IMPACT OF 5Cs OF RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION: EVIDENCE FROM FINANCIAL SERVICES SECTOR IN SRI LANKA

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Abstract

This study aims to evaluate the impact of 5Cs of relationship marketing on customer satisfaction, especially in service-providing businesses. The questionnaire mode in google forms (online survey) was conducted to collect data. The sample of 400 customers of commercial banks in Sri Lanka were drawn using convenient sampling technique. Descriptive statistics, correlation and multiple regression analysis were used to analyze the data with the support of the SPSS 22.0 version. According to the findings there is a strong positive relationship between 5Cs of Relationship Marketing and Customer satisfaction in the financial service sector. Hence, the 5Cs of relationship marketing is a key driver of customer satisfaction in the financial sector in Sri Lanka. Therefore, the 5Cs; Connective Quality, Conflict Management, Competence, Commitment, and Conviction, are highly applicable as part of relationship marketing strategy. Hence, this study recommends to the financial service providers to improve the 5Cs of relationship marketing further to have more effective and efficient management in serving their customers and improving the customer satisfaction.

Keywords: Relationship Marketing, Customer Satisfaction, Financial Service

1. Introduction

Customers are both intellectual and financial capital, and a corporation that understands how to properly manage its capital will reap greater rewards. One of the most crucial techniques to preserve and generate more funds is to have a solid relationship. For many businesses, establishing and sustaining a stable relationship is a difficult endeavor (Aka et al., 2016).

Firms continue to focus on maintaining existing customers through efficient relationship marketing as the financial sector grows more dynamic and highly competitive. In this scenario, the advantages of long-term customer relationship, such as higher profitability,

lower individual customer costs, and word-of-mouth referrals from happy customers, become critical (Kihinde et al., 2016).

The banking and financial service sector contributes significantly to Sri Lankan economy with 14.2 % while overall service sector contribution reported 57.4%. (Annual Report, CBSL 2019). As a result, it is thought that assessing the impact of relationship marketing on customer satisfaction is critical to attaining the company's goals and objectives.

To implement the new paradigm shift in marketing, such as relationship marketing, it is critical to build long-term customer relationship management. Relationship building and management, according to Grönroos (1994), are critical pillars for service industry. It is suggested that using contemporary strategies such as relationship marketing on customer satisfaction has disadvantages and limitations when used in a service sector.

Therefore, this study evaluates the impact of relationship marketing on customer satisfaction in especial reference to the financial service sector in Sri Lanka. hence, the specific objectives are; to examine the 5Cs of relationship marketing dimensions and customer satisfaction, to evaluate the relationship between 5Cs of relationship marketing and customer satisfaction, and to make recommendations to improve customer satisfaction through relationship marketing.

2. Literature Review and Hypotheses Development

Relationship Marketing is the process of establishing, maintaining, and strengthening a valuable relationship with customers and other believers. (Kotler, 2013). Relationship marketing entails more than just making a one-time purchase. Marketers must cultivate long-term relationships with their customers and other stakeholders. Gradually, marketing has evolved into a strategy for maximizing a win-win relationship with customers and other stakeholders. Scholars looked examined relationship marketing from a variety of angles.

Customer retention is very important in attaining the company's aims and objectives through survival and growth, according to researchers. Relationship Marketing improves the road of competing in the market field better. Furthermore, they discovered that relationship marketing efforts improve the company's business performance and financial condition. Despite the advantages of using relationship marketing to increase customer satisfaction. Researchers have also discovered certain disadvantages to using relationship marketing to achieve customer satisfaction.

Relationship marketing is a modern idea that focuses on people, processes, and tangible evidence rather than product, place, pricing, and promotion methods, which are considered to be part of the old marketing mix (Walsh et al, 2004). Previous researchs on relationship marketing suggests that instead of focusing solely on generating a transaction between the client and the business, the company should consider how they can best satisfy their customers. These changes can be seen as ushering in a new era in business, one in which relationship marketing is widely used to attain customer satisfaction as one of the company's key goals in a positive way. This new trend is known as a "new marketing paradigm," and it necessitates

increased human interaction and touch rather than focusing solely on marketing mix elements such as product, place, price, and promotion.

