

Effects of Relationship Marketing on Customer Retention for Competitive Advantage

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Abstract: Marketing science has long been concerned with the question of the extent to which customer satisfaction leads to customer retention and subsequently to a positive effect on firm's profit. Most of the behavior-driven explanations posit a generally positive relationship between the two. In this paper, the relationship between customer retention and competitive advantage has been analyzed from marketing viewpoint. There are many different relationship marketing tactics implemented for retaining customer. However, some of those tactics did not affect customer loyalty effectively, and switching behaviors frequently occur among most of targeted customer. Therefore, this study is aimed to investigate the impact of relationship marketing tactics on customer loyalty and trust, which increase customer retention and competitive advantage. An analytical model is developed as a guideline to test the relationships among communication, trust, commitment, loyalty, service performance and customer retention and competitive advantage. In order to collect primary data, a self-completed questionnaire is designed and is randomly given to the respondents. The SPSS software was used to process the primary data.

The study of desertion provides insight into how to improve products and services offered to the targeted market by developing effective retention programs and consequently creating long-term relationships. It is not only because retaining a customer is cheaper than acquiring a new one or because of the necessity of retaining customers until they are profitable. Rather, client retention is important because it is a value generation strategy for the relationship marketing; that is the relationship marketing value is not only related to the bottom line of financial statement but also to the present value of its future revenues. Guaranteeing the relationship marketing future revenues greatly depends on strengthening its customer's loyalty. For this reason, two relationships marketing with the same number of customers, the same costs, profitability, and debts condition may have different values if one of them has more loyal customers than the other. As such, customer retention is not only necessary for relationship marketing sustainability but it is also a value generation strategy for the shareholders.

The study provides new insights into the theory and practices of relationship marketing.

Keyword: customer satisfaction, customer loyalty, relationship marketing, competitive advantage.

1. INTRODUCTION

In current era of intense competition and demanding customers, relationship marketing has attracted the expanded attention of scholars and practitioners. Marketing scholars are studying the

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nature and scope of relationship marketing and developing conceptualizations regarding the value of cooperative and collaborative relationship between buyers and sellers as well as the relationship between different marketing actors, including suppliers, competitors, distributors and internal functions in creating and delivering customer value. Many scholars with interests in various sub-disciplines of marketing, such as channels, services marketing, business-to-business marketing, advertising, and so forth, are actively engaged in studying and exploring the conceptual foundations of relationship marketing.

For better understanding of relationship marketing and customer retention, we need to have some ideas regarding the roots of relationship marketing such as, social science, economics, marketing as well as customer retention and competitive advantage.

Some economists say relationship marketing creates inefficiencies because buyers may indeed feel satisfied, but for the wrong reasons. When relationship marketing is the predominant strategy in an industry, economists contend that price competition is reduced. Economists have made two assertions. The first assertion is that the relationship is a quality surrogate and that buyers generalize positive feelings about the provider to core aspects of the service. The other, rational evaluation is that relationship marketing adds value to the service by providing certain demanded "peripherals," but buyers mainly care about core service quality and consider evidence from a variety of sources (including competitors) in their evaluations. Customers are prone to test their relationships occasionally and require evidence of product benefits to justify long-term commitments (to a person or company).

General marketing activities have close linkage with relationship marketing and these two jointly can generate competitive advantage. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. In all business organizations, customer relationship is crucial for profitable business. The fundamental necessity of RM is to attain competitive advantage which generates better economic development.

Various other domains or areas in marketing overlap with relationship marketing. Relationship marketing shares many commonalities with services marketing, business-to-business marketing, channels marketing, brand management, and customer relationship management. However, there are some distinctions exist. For example, RM's overlap with service, business-to-business, and channel marketing may be clarified by differentiating their focus on improving performance in contexts with specific features (e.g., intangible services, exchanges between firms or channel members) versus RM's concentration on improving performance by changing relationships. Relationship marketing also applies to many different contexts with varying degrees of effectiveness.

Relationship marketing attempts to involve and integrate customers, suppliers and other infrastructural partners into a firm's developmental and marketing activities. Such involvement results in close interactive relationships with suppliers, customers or other value-chain-partners of the firm. Interactive relationships between marketing actors are inherent as compared to the arm's length relationships implied under the transactional orientation. An integrative relationship assumes overlap in the plans and processes of the interacting parties and suggests close economic, emotional and structural bonds among them. It reflects interdependence rather than independence of choice among the parties; and it emphasizes cooperation rather than competition and consequent conflict among the parties; and it emphasizes cooperation rather than competition and consequent conflict among the marketing actors. Thus, development of relationship marketing

points to a significant shift in the axioms of marketing: competition and conflict to mutual cooperation, and choice independence to mutual interdependence.

