

# Relationship Marketing Effectiveness Model for an Indian NBFC

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## Abstract

The aim of this empirical article was to develop and validate a model to measure relationship marketing effectiveness in an Indian NBFC context that deals with small road transport operators (SRTOs). Data were collected from 302 truckers by five trained data collectors from different locations of India with the help of a structured interview schedule. Customers, whoever came to the branch office during the study period (January – December 2018) and were willing to participate, were interviewed face to face. After scale validation and outlier elimination, finally 255 responses were analyzed with the help of AMOS 23.0 and SPSS 24.0. Path analysis results revealed that perceived effectiveness of RM directly influenced customer satisfaction, loyalty behavior, and quality of life. Further, customer satisfaction influenced loyalty intention. All the fit indices revealed that the proposed model was a fit model. This revealed that satisfaction could create an intention to repeat purchase and spread word of mouth, but it is the perceived relationship marketing effectiveness that makes customers take another loan or continue with the organization. The findings of the study contribute to the concept of RM effectiveness by measuring its impact on the quality of life of the customers. This study provides new perspectives for the companies doing business in this line to develop unique ways to create value for the customers. Future research can be directed at validating the model in the industry context.

**Keywords :** relationship marketing (RM), NBFC, loyalty behaviour, loyalty intention, quality of life

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The finance and banking industry of India has seen a paradigm shift in the recent past. Consolidation in the banking industry marks the emergence of big players who, in turn, offer a variety of financial products as per the needs and requirements of the customers. They are also being threatened by strong footed local players who, in many cases, outshine due to their focused approach. The customers choose a bank based on turnaround time (TAT), technology, and faster transaction methods, etc., and at the same time, options are many before them. Hence, to best serve the customers and understand their needs better, banks' analysis, processes, and tools need to revolve around customer interests. Organizations can design better products and thus can garner loyalty by staying close to their customers.

Relationship marketing is a new-old concept. This was very well known even to the merchants of ancient days that customers' favor and loyalty can be earned only by satisfying their needs and wants. Gronroos (1994) cited a Middle Eastern proverb from ancient trade, "As a merchant, you'd better have a friend in every town." Relationship building with customers is a fundamental business for every organization, and this requires a complete strategy and appropriate process to make it successful (Parvatiyar & Sheth, 2001). The main aim of

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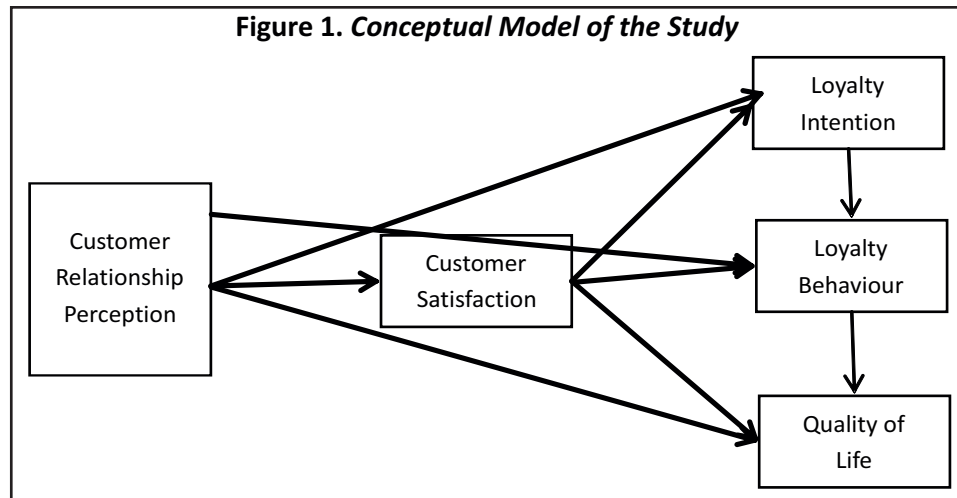
relationship marketing has been to yield customer loyalty. Studies focusing on effectiveness of relationship marketing have measured customer satisfaction and loyalty as criterion variables. However, very scant attention has been paid to the sustainability of relationship marketing efforts in terms of improving the quality of life. In most of the financial services businesses, efforts have been made to design products on the basis of customer needs and thereby improve the financial condition of the customers and also bring business to the companies. However, to what extent these efforts are sustainable enough to bring impact in extended life of the customers has been less researched. Hence, this study aims at studying the impact of relationship marketing on the quality of life of the customers by measuring to what extent they have been benefited by the organization in satisfying their economic needs, family safety, and social status. An attempt has been made to develop a model of RM effectiveness by taking into consideration variables such as customer satisfaction, customer loyalty intention, loyalty behaviour, and quality of life.