Relationship marketing initiatives are classified into three levels by Palmatier (2007): as social, structural, and financial. The latter can encourage further sales and other incentives, which can result in economic savings for the organization (Boedeker, 1997). Commitment, interdependence, and trust are essential components of relationship marketing, according to Palmer (1996), while Pressey and Mathews (2000) identified engagement, trust, open communication, and long-term partnerships as markers of relationship marketing. Simultaneously, trust, commitment, communication, and conflict resolution are regarded as relationship marketing constructs (Ndubisi, 2007). Based on the literature review this study found the following 5Cs of Relationship Marketing dimensions.

Commitment denotes a readiness to initiate and carry out operations that ensure the continuous viability of a commercial relationship. Furthermore, commitment refers to the necessity to sustain a relationship with a company (Palmatier et el, 2007). Customers who are engaged give value and benefits to service providers while also assuring long - term sustainability. As a result, commitment is an essential component of any long-term success of relationships (Zeithaml et al., 2001). Furthermore, Shukla et al. (2016) contend that commitment entails the partners' willingness to forego both short-term advantages and experiences. Gundlach (2005), on the other hand, claims that there are three types of commitment: attitudinal commitment, which is defined as a loyalty or emotional attachment; temporary commitment, which demonstrates that the relationship evolves over time; and instrument commitment, which relates with some kind of investment.

Conviction refers to trusting. It is based on reputation, personality, systems, and processes. Conviction is based on experience, satisfaction, and empathy. A high level of trust is likely to enhance a more positive attitude, and promote information sharing which in turn is likely to increase the level of customer orientation/empathy. Conviction is the key component of a business relationship. In a business, the success of a relationship largely depends on the trust between the customer and the service provider. Businesses should try to develop strong trust among customers, trust in handling financial transactions and information etc.

Competence is defined as the ability to maintain the organized mobilization of assets, which are any tangible or intangible assets that a company could use in its operations to create, produce, and/or offer its brands to a marketplace that aids the company in achieving its goals (Heene and Sánchez, 1997).

Conflict management refers to the provider's ability to avoid conflicts, resolve overt conflicts before they create problems, and discuss solutions openly (Sohail, 2012).

Connectivity Quality, According to Smith (1998), the quality of the relationship is critical in determining the partnership's strength. A successful relationship results in a smooth exchange of information and appropriate care by both sides (al C. e., 1990) noted that excellent quality partnerships can lessen the uncertainty of clientsIf the relationship is of excellent quality, you can build a strong and long-term relationship between the customer and the organization (Singh, 2008). Whitten et al. (2007) proposed that the quality of relationships can be measured considering different dimensions such as trust, communication, and

interdependence. Lages et al. (2005) suggested that the quality of the relationship can be measured by the intensity of the information exchange, the temporal orientation, and the quality of the communication from the perspective of the company.
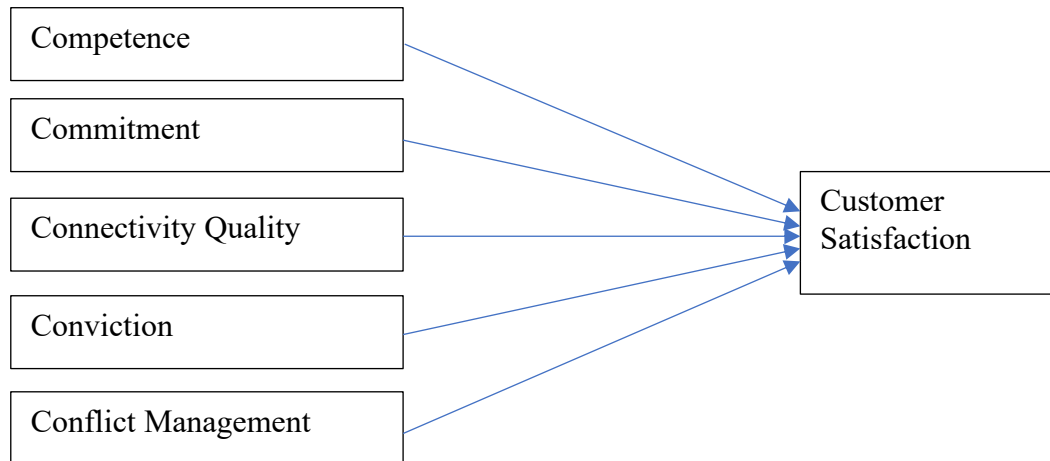