2. Conceptual Framework of the Study

2.1. Customer Retention

In relationship marketing customer retention has been given more prominence than mere customer acquisition in perspective of company's benefit and reputation (Gummesson, 1999). More companies accept the theory of customer retention generally because of the following reasons:

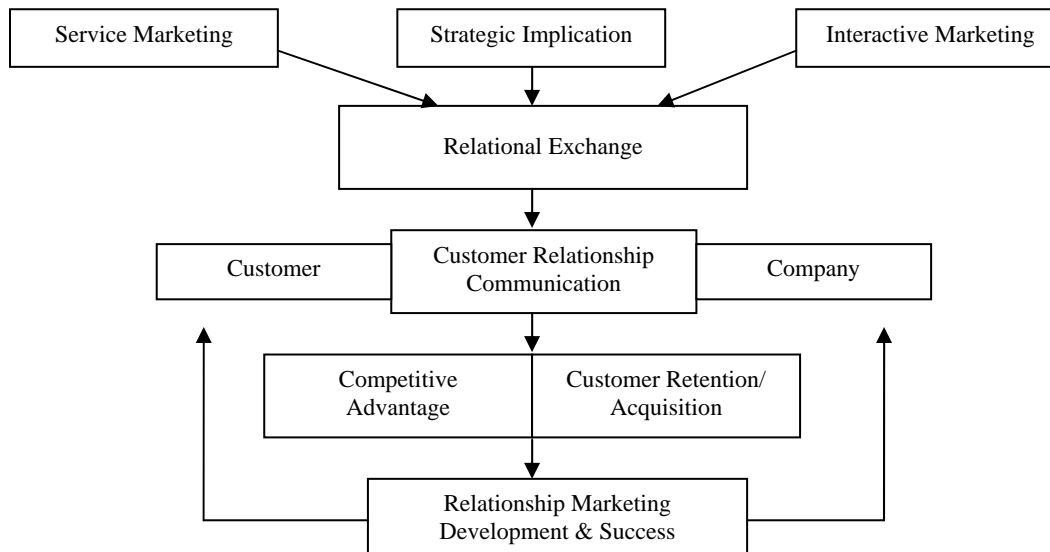
- Existing customers are comparatively easier and less expensive to retain than to create new stream of clients.
- It takes much less levels of marketing effort and financial input to satisfy old customers.
- Consumers' loyalty serves as secure and superior profitability over time for the company (Reichheld, 1996; Egan, 2001).

2.2. Relationship Marketing

Relationship marketing is to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfillment of promises. [Grönroos, C. (1994), "From marketing mix to relationship marketing: towards a paradigm shift in marketing", *Management Decision*, Vol. 32 No. 2,].

If the interaction and planned communication processes are successfully integrated and geared towards customers' value processes, a relationship dialogue may merge.

As a practice, relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages.



Conceptual framework of Relationship Marketing

2.3. Competitive Advantage in Relationship Marketing

Service marketing has close linkage with relationship marketing and these two jointly can generate competitive advantage. Telecom industry is basically a service oriented business and it operates on such marketing principles where customer relationship is crucial for profitable business. The fundamental necessity of RM is to attain competitive advantage which generates better economic development. In case of telecom industry, companies should recognize and establish a network of relationship to perform better for its customers. (Gummesson 2002; Derozier and Hunt, 2004)

Relationship marketing has the ability to build influential relationships with clientele and with other firms and companies that would result in competitive advantage. On the other hand, 'market relationships create sustainable advantages precisely because they are so difficult to manage'.

3. Research Objectives

The broad objective of the study is to analyze the creation of competitive advantage and customer retention by superior customer relationship marketing of business organization. The specific objectives are:

- To critically evaluate the concepts and practices of customer retention in Bangladesh.
- To examine the role of commitment, trust, communication, loyalty, service performance for retaining customers.
- To identify the degree of application of customer retention strategies.
- To evaluate the effectiveness of customer retention for achieving competitive advantage of firms.

4. Literature Review

The retention of customers will become an important component in the customer relationship marketing strategy of organizations. Particularly, consumer retention can be enforced through positive or negative retention strategies and creating switching cost will be an effective way of reducing the defection of customer.

