

¹ Customer Relationship Marketing and Customer Satisfaction: A ² Study on Mobile Service Providing Companies in Srilanka

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⁶

⁷ **Abstract**

⁸ In the present era, customer relationship marketing plays a vital role. The major goals of
⁹ customer relationship marketing can be expressed simply as understanding and treating
¹⁰ customers better for increased loyalty and profit. Main purpose of the study is examining the
¹¹ relationship between customer relationship marketing and customer satisfaction. Customer
¹² relationship marketing can be measured through following ten variables trust, commitment,
¹³ empathy and equity. Data were collected through a seven points Likert type summated rating
¹⁴ scales of questionnaire. A sample of one hundred and seven customers was surveyed from
¹⁵ three mobile service providing companies such as Airtel, Dialog, and Mobitel. Correlation and
¹⁶ regression analyzed has been employed to measure relationship and contribution among the
¹⁷ dependent and independent variables.

¹⁸

¹⁹ **Index terms**— Customer relationship marketing, customer satisfaction, service quality.

²⁰ Introduction n today's highly competitive business environment, companies are unable to longer survive with
²¹ a transactional attitude towards customers. They have to focus their marketing lenses more rational dimension,
²² which is considered to be the most suitable approach for satisfying and maintaining customers (Hollensen2010).
²³ For this reason, nowadays customer satisfaction has been viewed as an important theoretical and practical issue
²⁴ for most of the marketers and researchers (Ramin Rakhsa & Majidazar2011). ??otler (2000) defines it as a
²⁵ feeling in individuals after comparing product and service performances with their expectations. Satisfaction also
²⁶ refers to pleasant or unpleasant feeling caused with comparison between imaginative function and expectations.
²⁷ Customer relationship marketing is the biggest paradigmatic shift in marketing theory and practice in recent
²⁸ decades. It is taking back to its roots (Gronroos, 1996). In industries and service markets, customer relationship
²⁹ marketing is becoming a necessity in order to survive. The main goal of the relationship marketing is to build
³⁰ mutually satisfactory long-term relationship with key constituents in order to gain and maintain their business
³¹ ??Gummesson, 2008).

³² In Sri Lanka, Telecommunication sector is highly competitive and also contribution of telecommunication
³³ for Gross Domestic Product (GDP) is continuously increasing. At 2010, Growth rate of Cellular phones
³⁴ users was increased by 16.3% (Annual report of Sri Lankan regulates committee 2010). The growth in the
³⁵ telecommunications sector in recent years was largely fuelled by the increased penetration of services in the
³⁶ northern and eastern provinces and provision of value added services at competitive rates.

³⁷ Five mobile service providing companies such Dialog, Mobitel, Airtel, Hutch and Erislt are providing the
³⁸ services. Each company is using different kinds of attractive packages to attract their valuable customers.

³⁹ Significant of study are this study tries to disclose effect of customer relationship marketing on customer
⁴⁰ satisfaction on the mobile service providing companies in Sri Lanka. This study is intended to help them to
⁴¹ formulate more rational strategies aimed at attracting and retaining consumers. This study is able articulates
⁴² appropriate path to enhance the customer relationship marketing and customer satisfaction.

5 REVIEW OF LITERATURE

43 1 II.

44 2 Research Problem

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

53 Therefore the present study is initialed to find out what extent III.

54 3 Objective o f the Study

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

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

60 IV.

61 4 Contribution of the Study

62 Customer relationship marketing is the biggest paradigmatic shift in marketing theory and practice in existing
63 world.

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

75 This study helps to recognize that what are factors determine the customer relationship marketing.

76 V.

77 5 Review of Literature

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

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

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

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

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

102 Customer satisfaction and its related research is not merely a tool that measures the attitudes of customers
103 but can be used by relationship marketers as a tool to manage the relationships with the customers (Gengler and
104 leszczyc,1997). Satisfaction and quality research " have evolved along parallel tracks" ??Strandvik & Liljander,
105 1995.

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

111 Customer relationship marketing has been the subject of increasing interest globally with the absolute volume
112 of research on the subject; however, most of the

113 **6 Data Collection**

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

116 **7 VII.**

117 **8 Hypotheses**

118 Following hypothesis were taken for the present study H1-these is relationship between Customer relationship
119 marketing and customer satisfaction. H0-there is no relationship between Customer relationship marketing and
120 customer satisfaction.

121 **9 VIII.**

122 **10 Conceptualization**

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

125 **11 IX.**

126 **12 SAMPLING**

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

134 **13 Questionnaires**

135 An instrument/questionnaire was used to collect data.

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

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

141 Sections -C consists of ten statements to evaluate customer satisfaction.

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

145 **14 Year**

$$146 = ?0 + ? 1 \times 1 + ? 2 \times 2 + ? 3 \times 3 + ? 4 \times 4 \quad (1)$$

147 Where, CRM-Customer relationship marketing CS -Customer Satisfaction X 1-Trust X 2 -Commitment X 3
148 -Empathy X 4 -Equity XI.

