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Impact of Relationship Marketing Tactics (RMT's) & Relationship Quality on Customer Loyalty: A Study within the Malaysian Mobile Telecommunication Industry

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Abstract

Today's business is becoming extremely competitive and challenging. As such, continuous development of mutual long term relationship strategy with customers has been one of the top priorities for most companies recently. By looking specifically into Pull-Push-Mooring (PPM) Migration model and Commitment-Trust Relationship Marketing Theory, the proposed study aims to examine the impact of relationship marketing tactics (RMT's) and relationship quality on customer loyalty. Three types of RMT's (labelled as Pull and Mooring factors) and RQ dimension are proposed and to be tested. Specifically, this study intends to assess the impact of RMT's *Brand Reputation* and *Alternative Attractiveness* on RQ's - *Trust*, which in turn, then lead to customer loyalty in terms of retention behavior. In addition, the study also aims to determine whether *Emotions* have a direct impact on such behavior.

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Keywords: Relationship Marketing; Relationship Marketing Tactics; Brand Reputation; Alternative Attractiveness; Emotions; Trust; Push Pull Mooring

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1. Introduction

Relationship marketing has been found to be successful at building trust and commitment with external stakeholders to create those loyal customer relationships (Morgan & Hunt, 1994). Several studies in the past decade have indicated that relationship marketing has a positive impact on firms' business performance. Halimi et.al (2011)

for example, suggest that companies should manage their customer relationship strategies with their customers by considering factors that affect their relationships in order to create more beneficial buyer- seller relationships and make more profit. Raza & Rehman (2012) found that relationship marketing helps decision makers and marketers take accurate decisions to enhance customer loyalty. It also proves the importance of relationship marketing in a long term relationship.

Specifically, the study intends to achieve objectives which include: (1) to investigate the impact of RMT's on Relationship Quality within the Malaysian mobile telecommunication industry (2) to examine whether *Emotions* have a direct effect on customer loyalty within the Malaysian mobile telecommunication industry and (3) to assess the influence of Relationship Quality on Customer Loyalty within the Malaysian mobile telecommunication industry. Initial analyses of recent related past studies have shown that most researchers have used relationship quality as mediator for loyalty. For instance, study of Zhang & Feng (2009), has examined service quality, price perception, brand image, value offer, and switching costs as relationship marketing tactics, and relationship quality as trust and satisfaction. Doaei (2011) further stated the relationship marketing tactics as direct mail, tangible reward, interpersonal communication, preferential treatment, and membership, while the relationship quality as trust, satisfaction, and commitment. Both of the examples provided conceptual frameworks that have shown the intervention of RMT and RQ dimensions of trust, satisfaction, and commitment.

1.1. Problem Statement

Facing a fiercely competitive environment in the mobile telecommunication industry, many service providers have come out with intensive marketing strategies to compete in order to gain customer loyalty. Zhang & Feng (2009) stated that although much extensive research has been carried out in relationship marketing tactics, there is still little to be known about its impact on customer loyalty. Tseng (2007) on the other hand, utilized the different kind of tactics in measuring relationship quality. The research explores five types of relationship marketing tactics such as direct mail, tangible rewards, interpersonal communication, and preferential treatment on how they influence the customer's perception on long term relationship. Bansal et.al (2005) further pointed out another important relationship marketing tactics include quality, satisfaction, value, trust, price perception, commitment, alternative attractiveness, attitude towards switching, subjective norms, switching costs, prior switching experience and variety seeking on retaining customers.

In addition, Reza & Rehman (2012) stated that relationship marketing has become an integral part of the industry and most importantly in the service sector. Companies use many tactics to retain their customers. They argue that many of the tactics still a failure or are ineffective on the customers. As a result, target customer shows behavior called switching. This behavior can act as push factors for customers to move to another service provider that they feel can meet their expectations. In addition to that matters, study by Ordekerken-Schroder et.al (2003) has pointed out that the marketers can apply a variety of different tactics with the aim to dedicate their intention for customer loyalty, however, most of them still struggle with the question of which specific tactics can be successfully applied to secure customer loyalty. Moreover, even though they have put an effort, consumers are still disrupted by various marketing activities for instance an aggressive sales tactics, telemarketing, direct mail, doorstep selling, radio advertisement, TV advertisement, and internet promotion to customer loyalty programmers (Peng and Wang, 2006).

1.2. Research Questions

As such, this study has formulated the following research questions:

- *RQ1*: Does *Brand Reputation* impact on *Relationship Quality* within the Malaysian mobile telecommunication industry?
- *RQ2*: Does *Alternative Attractiveness* impact on *Relationship Quality* within the Malaysian mobile telecommunication industry?
- *RQ3*: To what extent do *Emotions* directly affect on *Customer Loyalty* within the Malaysian mobile telecommunication industry?
- *RQ4*: Does *Trust* influence *Customer Loyalty* within the Malaysian mobile telecommunication industry?

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