Customer loyalty is basically formed by the constructs of product quality, price quality, brand image and value offers via mediating role of customer trust and satisfaction, but the results. (Mohammad Bagher Aali, 2012)

Customer relationship perceptions are considered evaluations of relationship strength and a supplier's offerings, and customer share development is the change in customer share between two periods. The results show that affective commitment and loyalty programs that provide economic incentives positively affect both customer retention and customer share development, whereas direct mailings influence customer share development. (Peter C. Verhoef, 2003)

Discusses the nature and sometimes negative consequences of the dominating marketing paradigm of today, marketing mix management, and furthermore discusses how modern research into, for example, industrial marketing and services marketing as well as customer relationship economics shows that another approach to marketing is required. This development is supported by evolving trends in business, such as strategic partnerships, alliances and networks. Suggests relationship marketing, based on relationship building and management, as one emerging new marketing paradigm of the future. (Christian Grönroos, 1997)

Understanding the motivations of consumers to engage in relationships with marketers is important for both practitioners and marketing scholars. To develop an effective theory of relationship marketing, it is necessary to understand what motivates consumers to reduce their available market choices and engage in a relational market behavior by patronizing the same marketer in subsequent choice situations. (Jagdish N. Sheth and Atul Parvatlyar, 1995)

No significant differences were found between the segments on customers' evaluations of the service relationship or their loyalty toward the bank. Furthermore, regression analysis revealed that relationship satisfaction was less important as a determinant of loyalty in the more profitable segment. (Andreas Leverin and Veronica Liljander, 2006)

Here, four perspectives are examined ("locking in" customers, customer retention, database marketing, and building strong, close, positive relationships) to assess their potential for achieving a sustained competitive advantage. Our analysis suggests that only those organizations that build strong, close, positive relationships with their customers have the potential to develop a sustained competitive advantage that may lead to above normal performance. (W. Glenn Rowe and James G. Barnes, 1998)

RM is a fundamental sector of marketing that has been discussed among academics and marketing practitioners for over last 20 years. In business management, RM was one of the most controversial factors that were rising to prominence. In fact, it was a unifying force within marketing that "served as the generic context for all marketing transactions, whether products or services, consumer or industrial" (Mattsson, 1997).

Literally, researchers have given different definitions to relationship marketing. However, they mostly possess common denominators. Comprehensively, a definition addresses that relationship marketing identifies, develops, and enhances relationships among all associated business personnel along with its customers. Furthermore, it focuses fully on potential profitability and future objectives which can be brought up only by loyal and committed relational exchanges (Egan, 2001). Relationship marketing aims to create relationship with consumers so that they can be satisfied and retained, whereas transactional marketing intends to make the sale and look for new customers (Vence, 2002).

A major shift that is occurring in the conceptual theories of marketing has been stated as a paradigm shift by researchers. The marketing mix and traditional concepts of marketing including services marketing, industrial marketing, and the economy of customer relationship is developing further towards 'relationship oriented approach' (Grönroos, 1994). This paradigm shift is stated to be Relationship Marketing. There were reasons as to why the need for paradigm shift arose:

- To recognize importance of customer retention
- To globalize the businesses
- To keep pace with progressing market economy
- To develop nature of marketing mix
- To fulfill the need for establishing closer customer relationship

Besides the above market demands, paradigm shift occurred to fulfill the lacking of marketing practices and achievements.

A number of indispensable elements of RM paradigm were discussed where it was mentioned that supplementary knowledge permitted the augmentation of RM as an alternative viewpoint. For instance, the concentration of business was on increasing the number of customers, rather than bringing about retention and satisfaction for customers, although they both share proportional outcome to each other (Schneider, 1980).

Basically, relationship marketing focuses mostly on a long term relationship with its partners spreading in numerous transactions (Dwyer et al., 1987).

This mutually beneficial and long-term characteristic of RM highlights that “customer satisfaction is a necessity but the prominent goal should be to establish a long-lasting relationship on the basis of mutual benefits” (Achrol, 1997).

Companies can distinguish the value of long-term relationships with customers and partners, but for implementation they still need proficient knowledge of RM in most cases (Egan, 2001).

5. Methodology

This research is descriptive in nature. The study is based on both primary and secondary data. Moreover, a survey has been conducted form 100 relevant retailers.

From the survey, raw values on customer retention from different customers are collected as primary data collection. After the survey all relevant data has been compiled and processed with the aid of various charts and graphs of SPSS.

5.1. Sampling of the study

Due to various constraints, the study need to confine to fix sampling area to the Rajshahi city and Bogra town. So the people who are the customer of those areas are considered as respondent of the study. The survey instrument for collecting the data will be a questionnaire including open and close ended questions.

5.1.1. Sample area

It is important to select a relevant sample area. The main attempt is to measure the customer retention level on the basis of organization’s relationship marketing system. To conducted research program successfully and to make sample mostly representative the following sample areas have been. These are: Rajshahi city, such as – Kazla, Binodpur, RU campus, Shaheb Bazar and New Market etc. and from Bogra – Saatmatha, New Market, Naruliand Upshahar.

