CHAPTER- II

REVIEW OF LITERATURE

In this chapter, the researcher has provided (reviewed) both the conceptual literature as well as research studies pertaining to relationship marketing and the variables of the research study namely trust, emotional element, service quality, empathy, customization, commitment, corporate social responsibility, communication, customer satisfaction and customer loyalty.

2.1 Conceptual Perspectives on Relationship Marketing

The concept of relationship marketing has emerged within the field of services marketing and industrial marketing (Dwyer et al. 1987; Thorbjornsen et al. 2002; Swaminathan et al. 2007, Bolton et al. 2008; Ndubisi and Wah, 2005) and blossomed in the late 1980s and 1990s (Beetles and Harris, 2010). Relationship marketing is one of the oldest approaches to Marketing (Zineldin and Philipson, 2007) and Over the past twenty years, relationship marketing has represented a renaissance in marketing (Bonnemaizor et al, 2007) and it embodies international, industrial and services marketing and in a business context is superseding traditional marketing theory (Davis, 2008). In fact this reorientation of marketing has been proposed in contrast to the traditional approach, transactional marketing (Zineldin and Philipson, 2007).

Relationship Marketing emerged in the 1980s as an alternative to the prevailing view of marketing as a series of transactions, because it was recognized that many exchanges, particularly in the service industry, were relational by nature (Gronroos, 1994; Gummesson, 1994; Leverin and Liljander, 2006) and today this concept is strongly supported by on-going trends in modern business (Ndubisi and Wah, 2005). In 1983, it was Berry who introduced the term relationship marketing in a service context to describe a longer-term approach to marketing. He viewed relationship marketing as a strategy to attract, maintain and enhance customer relationships (Ndubisi 2007).

There are four fundamental values for relationship marketing. First the activities regarding relationship marketing do not focus upon a specialized department. This means there must be a marketing orientation of the whole company. Second, relationship marketing emphasizes on long term collaboration, so companies
should view their suppliers and customers as partners, where the goal is to create mutual value. The relationship must be meaningful for all those involved, with the purpose of retaining long-term relationships with parties. Third, all parties should accept responsibilities. Relationship must also be interactive that means customer can initiate improvements or innovation of the product. Fourth, customers should be considered as individuals, suppliers’ task is also to create value for the customers (Kavosh et al, 2011).

Therefore relationship marketing is a strategy where the management of interactions, relationships and networks are fundamental issues (Ndubisi, 2007). This is achieved by a mutual symbiosis and fulfillment of promises (Ndubisi, 2003; Ndubisi and Wah, 2005). Consequently customer relationships are at the centre of this marketing perspective (Zineldin and Philipson, 2007). Relationship Marketing adopts a customer focus and its main benefits include greater customer retention, increased loyalty, reduced marketing costs, and greater profits (Stavros & Wesberg, 2009) and the goal of relationship marketing is to form mutually beneficial alliances that must restrict trade among rivals by creating barriers to entry (Fontenot and Hyman, 2004). Kotler and Armstrong’s definition of Relationship Marketing is noteworthy:

"Relationship Marketing involves creating, maintaining, and enhancing strong relationships with customers and other stakeholders. Relationship Marketing is orientated to the long term. The goal is to deliver long-term value to customers, and the measure of success is long-term customer satisfaction." (Murphy et al, 2005). Thereby relationship marketing is about retaining customers by improving communications, customer data collection and customer service quality (Patsioura et al, 2009). In other words, a key objective is to foster customer loyalty, which Oliver (1997) defined as a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behaviour. Relationship marketing in service organizations is not an entirely new concept (Man so and Speece, 2000) and relationship marketing within the Telecom industry is becoming increasingly important (Colgate and Alexander, 1998). Relationship Marketing is a feasible way for Telecom industry to establish a unique long-term relationship with their customers (Gilbert and Choi, 2003). Relationship Marketing activities are critical in the Telecom
sector. To continue to be successful, Telecom sector must invest in the long-term relationship marketing infrastructure to support a customer orientated approach (Heffernan et al, 2008).

2.1.1. The Emergence of Relationship Marketing

Levitt (1983) said that the purpose of marketing was to create and retain consumers. Marketers have historically focused on the former, i.e. creating or getting customers, giving less consideration to retain them as well (Buttle 1996, 2003). This emphasis has now been reversed, resulting in what has been termed Relationship marketing. (Christopher, M., Payne, A., and Ballantyne, D. 1991) This relationship marketing approach focuses on customer retention. Relationship Marketing emphasis on customer service, customer contact, quality and higher customer commitment (Christopher et.al, 1991). The concept of relationship marketing emerged within the fields of services marketing and industrial marketing.

The conceptions of relationship marketing have moved beyond the earlier initial ideas of attempts to attract, maintain and enhance customer relationships (Berry 1983, 2002). Today, some believe that relationship marketing describes a network of relationships, which include those between a firm and its buyers, suppliers, employees and customers (Morgan and Hunt 1994). Christopher et al (1991) sees relationship marketing as creating a close alignment between marketing, customer service and quality, all of which need to be bought together and integrated with the objective of strengthening customer relationships.

Boedeker (1996) sees relationship marketing as focusing on developing a continuous relationship between buyers and sellers and other parties in the marketplace, so that the objectives of both parties involved are met. The relationship also needs to be rewarding for both parties (Rapp and Collins,1990). Relationship marketing focuses attention more specifically on the value of buyer-seller relationships over time (Palmer 1996). Such relationships are usually long-term, although this may not always be the case (Christopher et al.(1991), Copulsky and Wolf (1990), Gronroos (1994), Gummersson (1987),(1990)).
Christopher et al. (1991) claims that relationship based marketing and the resulting long-term retention of customers leads to significantly improved financial performance and market performance. Relationship marketing represents a new opportunity for organisations to gain a competitive edge in the turbulent business environment of 1990s. In this situation, high quality products and service alone are often inadequate for companies to gain a competitive advantage (Palmer, 1996).

Gronroos (1994) suggests relationship marketing is moving away from the restricted focus on the management of the marketing mix to one that emphasises the development and management of relationships with identified customers. The new focus is not on immediate transactions. But is based upon building, supporting and extending customer relationships (Mattyssens and Van den Bulte, 1994).

Relationship marketing differs from transactional marketing as the focus of relationship marketing is on interactive marketing; with the 4Ps (price, product, promotion and place) in a supporting role (Gummesson, 1994). Czepiel (1990) believes that a relationship only exists when an individual exchange is assessed not in isolation, but as a continuation of past exchanges which are likely to continue in the future.

### 2.1.2 Main Influences of Relationship Marketing

The main influences of relationship marketing are given below. They are

**(A) Marketing of Services**

It began to grow as a separate subject area. There is recognition of the importance of relationship marketing played in delivering services relating to marketing. The term ‘relationship marketing’ was first used by Berry (1983) when writing about the marketing of services. Thus, the marketing of services provided strong base to relationship marketing theory.

**(B) Customer Service Quality**

Parasuraman, A., Zeithaml, V., and Berry, L (1994) developed the theory around service quality with their technique SERVQUAL (service quality). The interest in service quality led to studies of internal marketing, as the vital role played by employees in overall customer satisfaction became clear. This in turn became another important part of relationship marketing.
(C) Customer Retention Studies

Some research studies were concentrating on service quality and overall performance; others were exploring the implications of this in terms of long term customer retention. Rogers (2001) and Reichheld and Sasser (1990) have undertaken much research to explore the value of long term customer retention and the link between customer satisfaction and retention.

(D) Industrial (B2B) Marketing

Research studies in this area have played a major role in the development of relationship marketing theory. Industrial marketing has taken a different route from the 4 P’s (price, product, promotion and place) approach of consumer marketing. Marketing approach is based around a decision-making unit within the organisation. Companies wishing to sell into industrial products would need to understand clearly the roles of the various people being involved in the purchase decision.

(E) Industrial Networks

Research studies in this area have been led by the industrial marketing and purchasing group. Their research led to the development of the interaction approach to help to understand and explain how networks of relationships both within and between organizations contributed to overall business effectiveness (Ford, 2002). The idea of inter organisational relationships made up of networks of smaller individual relationships has played important role in the development of relationship marketing theory.

(F) Supply Chain Management

Supply chain management area is linked to industrial networks. Traditionally, distribution has fallen under marketing but now it rest on supply chain management. With increase in competition, an effective supply chain adds value for customers. Companies like Tesco and Toyota have been quick to recognise this and use it for competitive advantage. The careful management of relationships within the chain has become another important contributor to relationship marketing.
(G) **Total Quality Management**

This aspect has significant influence on the development of relationship marketing theory. Total quality management and relationship marketing are concerned with customer perceptions and customer satisfaction. This entails a clear appreciation of internal marketing that envisages the whole company as having concern for customers and not just the marketing department becomes customer-oriented.

All of these subject areas developed as separate research areas in their own right, but all of them have a strong influence on the development of relationship marketing. The underlying theme is the consideration of customer added value and satisfaction brought about through the successful management of long-term relationships.

### 2.1.3. Research Studies on Relationship Marketing

Nagasimha Kanagal (2000) studied the role of relationship marketing as competitive marketing strategy which includes guide moments of truth, improve profitability, build partnering, address ‘Customer better’, buying of customer attention, protect emotional well-being understand consumer psyche and build trust with customer. All these roles are observed empirically in the hotel industry, with some hotels placing emphasis on their extraordinary operations and services to engage with the customer.

Jagdish N. Sheth and Atul Parvatiyar (2000) said that relationship marketing is considered as a paradigm shift in both academic and practitioner literature. However, despite its popularity, relationship marketing has not yet evolved into becoming a discipline. The authors propose focus on areas to help relationship marketing evolve into a discipline. They have compared the successful evolution of consumer behaviour, services marketing and marketing strategy with the failure of international marketing, social marketing and business marketing as a discipline.

Dibb and Meadows (2001) examined the development of relationship marketing in the retail banking industry. They defined ‘Relationship marketing’ in service perspective, as a process which involves attracting, maintaining and enhancing
the relationship between a customer and a financial service provider. They conducted a qualitative study of four cases related to the application of relationship marketing in the retail banking industry. In their research paper, they cited the intangibility and complexity of financial services and unsophisticated customers as the reasons for the importance of relationship marketing in financial service industry.

Shainesh G and Ramneesh Mohan (2001) examined the status of customer relationship management in India. The research was exploratory in nature and adopted a two stage process. During the first stage, 73 managers of service firms operating in India were surveyed through respondent administered questionnaires. In the second stage, managers of selected firms in each category of services were interviewed to understand the relationship marketing practices adopted by them. They found that the information technology and telecom sector is at the forefront of adopting a formal quality management organisation. Most of the players in the finance and hospitality sector report having some methods in place to ensure quality management initiatives. At a broad level, most managers believe that they understand most of the interactions between customers and their business processes.

Magdolna Vas (2001) analysed the linking points of relationship marketing and the network economy considering that new technology and aspects are making radical changes in internal and external corporate mechanisms and priorities. Globalisation, network based communication and information systems have resulted in changing the focus of partner and consumer management. The new paradigm is called relationship marketing, the development and maintenance of long-term, cost-effective relationships with individual customers, suppliers, employees and other partners for mutual benefit. This strategy also benefits the bottom line, because retaining customers cost much less than acquiring them.

Arun Sharma and Jagdish N. Sheth (2002) studied the importance of relationship marketing in the effective functioning of marketing organisations. The objective was to integrate the conceptual and empirical research in the area of business markets. It has been suggested that academic research is undergoing a paradigm shift in marketing from transaction marketing to relationship marketing. In practice, firms are also regarding relationship marketing as critical for sustaining competitive advantage.
Patricia Sorce (2002) examined the impact of relationship marketing strategy on the demand for customized communication through printing. An exploratory study of 160 adults was conducted to determine their preferences for common relationship marketing tactics such as receiving mail from businesses they patronize, getting e-mail notices of sales, joining frequent buyer programs and use of customer service phone lines. The results indicated that catalogues and direct marketing were viewed very favourable by the respondents. Commercial e-mail messages were viewed somewhat less favourable. Relationship marketing strategies will be successful if customer communication preferences are part of the customer profile database of a firm.

