analysing.

Pearson test

To survey the relationship between relationship marketing and its dimensions with customer satisfaction, Pearson test was applied. The results are shown in table 3:

Table 3: the results of using Pearson test

Correlation	Statistic	Sig	Result
Relationship marketing	0.617	0.019	Positive and significant relationship
Trust	0.675	0.000	Positive and significant relationship
Communication	0.521	0.021	Positive and significant relationship
Conflict handling	0.572	0.025	Positive and significant relationship
Competency	0.633	0.000	Positive and significant relationship
Commitment	0.214	0.085	Positive and significant relationship

As table 3 shows, there are positive and meaningful correlations between relationship marketing and its dimensions apart from commitment- with customer satisfaction (sig<0.05).

Regression test

To survey the influence of relationship marketing on customer satisfaction, Regression test was applied:

Table 4: The results of applying Regression test

Impact	Statistic	Sig	Result
Relationship marketing	0.539	0.012	Positive and significant influence
Trust	0.571	0.003	Positive and significant influence
Communication	0.484	0.000	Positive and significant influence
Conflict handling	0.512	0.029	Positive and significant influence
Competency	0.562	0.000	Positive and significant influence

Table 4 shows that relationship marketing and its remained dimensions affect significantly and positively on customer satisfaction. Meanwhile trust was selected as the most important dimension.

Conclusion and suggestions

The current paper with the purpose of surveying the influence of relationship marketing on customer satisfaction in Iran insurance was done in a society includes 274 customers. Five main dimensions were considered to measure relationship marketing. The results showed that relationship marketing and its dimensions affect significantly and positively on customer satisfaction.

Attending to the results, some suggestions can be represented as:

- Engaging employees to symposiums and conferences to make them more familiar with market modern affairs
- Allocating proper budget to make employees familiar to insurance various services
- Identifying customers' needs and desires and representing services in terms of them
- Representing on time, various and original services to them
- Committing to the contracts to prevent conflicts

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