5.1.2. Sample size

To do the research authentically, a sample of 100 respondents are chosen. Respondents are retailers.

5.1.3. Sampling method

Non-probability judgmental sampling method has been applied to choose representative sample for the study. The sample units were selected only once from the total population and the respondents were selected on the basis of my own judgment regarding the appropriateness of the samples.

5.2. Data collection method

Appropriate data collection is necessary for conducting good research activity. For an effective research work data should be collected in right way. For this reason, data collection is an

important task for every researcher. Right choice of data collection method and procedure can help the researcher for collecting accurate data but it is not an easy job.

5.3. Sources of data

Since data is an essential part of research, it is needed to select the source of data. For collecting accurate and reliable data, I have used two sources. They are – primary sources of data and secondary sources of data. These are described in bellow.

5.3.1. Primary sources of data

The sources from where data is collected in a raw form are called primary sources of data. It is the main source of collecting accurate data from the field. Primary data are those which are collected from the respondents directly. Collected data carry real character which is expected by the researcher. These data are used in a research for first time as raw material. Primary source has been the main source to make the research work up-to-date and authentic.

5.3. Data collection procedure

Primary data have been collected through pretest questionnaire and through the final questionnaire. The pretest questionnaire was open-ended and the final questionnaire was both open and close-ended. In pretest questionnaire, the variables of customer retention, competitive advantage, and relationship marketing have been identified. In my final questionnaire, the effectiveness of customer retention in relationship marketing has been identified.

It is noted that, the mentioned methods and procedures were very helpful for fulfilling all requirements and for conducting a suitable research.

5.5. Questionnaire design

The final questionnaire has been constructed with 33 open and close-ended questions. In the study, there are two dependent variables – customer retention and competitive advantage. The independent variables considered for this study are – commitment, trust, communication, loyalty, and service performance. For measuring each variable, some sub-variables are taken into consideration. Likert's 5-scales has been used for rating effectiveness of customer retention. The values that have been assigned are as follows:

Strongly disagree = 1

Disagree = 2

Neutral = 3

Agree = 4

Strongly agree = 5

5.6. Data analysis procedure

Data analysis is an ongoing activity. Depending upon the research paradigm and methodology and the type of data collection, the researcher has to choose the data analysis process. The data collected for this research are quantitative data. Both descriptive statistics and inferential statistics are used for data analysis. In descriptive analysis, measures of central tendency (mean, median, mode etc.) and standard deviation are used. Only Pearson's Correlation Coefficient is used from various inferential studies.

There are, a number of software packages available that facilitate data analysis. These include statistical packages like SPSS, SAS, and Microsoft Excel etc. here, all data analysis has been done by using SPSS.

6. Findings and Analysis

Descriptive

Descriptive Statistics

	N	Range	Minimum	Sum	Mean	Std. Deviation	Variance	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Age	100	40	20	3658	36.58	10.673	113.903	-.662	.478
Gender	100	1	1	120	1.20	.402	.162	.325	.478
Marital status	100	1	1	114	1.14	.349	.122	2.488	.478
Type of business	100	3	1	211	2.11	.875	.766	.215	.478
Valid N (listwise)	100								

Here, standard deviation is very minimum from mean .We know, when standard deviation is less than .5 it means here deviation among data is very minimum.

Descriptive Statistics for Observed Variables

	Mean	Std. Deviation	N
Overall evaluation on commitment is satisfactory	3.81	.662	100
Overall evaluation on trust is satisfactory	4.02	.666	100
Overall evaluation on communication is satisfactory	3.69	.677	100
Overall evaluation on loyalty is satisfactory	3.77	.649	100
Overall evaluation on service performance is satisfactory	3.69	.706	100
Overall evaluation on customer retention is satisfactory	3.60	.765	100
Overall evaluation on competitive advantage is satisfactory	3.88	.700	100

Here, mean is 3.81 for overall evaluation on commitment and standard deviation is .662, trust (mean 4.02) and standard deviation (.666), communication mean (3.69) standard deviation (.677) , loyalty (mean 3.77)and (SD .649), service performance (mean 3.69) and(SD .706), customer retention (mean 3.60) and (SD .765), and competitive advantage (mean 3.880) and (SD .700). Here highest mean is 4.02 and the lowest mean is 3.60, which is more than 3 which indicate average satisfaction level.