Sin L.Y.M et.al (2005) studied the relationship marketing concept and Relationship marketing orientation using a survey design. Data were collected from firms in two Chinese economies. It was found that firms wishing to improve their relationships with customers need constantly to monitor their behaviour and internal processes. Periodic measurement of a firm’s Relationship marketing orientation could help managers track changes over time. Furthermore, top management can use this framework to develop relevant and effective marketing strategies and tactics.

Sabine Flambard-Ruaud (2005) attempted to bridge the gap in existing literature as no adequate conceptual framework exists as yet. The aim of this exploratory research study is to contribute to the knowledge of the reasons for the emergence of relationship marketing in western economics and makes a brief comparison of the study of relationships in western and eastern literature so as to identify how culturally-based relationships are formed. This exploratory study has taken a step forward towards better understanding of the ways in which relationship marketing has emerged in the western economy and suggests a few rules which need to be observed in order to apply it efficiently in emerging countries.

Shelby D. Hunt, Dennis B. Arnett and Sreedhar Madhavaram (2006) studied the explanatory foundations of relationship marketing theory. They have found that although relationship marketing is a relatively young field of inquiry, relationship marketing theory is an extremely rich area of research. Relationship marketing can take many forms and as a result relationship marketing theory has the potential to increase one’s understanding of many aspects of business strategy.
Eisingerich and Bell (2006) were of the opinion that effective relationship marketing will be critical in case of financial service providers as the services provided by them are complex, customised and delivered over a continuous stream of transactions. Many buyers are relatively unsophisticated about the service, i.e., they lack the technical knowledge and experience to evaluate technical service outcomes. Furthermore, client’s lack of technical knowledge regarding the outcomes can bias or obstruct their service quality perception and can affect their degree of confidence in a financial service provider. In this sense, one of the primary concerns of the financial service providers is to develop a long-term relationship with the customers.

Nicolae Al. Pop and Corina Pelau (2007) studied the dimensions of relationship marketing in the Romanian bank sector. The perspectives of the implementation of a relationship marketing concept in the Romanian companies are related with a change of mentality in the attitude of the served public. The Romanian entrepreneur has to become more selective, by choosing the most profitable customers and giving the best in marketing in order to satisfy their needs.

Andrei Maxim (2009) addressed two problems concerning the status of relationship marketing, with reference to previous research and the commercial practices of Romanian companies. The first part of the analysis refers to the paradigm status of relationship marketing. Established authors advocate for a new paradigm in marketing thinking. However, there are also opinions according to which relationship marketing represents only a new dimension that can be added to the existing transactional paradigm. The second part of the analysis focuses on the possibility of a paradigm shift occurring. A survey targeting Romanian companies was conducted in order to support the ideas. The study is based on the methodology developed in the international research project contemporary marketing practices (CMP). Hence, relationship marketing has the potential to become the dominant paradigm without a total rejection of the marketing mix theory. However, a paradigm shift has yet to occur in the practices of Romanian companies.

Ganguli Shirsendu, Eshghi Abdolreza and Nasr Bechwati Nada (2009) described research themes in relationship marketing and offer a critical evaluation of each major themes, contexts and weaknesses. They have stated that the aim of relationship marketing is to have long term positive effects on the business with
optimum resource utilization through constant interaction, extensive networking and co-operation among all members with proper commitment to create superior value for all stakeholders in a trustworthy environment.

Shaker T, Ismail and Basem, Y. Alsadi (2010) explored the theoretical foundation of relationship marketing concept and examined the effect of utilizing and adopting this concept on organisational performance indicators from the perspective of several high educational institutions experts and academic staff. They have found that there is a positive relationship between relationship marketing concept and organisation performance indicators.

Aurelian A. Bondrea, Daniel Adrian Gardan and Iulian Petronela Geangu (2010) pointed out some main characteristics of the marketing planning process in relationship marketing. They considered that the process of planning has to be carried out by all the members of the strategic network-suppliers, partners, customers, institutions, etc. It requires an extensive investigation the extent in which the planning process may be or should be harmonized among different partners, in terms of relationships with individual customers.

Jacob S. Oboreh, Umukoro G. Francis and Ayozie Daniel Ogechukwu (2012) studied the relationship marketing as an effective strategy by Igbo managed Small Medium Enterprises in Nigeria. They have found in the Small Medium Enterprises industry and the Igbo operated Small Medium Enterprises whether small, medium or large, have accepted that one sure way of survival is to accept, use and adopt the relationship marketing concept and the strategies. The managers of these Small Medium Enterprises especially the literature ones are aware of the principles, practices and philosophy of the relationship marketing concept, and with the increasing competition, the rate of acceptance, usage adoption and implementation of the relationship marketing concept is fast growing.
2.2. Conceptual Perspectives and Research Studies Related to Variables of Relationship Marketing

2.2.1. Conceptual Perspectives on Trust

Trust has been universally accepted as a basis for any human interaction or exchange and its influence on communication, feedback, problem solving, effective delegation and the acceptance of common goals and sharing of responsibility has been reported in a number of studies (Crosby et al, 1990; Gundlach and Murphy, 1993; Morgan and Hunt, 1994).

Ever since Dwyer, Schurr and Sejo Oh (1987) emphasized the importance of trust in marketing relationships, it has been a central construct in research on business to business sales and service relationships, as well as the consumer service relationships. The researchers observe, “Trust is strengthened if partners are responsive in ways that acknowledge an individual’s particular needs and affirm their sense of worth”. In services marketing, Berry and Parasuraman (1991) find that “Customer company relationships require trust”. Indeed, they contend, “Effective services marketing depends on the management of trust because the customer typically must buy a service before experiencing it”.

2.2.2 Research Studies on Trust

Kasper-Fuehrer and Ashkanasy (2001) said that trust results from experiencing fair behaviour by the other party together with acceptance of the other party’s rights and interests. Additional factor implicit in the destination of trust is the role of ethical behaviour. Any change in a person’s value system, causes a change in behaviour and thus influences trust. Trust also indicates a joint undertaking with a level of understanding of shared business practices between the parties. Finally trust implies that the participants contribute to and gain from the final outcome, and this awareness of common interest and mutual benefit results in a foundation of goodwill.

According to Jeffrey Shuman (2002), the creation of shared goals and strategy, especially in the initial stage of a relationship, facilitates collaboration on the level of the individual and on the level of the community as a whole. As such a common business understanding provides an essential condition for the development of trust within the relationship. This understanding fosters mutual goal setting, a willingness
to share information and the creation of interpersonal trust. Communicating the importance of trust worthiness and the qualities it takes to create it throughout the collaborative community underlies trust building.

Sridhar. K (2004) identified trust as an important part of the culture which involves embedding way of the issues into procedures, policies and practices. He emphasized on the trust based strategies for the benefit of long term relationship. Relationship based on high degree of personal contact often benefit as they result into reduced perceived risk, contractual safe guards, customer confidence, emphasize competence and commitment of the customer.

According to Chaturvedi and Chaturvedi (2005), trust is conceptualized as a reciprocal orientation and interpretive assumption that is shared. It has the relationship as the object and is symbolised through international action. Trust is related to a partner’s perception of the other partner’s abilities, knowledge, expertise, motives and intentions. It covers the actions that partners will take in the relationship.

Beauyean, Davidson and Madge (2006) supported the Mckinsey research in Belgium, Germany and Italy. Positive deviants play an important role for winning customer’s trust. These deviants occur when customer has a problem or financial advice either good or bad. By contrast, humdrum transactions generally don’t offer the same opportunity to create an emotional bond with the customer. Many companies make the mistake of over investing in humdrum transactions but fail to differentiate themselves in the customer experiences that really matter.

Ennew and Sekhon (2007) stated that intangibility, complexity and the long-term nature of financial services force the customers to look for trust in financial service providers. According to them, image and reputation, benevolence, integrity, expertise, shared values and communication of a financial service provider are the main antecedents of building trust among their customers. They cited Ken Ferguson’s statement that, “more than half of the bank customers believe that, having a relationship of trust is more important than getting the best value for their money”.

In summary Researchers have proved that long term relationship, reputation, communication and commitment have an impact on the customer trust.
2.2.3 Conceptual Perspectives on Commitment

Similar to trust, commitment appears to be one of the most important variables for understanding the strength of relationship marketing and it is a useful construct for measuring the likelihood of customer loyalty as well as for predicting future purchase frequency (Dwyer et al; 1987; Gundlach et.al; 1995; Morgan and Hunt, 1994). While commitment is the most common dependent variable used in buyer-seller relationship studies (Wilson, 1995), there has been no agreement as to the proper measurement scale to use for this multidimensional construct (Hocutt, 1988). Furthermore, to date, there has been a lack of attention to the paucity of consumer research on the definition and measurement of commitment (Kelley and Davis, 1994; Morgan and Hunt, 1994).

In the relationship marketing literature, commitment has been described in many ways. The term ‘valued relationship’ emphasized the belief that commitment exists only when the relationship is considered important. This implies a higher level of obligation to work a relationship and to make it mutually satisfying and beneficial (Gundlach et al, 1995; Morgan and Hunt 1994) since commitment is higher among individuals who believe that they receive more value from a relationship, highly committed customers should be willing to reciprocate effort on behalf of a firm due to past benefits received (Mowday et al 1982).

Definitions of commitment focus on the enduring desire of parties to maintain a relationship (Morgan and Hunt 1994). Kellin, Donnelly and Skinner (1990) state “the organizational commitment of service customers is indicative of the organization’s likelihood of developing or maintaining customer identification with organizational goals and values and retaining the service customer as an active participant in the service encounter”. According to Kelley and Davis (1994) the need for the customer participation in the delivery process makes the concept of commitment especially relevant to services. Wilson and T. David (1995) describe commitment as an enduring desire to make maximum effort to maintain relationship. Morgan and Hunt further argue that trust is the cornerstone of relationship commitment.

Wilson (1995) asserts that commitment implies the importance of the relationship to both parties. He sees it as a critical variable in measuring the future of a relationship. Commitment enables discrimination between ‘stayers and leavers’.
Commitment and trust are influenced by the communication received and the perceived benefits associated with relational exchanges. However, they in turn influence a number of outcomes such as co-operation and the propensity to leave a relationship (Christy et.al. 1996, Fullerton G 2003).

2.2.4 Research Reviews on Commitment

Pierre Chenet, Caroline Tynan and Arthur Money (2000) studied the service performance gap and tested redeveloped casual model. Data were collected from two European airlines. A postal survey of 600 customer contact employees produced 193 respondents, an overall response rate 32 percent. It was found that the service performance gap was influenced both directly and indirectly by a significant number of critical factors including trust, commitment and co-operation.

Roger Bennett and Helen Gabriel (2001) studied relationships between a supplier’s corporate reputation, trust in the supplier, co-operation, buyer commitment and willingness to undertake relationship-specific investment. A sample of 144 customers in three United Kingdom seaports are taken for the survey. It was found that reputation constituted a pure moderator vis-a-vis the influences of trust on commitment and on relationship. Specific investments and adaptations of business system.

Alhassan G. and Abdul-Muhmin (2002) examined the effects of supplier’s marketing program variables on relationship satisfaction and commitment. Results of a survey conducted among buyers of manufacturing establishments in the eastern province of Saudi Arabia indicated that only the product and price related variables of foreign suppliers’ marketing program variables are significantly related to the buyers’ relationship satisfaction and commitment.

Ivana Adamson, Kok-mun Chan and Donna Handford (2003) examined the commitment trust dimension of the relationship marketing paradigm in the Hong Kong’s corporate banking sector. The findings showed that the Hong Kong banks’ marketing strategy and a long-term orientation were positively correlated with
customer commitment and trust; communications and relational norms were positively correlated with trust; relationship benefits were positively correlated with customer commitment and the banks’ reputation was negatively correlated with trust and commitment.

