Antecedents of Relation Base Marketing and its impact on Customer Satisfaction

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Abstract

Education is long term service offering which need student’s satisfaction. Students switching is common in certain institutions. This research is conducted that how relationship marketing play important role in satisfaction of students of affiliated institutions of Peshawar University Pakistan. This research is conducted that what are the key antecedents of relationship marketing for the satisfaction of students. Study identifies different determinants of relations base marketing and checks their influence on student’s satisfaction. Study selected four affiliated institution on random basis for analysis. The four institutions were Peshawar Business School, National college of Science, Institute of computer and management science and National institute of management. The data collected through questionnaire from students of above mentioned affiliated institutions. Study uses a structured 5 point lickert scale non-self administered questionnaire from 100 students. Findings of the study shows that Trust, Commitment and communication are the prominent antecedents of relationship marketing which play major role in students satisfaction.

Key Word: Relationship Marketing, Students Satisfaction, Affiliated Institutions and Peshawar Pakistan.

Introduction

Emerging trend of education is a good side for the economy. Small institution claims and exaggerates too many things to students before taking admissions. Certain students even switch after taking admission. This research is conducted for the reason to find that does relationship marketing contribute towards student’s satisfaction. The time has changed when firms was only providing the product, price, place and promotion. The company are now emphasizing on relation base marketing. Relationship marketing is important element in long lasting offerings. Relationship marketing is a continuous process by an organization to provide good offering along with good relation for two important dimensions. First to satisfy the consumer. Satisfaction means offering a product that fulfills the requirements of consumers. The requirements of consumer may be in shape of either need or either in shape of wants. But the satisfaction is necessary in both conditions that a firm must satisfy. The second dimension of relationship marketing is customer retention. Good relation with consumers helps company to retain their customer’s for longer period of time. Both customer satisfaction and customer retention leads customer retention which will lead the firm profitability and market share and can take a firm to maturity. Education is also a long term offering and relation play important role in this business. Students take admission for a program for tow or more than two years.
Spending this long duration in an organization it is important to have a good positive relation base marketing provided to those students. This research is focused on that what are the key antecedents of relationship marketing which are important and play crucial role in the satisfaction of students of affiliated institution of Peshawar University Pakistan. Study has considered four affiliated institutions of Peshawar University. The four institutions are Business School, National college of Science, Institute of computer and management science and National institute of management. These institution students are targeted to find the role of relationship marketing and its impact on the satisfaction of these affiliated institution students.

Literature Review

Customer Satisfaction

Earlier different researcher has explained satisfaction in their studies. With passage of time the elements of satisfaction increased. Satisfaction defined by Kotler (2009) that satisfaction is actually the elements on the basis of which a consumer need or want fulfilled. Offering a service according to customer requirements is satisfaction. The basic 4ps help a company to maximize the customer satisfaction. Latterly the study of (Gerpott, Rams & Schindler, 2001) explains that customer satisfaction is offering a product more superior than your competitors. They study of (Hauser, Semester & Wernerfelt, 1994) describe that greater satisfaction will lead customer retention and retention lead good profitability. For the retention of consumer, it is important to satisfied consumers (Guo, Xiao & Tang, 2009). Relationship marketing plays an important role in satisfaction of customers. The study of (Lin & Wu, 2011) describes that unsatisfied customer search for the alternate brand and as they find even a slight better offering they switch to it. The study of Rust & Zahorik, (1993) describe that a offering will be called of lower quality if does not satisfy the customer requirements. Each and every segment has it own requirements and quality can vary from segment to segment (Auh & Johnson, 2005). The study of Auh and Johnson (2005) describe that customer satisfaction lead customer loyalty. Bodet (2008) describe that for customer loyalty it is important to satisfy them. Smith and Rangaswamy (2003) explain in their study that customer satisfaction lead customer loyalty. According to study of Vesel and Zabkar (2009) that customer satisfaction is an important indicator for the customer loyalty. The study of Shaker (2009) shows that relation base marketing creates customer value and value lead customer satisfaction.