Correlation**Correlation Matrix**

		Overall evaluation on commitment is satisfactory	Overall evaluation on trust is satisfactory	Overall evaluation on communication is satisfactory	Overall evaluation on loyalty is satisfactory	Overall evaluation on service performance is satisfactory	Overall evaluation on customer retention is satisfactory	Overall evaluation on competitive advantage is satisfactory
Overall evaluation on commitment is satisfactory	Pearson Correlation	1	.215*	-.020	-.103	.046	-.092	.190
	Sig. (2-tailed)		.032	.843	.309	.652	.364	.058
	N	100	100	100	100	100	100	100
Overall evaluation on trust is satisfactory	Pearson Correlation	.215*	1	.238*	.034	-.051	.135	.027
	Sig. (2-tailed)	.032		.017	.736	.614	.182	.791
	N	100	100	100	100	100	100	100
Overall evaluation on communication is satisfactory	Pearson Correlation	-.020	.238*	1	.135	-.034	.012	.112
	Sig. (2-tailed)	.843	.017		.181	.737	.908	.265
	N	100	100	100	100	100	100	100
Overall evaluation on loyalty is satisfactory	Pearson Correlation	-.103	.034	.135	1	.085	.098	-.084
	Sig. (2-tailed)	.309	.736	.181		.399	.334	.409
	N	100	100	100	100	100	100	100
Overall evaluation on service performance is satisfactory	Pearson Correlation	.046	-.051	-.034	.085	1	.086	-.035
	Sig. (2-tailed)	.652	.614	.737	.399		.395	.729
	N	100	100	100	100	100	100	100
Overall evaluation on customer retention is satisfactory	Pearson Correlation	-.092	.135	.012	.098	.086	1	.004
	Sig. (2-tailed)	.364	.182	.908	.334	.395		.970
	N	100	100	100	100	100	100	100
Overall evaluation on competitive advantage is satisfactory	Pearson Correlation	.190	.027	.112	-.084	-.035	.004	1
	Sig. (2-tailed)	.058	.791	.265	.409	.729	.970	
	N	100	100	100	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

We know that the value of correlation indicates the relationship between two variables, change in one variable impact on other variables. The value of correlation exists between -1 to +1. Here, the values of all variables exist within this range.

Regression**Descriptive Statistics**

	Mean	Std. Deviation	N
Overall evaluation on customer retention is satisfactory	3.60	.765	100
Overall evaluation on commitment is satisfactory	3.81	.662	100
Overall evaluation on trust is satisfactory	4.02	.666	100
Overall evaluation on communication is satisfactory	3.69	.677	100
Overall evaluation on loyalty is satisfactory	3.77	.649	100
Overall evaluation on service performance is satisfactory	3.69	.706	100

Here, highest mean is 4.02 and lowest mean is 3.60 which are more than 3 and near about 4. In my research, 4 indicate satisfaction. Standard deviation of regression is .649.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.223 ^a	.050	-.001	.766

a. Predictors: (Constant), Overall evaluation on service performance is satisfactory, Overall evaluation on communication is satisfactory, Overall evaluation on commitment is satisfactory, Overall evaluation on loyalty is satisfactory, Overall evaluation on trust is satisfactory

b. Dependent Variable: Overall evaluation on customer retention is satisfactory

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.890	5	.578	.986	.431 ^a
	Residual	55.110	94	.586		
	Total	58.000	99			

a. Predictors: (Constant), Overall evaluation on service performance is satisfactory, Overall evaluation on communication is satisfactory, Overall evaluation on commitment is satisfactory, Overall evaluation on loyalty is satisfactory, Overall evaluation on trust is satisfactory

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.890	5	.578	.986	.431 ^a
	Residual	55.110	94	.586		
	Total	58.000	99			

a. Predictors: (Constant), Overall evaluation on service performance is satisfactory, Overall evaluation on communication is satisfactory, Overall evaluation on commitment is satisfactory, Overall evaluation on loyalty is satisfactory, Overall evaluation on trust is satisfactory

b. Dependent Variable: Overall evaluation on customer retention is satisfactory

Regression Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.810	.890		3.158	.002
	Overall evaluation on commitment is satisfactory	-.146	.120	-.126	-1.212	.229
	Overall evaluation on trust is satisfactory	.199	.122	.173	1.627	.107
	Overall evaluation on communication is satisfactory	-.044	.118	-.039	-.374	.709
	Overall evaluation on loyalty is satisfactory	.090	.121	.076	.742	.460
	Overall evaluation on service performance is satisfactory	.100	.110	.093	.915	.363