Gordon Fullerton (2005) investigated the extent to which two components of customer commitment (affective commitment and continuance commitment) both enhance and undermine customer loyalty. This model was examined in a survey of customers in three service settings; financial services retail-grocery services and telecommunication services. The findings were that commitment serves as a partial mediator of the service quality-loyalty relationship. It was also found that affective commitment made a negative impact on switching intentions and a positive impact on advocacy intentions in all three service settings. Continuance commitment had mixed effects on switching intentions and made a negative impact on advocacy intentions. At the same time, there was an interactive effect between the two components of commitment such that continuance commitment depressed the positive effects of effective commitment on both dependent variables.

Hari Vasudevan, Sanjaya S. Gaur and Rajesh Kumar Shinde (2006) attempted to understand the impact of relational switching costs, satisfaction and commitment in the Indian manufacturing context. The data for this study were collected from the small and medium size manufacturing firms located in and around Mumbai. A total of 67 CEOs / business heads were randomly selected and personally interviewed with the help of a structured Questionnaire. The findings strengthen the view that small and medium enterprises need to invest in relationships so that such investments are turned into relational switching barriers and they would thereby help in increasing customer retention. It also shows that if relational switching costs are higher, then even if satisfaction is lower the customer is less likely to terminate the relationship.

Russel P.J. Kingshott and Anthony Pecotich (2007) examined the impact of psychological contracts on trust and commitment in supplier-distributor relationships. A sample of 343 distributor firms within the motorized vehicle industry was used to test a model developed on the basis of social exchange theory. The findings were that psychological contracts are perceptual in nature and encompass reciprocal obligations stemming from the relational marketing efforts between suppliers and distributors. This construct was shown to have a positive impact upon
the level of trust and commitment within the relationship. However, perceived violations of the contract terms found to reduce the distributor’s level of trust.

Gilles N’Goala (2007) studied the effects of perceived equity, trust and relationship commitment on customer switching resistance. A survey was conducted in the financial service industry on a sample of 1,999 consumers (retail banking) and then conceptualized and measured customer switching resistance in several critical situations. The findings demonstrated that perceived equity, perceived reliability, perceived benevolence, affective commitment and calculative commitment do not influence customer switching resistance the same way. For instance, calculative commitment, which is an evaluation of the costs associated with leaving the service provider enhances customer switching resistance in three critical situations (service encounter failures, pricing problems), whereas it leads to relationship disengagement in two other critical situations inconvenience, changes in the consumer or service provider situation.

Tor W. Andreassen and Line L.Olsen (2008) studied the impact of customer’s perception of varying degrees of customer service on commitment and perceived relative attractiveness. Data were collected through a survey among bank customers. Two groups were sampled: customers who have experienced good or bad customer service. The hypotheses were tested by applying structural equation modelling and running two group analysis using the PLS (partial least squares) and LISREL (linear structural relations) software. Customers that experience bad customer service do take into account the same variable in their evaluation as do customers that experience good customer service. However, they do put different weights on every factor in the evaluation process. Also the strength of the relationships between the variables seems to differ. Typically, analysis showed that customers experiencing bad customer service tend to consider more thoroughly all aspects of the service. The relationships between the variable were stronger and the explained variance of each construct higher than in the group of customers experiencing good customer service. However, the paths are not different across the group.

Tim D. Jones, Shirley F. Taylor and Harvir S. Bansal (2009) in their prototyping study investigated targets of commitment in service provider consumer relationships. Exploratory research into the commitment construct in service
relationships is conduct using a prototyping approach. The results of the prototyping analysis give us preliminary evidence to suggest that the three targets of commitment while related are independent. Each target of commitment has a number of unique and central attributes.

Irene Gil-Saura and Maria-Eugenia Ruiz-Molina (2009) studied customer segmentation based on commitment and ICT (Information and Communication Technology) use. A CHAID (Chi-Square Automatic Interaction Detector) algorithm is performed and differences between the resulting segments are tested through the analysis of variance. The findings were four segments are obtained that differ significantly in commitment to the retailer and level of use of the store’s information and communication technology (ICT) facilities, as well as in other variables related to the retailer-customer relationship. In particular, customer segments differ in their use of retailer’s payment facilities.

Ike-Elechi Ogba and Zhenzhen Tan (2009) examined the impact of brand image on customer commitment in china. A quantitative approach was employed, using 26 item, 7-point liker’s scaled questionnaire administered to 250 participants with 40 percent usable response rate. The finding was that brand image has positive impact on customer expression of loyalty and commitment to market offering.

Tim Jones, Gavin L. Fox, Shirley F. Taylor, and Leandre R. Fabrigar (2010) studied the role of three forms of customer commitment (affective, continuance and normative) on a variety of loyalty-related customer responses. Data were collected from 348 consumers. Results of structural equation modelling analyses indicate that affective commitment is the primary driver of the customer responses and mediates the effects of normative and continuance commitments.

Narumon Kimpakorn and Gerard Tocquer (2010) identified factors that predict customer’s brands relationships and to explore the links between service brand equity and employee brand commitment. Two surveys were conducted to achieve the research objectives. The first survey objective was to measure brand equity using a sample of 250 international customers of five-star hotel in Bangkok. The second survey objective was to collect information regarding employee brand commitment in each selected hotel using a sample of 250 employees. Results showed that hotels belonging to the same category have different brand equity and that brand
differentiation and brand trust are the variables that have the major influence on customer brand relationships. Perceived service quality and associations related to hotel care services are not related to brand relationships. High hotel brands equity has a stronger level of employee brand commitment than low hotel brands equity.

Li-Wei Wu (2011) studied the relative importance of location convenience, interpersonal relationship and commitment across service types. The findings are that search and experience attribute services that can develop and maintain close interpersonal relationships with their customers are more likely to retain dissatisfied customers.

Mohammad Ahmad Al-Hawari (2011) highlighted the significance of automated service factors, customer trust and delight in customer commitment within the United Arab Emirates banking context. A survey was designed and data collected through the mall intercept method. The findings are that automated factors have a direct and positive influence on customer delight, which in turn has a direct influence on both customer trust and customer commitment. Customer trust is also related positively and directly to customer commitment.

Chris Mason and John Simmons (2012) developed a conceptual framework to show how service provider value propositions and customer purchase decisions represent the offer and acceptance of psychological contract. Analysis showed how alignment of different types of value proposition with consumer expectations impacts on the nature and level of consumer commitment.

Mikael Lovblad, Akmal S. Hyder and Lars Lonnstedt (2012) developed the construct of affective commitment in business-to-business relationships between customers and suppliers as well as to introduce the psychological contract as a central antecedent to affective commitment. Theories of affective commitment have been developed by focusing on the individual and incorporating relevant mental processes. A model and propositions concerning the impact of psychological contracts on affective relationship are suggested.
2.2.5 Empathy

Empathy is the ability to see a situation from another person’s perspective (Wang, 2007). It is defined as seeking to understand somebody else desires and goals. It involves the ability of individual parties to view the situation from the other party’s perspective in a truly cognitive sense (Chattananon & Trimetsoontorn, 2009). Empathy has a number of analogous meanings – the golden rule, the ethic of care and an “others” orientation. Empathetic marketers are not insensitive to the needs and concerns of the consumer. Empathy should not be equated with sympathy; marketers can be empathetic while still driving a hard bargain with customers (Murphy et al, 2007). In the personal selling literature, the empathetic abilities of the salespeople are a prerequisite for successful selling. In the service marketing literature, the component of empathy is used in developing the SERVQUAL (Service Quality) test instrument for service quality. In the networking literature, empathy has been considered as an independent variable in explaining franchisor–franchisee working relationships (Sin et al, 2002).

Empathy from a Relationship Marketing point of view deals with an understanding of customer’s expectations and is essential to success. If you do not understand your customers, you cannot serve them successfully. Customers must be understood, nurtured, and listened to. Alan Harari, President of Canada Direct, emphasized this when he stated, —If you're carrying on a dialogue with another person, you'll be much more interesting to that person if you listen and respond to what he or she has to say. This observation illustrates the importance of open and active two-way dialogue in Relationship Marketing. The appeal of relationship marketing lies in the fact that customers can express their desires and concerns and have them fulfilled or addressed. Relationship marketers must keep an open ear to their customer base and communicate openly and honestly with them.

Empathy is the dimension of a business relationship that enables the two parties to see a situation from the other's perspective. It is defined as seeking to understand somebody else's desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense (Hwang, 1987). The empathy dimension plays a major role in Chinese business relationships (Hwang, 1987) and is also apparent in Western business relationships.
(Houston et al., 1992). These indicate that empathy is a necessary condition to foster a positive relationship between two parties. Thus, the inclusion of empathy as a dimension of relationship marketing must follow.

### 2.2.6 Research Studies on Empathy

Philip E. Varca (2009) examined the relationship between empathy and role stress among front line employees. A total of 226 front line employees are taken for survey. The findings of the research study revealed that front line employees who reported more time spent in what engaged in empathetic behaviour, saw emphatic behaviour as critical to service quality and also reported significantly higher role conflict.

Apisit Chattananon and Jirasek Trimetsoontorn (2009) explored the impact of relationship marketing in a Thai context by gathering both quantitative and qualitative data. Data collected from 166 sales people working in 30 steel pipe firms in Thailand through a mail survey. They found that the sales manager endorsed four variables namely bonding, empathy, reciprocity and trust were affecting the success of relationship marketing.

Nelson Oly Ndubisi, Catheryn Khoo-Lattimore, Lin Yang and Celine Marie Capel (2011) examined the relationship between the relational dynamics, namely trust, personalisation, communication, conflict handling and empathy, and relationship quality in the banking industry of two culturally dissimilar nations—Malaysia and New Zealand. A total of 358 customers (Comprising 150 from Malaysia and 208 from New Zealand) provided the data for the study. Communication, trust, and empathy are significantly related with relationship quality in both countries, whereas personalisation has a significant impact on relationship quality in New Zealand but not in Malaysia.

Jan Wieseke, Ania Geigenmuller and Florian Kraus (2012) studied the role of empathy in customer-employee interaction. A quantitative study based on dyadic data and a multilevel modelling approach found support for two effects of empathy in service interactions. The study revealed that customer empathy strengthens the positive effect of employee empathy on customer satisfaction, leading to more “symbiotic interaction”. The findings also indicated that empathic customers are more
likely to respond to a dissatisfying encounter with “forgiveness” in the sense that customer empathy is able to mitigate negative effects of customer dissatisfaction on customer loyalty.

Velnampy, T and Sivesan S (2012) examined the relationship between customer relationship marketing and customer satisfaction. Customer relationship marketing can be measured through the variables like trust, commitment, empathy and equity. A sample of one hundred and seven customers was surveyed from three mobile service providing companies such as Airtel, Dialog and Mobitel. Results indicated that positive correlation between customer relationship marketing and customer satisfaction.

Olgun Kitapci, Ibrahim Taylan Dortyol, Zuhrem Yaman and Mustafa Gulmez (2013) determined the paths between the five SERVQUAL (Service Quality) dimensions, customer satisfaction and customer loyalty. A sample of 505 supermarket customers in Turkey was taken. They have concluded that empathy, tangibility, responsiveness and assurance are factors that are positively related to customer loyalty.

In summary the researchers have proved that empathy act as an antecedent to customer loyalty and customer satisfaction.

2.2.7 Conceptual Perspectives of Communication

Communication is defined as “the consumer’s perception of the extent to which a retailer interacts with its regular customers in a warm and personal way”. Such an interaction is reflected in the feelings of familiarity and friendship, personal knowledge, and the use of the client’s family name and/or first name on the sales spot (Naoui and Zaiem, 2010). Also communication is defined as the formal as well as informal exchanging and sharing of meaningful and timely information between buyers and sellers (Sin et al, 2002). Communication refers to the ability to provide timely and trustworthy information.