Relationship Marketing

The study of Shaker (2009) describe that relationship is the social process in which people interact with each other. This interaction based on different aspects of life. The interaction may be bases on blood, social pressure, feelings or emotion or due to rational factors. Companies use relationship marketing as a tool for the reason to retain customers for longer time. The societal marketing concept and customer relationship marketing is develop for the reason to establish good relations with the consumers. According to kotler
(2009) customer relationship marketing is the process of attracting, building and retaining customers.

**Dimensions of Relationship Marketing**

From the literature of marketing eight factors of relationship marketing has been founded. These eight factors are bonding, tangibility, empathy, reciprocity, trust, commitment, communication and conflict handling. These eight factors are very important for good relation base marketing. These factors are explaining below one by one in details that how they contribute for relation base marketing.

1. **Bonding**

Both Seller and buyer must be link together for the long term in order to have a long term association with one another. Greater the positive association between two parties, more will be the pledge between them (Shaker 2010).

**Bonding Development**

1.1. **Making Promise**

Most firms makes promises to potential customers through external marketing, directs toward customers, suppliers, and other parties outside the organization. The promises communicate what a customer can expect from the firm's goods and service. The promises must be both realistic and consistent with one another. A firm that makes unrealistic promises cans a disappointed customer who may not buy the good or service again (Shaker 2010).

1.2. **Enabling Promises**

A company can follow through on its promises to potential customers through external marketing only if it enables these promises through internal marketing. Internal marketing includes recruiting talented employees and providing them with tools, training, and motivation they need to do their job effectively (Shaker 2010).

1.3. **Keeping Promises**

Every customer interaction with a business reaches the moment of truth when a good or service is provided to the customer. Buyer-seller relationship following external and internal marketing, defines the point at which a company keeps its promises (Shaker 2010).

2. **Emotions**
Emotions are the feelings of a person which need to be understand. Understanding customers emotion increase customer motivation and bring them towards company offerings and retained them (Owais, Shahzad and Zafar 2011).

3. **Empathy**

Empathy is the ability of seller to understand the situation from the perspective of buyers. This leads good relationship in between seller and buyer (Chris and Graham, 2007).

4. **Reciprocity**

Every long-term relationship includes some give-and-take between the parties; one make allowances and grants favors to the other in exchange for the same treatment when its owned need arises (Chris and Graham, 2007).

5. **Trust**

Trust is ultimately the glue that holds a relationship together over the long haul. Trust reflects the extent of one party’s confidence in another party’s integrity. When parties follow through on commitments, they enhance trust and strengthen relationships. Stronger trust leads to more cooperation between parties in a relationship (Chris and Graham, 2007).

6. **Commitment**

For the relation of the parties it is important to understand that how they are committed to keep that relation for the longer period of time. Greater commitment will lead a stronger relation between two parties. In case of relation base marketing it is important to understand the devotion of seller that how they are committed towards their consumers and for how long this commitment will be Wong and Shohal (2002).

7. **Communication**

Communication is a two way process between sender and receiver. Communication can be verbal or nonverbal. For business relation it important to have and effective communication between seller and buyer. In order to establish good relations with consumers, companies invest huge amount of money on promotion in shape of advertising, personnel selling, sale promotion and public relation Shahzad (2012).

8. **Conflict Handling**

It is important to resolve the conflict for good business relationship. Consumer switch to competitor brand because a certain conflict arise which does not solved effectively. For solving consumer conflict it is important to have a relation between seller and buyers. Stronger the relation easily the conflict can be resolved Yung and Chen (2010).
Theoretical Framework of the Study

Research consists of the following research framework. Research has dependent variable in shape of customer satisfaction. While there are eight independent variables of this study.