Figure 3.1 Conceptual

Therefore, based on the literature and the conceptual framework, the following hypothesis was developed.

H_1: There is a positive relationship between competence and customer satisfaction
H_2: There is a positive relationship between commitment and customer satisfaction
H_3: There is a positive relationship between connective quality and customer satisfaction
H_4: There is a positive relationship between conviction and customer satisfaction
H_5: There is a positive relationship between conflict management and customer satisfaction

3. Research methodology

This research is conducted as quantitative approach. The questionnaire used in google forms (online survey) to collect data. The sample of 400 customers of commercial banks in Sri Lanka were drawn using convenient sampling technique. Descriptive statistics, correlation and multiple regression analysis were used to analyze the data with the support of the SPSS 22.0 version.

The Cronbach's Alpha Reliability Test was carried out to assess the internal reliability of the questionnaire. The reliability analysis procedure calculates several commonly used measures of scale reliability and also provides information about the relationships between individual items in the scale. The test is significant when the alpha value results from more than 0.7. It assures the reliability of questions.

4. Data Analysis and Interpretation

Reliability and validity test were done using Cronbach's alpha and Kaiser-Meyer-Olkin test respectively. The following tables show that the alpha coefficient for all variables is greater than 0.7. It suggests that the items have high internal consistency. It means that the data collected from the survey is reliable and all the variables are greater than 0.5 on Kaiser-Meyer-Olkin test and therefore, the sampling is adequate for the analysis.

Table 1. 1: Cronbach's alpha of constructions

Construct	Cronbach's alpha coefficient	Kaiser-Meyer-Olkin (KMO Values)
Commitment	0.732	0.732
Conviction	0.847	0.842
Conflict management	0.729	0.560
Connectivity Quality	0.720	0.768
Competence	0.860	0.865
Customer satisfaction	0.772	0.726

According to the demographic profile of the respondents, 53% of the respondents were male and 47% were female. 35% of the respondents represent the age category of 20 – 40 while 32% represent the age group of 41 – 60 years old. Around 96% of the respondents are educated as 53% of them have advanced level and 44% have graduate level of education. Around 85% of the respondents income falls between Rs. 40,000 – Rs. 75, 000.

Table 1. 2: Demography of respondents

	Category	Frequency	Percentage
Gender	Male	212	53.0
	Female	188	47.0
Age	Below 20	21	5.3
	20 – 40	221	55.3
	41-60	127	31.8
	Above 60	31	7.8
Education	Ordinary level	13	3.3
	Advanced level	208	52.0
	Graduates	179	44.7
Income per month	Below 40,000	159	39.8
	40,000 – 75,000	180	45.0
	Above 75,000	61	15.3

In this study, mean was used to measure the central tendency while dispersion is described by using standard deviation. Under the univariate analysis researcher used

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descriptive statistics. For this analysis mean values and standard deviation of the variables were taken into consideration.