Today, there is a new view of communications as an interactive dialogue between the company and its customers, which takes place during the pre-selling, selling, consuming and post consuming stages. Communication in relationship marketing means keeping in touch with valued customers, providing timely and
trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs. It is the communicator’s task in the early stages to build awareness, develop consumer preference (by promoting value, performance and other features), convince interested buyers, and encourage them to make the purchase decision. Communications also tell dissatisfied customers what the organization is doing to rectify the causes of dissatisfaction. When there is effective communication between an organization and its customers, a better relationship will result and customers will be more loyal (Ndubisi 2007). Bidirectional communication leads to a strong relationship satisfying both parties, which in turn leads to increased loyalty. Communication should be proactive rather than just reactive (Boedeker, 1997) and it has three sub constructs. These are the frequency, relevance and timeliness of communication from the organization to the customer (Macmillan et al, 2005).

Duncan, Tom; Moriarty, Sandra E (1998) proposed a communication- based model of relationship marketing and discussed how communication is the foundation of the ‘new’ customer focused marketing efforts. Although communication always has been a critical element in marketing, the authors showed how the increase in interactivity makes communication an even more valuable element of marketing by identifying those many points that link the two disciplines.

Communication, especially the timely communication, fosters trust by assisting in solving disputes and aligning perceptions and expectations. Research on relationship marketing also highlights the importance of information exchanges in business relationships. Mohr and Nevin (1990) call communication “the glue that holds together a channel of distribution”. Anderson and Narus (1990) stress the crucial role of communication in the formation of cooperation and trust in partnerships. Morgan and Hunt (1994) find that communication has a positive and an indirect impact on the retailer supplier relationship commitment in the automobile tyre industry.

The important part of any communication model is feedback, by which the receiver’s response is made known to the sender. Schramm (1973) describes feedback as a “reversal of the flow, an opportunity for communicators to react quickly to signs
resulting from the signs they have put out”. Feedback is central to two way communication, without which there is no dialogue.

Two parties should collect the information about various aspects to initiate the exchange process. The company must know what the customer wants and the customer must be aware of everything the company has to offer. The interaction appears in the form of exchange episodes such as information, financial transaction and social exchange in both directions. These different episodes are essential to maintain, develop and to build strong financial and social bonds, which influence the decisions of each organisation in the business relationships. The need to interact may arise from a desire to increase the efficiency of financial transactions and communications.

### 2.2.8 Research Reviews on Communication

Poul Houman Andersen (2001) developed a model which integrates the development of marketing relationships with marketing communication practice. The model used a case study from a Danish bank as a reflective device. A range of communication tactics has been reviewed in connection with the framework presented. By providing an approach to the task of marketing communication, this model can inspire relationship marketing practitioners who are developing their game plan for attracting new customer relationships.

Kasthuri Poovalingam and Dayaneethie Veerasamy (2007) examined how communication is currently being employed in the cellular industry to improve service to customers in an attempt to establish a long-term relationship with them. This was a quantitative cross-sectional study where the survey method was employed using a simple random sample. The findings indicated that the majority of cellular phone users were satisfied with the communication efforts of their service provider and that the communication tools used by the service providers were effective in promoting relationship marketing.

Dayaneethie Veerasamy (2010) studied the role of communication in promoting relationship marketing within the cellular industry in South Africa. The findings of this study indicated that customers must understand and be informed of the future direction that their service providers will take. Since service is the nerve
centre of any organisation, service providers must improve on their service to customers by conducting regular satisfaction surveys to get feedback from customers and monitor their attitude.

2.2.9 Conceptual Perspectives of Service Quality

The research literature on service quality has identified numerous models by different researchers across the world. However, the SERVQUAL (Service Quality) instrument (Parasuraman et al., 1988), a 22-item scale that measures service quality along five factors, namely reliability, responsiveness, assurance, empathy and tangibles, forms the foundation on which all other works have been built.

Scholars have advanced, modified versions of their Parasuraman, Zeithaml and Berry’s (1994) five-factor American model or Gronroos (1982) two-factor Nordic model or the three component model of Rust and Oliver (1994), whereby service quality is defined by either or all of the customer’s perception regarding an organization’s technical and functional quality; the service product, service delivery and service environment; or the reliability, responsiveness, empathy, assurances and tangibles associated with a service experience.

In a study addressing the relationship between service quality and satisfaction, Spreng and Mackoy (1996) tested a model developed by Oliver (1994). Oliver’s model integrates the two constructs and suggests that perceived service quality is an antecedent to satisfaction. Spreng and Mackoy’s results indicated that service quality leads to satisfaction. It further highlights that service quality and customer satisfactions are inarguably the two core concepts that are at the crux of the marketing theory and practice.

2.2.10 Research Studies on Service Quality

Michael K. Brady and J. Joseph Cronin Jr. (2001) found that the service quality construct conforms to the structure of a third-order factor model that lies service quality perceptions to distinct and actionable dimension like outcome, interaction and environmental quality. In turn, each has three sub dimensions that define the basis of service quality perceptions. The authors further suggested that for each of these sub dimensions to contribute to improved service quality perceptions.
The quality received by consumers must be perceived to be reliable, responsive and empathetic.

Valarie A. Zeithaml, A. Parasuraman and Arvind Malhotra (2002) examined service quality delivery through websites. The overwhelming majority of measurement scales have been developed in business, either by individual companies or by consulting firms that sell the scales to businesses. It was found some of e-service quality’s dimensions are similar to those of service quality; others are entirely new or consist of new sets of attributes unique to the context of websites.

Carme Saurina and Germa Co Enders (2002) predicted overall service quality using a structural equation modelling approach. The two dimensions relating to the behaviour of employees have the greatest predictive power on overall quality and satisfaction rating, which enables managers to use a low-cost reduced version of the questionnaire to monitor quality on a regular basis. It was also found that satisfaction and overall quality were perfectly co related thus showing that customers do not perceive these concepts as being distinct.

Chatura Ranaweera and Andy Neely (2003) presented a holistic model of customer retention incorporating service quality perceptions, price perceptions, customer indifference and inertia. Data from a large scale postal survey of telephone users in England showed that perceptions of service quality have a direct linear relationship with customer retention even in mass services with low customer contact. Price perceptions and customer indifference too were found to have a direct linear effect on retention. Furthermore, it was also seen how both price perceptions and customer indifference moderated the relationship between service quality perceptions and customer retention. A linear relationship between inertia and customer retention was not found.

Sanjay K Jain and Garima Gupta (2004) assessed the diagnostic power of the two service quality scales viz; SERVQUAL (Service Quality) and SERVPERF (Service Performance). Using data collected through a survey of consumers of fast food restaurants in Delhi, the study found the SERVPERF scale providing a more convergent and discriminate valid explanation of service quality construct. However, the scale is found deficient in its diagnostic power. It is the SERVQUAL scale which
outperforms the SERVPERF scale by virtue of possessing higher diagnostic power to pinpoint areas for managerial interventions in the event of service quality shortfalls.

Harsh V. Verma (2004) attempted to explore the relative importance of service quality dimensions across a selected service context. The data for the study was obtained through a non-disguised-structured questionnaire. The results suggested that

1) All the service quality dimensions are equally important as no proper order of their importance could be established.

2) The service performance in relation to the expectations’ is poor in respect of nearly all the dimensions and in all the selected services and

3) The nature of service does not seem to have a role in establishing an order of importance of the dimensions.

Deborah Christine Widjaja (2005) examined how to manage service quality in hospitality industry through managing the moment of truth or service encounter. The analysis is done by referring to some problems and challenges in managing service encounters. Service encounter or the moment of truth is one of the predictors of service quality. It is a point in service delivery when there is an interaction between the service employee and the customer. Therefore, accomplishing a positive service encounter is very important.

Bhagyalakshmi Venkatesh and Nargundkar (2006) examined the service quality delivered by four major airlines in India on the back drop of stiff competition in the airline service sector. A survey was conducted to find out the perceived service quality of frequent fliers on each of the four airlines across a series of service performance variables. It was found that the airline brands were positioned in a perceptual space, where the service attributes were also mapped. Clear differences emerged among the airlines with two of them perceived as being similar to each other and the other two differing in many respects.

Subhashini Kaul (2007) examined the retail service quality scale (RSQS) developed in the United States of America for applicability in India. Data using a survey questionnaire from 144 adult shoppers at large apparel stores in the city of Bangalore indicated that
1) The retail service quality scale dimensions and sub-dimensions are not clearly identifiable.

2) Retail service quality scale has limited diagnostic application and

3) Retail service quality scale is inappropriate for application in Indian retail.

Senga Briggs, Jean Sutherland and Siobhan Drummond (2007) examined service quality across small, medium and large hotels in Scotland to establish management and customers’ current perceptions of service quality performance. Empirical findings indicated that service is being lost by the focus of the Scottish Question Answer scheme on tangibles and there are major inconsistencies in service quality performance across the sector.

Anat Rafaeli, Lital Ziklik and Lorna Doucet (2008) identified specific customer orientation behaviours (COBs) of call centre employees and showed that these behaviours relate to customer evaluations of service quality. Using qualitative inductive analyses of 166 telephone service interactions in a retail bank call centre, they identified five types of customer orientation behaviours (COBs) are:

a) Anticipating customer requests.

b) Offering explanations/justifications.

c) Educating customers.

d) Providing emotional support. and

e) Offering personalized information.

Using deductive analyses, the researcher showed that customers rate the quality of service interactions higher when service providers employ customer orientation behaviours (COBs). The qualitative findings contribute to the understanding of the specific employee behaviours associated with service quality, and the quantitative findings validate the importance of these behaviours.

Ishmael Mensah (2009) analysed customers’ perception of service quality in the food service sector in Cape Coast municipality, an important tourist destination in Ghana. A survey of 101 customers of food service facilities revealed that there was a negative service gap between customers’ expectations and perception of service
quality. The expectations of forty percent of the respondents were not met and this was attributed mainly to the attitude of employees and long waiting periods.

Ravichandran K, Prabhakaran S and Arun Kumar S (2010) examined the influence of perceived service quality on customer satisfaction using an adaptive Bayesian framework in private sector banks. A descriptive research was used to gain an insight into consumer’s perceived service quality offered by private banks with respect to file dimensions of SERVQUAL scale. The sample size used was 500 respondents. They have concluded that increase in service quality of the banks can develop customer satisfaction which ultimately retains valued customers.

Muhammad Asif Khan (2010) examined the dimensions of users perceived service quality of cellular mobile telephone operators in Pakistan. Convenience sample of 800 mobile phone users were used to collect the data. The adopted Service Quality with additional dimensions was found to be valid instrument to measure service quality in mobile phone services. The dimensions of tangible, assurance, responsiveness, empathy, convenience and network quality found to have positive and statistically significant relationship with mobile phone user’s perceived service quality. Convenience and network quality dimensions found to be relatively most important dimensions affecting user’s perception. The dimension of reliability did not reflect significant effect on customers’ perception of quality.

Mohammad Mizenur Rahaman, Abdullah and Ataur Rahman (2011) highlighted the important service quality gaps associated with external customer services in the banking services of the Bangladesh especially in (PCBs) private commercial banks. Another aim of this research study was to point out how management of service improvement can become more logical and integrated with respect to the prioritized service quality dimensions and their effect on increasing or decreasing service quality gaps. In this research study, 310 customers of different Private Commercial Banks were selected randomly throughout the Dhaka city. It is interesting to note the aspect of services of PCBs in Bangladesh that used as determinants of quality of services of bank. The research on measuring service quality has focused primarily on how to meet or exceed the external customer’s expectations, and has viewed service quality as a measure of how the delivered service levels equalize consumer’s expectations.
Ravi Kant Sharma, Raj Kumar Goel and Bansal (2011) focused on developing a valid and reliable instrument to measure customer perceived service quality and to compare these between Indian and Chinese insurance companies. Data were gathered through email from customers in China and India. A total of 145 questionnaires were collected in China and 242 questionnaires were collected in India. The study found that although both the countries are operating in similar service environment, but the responses to these service quality components differ from customers of one country to another.

Annamalai Solayappan, Jothi Jayakrishnan and Sethu Velmani (2010) investigated the perception and expectation of patients regarding hospital services by using service quality gap model. A purposive sample of 300 respondents has been selected who already have experience in the hospital as in-patients. It is found that there is a huge gap in the hospital services like physical appearance, lack of interest in solving problems and personal care.