## **Conceptual Model of the Study**

The conceptual model of the study (Figure 1) is built upon affect theory of social exchange (Lawler, 2001) and relationship marketing theory (Möller & Halinen, 2000). While social exchange theory asserts that the quality of exchange between a company and a customer would impact the strength of relationship between both, relationship marketing focuses on the quality of relationship and its impact on customer loyalty. Based on these premises, this study brings out a conceptual model where we assert that customer's relationship perception (CRP) would influence their satisfaction with various products and services of the company (customer satisfaction), and the CS, in turn, would influence the loyalty intention and behaviour (LI and LB), and finally, the quality of life (QL) of the customer would be improved (Figure 1). Unlike Verhoef (2003) who measured CRP in terms of affective commitment, this study measures the perception of customers on different relationship marketing initiatives such as the role of RE (relationship executive) and the quality of the services intended at maintaining close contact and relationship with customers.

Similar to many previous studies, for example, Singh (1990), customer satisfaction (CS) in this study is a perceptual measure of the level of satisfaction of customers with a company and its products. The loyalty construct of this study has two aspects: intention and behaviour. Previous studies have distinguished between attitudinal and behavioural aspects of loyalty (Bandyopadhyay & Martell, 2007). For them, loyalty attitude is referred to as a deeply held commitment to repurchase or repatronize (Oliver, 1997), and they measured it in terms of affective and continuance commitment (Fullerton, 2003 ; Hunt, Chonko, & Wood, 1985). Loyalty behaviour has been measured in terms of intention to stay with the service provider in the future (Seiders, Voss, Grewal, & Godfrey, 2005). However, our conceptualization of loyalty intention is to what extent the customer intends to repeat purchase and bring referrals, and loyalty behaviour refers to the actual behaviour of the customer in terms of years of associations and purchase of cross - selling products. Our measures are akin to the conative (intention to stay or repeat purchase) and behavioural (actual action in terms of repeat purchase) component of brand loyalty conceptualized by Oliver (1997) and Back and Parks (2003). Inspired by Back and Parks (2003), our study uses years of association with a company as a measure of loyalty action along with the count of repeat purchases. Back and Parks (2003) measured the number of stays in the hotel as a measure of loyalty behaviour.

Drawing on Ajzen and Fishbein's (1980) theory of reasoned action, we hypothesize that loyalty intention (intention) triggered by satisfaction (attitude) with a company would enhance loyalty behaviour (behaviour). Finally, we have introduced a new construct in the relationship marketing literature by measuring the final outcome of relationship marketing on the quality of life (QL) of the customer in terms of providing him/her economic independence, family security, and social status. Previous studies on relationship marketing aimed at measuring customer loyalty, market share, and profitability as the outcome measure of relationship marketing.



However, our study has been based on the philosophy of customer value creation in a financial services company and ultimately improving the quality of life of the customers vis-a-vis enhancing the business of the company. The studied company aims at creating individual entrepreneurs through truck financing and enhancing family security and social status of the customers by providing various financial securities through different cross - selling products and by maintaining personal touch with the customers. In the trucking business, the poor and less financially literate truck drivers many a times get into debt traps for various reasons. The company has developed its products and cross - selling products after carefully analyzing the lifestyle and life experiences of the truckers and aimed at providing financial security to the truckers to the extent that they achieve the above three objectives of life. Hence, this study aims at studying to what extent these relationship marketing endeavours have really resulted in improving the quality of life of the customers. On the basis of the above premises, the following conceptual model of the study has been developed.

## Objectives of the Study and Study Context

The objective of this study is to measure the relationship between perceived relationship marketing effectiveness, customer satisfaction, loyalty intention, loyalty behaviour, and quality of life. The study was carried out in a NBFC (non - bank financial company), which is a leading player in the high yield pre-owned commercial vehicle financing segment. It is one of the largest NBFC in India operating in 12 business zones across the country, which is further organized into 123 regions for the smooth operations of the business as well as for pursuing the objective of “staying close to the customer”. These business regions look after 1,585 urban branch offices and 856 rural centres which together cater to a customer base of 2.05 million customers.

Being one of the largest NBFCs in India and having a customer base of 2.05 million also made it an uphill task for the organization for acquiring and retaining customers to grow in a highly competitive market environment. As per the actual market practice, almost all the organizations are keen on acquiring more and more customers to grow their customer base to snatch away the market share from their nearest competitors, and in the process, the retention of the customer takes a back seat. Therefore, a typical marketing plan always shows an inclination towards increasing market share by channelizing efforts for customer acquisition than retention. However, it has to be realized that an existing customer base provides a steady flow of business, which results in higher profit contribution and has the potential to grow in terms of the value and frequency of purchase. It has been observed that a 5% increase in loyalty may result in 30% increase in profitability (Reichheld & Schefter, 2000). Hence, the

company considered for the study has come up with unique CRM initiatives to deliver value to the customers and thus enhance their quality of life (see Suar & Mishra 2019a, 2019b for details of CRM initiatives of the company).

## **Review of Literature and Hypothesis Development**

### ***RM Effectiveness and Customer Satisfaction***

The customer satisfaction construct has been central to all marketing endeavours. Previous studies have established the relationship between service quality, corporate brand image, relationship marketing, and customer satisfaction (Karyose, Astuti, & Ferdiansjah, 2017). Organizations intending to establish a long term relationship with the customers also intend to maximize customer satisfaction in various ways (Auh & Shih, 2005). However, all the relationship marketing efforts do not yield the desired results because of the huge gap between the perception of the organization that provides the products or services and the individuals who are at the receiving end. Hence, measuring the perceived effectiveness of the relationship marketing endeavours could be an ideal way of predicting customer satisfaction.