Table 1. 3: Measure of dispersion of constructs

Construct	Item	Mean	Standard deviation
Commitment	CM1	4.16	0.647
	CM2	4.13	0.660
	CM3	4.12	0.689
	CM4	4.28	0.644
Connective Quality	CQ1	4.22	0.651
	CQ2	4.14	0.685
	CQ3	4.22	0.609
	CQ4	4.20	0.650
	CQ5	4.17	0.685
Conviction	CO1	4.18	0.727
	CO2	4.22	0.703
	CO3	4.16	0.667
	CO4	4.15	0.701
Conflict Management	CM1	4.06	0.778
	CM2	4.01	0.869
Competence	CP1	4.01	0.867
	CP2	4.12	0.803
	CP3	4.00	0.866
	CP4	4.14	0.778
	CP5	4.02	0.854
	CP6	4.15	0.770
Customer Satisfaction	CS1	4.07	0.874
	CS2	4.03	0.865
	CS3	4.07	0.835
	CS4	4.16	0.714
	CS5	4.09	0.852

This illustrates that almost all the participants agree with the existing situation. That means there is a high-level agreement on the constructs developed.

4.1 Correlation analysis on variables

The correlation coefficient of relationship marketing is 0.732 and it shows that there is a strong positive relationship between relationship marketing and customer satisfaction. And it is significant in 0.01 significant level as its' P-value is 0.000. Therefore, it proved that there is a

positive relationship between relationship marketing and customer satisfaction. The following table interprets the Pearson's correlation value of each relationship marketing dimension is related to the dependent variable, customer satisfaction.

Table 1.4: Pearson's Correlation analysis results of an independent variable

Constructs	Pearson's correlation	P-value
Commitment	0.512	0.000
Competence	0.761	0.000
Conviction	0.555	0.000
Connective Quality	0.433	0.000
Conflict Management	0.625	0.000

As per the table above, the correlation coefficient of constructs with customer satisfaction show a positive relationship with all the constructs tested in this study. Therefore, the constructs; commitment, competence, conviction, connective quality and conflict management have shown a significant influence on Customer Satisfaction and its P-value is 0.000 and it interprets that there is a significant relationship between the constructs and customer satisfaction in the financial service marketplace.

4.2 Regression analysis

4.2.1 Simple linear regression analysis

Regression analysis is used to identify the impact of one variable over another variable. Therefore, the researcher conduct a regression analysis to determine the effect of relationship marketing on customer satisfaction in a commercial bank.

4.2.2 Autocorrelation

Table 1.5 Durbin Watson test results

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate	Durbin Watson
1	0.732	0.531	0.530	.41181	1.757

The value is 1.757. That means this value lies between 1.5 and 2.5. Therefore, residuals are independent and the regression model is more valid.

The R square value or Coefficient of determination for the model is 0.520 indicates that 52 percent of the variation in customer satisfaction is explained by relationship marketing. The significance of the regression model is measured by analysis of variance. It is as follows.

Table 1.6: Analysis of variance

Model	Mean Square	F	Sig.
Regression	76.001	442.62	0.000

Based on the variables in this study, the following simple linear equation is developed.

$$CS = \beta 0 + \beta 1 RQ + \mathcal{E}$$

Note:

CS   = Customer satisfaction

RM   = Relationship marketing

ß0   = Intercept of the equation

Ɛ   = Error term

ß1   = slope of the equation

Table 1.7: Regression analysis results

Coefficients	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	B	Std. Error	Beta		
(Constant)	0.067	0.197		0.330	0.742
Relationship marketing	0.963	0.056	0.722	20.798	0.00

According to the above table of output, the constant is 0,067 which means the customer satisfaction is positive when there is relationship marketing in place. As its P-value is less than 0.05 there is a strong relationship between relationship marketing and customer satisfaction. The ß coefficient value of relationship marketing is 0.963, it implies that when relationship marketing is increased by one unit, customer satisfaction is increased by 0.963 units when all the other factors remain constant. That means there is a positive impact of relationship marketing on customer satisfaction. And it has a strong significant relationship between relationship marketing and customer satisfaction as its' P-value is less than 0.05. According to the analysis results, there is a positive effect of relationship marketing on customer satisfaction in this study and it interprets the impact of the independent variable on the dependent variable to satisfy the general objective of this research.