Ivana Blesic, Andjelija Ivkovic-dziguzki, Ugljesa Stankov, Igor Stamenkovic and Milan Bradic (2012) examined the concept and measurement of quality of service in the hotel sector. The research was conducted in hotels sector. It was conducted in three star hotels which are located in the most visited spa centres in Serbia. The sample included 130 males and 165 females among the respondents. The results of the research showed that guests are not generally satisfied with hotel services. Their expectations were higher than perceptions of quality services in all factors, except the factor of empathy where the positive value of the gap is the result of low expectations.

Amjad Abu ELSamen and Muhammad Alshurideh (2012) examined the impact of internal marketing (IM) on the perceived internal service quality. Data was collected from 225 employees working in Jordanian Pharmaceutical Company. The results indicated that there is a positive relationship between internal marketing dimensions and perceived internal service quality in varying magnitude. It will also found that the dominant dimension of internal marketing was found to be recruitment with the stronger impact on all perceived internal service.

Shaflq Ur Rehman (2012) investigated the perceived service quality of public and private sector university libraries of Pakistan from its user’s perspective. The data were collected through LIBQUAL print questionnaire from 1473 library users of 22
public and private sector university libraries of Pakistan. It was found that there is a significant difference on service quality between private and public sector university libraries. Small collection creates small expectations and it is easy to meet or satisfy the needs of the users of small collection.

Arun Kumar G, Manjunath S J and Chethan K.C (2012) examined the service quality influence on patient loyalty in Apollo hospital of Mysore. The data has been collected from 185 respondents by using structured questionnaire. The results revealed that all the four dimensions viz; responsiveness, empathy reliability and tangible were positively related to patient’s loyalty.

Aluregowda (2013) studied on retail service quality and its effect on customer perception. The research used Red Supergiants (RSGs) scale at Big Bazaar super market in Mangalore city. The data was collected from 200 respondents using Likert scale. The results revealed that all the five dimensions of retail service quality like reliability, personal interaction, physical aspects, problem solving and policy were positively significant to customer perception.

Wen-Jung Chen and Mei-Liang Chen (2013) investigated:
1) The strategies and actions for relationship marketing.
2) The constructs for corporate image and service quality improvement.
3) The effect of relationship marketing on corporate image and service quality.
4) The interrelation between corporate image and service quality.

Through expert interview and survey, this research study discovered that relationship orientation positively affects customer perception of the corporate image of hotel and service quality.

Ching-Sheng Chang, SU-Yueh Chen and Yi-Ting Lan (2013) studied service quality, trust and patient satisfaction in interpersonal based medical service encounters. Three hundred and fifty copies of questionnaire were distributed and 285 valid copies were received with a valid response rate of 81.43%. It was found that the perception of interpersonal-based medical service encounters positively influences service quality and patient satisfaction. Perception of service quality among patients
positively influences their trust. Perception of trust among patients positively influences their satisfaction.

2.2.11 Conceptual Perspectives of Emotional Element:

Emotion is how the customer is made to feel by the interaction. One of the best predictors of a customer’s overall satisfaction in dealing with the service sector lies to the extent to which the service sector succeeds in creating positive as opposed to negative emotions in that customer. The emotional content comprises of the following attributes. They are maintenance of error free records, tolerant employees, recognition, and appreciation of customers’ pride and acquired sense of contentment.

Berschied, Snyder and Omoto (1989) observed that close relationships are characterized by positive affective ties. Consequently, they focused on the emotional tone of the relationship to assess its closeness and therefore, its likelihood of long lasting.

Barnes (1997) observed that from a customer’s perspective, a relationship cannot be thought to exist without emotional context. There are two kinds of emotions which affect the relationship between a customer and his financial service provider. They are positive emotions like happiness, pleasure, comfort, etc., and negative emotions like disappointment, frustration, anger etc. If the total positive emotions exceed the negative emotions, the customer maintains his relationship with his current financial service provider, or otherwise switches to any other alternative.

Josee Bloemer and Ko de Ruyter (1998) studied the moderating impact of positive emotions on customer loyalty. The results revealed that the relationship between satisfaction and loyalty with respect to extended services is moderated by positive emotions in the case of high involvement service settings.

Carolyn Y Nicholson, Larry D Compeau and Rajesh Sethi (2001) state that linking through emotional factors has long been believed to be a powerful human motivator for relationship development and maintenance. John Egan states that emotion is the complex series of human responses (sometimes negatively described as ‘agitation of the mind’ or ‘cognitive dissonance’) generated as a result of the exchange.
2.2.12 Research Studies on Emotional Element

Yi-Ting Yu and Alison Dean (2001) studied the contribution of emotional satisfaction to consumer loyalty. They explored the role of emotions in satisfaction and then compared the predictive ability of the cognitive and affective element. Key findings are that both positive and negative emotions and the cognitive component of satisfaction correlates with loyalty.

Amy K. Smith and Ruth N. Bolton (2002) examined the role of customer emotions in the context of service failure and recovery encounters. They have investigated how customer’s emotional responses to service failures influence their satisfaction judgement after accounting for cognitive antecedents of satisfaction. The study also considered how customer’s emotional responses to service failures influence how they evaluate an organisation’s recovery efforts. The research is conducted by surveying customers about their satisfaction judgements in two service settings, namely restaurants and hotels. The results suggested that customer’s emotional responses to service failures will influence their recovery effort evaluations and satisfaction judgement in some circumstances and that the effects of emotion vary across industry settings.

Paul Alexander Clark, Maxwell Drain and Mary P. Malone (2003) conducted research to ascertain whether patient’s emotional and spiritual needs are important, whether hospitals are effective in addressing these needs, and what strategies should guide improvement. Survey data were collected from 17, 32,562 patients between January 2001 and December 2001. Data analysis revealed a strong relationship between the degree to which staff addressed emotional/ spiritual needs and overall patient satisfaction. Three measures most highly correlated with this measure of emotional/ spiritual care were:

1. Staff response to concerns/complaints,
2. Staff effort to include patients in decision about treatment and
3. Staff sensitivity can cause health problem and hospitalisation.
Ingrid Y. Lin (2004) attempted to review literature relating to the impact of service cape on customer behaviour, with emphasis on the concept of Gestalt psychology. He suggested that researchers to:

1) Take cognition into account, in terms of how it precedes individuals’ emotional response,

2) Asses how this cognitive process then effects individual responses prior to examining this behaviour and evaluations of service escape and

(4) Investigate the role of moderators or mediators from micro and macro perspectives when examining the effect of service escapes on customer behaviour.

Christopher White and Yi-Ting Yu (2005) studied the satisfaction emotions and consumer behavioural intentions. They found that the satisfaction emotions were best conceptualized as three dimensional construct that included positive, negative and bi-directional emotions.

Hall and David Sluyter (2006) studied the expression of emotion through nonverbal behaviour in medical visits. They have suggested that the emotional context of care is especially related to nonverbal communication and that emotion-related communication skill, including sending and receiving nonverbal messages and emotional self-awareness are critical elements of high quality care.

Jurate Banyte, Egle Joksaite and Regina Virvilaite (2007) studied relationship of consumer attitude and brand with reference to emotional aspect. The empirical research seeking to investigate the influence of emotions for the formation of emotionally based attitude towards PEPSI brand, expressed by the youth was carried out. To conclude that PEPSI brand does not possess all the attributes necessary to influence consumer attitudes or consumers do not evaluate the significance of these attributes.

Dainora Grundey (2008) studied the peculiarities of traditional and experimental marketing and describes why experimental marketing is better way to understand consumer behaviour. He concluded that traditional marketing presents consumer like a rational thinker who won the biggest benefit from his purchase this consumer run all seven purchase stages. But experimental marketing looks to the
customer like a rational and emotional too. Then consumer buying the good rational and emotional factors is working to him the same powerfully.

Jeanne Sorensen (2008) examined the methods for measuring emotions in a consumer context. Three overall approaches to the measurement of emotions in consumer research are found. They are self-report, automatic measures and brain imaging. It is found that further work on the measurement of emotions in general and future-oriented emotions in specific are important to consumer research.

Alicia Grandey, Anat Rafaeli, Shy Ravid, Jochen Wirtz and Dirk D. Steiner (2010) illustrated how emotion display rules are influenced by relational, occupational and cultural expectations. The authors compared these influences by assessing anger and happiness display rules toward customers, co-workers and supervisors across four cultures. Overall, the findings suggest that anger can be expressed with co-workers, can be slightly leaked to supervisors, but must be almost completely suppressed with customers.

Bard Tronvoll (2010) investigated negative emotions and their effect on customer complaint behaviour. The study used a combination of qualitative and quantitative methodologies. The empirical data are derived from 25 in depth interviews and the results of a questionnaire survey of 3104 respondents. It was found that the negative emotion of frustration is the best predictor for complaint behaviour towards the service provider.

Rong-Da Liang, Ching-Sheng Chang and Tung-Sheng Wang (2011) studied the effect of service responsiveness and social emotions on service outcomes. The analytical results of the study are based on applying questionnaire method to accumulate dyadic data from managers and subordinates. According to those results, mechanistic and organic service responsiveness is positively correlated with positive employee social emotions. The influence of mechanistic service responsiveness exceeds that of the organic service responsiveness.

Nuruni Ika and Kustini (2011) aimed to acknowledge the impacts of experimental marketing, emotional branding and brand trust towards loyalty on Honda motorcycle products. Variables in this study are experimental marketing, emotional branding, and brand trust as its independent variables and brand loyalty as
its dependent variable. This research study employed semantic differential scale by using interval as its scale of measurement. A total of 120 respondents of Honda motor cycle users were taken as sample of research. Structural Equation Modelling analysis results revealed the positive and significant relationship of experimental marketing and brand trust on product loyalty. On the other hand, the analysis did not prove the significant nor positive influence of emotional branding towards loyalty.

Steve Ferrante (2012) did a research on “Emotional engagement is the key to customer loyalty”. Data were collected from 100 customers. He found that 68% of customers leave because they do not think the company truly cares for them or they are not emotionally engaged with the business.

Hence Researchers have proved that emotional element act as an antecedent to customer loyalty and customer satisfaction.

2.2.13 Conceptual Perspectives of Customization

Sheth and Mittal (1995) state that anticipation and recognition of different customer values and an appropriate company response to service them individually, would make marketing more effective. Jagdish N Sheth and Atul Parvatiyar (1995) describe that mass marketing is incapable of accommodating the diversity of consumers and to a large extent, this individualised marketing is being facilitated by “mass customization processes” and their enabling technological advances. McKenna (1992) states, “The final decade of the 20th century saw the beginnings of a reaction against ‘mass production’ and ‘mass marketing’ both prompted by and prompting technological developments of every sort”. Brookes and Little (1997) take the argument further by suggesting that in ‘in today’s fragmented, turbulent marketplace, with its every shifting demand for innovation and tailor made products and services, the concept of a standard product, a standard service or a standard message no longer makes sense.

Sheth and Sisodia (1999) state that the term ‘mass customization’ has come to refer to the notion that, ‘by leveraging certain technologies, the companies can provide the customers with customized products, while retaining the economic advantage of mass production’
The individual tailoring of products suggested by ‘mass customization’ has been described by Ira Matahia CEO of Brand Futures Group as ‘complicated simplicity’. Matahia suggested that as consumers crave individually tailored products, there will be a strong demand for unique items.

The inherent characteristics of services lend themselves to customization and support the possibility of segmenting to the individual level. That is, because services are delivered to people by people, they are difficult to standardize and their outcomes and processes may be inconsistent from provider to provider, from customer to customer and even from one time period to the next. This inherent heterogeneity is at once a curse and a blessing. On one hand it means that service delivery is difficult to control and predict and the resulting inconsistencies may cause customers to question a firm’s reliability. On the other hand, it presents opportunities to customize and tailor the service itself. If frequently delivered in “real time” by “real people” there is an opportunity for one to one customization of the offering. Heterogeneity pursued in a purposeful manner can be turned into an effective customization strategy. While segments of one may be practically unrealistic in some cases, the underlying idea of crafting a customized service to fit each individual’s needs fits very well with today’s consumers, who demand to be treated as individuals and who want their own particular needs satisfied. (Zeithaml and Mary Jo Bitner, 1996)

For the purpose of this study, customization is hypothesized to include: catering to specific needs, providing individual and caring attention and providing services as per their best interest.