a. Dependent Variable: Overall evaluation on customer retention is satisfactory

Residuals Statistics^a

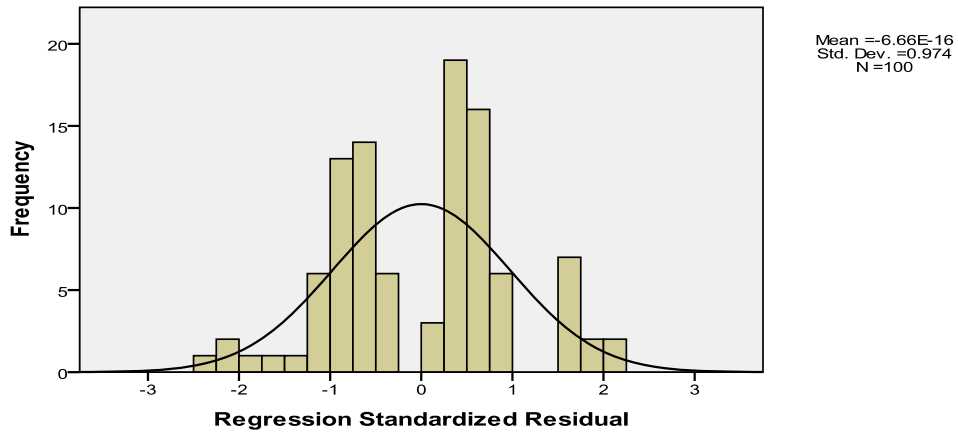
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.12	3.95	3.60	.171	100
Residual	-1.796	1.584	.000	.746	100
Std. Predicted Value	-2.828	2.055	.000	1.000	100
Std. Residual	-2.346	2.068	.000	.974	100

a. Dependent Variable: Overall evaluation on customer retention is satisfactory

Charts

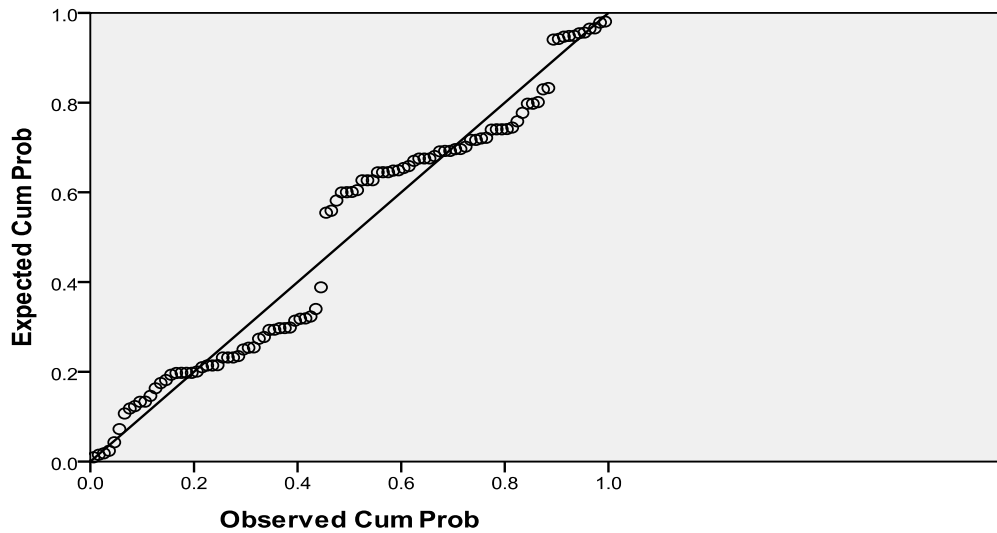
Histogram

Dependent Variable: Overall evaluation on customer retention is satisfactory



Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Overall evaluation on customer retention is satisfactory



Descriptive Statistics

	Mean	Std. Deviation	N
Overall evaluation on competitive advantage is satisfactory	3.88	.700	100
Overall evaluation on commitment is satisfactory	3.81	.662	100
Overall evaluation on trust is satisfactory	4.02	.666	100
Overall evaluation on communication is satisfactory	3.69	.677	100
Overall evaluation on loyalty is satisfactory	3.77	.649	100
Overall evaluation on service performance is satisfactory	3.69	.706	100

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.243 ^a	.059	.009	.697

a. Predictors: (Constant), Overall evaluation on service performance is satisfactory, Overall evaluation on communication is satisfactory, Overall evaluation on commitment is satisfactory, Overall evaluation on loyalty is satisfactory, Overall evaluation on trust is satisfactory

b. Dependent Variable: Overall evaluation on competitive advantage is satisfactory

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.872	5	.574	1.182	.324 ^a
	Residual	45.688	94	.486		
	Total	48.560	99			

a. Predictors: (Constant), Overall evaluation on service performance is satisfactory, Overall evaluation on communication is satisfactory, Overall evaluation on commitment is satisfactory, Overall evaluation on loyalty is satisfactory, Overall evaluation on trust is satisfactory

b. Dependent Variable: Overall evaluation on competitive advantage is satisfactory