Multiple Regression analysis is used to identify the impact of one variable over another variable. Accordingly, based on these variables multiple regression equation was developed.

CS= ß0+ ß1CQ+ ß2CO+ ß3CP+ ß4CN+ ß5CM+ Ɛ

Note:

β0 - Intercept of the equation

ɜ - Error term

CS =Customer satisfaction

CQ=Connective quality

CO=Commitment

CP=Competence

CN=Conviction

CM=Conflict Management

4.7.5 Results of Multiple Linear Regression Analysis

Table 1.8: Regression analysis results in Multiple linear regression analysis results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	**Beta**		
1	(Constant)	0.422	0.216		1.719	0.050
	CQ	0.073	0.047	0.044	1.301	0.194
	CN	0.138	0.043	0.119	2.547	0.011
	CP	0.128	0.046	0.086	2.118	0.035
	CM	0.118	0.034	0.141	2.503	0.010
	CO	0.439	0.041	0.453	8.559	0.000

CS= 0.422 + 0.073 CQ + 0.138 CN + 0.128 CP + 0.118 CM + 0.439 CO + Ɛ

According to the above table of regression analysis, the constant (ß0) is 0.433. considering the ß coefficient values and P-value except connective quality all other constructs having significant relationship towards customer satisfaction.

5. Conclusion and Recommendations

Although obtaining customer satisfaction in the service sector is tough due to the providers providing something intangible in nature, it is beneficial to apply relationship marketing tactics that will lead to reaching the goals in a favorable manner. Not only that, whether it is a small and medium-sized organization or a large-scale corporation, the ultimate purpose of every company appears to be the same, which is to increase the value of the shareholder's relationship through marketing. Further, relationship marketing is based on qualitative qualities such as dedication and trust. There, the commitment aids in understanding the strengths of marketing interactions, which contribute to achieving customer satisfaction for the company's survival and growth.

As a result, it is advised to have a clear strategy in place to identify valuable customers. It is not only necessary to discover value clients, but it is also necessary to maintain those valuable customers in a positive manner. For that objective, it is therefore recommended that existing customers and their satisfaction demands be evaluated on a regular basis, and that a clear process be implemented.

Human interaction and touch should be used to strengthen marketing concepts rather of relying solely on product, place, pricing, and promotion. Employees must be appropriately trained. The bank, in particular, should determine the workers' training needs. Further, management must develop a welcoming and tranquil environment for staff to treat effectively and efficiently.

Apart from that, the concept of relationship marketing is relying on qualitative factors such as commitment and trust. There, the commitment aids in comprehending the strengths of marketing interactions that lead to customer satisfaction, which is essential for the company's survival and prosperity. Furthermore, the concept of commitment can be utilized to assess customer loyalty for a corporation, which has an impact on future transactions with present and potential customers. As a result, it is recommended to keep a solid relationship with clients without abandoning them, especially during economic downturns other worse situation that a firm face with.

The majority of people have a favorable opinion of time efficiency. Financial institutions must enhance their time efficiency in both acquiring and retaining consumers. Hence, it is suggested that they improve their employees' competencies in order to achieve time effectiveness. They must remain focused on their offerings in order to meet the needs of their customers in a satisfactory manner. Further, based on the findings of the research, it can be concluded that those elements have a significant impact on the components of relationship marketing, namely Relationship quality, Trust, Competence, Commitment, and Conflict Management, in creating strong customer satisfaction.

6. Direction for future research

When conducting future research, it is better if the researcher can eliminate the limitations of this research. For that researcher can select a larger sample so that the generalization of the findings will be more accurate. In addition, the probability sampling technique is recommended for future studies to improve the Selection Sample can be selected by using probability sampling techniques such as cluster sampling that data can be obtained by grouping based on social media sites. The future research should be directed to look into the role of customer satisfaction in mediating the relationship between the relationship marketing and firm performance In addition, the impact of relationship marketing foundations on other dependent variables like as customer retention, satisfaction, market share, profitability, and firm performance can be explored.

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