2.2.14 Research Studies on Customization

Pedro S. Coelho and Jorg Henseler (2012) developed a model of customer relationship outcomes of service customization and the efficacy of service customization. They found that customisation increased perceived service quality, customer satisfaction, customer trust and ultimately customer loyalty toward a service provider. Customisation has both direct and mediated effects on customer loyalty and interacts with the effects of customer satisfaction and customer trust on loyalty.

Vincent Cho and Candy Lau (2014) proposed an integrative framework for customisation of product information, transaction handling, product attribute and sales
services. A total of 1383 customers were taken for this study. They found that information, product, sales service customisation have significant influence on customer satisfaction.

2.2.15 Conceptual Perspectives of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (“Triple-Bottom-Line- Approach”), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.

Key CSR issues are environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, labour standards and working conditions, employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures.

A properly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

2.2.15.1. Some of the Drivers Pushing Business Towards CSR Include:

(A) The Shrinking Role of Government

In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.
(B) Demands for Greater Disclosure

There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.

(C) Increased Customer Interest

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

(D) Growing Investor Pressure

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than $2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks.

(E) Competitive Labour Markets

Employees are increasingly looking beyond pay cheques and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

(F) Supplier Relations

As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation.
Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include:

1. **Company benefits:**
   - Improved financial performance;
   - Lower operating costs;
   - Enhanced brand image and reputation;
   - Increased sales and customer loyalty;
   - Greater productivity and quality;
   - More ability to attract and retain employees;
   - Reduced regulatory oversight;
   - Access to capital;
   - Workforce diversity;
   - Product safety and decreased liability.

2. **Benefits to the community and the general public:**
   - Charitable contributions;
   - Employee volunteer programmes;
   - Corporate involvement in community education, employment and homelessness programmes;
   - Product safety and quality.

3. **Environmental benefits:**
   - Greater material recyclability;
   - Better product durability and functionality;
   - Greater use of renewable resources;
   - Integration of environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labelling.
Nevertheless, many companies continue to overlook CSR in the supply chain - for example by importing and retailing timber that has been illegally harvested. While governments can impose embargos and penalties on offending companies, the organizations themselves can make a commitment to sustainability by being more discerning in their choice of suppliers.

The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome.

2.2.16 Research Studies on Corporate Social Responsibility

Peggy Simcic Bronn and Albana Belliu Vrioni (2001) studied how companies use corporate social responsibility in their marketing communication activities. It is commonly accepted that cause-related marketing is a communications tool for increasing customer loyalty and building reputation. The expected change in a company’s image because of CRM campaigns appears to depend a great deal upon how customers perceive the reasons for a company’s involvement in cause-related programmes and the amount of help given to the cause through a company’s involvement.

Isabelle Maignan and Ferrell D.C (2004) emphasized the role of contribution of corporate social responsibility in the marketing discipline. They proposed a framework that depicts initiatives as the actions undertaken to display conformity to both organisational and shareholder norms. Then, they discussed the managerial processes needed to monitor meet and even exceed shareholder norms. Finally, the analysis explained how CSR initiatives can generate increased stakeholder support.

Xueming Luo and C.B Bhattacharya (2006) studied the influence of corporate social responsibility on perceived customer satisfaction and market value. They developed and tested a conceptual framework, which predicts that (1) Customer satisfaction partially mediates the relationship between corporate social responsibility and firm market value, (2) Corporate abilities (innovativeness capability and product quality) moderate the financial returns to corporate social responsibility and (3) these moderated relationships are mediated by customer satisfaction. Based on a large-scale secondary data set, the results showed the support for this framework. They found that
in firms with low innovativeness capability, corporate social responsibility actually reduces customer satisfaction levels and harms market value through the lowered satisfaction.

Cecilia Mark-Herbert and Carolina Von Schantz (2007) attempted to study the corporate communication strategy is affected by media’s verdicts or not. Media’s role in relaying information is not neutral by any means. News that attract attention will affect the territory for corporate communication. Media may take on the role as a critical screen to distinguish corporate social responsibility strategies from corporate social responsibility stunts, forcing corporations to communicate their ethical stands.

Asongu J.J (2007) studied innovation as an argument for corporate social responsibility. They highlighted the value chain analysis that DuPont has developed to tackle the climate change program, showing how it has led to innovations that are not only helping the company but also addressing the global warning issue at a global level. In conclusion, they argued that corporate social responsibility should not just be considered an expense but rather an investment.

Peter Jones, Martin Wynn, Daphne Comfort and David Hillier (2007) examined the corporate social responsibility commitments and agendas being addressed and reported by the United Kingdom’s leading retailers. The findings revealed that the United Kingdom’s top ten retailers are addressing and reporting on four sets of corporate social responsibility themes namely those relating to the environment, the market place, the work place and the community. They have concluded that corporate social responsibility reports and information emphasize the retailer’s aspirations which may not always be fully reflected in every day operations within a fiercely competitive business environment.

Mohamed Labbi M (2007) explained the concept of corporate social responsibility and ethics in marketing. He concluded that good marketing is about satisfying and developing a long term relationship with customers. Caring about customers not only results in profits, it is ethical thing to do. Deceiving customers may help a firm’s profit in the short-run, but it is not the way to build a successful business.
Dejan Dordevic (2008) studies the role of corporate social responsibility in contemporary business. He argued that an organisation’s achievement of business excellence requires a fully developed corporate social responsibility. In order for domestic enterprises to become competitive on the international level, it is necessary to change ways of thinking and to adopt contemporary global standards in the area of organisation management. The application of the concept of corporate social responsibility is one of the basic prerequisites for the achievement of business excellence on the part of domestic enterprises.

Mohammed Belal Uddin, Mohammed Riad Hassan and Kazi Mohammed Tarique (2008) studied three dimensional aspects of corporate social responsibility like economic, social and environmental. They have concluded that corporations should consider three dimensions of corporate social responsibility for running successfully in this competitive world. Corporate social responsibility as a strategy is becoming increasingly important for businesses today because of three identifiable trends viz; changing social expectations, increasing affluence and globalisation.

Irina Eugenia Iamandi and Radu Filip (2008) emphasized the role of different corporate social responsibility instruments in forging the general strategy that a company should apply in order to respond to the community requirements and to benefit from its social performance. They have identified codes of conduct, management standards, and corporate sustainability reporting social and environmental labels, socially responsible investments surveys on sustainability performance, award schemes and benchmarking. The main problems associated with corporate social responsibility policies in the Romanian business environment are lack of efficiency, transparency and credibility, lack of clear-cut social and marketing objectives lack of professional evaluation and promotion.

Lynette M. McDonald and Sharyn Rundle-Thiele (2008) studied on Corporate Social Responsibility and bank customer satisfactions. They found the impact on customer satisfaction of corporate social responsibility initiatives can assist managers to understand how to best allocate company resources in situations of low customer satisfaction.

Mustaruddin Saleh (2009) studied the empirical evidence on corporate social responsibility disclosure (CSRD) practices in Malaysia. He used longitudinal data
analysis for the period 1999 to 2005, and a sample size of 200 firms chosen from the highest market capitalisation of public listed companies on the Bursa Malaysia. The results of the analysis revealed that CSR received modest attention from most attention from most surveyed companies in their annual reports, in terms of allocated space and subjects covered.

June Buchanan, Gregory Elliott and Lester W Johnson (2009) investigated gaming industry perceptions of compliance with the precepts of corporate social responsibility in the marketing of electronic gaming machines. Thirty eight face-to-face and/or telephone interviews were undertaken with electronic gaming machines manufactures, gaming consultants, managers of gaming establishments and casino operators in Nevada(USA) and New South Wales (Australia) along with management of the gaming regulatory authority in New South Wales. It was found that the major gaming operators in Nevada appear to be aware of and practice of CSR to a noticeably greater extent than do gaming operators in Master of Social Work (MSW). However Electronic Gaming Machine (EGM) operators both in Nevada and New South Wales need to implement socially responsible marketing strategies and tactics to a significantly higher degree than is currently practiced in order to enhance their reputation, decrease criticism from key stakeholders and minimise the potential threat of increased regulatory constraints.

Goran Milovanović, Nada Barac and Aleksandra Andjelković (2009) pointed out that the implementation of the concept of corporate social responsibility allows companies to position their brands stronger, to strengthen their image, increase market share and increase their ability to attract and retain employees. An important argument for increased, social responsibility of Serbian companies is that they can thus achieve the benefits of globalisation, privatization and deregulation, as well as to relieve the negative impact of international trade flows and international investment.

Maimunah Ismail (2009) discussed the role of corporate social responsibility in community development and competencies required by corporate social responsibility managers are also analysed in order to have a better understanding of the practical aspects of corporate social responsibility. It is concluded that corporate social responsibility should benefit because the latter has a very complex structure as it consists of individuals with various levels of control of resources physically and
intangibly closer ties and interdependencies between corporation and community, sharing the costs the society has to pay due to environmental degradation, transfer of technology from international companies to developing countries, environmental protection measures that done together by corporation and the communities, poverty alleviation in the communities, human right advocacy and helps in data gathering by ICT (Information Communication Technology) firms to facilitate public organisation functions are the roles played by corporate social responsibility. It is also concluded that the skills required by corporate social responsibility managers are classified as business skills, people skills and technical skills. And the specific skills required are further determined by the mission and vision of the organisations where the CSR managers serve.

Imran Ali, Kashif Ur Rehman, Ayse Kucuk Yilmaz, Sajid Nazir and Jawaria Fatima Ali (2010) investigated the effects of product/service quality and consumer satisfaction along with corporate social responsibility actions on consumer purchase intentions and further on consumer loyalty. The primary data has been collected from university students, whereas secondary data was collected from newspapers and website of corporation. The study found that no relationship between awareness of corporate social responsibility activities and consumer purchase intention. However, significant relationship was observed between service quality and consumer satisfaction.

Seoki Lee Lindy and Yoon Young Heo (2009) examined a mediating effect of customer satisfaction, Corporate Social Responsibility and firm value for US publicly traded hotels and restaurants. Findings suggested that the customer satisfaction does not play a role of a mediator between two factors for both hotels and restaurants.

Pirithiviraj J.C.D and Gajendra K (2010) investigated relationship between market orientation and corporate social responsibility with special reference to Sri Lankan financial sector. Researchers adopted quantitative methodology and used structured questionnaires for data collection. Results confirmed that there is a positive relationship between market orientation and corporate social responsibility. So organisation can improve its socially responsible business behaviour by adopting marketing orientation practices.
Tea Golja and Marinela Krstinic Nizic (2010) studied the corporate social responsibility in tourism and discussed the level of social and environmental sensitivity of managers of the highest category hotels in Croatia. The research results have shown that the surveyed hotels are still at the beginning of their journey in acquainting themselves with the global challenges on the tourism market. So the practice of corporate social responsibility has still not been widely recognised.

Sumitro Banerjee and Luc Wathieu (2010) analysed the optimal strategy of a profit-maximising firm in response to social responsibility concerns of consumers. The analysis sheds light more generally on firm considerations for adding a layer of consumer benefit over existing quality on the other hand when the new benefit is valued differently by different consumers and is correlated positively with that valuation of quality, a firm endowed with higher quality finds it more profitable to provide to its customers. When the new benefit is valued equally by all consumers, a firm endowed with lower quality finds it profitable to provide to its consumers.

Jose Milton de Sousa Filho, Lilian Soares Outtes Wanderley, Carla Pasa Gomez and Francisca Farache (2010) Presented a theoretical review that demonstrates the association between social strategy and competitive advantage through the formulation of social strategies that influence and are influenced by opportunities, resources, skills, corporation merits, industry structure and stakeholders. Based on the literature and a case study of Carrefour, a model is proposed for their elements and adaptation to societal expectations.