Regression Coefficients^a

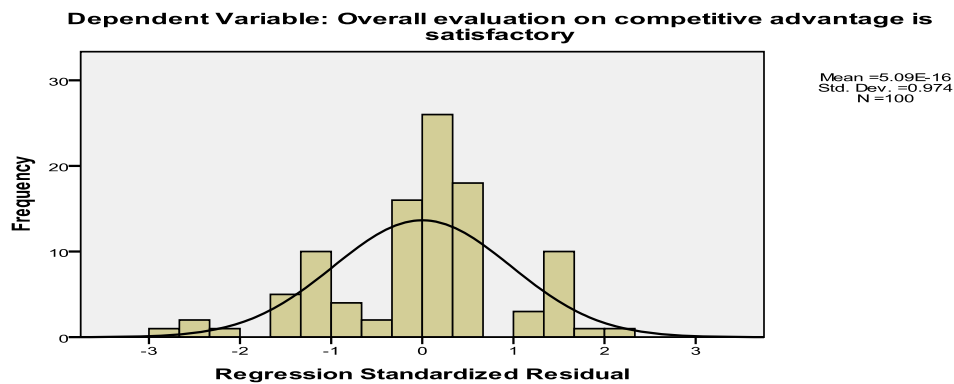
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.208	.810		3.959	.000
	Overall evaluation on commitment is satisfactory	.208	.110	.196	1.898	.061
	Overall evaluation on trust is satisfactory	-.049	.111	-.047	-.444	.658
	Overall evaluation on communication is satisfactory	.142	.108	.137	1.314	.192
	Overall evaluation on loyalty is satisfactory	-.083	.110	-.077	-.757	.451
	Overall evaluation on service performance is satisfactory	-.035	.100	-.035	-.350	.727

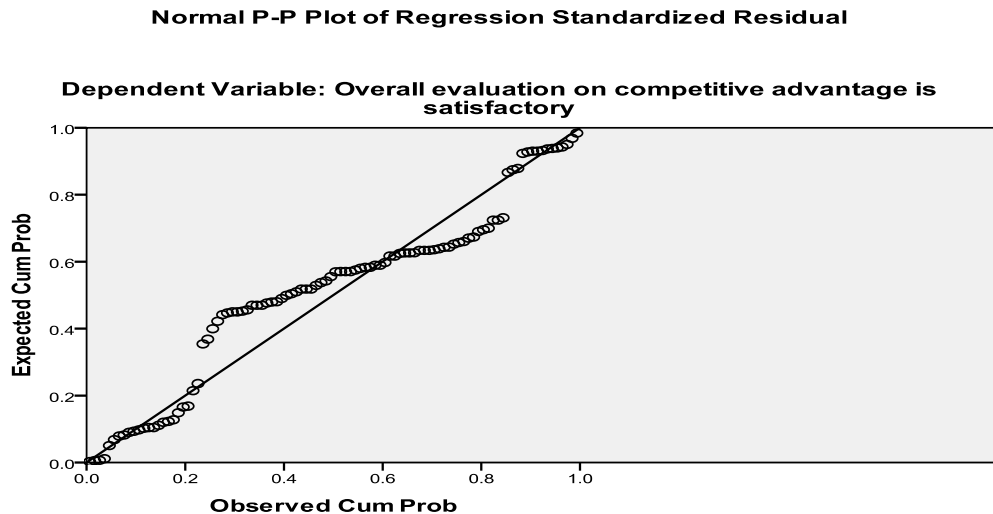
a. Dependent Variable: Overall evaluation on competitive advantage is satisfactory

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.50	4.26	3.88	.170	100
Residual	-1.926	1.498	.000	.679	100
Std. Predicted Value	-2.221	2.234	.000	1.000	100
Std. Residual	-2.762	2.149	.000	.974	100

a. Dependent Variable: Overall evaluation on competitive advantage is satisfactory

Charts**Histogram**



7. Discussion

Most research findings related to the subject confirms a relationship between customer retention and underpinnings Of RM and the finding of this study is also consistent with these studies. The effect of these variables on customer retention and competitive advantage is not permanent and fixed, because competitors can quickly imitate them and customer's behavior could be affected by them. In my study there are five independent variables and two dependent variables. Dependent variables are affected by independent variables. In this study first dependent variable is customer retention (3.60) which is greatly depend on trust (4.02), commitment (3.81), loyalty (3.77), communication (3.69), and then service performance (3.69).The second dependent variable is competitive advantage (3.88) which is greatly depend on trust (4.02), commitment (3.81), loyalty (3.77), communication (3.69), and then service performance (3.69). Here we see that for retaining customer trust is the main factor then commitment then others in relationship marketing. Here we also see that the value of competitive advantage is more than customer retention. That means though customer retention is minimum but business organizations gain more competitive advantage. Data analysis of this study shows that there is positive relationship among commitment, trust, communication, loyalty, service performance, customer retention, and competitive advantage. Therefore, these issues should be taken more care of.