149 15 Empirical Results

150 16 a) Reliability

151 Before applying statistical tools, testing of the reliability of the scale is very much important as its shows the extent
152 to which a scale produces consistent result if measurements are made repeatedly. This is done by determining
153 the association in between scores obtained from different administrations of the scales. If the association is high,
154 the scale yields consistent result, thus is reliable. Cronbach's alpha is most widely used method. It may be
155 mentioned that its value varies from 0 to 1 but, satisfactory value is required to be more than 0.6 for the scale to
156 be reliable ??Malhotra, 2002; ??ronbach, 1951). The Cronbach alpha estimated for trust was 0.889, Commitment
157 scale was 0.890, Empathy scale was 0.908, Equity scale was 0.901, customer relationship marketing 0.855 and
158 the overall customer value creation scale was 0.726. As the Cronbach's alpha in this study were all much higher
159 than 0.6, the constructs were therefore deemed to have adequate reliability. An important aspect of increased
160 rigor in conducting scientific research in the modern positivist paradigm is the testing for content and convergent
161 validity.

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

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

167 17 c) Multi-Collinearity

168 Two major methods were utilized in order to determine the presence of multi collinearity among independent
169 variables in this study. These methodologies involved calculation of both a Tolerance test and Variance Inflation
170 Factor -VIF ??Kleinbaum et.al, 1988).The results of this analysis are presented in Table 03. As can be seen from
171 this data, none of the Tolerance level is < or equal to 01; and all VIF values are well below 10. Thus the measures
172 selected for assessing independent variables in this study, do not reach multicollinearity. The acceptable Durbin
173 -Watson range is between 1.5 and 2.5. In this analysis Durbin -Watson values for all depended variable are well
174 below 2.5. There was no auto correlation problems in the data used in the research. Thus, regression model was
175 applied.

176 18 d) Regression

177 Regression test was carried out to find the contribution of the customer relationship management in customer
178 satisfaction. Four main dimensions such as trust, commitment, empathy, and equity were used to measure the
179 customer relationship marketing and four main dimensions such as reliability, responsiveness, functionality, and
180 call charges were used to measure customer satisfaction. Therefore Correlation (matrix) analysis was applied to
181 identify the relationship among these variables and results are revealed in the table -7. Results revealed significant
182 correlation among dimension of customer relationship marketing and customer satisfaction. Correlation between
183 CRM and dimensions of the customer satisfaction such reliability, responsiveness, functionality and call charges
184 were positively correlated.

185 19 Finally hypotheses testing

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

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

193 20 XII.

194 21 Conclusion and Managerial Implication

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

204 providing companies have been doing, the priority should be given to how to reduce customer dissatisfaction and
205 improve mobile service network facilities, service quality, customer retention, customer loyalty.

206 **22 XIII. Limitation and Directions of Future Research**

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

215 Table 6 shows correlation the relationship between customer relationship marketing and customer satisfaction.
216 Results indicate that the customer relationship marketing is weakly but positively correlated with customer
satisfaction. However, correlation was highly significant. ^{1 2}

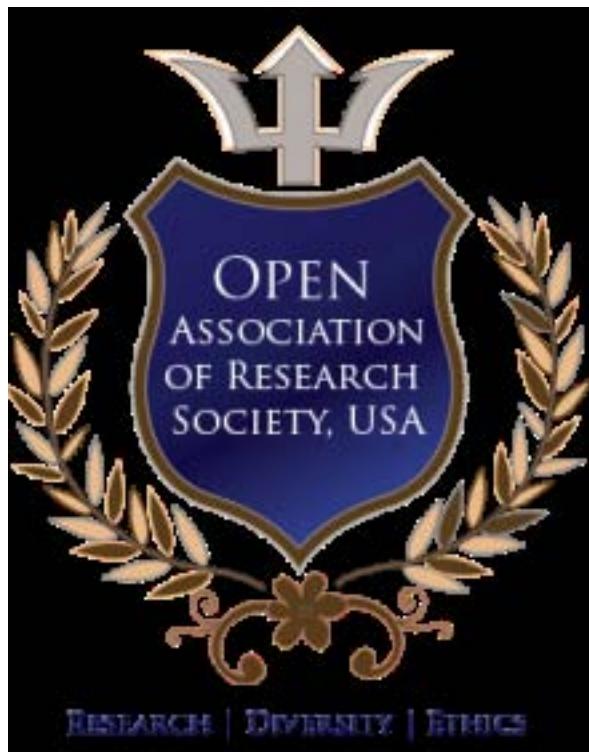


Figure 1: Global

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		X.	
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

Figure 2: Table 1

2

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		

Figure 3: Table 2 :

3

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

Figure 4: Table 3 :

4

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

Figure 5: Table 4 :

5

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

Figure 6: Table 5 :

6

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)

Figure 7: Table 6 :

7

	RE	RN	FU	CC	T	C	EM	E	CRMCS
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**
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Figure 8: Table 7 :

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22 XIII. LIMITATION AND DIRECTIONS OF FUTURE RESEARCH

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