Jurate Banyte, Lina Brazioniene and Agne Gadeikiene (2010) studied green marketing priorities within the concept of corporate social responsibility. The interpretation of quantitative research results reveals the expression of marketing priority based on the example of Lithuanian female consumers of eco-friendly food products. It should be noted that although female consumers of eco-friendly food products are resolved to pay more for an eco-friendly product, they are sensitive to price, believe in the high quality of an eco-friendly product and give priority to the needs of environmental protection.

Nilesh R. Berad (2011) studied the issues and challenges faced by corporate social responsibility activities in India. It is found that there is a need for creation of awareness about corporate social responsibility amongst the general public to make
corporate social responsibility initiatives more effective. It is noted that only medium and large corporate houses are involved in corporate social responsibility activities, that too in selected geographical areas.

Shirley Yeung (2011) examined the role of banks in corporate social responsibility. Data was gathered via questionnaires from banking/finance practitioners and academics in Hong Kong. The key corporate social responsibility-related elements identified from quantitative analysis on collected questionnaires are for understanding the complex financial services, conducting risk assessment, strengthening business ethics and implementing strategy for financial crisis, protecting rights of customers and setting up channels for customers to address complaints.

Muhammad Mohtsham Saeed and Faria Arshad (2012) examined how corporate social responsibility can contribute to building organisational level social capital, which can serve as a useful resource to develop sustained competitive advantage for organisation. It is found that an organisation’s reputational capital can be an indicator of its ability to attract reputable companies can attract investors more easily. They have developed propositions for strategic use of corporate social responsibility activities by creating social and reputational capital that ultimately leads to profitability.

Mamunur Rashid, Islam Abdeljawad, Siti Manisah Ngalim and Kabir Hassan, M. (2013) investigated customer-centric corporate social responsibility in Islamic banks of Bangladesh, Malaysia and the Arabian Gulf region. The research study uses annual reports of 16 Islamic banks from three regions. The reports of Islamic banks show that the selected banks are too customer centric and efficiency driven. However that efficiency is targeted at the cost of sacrificing shariah norms.

2.1.17 Conceptual Perspectives of Customer Satisfaction

Customer satisfaction can occur at multiple levels in an organization such as satisfaction with the contact person, satisfaction with the core service and satisfaction with the organization as a whole. The need for striving for customer satisfaction lies in the ability to result in economic success.
Satisfaction with the relationship is regarded as an important outcome of buyer seller relationships. Relationship satisfaction is a consumer’s affective state resulting from an overall appraisal of his or her relationship with a retailer (Anderson and Narus, 1990). Satisfaction is a psychological process of evaluating perceived performance outcomes based on predetermined expectations. Crosby et al (1990) used satisfaction with an employee as a measure for relationship quality. One variable frequently associated for affecting both customer and employee commitment is satisfaction (Kelley and Davis, 1994; Kelley, Hoffman and Davis 1993). According to Fornell (1992) satisfaction reinforces the customer’s decision to participate in the service process, leading over time to commitment.

The customer satisfaction is considered as a prerequisite for customer retention and loyalty and obviously it helps in realizing the economic goals like profitability, market share, return on investment and the like (Reichheld 1996). Bitner (1990) shows that satisfaction has an indirect effect on loyalty mediated by perceived quality. Furthermore, the results (obtained in services context) reveal that loyalty is also influenced directly by satisfaction.

2.2.18 Research Studies on Customer satisfaction

Nelson Oly Ndubisi and Chan Kok Wah (2005) evaluated the influence of the underpinnings of relationship marketing on the perceived quality of bank-customer relationship and on customer satisfaction in the Malaysian banking sector. A field survey of bank customers in Malaysia was conducted using a questionnaire. The results showed that five key dimensions, namely competence, communication, conflict handling, trust and relationship quality, discriminate between customers in terms of perceived relationship quality and customer satisfaction. Moreover, overall bank-customer relationship quality discriminates between satisfied customers and those who are not.

Mark S. Johnson, Eugene Sivadas and Ellen Garbarino (2008) examined the direction of influence between customer satisfaction, affective commitment and the customer’s perceptions of risk associated with a service organisation. A sample of 401 customers of a performing arts organisation was used to test the hypotheses. The study suggested that commitment has a positive influence on customer satisfaction
and diminishes risk perceptions. This is less support for a model in which satisfaction increases commitment and reduces perceived risk.

Wen-Hung Wang and Chiung-Ju Liang (2010) developed a model for examination of the relations among attributes, benefits, customer satisfaction, trust, commitment and customer behavioural loyalty in a marketing system. The conceptual model is at the level of the individual customer and proposes that benefits and customer satisfaction are positively related with respect to information services. This model also proposed that customer satisfaction and behavioural intentions are positively related and thus, that product-related and non-product related attributes-functional symbolic and experiential benefits are determinants of whether a customer ultimately remains with or defects from a company.

Ki-Han Chung and Jae-IK-Shin (2010) highlighted the significance of relationship quality factors (customer satisfaction, e-trust and e-commitment) on positive word of mouth in online retailing. The findings are, all of site characteristics in online retailing have a positive influence on customer satisfaction. Communication of site characteristics has a positive effect on customer satisfaction more than the other factors (Shopping convenience, site design, in formativeness and security) customer satisfaction affects positively e-commitment more than it does e-trust. E-commitment affects positively word of mouth more than it does e-trust.

Cheolho Yoon (2010) investigated the antecedents of customer satisfaction with online banking in china and explored the effects of experience on the relationships between the antecedents and customer satisfaction. A total of 300 questionnaires were distributed, out of which 224 usable questionnaires were collected and used in the analysis. The results showed that design, speed, security, information context and customer support service have a significant influence on customer satisfaction in the high experience group or the low experience group. But ease of use does not have a significant influence on customer satisfaction in either of the groups. Also, the results relating to the influence of the level of customer experience reveal that the effects of design, security, and speed and information context on customer satisfaction were significantly higher in the high experience group, whereas the effect of customer support service on customer satisfaction was significantly higher in the low-experience group.
Yuanqiong He, Wenli Li and Kin Keung Lai (2011) studied how service climate improves customer satisfaction in the hospitality industry based on evidence from mainland China. It considered different dimensions of service climate separately, including customer orientation, managerial support and work facilitation and introduced an important mediator—employee commitment—to examine the relationship between service climate and customer satisfaction. A structured questionnaire was developed to collect data from employees in the hospitality industry of China. Empirical results indicated that different dimensions of service climate have different effects on customer satisfaction. For instance, customer orientation has a direct and positive influence on customer satisfaction. While the managerial support and work facilitation has indirect positive influence on customer satisfaction through improving employee commitment.

Maryam Haeri, Sina Shayesteh Rastin, Nima Farkhondeh and Masoumeh Atlas (2012) identified the effect of different levels of relationship marketing on customer satisfaction of the Saderat bank. A sample of 425 customers in the city of Tabriz was collected. The results showed that there was significant difference between different levels of relationship marketing dimensions and customer satisfaction.

Asadollah Kordnaejji, Alireza Bakhsizadeh and Reza Shabany (2013) investigated the impact of relationship marketing aspects on customer’s satisfaction and the impact of such relational satisfaction on word of mouth. A sample of 316 banks’ customers in the city of Tehran is taken. The findings of the research showed that in terms of importance, shared values, mutual relations, trust and link have significant relationship with customer satisfaction on bank services and customer satisfaction has a significant relationship with word of mouth.

2.2.19 Conceptual Perspectives of Customer Loyalty

According to Donovan and Samler 1994, customer loyalty and the retention of business are ways to safeguard long term business survival. It summarises the importance to any organisation of developing the loyalty of their customers. This view has seen greater acceptance throughout many organisations and has now spread to the retailing sector. However, it is essential to first define what customer loyalty actually signifies. Jones and Sasser (1995) see customer loyalty as “a feeling of
attachment to or affection for a company’s people, products or services”. This is adapted from the Oxford English dictionary’s definition of loyalty. They see the term ‘loyalty’ as having two dimensions. On one side there are emotional ideas such as faithfulness and allegiance, but on the other there are more practical behavioural ideas such as being constant (unmoved, unremitting, frequently occurring). To inspire all these characteristics in customers is obviously beneficial but it is important to remember that both emotional and behavioural terms mean different things to different people. For example, some customers may shop frequently with a retailer because they want to or some because they have no car and the retailer is within walking distance (Loyalty 1997b). Since it is customer behaviour not customer emotions that create profitability, it is arguable to what extent the emotional aspects of loyalty are relevant to a customer loyalty strategy (Reynolds 1995, Zeithaml 2000).

In addition, the type of market involved will have a great influence on how loyalty can be defined, as will proximity and accessibility. Enis and Paul (1970) believe that it would be unwise to class loyalty in the groceries market as “the unswerving allegiance to one grocery store, since this would probably be over optimistic”. They point out that customers are unlikely to purchase food at only one store every week. Even if a customer uses a particular store predominantly, they are likely to visit an alternative store at some other time due to situational changes. In such a market, retailers would aim to persuade people to make one chain their preference for the majority of the person’s weekly grocery budget. In effect, the objective for retailers would initially be to ensure that customers are ‘more loyal’ to their stores than to their competitors’ (Rayner 1996). In such a situation, the proximity and accessibility of outlets to the customer has an influence on how devoted a customer is prepared to be. Customer loyalty can be defined as “The commitment that a customer has to a particular supplier. This may be described in terms of the customer’s behaviour or in terms of relationship and feeling about the supplier” (Rayner, 1996).

Customer loyalty in a business context is about attracting new customers into a store, in addition to enriching the experience of existing customers have and beyond the basic image and reputation of the organisation. Berling (1993) believes that
“loyalty only happens when a customer feels the company is working in his/her best interests”.

Berry (2002) believes that “customer loyalty emphasis the interactive nature of relationship marketing, and can be seen as an acknowledgement of the personal nature of the commitment of customers to the firm”. Brand loyalty, in contrast, suggests that the commitment is to the product (Buttle 1996, 2003). Morgan (1996) identifies the key indicators of loyalty as what customers do, what they say they will do in the future and what they say to other people. The issues include current and frequency of purchase, amount spent and length of retention of account.

2.2.20. Research Studies on Customer Loyalty

Andreas B. Eisingerich, Simon J. Bell (2006) examined the differential effects of perceived service quality, trust and loyalty on repurchase intentions and specified loyalty as a key mediating variable in the consumer-trust repurchase intentions relationship. Data was collected from 1125 customers of a global financial services firm. The results highlighted customer’s willingness to recommend the firm to relatives or friends to be the key driver of customer commitment to the organisation.

Nelson Oly Ndubisi (2007) investigated the role of gender in the association of relationship marketing underpinnings (namely trust, commitment, communication and conflict handling) with customer loyalty. Data for the research were collected through a survey of customers of banks in Malaysia. The results showed that the four underpinnings of relationship marketing are directly associated with customer loyalty. Significant gender differences exist in the trust-loyalty relationship women are significantly more loyal than men at higher levels of trust in the bank. Gender does not moderate the relationship between commitment, communication, conflict handling and loyalty.

Ruben Chumpitaz Caceres and Nicholas G. Faparoid Amis (2007) studied theoretical basis for evaluating a strategic increase in customer’s perception of service/product quality. Sample of 234 advertising agencies clients were collected. Using the Gronroos conceptualisation a clear pattern of service-quality dimensions is established and several important findings are reported. The effects and trust and commitment are also verified.
Ozlem Atlantik and Melike Arslan (2009) studied the effects of customer value on customer loyalty in Airline companies. The research consists of 397 passengers. In conclusion, marketing strategies aimed at creating value for customers, airlines operating in domestic lines have to determine the services and criteria regarded important by customers accurately and in line with customer expectations. Thus, satisfaction level of customers about the services and criteria offered should continuously be measured.

Russell Lacey and Robert M. Morgan (2009) explored linkages between committed customers and their willing to serve as advocates and investigate the moderating influence of B2B loyalty programs towards supporting customer advocacy behaviours. The model was tested on 248 agricultural business clients of a chemical manufacturer using confirmatory factor analysis. The findings suggested that customers with stronger levels of commitment are indeed more willing to contribute as customer advocates. Surprisingly, B2B loyalty program membership shows no significant moderating effects on the tested model.