The eight independent variables are bonding, tangibility, empathy, Reciprocity, Trust, commitment, communication and conflict handling. Between dependent and eight independent variables there is a mediating variable in shape of customer value.

Hypothesis of the study

On the basis of theoretical framework of the study following eight hypotheses has been developed. Table 1 below show hypothesis of the study.

| Objectives | Table 1 Hypothesis of the Study |

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Relationship between antecedents of relationship marketing and customer Satisfaction.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H:1</td>
<td>There is a positive relationship between customer value and bonding.</td>
</tr>
<tr>
<td>H:2</td>
<td>Tangibility has a positive impact on customer value.</td>
</tr>
<tr>
<td>H:3</td>
<td>There is a positive relationship between empathy and customer value.</td>
</tr>
<tr>
<td>H:4</td>
<td>Reciprocity has an impact on customer value.</td>
</tr>
<tr>
<td>H:5</td>
<td>Trust has a significant impact on customer value.</td>
</tr>
<tr>
<td>H:6</td>
<td>There is a positive relationship between Commitment and customer value.</td>
</tr>
<tr>
<td>H:7</td>
<td>Communication has positive impact on customer value.</td>
</tr>
<tr>
<td>H:8</td>
<td>Conflict handling has a significant impact on customer value.</td>
</tr>
</tbody>
</table>

The study represents that customer satisfaction is dependent upon eight independent antecedents of relationship marketing. In other words, customer satisfaction is dependent upon antecedents of relationship marketing.

**Research Methodology**

**Data collection**

For research both primary and secondary data were collected. The methods used for collecting primary and secondary data are as follows:

- The method used to collect Primary data includes a structured non-self administered 5 point liker scale questionnaire, from students of affiliated institutions of Peshawar University.
- Methods used to collect secondary data, include, research papers, circular, newsletters, journals and internet.

**Sample size and Statistical Tool**

The respondents of the study were the students of affiliated institutions of Peshawar University. Four institutions were targeted randomly. The four institutions were Peshawar Business School, National college of Science, Institute of computer and management science and National institute of management. The data collected through questionnaire from students of above mentioned affiliated institutions. The study use probability sampling for primary data collection. A random sampling method used for the sample selection of 100 students. For the analysis purpose of the study Correlation and multiple linear regression used to find the significance between customer satisfaction and antecedents of relation base marketing which are the independent factors of the study.

**Socio-Demographic Profile**

Demographic results are based on three aspects gender, study program and age factor. Results of the study shows that 26% of the respondents were female and 74% of the respondents were male. Study shows that 69% of the respondents were doing BBA hons and 31% respondents were doing their MBA from the institutions. Findings explained that 74% respondents were in the age group of 20-25, while in age of 26-30 only 19% respondents and respondents having age more than 30 years are only 7%.

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Results and Analysis

For analysis part of the study statistical package for social science 19 were used. The study use correlation and regression analysis to find the impact of relationship marketing antecedents on customer satisfaction.

Regression Results

The following results were obtained after fitting the multiple linear regressions.

Table II: Model summary.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.864</td>
<td>.746</td>
<td>.728</td>
<td>.26494</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Bonding, Emotions, Empathy, Reciprocity, Trust, Commitment, Communication, Conflict Handling.

The adjusted R-square in the table 2 shows that the dependent variable, (Satisfaction) is affected by 72.8% by independent variables (Bonding, Emotions, Empathy, Reciprocity, Trust, Commitment, Communication, and Conflict handling). It shows that mentioned independent variables are responsible for customer satisfaction. The overall model was also significant, tested with the help of ANOVA. The results are given in the following table 3.

Table III: ANOVA Results.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>7.272</td>
<td>13</td>
<td>3.373</td>
<td>23.684</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>5.179</td>
<td>87</td>
<td>.038</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>12.451</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: satisfaction
b. Predictors: (Constant), Bonding, Emotions, Empathy, Reciprocity, Trust, Commitment, Communication, Conflict Handling.