8. Conclusions& Recommendations

Relationship marketing is the key to business success in almost industries. Nowadays, companies are putting more emphasis on customer care and long-term relationship than on anything else. Bangladeshi business organizations are applying customer relationship marketing to attract and retain customers, and to achieve competitive advantage. It takes a lifetime to build and maintain a strong, reliable, trustworthy relationship but needs only moments to shatter everything down. It is a fragile bondage with the customers with whom marketers usually don't have any blood relation yet it is the crucial most things for the survival and growth of businesses. Many of the business organizations have also experienced some gap in their performance and customer expectations. It is high time to rectify all the problems and minimize the gap as much as possible.

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APPENDIX: Questionnaire

Dear Respondent

I am conducting a research on “Effects of relationship marketing on customer retention for competitive advantage”. You are requested to provide data from your understanding about the variables. I assure that I will maintain high confidentiality and data will be used for academic purpose only. Your participation in the study will be greatly appreciated.

Thank you very much for your time and assistance.

Sincerely –

Md. Zainal Abedin &
Senior Lecturer
Department of Business Administration
World University of Bangladesh
House: 3/A, Road: 4, Dhaka 1205

Md. Kamruzzaman
Lecturer
Department of Tourism and
Hospitality Management
University of Dhaka

Individual Characteristics

Name –

Age –

Gender – Male Female

Marital status – Married

Unmarried

Occupation –

Please attempt to answer all the question, do not keep blank for any option and click one appropriate box that best suits your perspective for each statement.

1. Strongly disagree	2. Disagree	3. Neutral	4. Agree	5. Strongly agree
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Commitment

A.	Maintaining a long term relationship with supplier is important to me	1	2	3	4	5
B.	I expect working with this supplier for a long time	1	2	3	4	5
C.	I am very committed to the relationship with my supplier	1	2	3	4	5
D.	The relationship with my supplier will be profitable over the long run	1	2	3	4	5
E.	Overall evaluation on commitment	1	2	3	4	5

Trust

A.	Supplier is reliable because its main concerned with consumer interest	1	2	3	4	5
B.	Supplier is honest in his business	1	2	3	4	5
C.	The billing system of the supplier is reliable	1	2	3	4	5
D.	The business reputation of the supplier is very high	1	2	3	4	5
E.	Overall evaluation on trust	1	2	3	4	5

Communication

A.	Supplier provides timely information about any change of the business	1	2	3	4	5
B.	Supplier always maintain regular communication with me	1	2	3	4	5
C.	Supplier provides timely information about new products	1	2	3	4	5
D.	Suppliers help the customers in using the product	1	2	3	4	5
E.	Overall evaluation on communication	1	2	3	4	5

Loyalty

A.	I intend to continue this relation for a long time	1	2	3	4	5
B.	I will go on using this supplier even if other price is lower	1	2	3	4	5
C.	I will recommend this supplier to my friends	1	2	3	4	5
D.	Overall evaluation on loyalty	1	2	3	4	5

Service Performance

A.	Complaints are always taken very quickly by supplier	1	2	3	4	5
B.	Supplier is consistent in providing good quality products and services	1	2	3	4	5
C.	Supplier is always willing to help me	1	2	3	4	5
D.	It is more pleasant to work with my supplier	1	2	3	4	5
E.	I am feeling comfortable about the relationship	1	2	3	4	5
F.	Overall evaluation on service performance	1	2	3	4	5

Customer Retention

A.	Supplier offers personalized services to meet customer needs	1	2	3	4	5
B.	The services process provide by the supplier is secured	1	2	3	4	5
C.	Suppliers are intimate with customers	1	2	3	4	5
D.	Overall evaluation on customer retention	1	2	3	4	5

Competitive Advantage

A.	The supplier always provides quality and a high standard products	1	2	3	4	5
B.	Supplier always meets in the due dates	1	2	3	4	5
C.	Price is very reasonable to me	1	2	3	4	5
D.	Supplier efficiently modifies the styles and quantity of the products	1	2	3	4	5
E.	Supplier tries to introduce new products in the markets	1	2	3	4	5
F.	Overall evaluation on competitive advantage	1	2	3	4	5