Luis J. Callarisa Fiol, Enrique Bigne Alcaniz, Miguel A. Moliner Tena and Javier Sanchez Garcia (2009) studied the loyalty behaviour of industrial customers in the context of an industrial cluster. This study highlighted the importance of the relationship among perceived value, satisfaction and loyalty and the importance of the different dimensions of perceived value.

Tracey S. Dagger and Timothy K. O’Brien (2010) examined the effect of experience on the association between relational benefits and relationship quality and between relationship quality and loyalty. A sample of 376 service consumers and nine service industries are taken for this study. The results indicated that significant differences between novice and experienced cohorts. Specifically, the impact of confidence social and special treatment benefits on perceptions of satisfaction, trust and commitment and ultimately customer loyalty differ significantly based on a customer’s level of relationship experience.

Anahita Bagherzad Halimi, Alireza Chavosh and Sahar Hosseinikah Choshali (2011) proposed a model to link key relationship marketing tactics to the customer’s relationship satisfaction and customer loyalty. This framework is evaluated from the customer perspective in a business-to-consumer (B2C) setting.
across the tour and travel industry in Singapore. The findings are that there are significant relationships between personalisation and communication as independent variables and customers’ relationship satisfaction as dependent variable. Hence high level of communication and personalization increase the customer relationship satisfaction. Meanwhile, the results also showed that there is significant relationship between customer’s relationship satisfaction and customer’s loyalty.

Tracey S. Dagger, Meredith E. David and Sandy N G (2011) examined the central role of commitment plays in driving customer loyalty and to identify the effect that confidence, social and special treatment benefits as well as relationship investment, communication and management have on the development of commitment and ultimately customer loyalty. A survey of 591 consumers across nine different service industries is collected. The findings of the study suggested that relationship commitment drives customer loyalty and that confidence, social and special treatment benefits affect commitment to the service as does relationship investment and management.

Wei – Ming Ou, Chia_Mei Shin, Chin-Yuan Chen and Kuo-Chang Wang (2011) measured the impact of customer loyalty programs on relationship quality, relationship commitment and loyalty. A survey with 480 qualified observations from department store customers in Taiwan was conducted. Customer loyalty programs have a partially supported positive impact on relationship quality. Service quality has a positive impact on relationship quality. Customers with a positive relationship quality impact their relationship commitment. The higher the relationship commitment, the higher the loyalty and a customer loyalty program partially supports a positive impact on loyalty.

Mohammad Taleghani, Shahram Gilaninia and Seyyed Javad Mousavian (2011) investigated the impact of relationship marketing under pinning (namely trust, commitment, communication, conflict handling, bonding shared values, empathy and reciprocity) on customer loyalty in the banking industry. A sample of 384 randomly selected bank customers were taken for this study. It was found that customer loyalty can be created, reinforced and retained by marketing plans. These aimed at building trust, demonstrating commitment to service, communicating with customers in a timely reliable and proactive fashion, handling conflict effectively, paying attention to
shared values, improving the empathetic and reciprocal abilities of the sales people and developing strong bonds between buyers and sellers.

Salmiah Mohamad Amin, Ungku Norulkamar, Ungku Ahmad and Lim Shu Hui (2012) studied the contributing factors to customer loyalty towards telecommunication service provider in Malaysia. Data were collected from 185 telecommunication users among university students using self administered Questionnaire. The findings indicated that there is a positive relationship between switching cost, trust, corporate image and perceived service quality with customer loyalty. Perceived service quality was found to be the most critical factor in affecting user’s customer loyalty.

Afshin Raahnma, Abbas Alaei, Javad Shafae and Ali Ariana (2012) evaluated the relationship marketing dimension effect on degree of customer’s loyalty of insurance industry in Iran. The relationship marketing dimensions taken in this study are trust, commitment, communication and conflict handling. It was found that the trust, commitment and communication have impact on insurance customer’s loyalty. But conflict handling was not supported the impact on Insurance customer’s loyalty.

Du Plessis L and Roberts-Lombard M (2013) compared the influence of trust, commitment and conflict handling on customer loyalty through the intervening role of customer relationship management in the life and non-life insurance sector of South Africa. The sample consisted of 254 life insurance and 400 non-life insurance customers in South Africa. For the life insurance component of the study, trust, commitment and conflict handling exerted a statistically significant positive influence on CRM. CRM also positively influenced customer loyalty. For the non-life insurance component of the study, no significant relationship exists between trust and CRM. A significant positive relationship does exist between conflict handling and CRM, while a significant negative relationship exists between commitment and CRM.

Peyman Jesri, Freyedon Ahmadi and Motreza Fatehipoor (2013) investigated the relationship between the components of relationship marketing and customer loyalty. Data was collected from 384 customers in Mehr bank in the province of Kermanshah. Research findings indicated that there is a relation between relationship marketing components including trust, commitment, communication, quality, conflict handling and competence on customer loyalty.
Sadiq Sohail M (2013) studied the impact of relationship marketing on customer loyalty and its outcomes. A sample of 345 useable responses is used. Findings of the present study revealed that conflict handling, commitment and trust are significant predictors of customer loyalty. The study also provided empirical evidence of the outcomes of customer loyalty that is on the elements of customer retention and word of mouth communication.

Mohammad Sadegh Horri, Hamid Reza Alipour Shirsavar and Amirhosein Borghaei Movahed (2013) studied the effect of relationship marketing. Tactics on customer loyalty has taken quality relationship as the mediating role. The results indicated that relationship marketing tactics had significant relationship with the quality of the relationship between company and customer. It was also found that positive effect on relationship tactics had increase customer loyalty to the company.

Bedman Narteh, George Cudjoe Agbemabiese, Prince Kodua and Mahama Braimah (2013) studied the impact of relationship marketing on customer loyalty in the luxury and first class hotel industry. A sample size of 300 customers of luxury and first class hotels in Ghana were taken for this study. The findings suggested that all six relationship marketing practices like trust, commitment, communication, conflict handling, competence and relational bonds have a significant and positive effect on customer loyalty in the hotel industry in Ghana.

Fatma Noyan and Gulhayat Golbasi Simsek (2014) studied the antecedents of customer loyalty. Data were collected from 1530 customers of four major supermarkets chains in Turkey. The results of the study indicated that customer satisfaction among others is the most important antecedent of customer loyalty.

Somayeh Omidinia, Hasan Zarei Matin, Gholamreza Jandagi and Abolfazl Sepahyfar (2014) assessed the effect of the relationship marketing on the customer’s loyalty in the public and private banks of the Qom province. Data were collected from 110 customers of a private bank and a public bank in the province of QOM. The results were indicated that there is a positive relation between relationship marketing factors such as commitment, trust, communication and conflict handling and customer’s loyalty.
2.2.21. Research Studies on Customer Loyalty and Customer Satisfaction

Christina Geng-Qing Chi and Hailin Qu (2008) examined the structural relationships of destination image, tourist satisfaction and destination loyalty. The empirical data was collected in a major tourism destination in the state of Arkansas. A total of 345 questionnaires were returned and the data were analyzed using structural equation modelling. The structural equation modelling analysis offered support for the statistically significant relationships between destination image and overall satisfaction, attribute satisfaction and overall satisfaction, destination image and attribute satisfaction and overall satisfaction and destination loyalty.

Nelson Oly Ndubisi, Naresh K. Malhotra and Chan Kok Wan (2009) analyzed relationship marketing customer satisfaction and customer loyalty from an Asian perspective. A field survey of bank customers in Malaysia was conducted using a questionnaire. It was found that there is an indirect relationship via customer satisfaction between the dimensions of relationship marketing and customer loyalty. There is also a direct relationship between the three relationship marketing dimensions and customer loyalty.

Rahim Mosahab, Osman Mahamad and Ramayah T (2010) studied the relationship between the service quality, customer satisfaction and loyalty. A sample of 147 customers of Sepah bank in Iran was taken. The results of this research showed that in all aspects customers’ expectation are higher than their perceptions of the bank’s operation, and in fact the quality of offered services’ is low. Besides, these research findings showed that the customer satisfaction played the role of a mediator in the effects of service quality on service loyalty.

Muslim Amin, Zaidi Isa and Rodrigue Fontaine (2011) examined the role of customer satisfaction in enhancing the loyalty of Muslim and Non-Muslim customers in the Malaysian Islamic banking Industry. A total of 440 customers (Muslim and Non-Muslim) were taken for the study. The results indicated that customer satisfaction has a statistically significant positive effect on customer loyalty and intentions to switch for Muslim and Non-Muslim customers. However, there were significant differences in the effects of customer satisfaction on customer loyalty and intention to switch for Muslim and Non-Muslim customers. The effect of customer

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satisfaction on customer loyalty and intention to switch is operator for the Non-Muslim than the Muslim customers.

Erkan Bayraktar, Ekre Tatoglu, Ali Turkyilmaz Dursun Delen, and Selim Zaim (2012) measured the efficiency of customer satisfaction and loyalty for mobile phone brands with data envelopment analysis. A sample of 251 mobile phone users is taken. The Data envelopment analysis model revealed from the top six mobile phone brands in Turkey, Nokia features as the most efficient brand followed by LG and Sony Ericsson in terms of customer satisfaction and loyalty efficiency, while Motorola, Samsung and Panasonic rank as the least efficient brands.

Jackie Lai-Ming Tam (2012) investigated the impact of service encounter quality dimensions on perceived value, customer satisfaction, and loyalty, and to examine the moderating effect of perceived risk on the relationship of loyalty with perceived value and customer satisfaction in high contract services. These findings are that Technical quality and empathy were found to display a positive effect on satisfaction in both hairstylist and physician samples.

Dolors Seto-Pamies (2012) examined the role of service quality, customer satisfaction and trust on customer loyalty to the service provider. The sample size of 400 customers was taken for this study. The results of the empirical research on travel agencies revealed that loyalty depends on the satisfaction and trust. In turn satisfaction is influenced by service quality.

Nelson Oly Ndubisi (2012) examined the effects of service reliability, Pre-emptive conflict handling and customer orientation on customer satisfaction and loyalty in health care service delivery in Malaysia. A survey of 423 consumers of health care services in Malaysia was taken. The findings of the study indicated that care reliability, information reliability and pre-emptive conflict handling directly affect customer orientation. Customer orientation positively impacts customer satisfaction. In turn customer satisfaction positively impacts customer loyalty. Customer satisfaction mediates in the relationship of care reliability information reliability, pre-emptive conflict handling and customer orientation with customer loyalty.
Lerzan Aksoy, Alexander Buoye, Pelin Aksoy, Bart Lariviere and Timothy L. Keiningham (2013) tested the moderating impact of cultural variables on the impact of satisfaction on loyalty intentions using data from 3,393 mobile telecommunications customers in Australia, Brazil, Canada, China, France, Spain, UK and USA. The findings revealed that the impact of satisfaction on loyalty in the mobile telecommunications context depends on cultural differences.

This chapter gives an insight on the relevant literature that establishes the linkages among the various studies. The literature drawn primarily from the services marketing, presents a coherent picture of the current hypothesized relationships that exist among the variables. It is quite evident from the discussion that contribution from various disciplines of literature includes consumer behaviours and salesmanship, psychology, sociology, managerial economics organisational behaviour and services marketing were examined.

2.3 Research Gap

Many of the researchers have taken two or three relationship dimensions and relate customer satisfaction and customer loyalty. There is paucity of studies between relationship marketing and communication and other dimensions. So this study aims to relate the various relationship dimensions such as trust, commitment, empathy, communication, quality emotional element, customer focus and social responsibility and the relationship outcomes such as customer satisfaction and customer loyalty.

The researcher has taken psychological constructs namely emotional element and empathy as independent variables in this research study. There are less research studies on above mentioned psychological constructs. Hence, the research gap pertaining to our research studies is identified and we have included the above mentioned variables pertaining to our research study. The inclusion of psychological constructs namely emotional element and empathy justifies to the interdisciplinary research work undertaken by the research scholar.

The next chapter deals with research methodology adopted in this research study.