ANOVA table is showing the level of significance. Through the table it is clear that all sub factors Bonding, Emotions, Empathy, Reciprocity, Trust, Commitment,
Communication, Conflict Handling are related to satisfaction and that the relationship between them is significant as compared to alpha value=0.05. Table III shows the coefficients of all independent variables included in the model along with their respective P-values.

**Table VI: Regression Co-efficient**

All the antecedents of relations base marketing are significant. In the table 4 below, unstandardized coefficient shows that the sub-factors are positively affecting the satisfaction and is showing comparative figures of the satisfaction and the factors causing satisfaction in their purchase.

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.773</td>
<td>.212</td>
<td></td>
<td>3.981</td>
</tr>
<tr>
<td></td>
<td>Bonding</td>
<td>.178</td>
<td>.074</td>
<td>.317</td>
<td>1.547</td>
</tr>
<tr>
<td></td>
<td>Emotions</td>
<td>.243</td>
<td>.049</td>
<td>.289</td>
<td>2.368</td>
</tr>
<tr>
<td></td>
<td>Empathy</td>
<td>.145</td>
<td>.054</td>
<td>.138</td>
<td>1.793</td>
</tr>
<tr>
<td></td>
<td>Reciprocity</td>
<td>.283</td>
<td>.014</td>
<td>.267</td>
<td>2.198</td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td>.153</td>
<td>.067</td>
<td>.459</td>
<td>3.793</td>
</tr>
<tr>
<td></td>
<td>Commitment</td>
<td>.154</td>
<td>.081</td>
<td>.356</td>
<td>2.578</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
<td>.057</td>
<td>.014</td>
<td>.344</td>
<td>2.658</td>
</tr>
<tr>
<td></td>
<td>Conflict Handling</td>
<td>.076</td>
<td>.019</td>
<td>.243</td>
<td>1.376</td>
</tr>
</tbody>
</table>

a. Dependent Variable: satisfaction

As it clear from the table 4 above that each and every factor is significantly related to ‘Customer satisfaction’. Under the standardized coefficients it is evident that: ‘Trust and Commitment’ are the two majors and most important antecedents of relationship marketing which leads customer satisfaction in students of affiliated institutions of Peshawar University Pakistan with a standardize coefficient of (b=0.459) in order of importance second important variable is ‘Commitment’ with a standardize coefficient of (b=0.356). The third important variable is ‘communication’ with a standardize coefficient of (b=0.344). Hence there are three main factors that are responsible in order for customer satisfaction in students of affiliated institutions of Peshawar University Pakistan. Other factors of the study has weak impact on customer satisfaction as compare to above mentioned factors like ‘Bonding’ (b =0.317), ‘Emotions’ (b = 0.289), ‘Reciprocity’ (b = 0.267) ‘Conflict Handling’ (b =0.243) and ‘Empathy’ (b = 0.138). As the table shows positive values and sub factors are significant at value=0.05 it is concluded that the entire list of hypothesis is endorsed.
Findings and Conclusion

This research was conducted to find out what are the key elements of relationship marketing and how these factors can influence customer satisfaction. For the purpose of the study, students of affiliated institutions at Peshawar University were taken as units of analysis. Study results show that all factors have a significant impact on student satisfaction in Peshawar Pakistan. The study identified three major factors which have a greater impact on student satisfaction. These three factors are trust, commitment, and communication. Study findings say that all factors have a positive influence on student satisfaction but these three factors have a more pronounced impact compared to other variables. However, according to the findings, trust is the most important factor that leads or contributes more towards customer satisfaction, with a standardized coefficient of (b=0.459). The second important factor is ‘Commitment’ with a standardized coefficient of (b=0.356). While the third important variable is ‘communication’ with a standardized coefficient of (b=0.344). Hence, this study suggests that it is important to build trust and commitment and keep those relationships and communicate with them in order to enhance student satisfaction.

References