With this trail of thought, the NBFC company studied here caters to a distinguished niche of customers whose needs and level of financial literacy requires constant engagement with the customers (Suar & Mishra, 2019b). In order to achieve customer satisfaction, the organization intends to make a perfect blend of cross-selling offers and service delivery with a personal touch with the appointment of relationship executives. The main objective behind such structural arrangements is to make hassle-free transactions, explain the products and services to the customers properly, and keep close contact with each customer. However, how customers perceive the effectiveness of such relationship marketing endeavours is crucial to their success. With this backdrop, we hypothesize that if customers perceive the effectiveness of the relationship marketing better, they would be more satisfied. Hence, our first hypothesis is :

✎ **H1** : Perceived RM effectiveness would enhance customer satisfaction.

### ***Perceived RM Effectiveness and Customer Loyalty Intention and Behaviour***

Customer loyalty can be measured by indicators, namely the willingness of customers to make the company as their first choice, the willingness of customers to buy products offered by the company, the willingness of the customers to invite others to buy, and the willingness of customers to tell good things about the company (Foster & Cadogan, 2000).

Customer loyalty is affected very drastically with the relationship marketing orientation (Alrubaiee & Al-Nazer, 2010). A study by other researchers also concluded that the marketing strategies based on customer-relationship influenced customer loyalty directly, where they used customer satisfaction and customer trust as the intervening variables (Rizan, Warokka, & Listyawati, 2014). It was also concluded that customer loyalty helps organizations for their growth strategies by systematically converting these customers into their brand ambassadors to spread good things through word of mouth.

Few researchers opined that satisfaction compared to relationship quality would have a stronger effect on loyalty (Auh & Shih, 2005 ; El-Adly, 2019). Sometimes, customer loyalty is considered as the indicator of strength of the relationship between an individual's relative attitude and repeat purchase over a long-term period. The present study considers customer loyalty behavioural intention and actual loyalty behaviour as the outcome variables, and accordingly, the proposed hypotheses are as follows :

⇒ **H2** : Perceived RM effectiveness would enhance customer loyalty intention.

⇒ **H3** : Perceived RM effectiveness would enhance customer loyalty behaviour.

### ***Perceived RM Effectiveness and Quality of Life of Customers***

The ultimate intention of relationship marketing has been to establish a long-term relationship with the customers and thereby bring profit to the organization as it has been realized that retaining customers is less costly than acquiring new customers (Sheth & Parvatiyar, 1995) and contribute to cost-effectiveness of the company in comparison to its competitors (Reichheld, 1993).

On the other hand, relationship marketing and CRM aims at value creation for the customers (Panda, 2003). Further, researchers have acknowledged the multidimensional nature of value creation. Ulaga and Eggert (2005) provided a three-dimensional framework of customer value creation: through core offering, sourcing process, and customer operations. Undoubtedly, the relationship stumbles when the perceived value in it is low. However, previous studies have tried to explore the value creation in different phases and less attention has been given to explore the aspects of value creation by impacting the life of the customers through products and offerings. Although the societal impacts of companies have been explored in CSR literature, CRM and relationship marketing literature is relatively silent in this aspect. In this study, we propose that relationship marketing of the studied NBFC would help the customers repurchase the tailor made cros - selling products aimed at saving them from debt trap, and hence, this would impact their quality of life by improving their economic conditions, social status, and family safety. Hence, the next hypothesis is as follows :

⇒ **H4** : Perceived RM effectiveness would have a positive impact on quality of life of customers.

### ***Customer Satisfaction as a Mediator of RM Effectiveness and Loyalty Intention and Behaviour***

RM effectiveness brings in customer satisfaction, which in turn creates loyalty intentions and loyalty behaviour among the customers (Back & Parks, 2003). A satisfied customer always believes in repeat purchases of company offerings over a longer period and he/she also acts like a catalyst in bringing in other customers by referring them through word of mouth. Customer satisfaction having a strong impact on customer loyalty intention has been studied in many organizational contexts (Amin & Nasharuddin, 2013 ; Van Tonder, Petzer, & Van Zyl, 2017).

Customer loyalty intention and behaviour have been conceptualized differently by different researchers. Parasuraman, Zeithaml, and Berry (1994) provided a four-dimensional framework on behavioural intention: repeat purchase, complaint behaviour, word of mouth, and price sensitivity. The study by Karyose et al. (2017) revealed that customer loyalty (loyalty intention) is reflected in favorable wording, repetitive purchase, and intention of repurchase. The true behavior of loyalty may result after stronger affective and attitudinal state in relationships (Ouhna & Mekkaoui, 2013).

Previous research has shown that the quality of services affects relationship marketing and customer satisfaction. Customer satisfaction and customer loyalty are affected by relationship marketing. In other words, customer satisfaction has been identified as a positive mediation variable on marketing relationships with customer loyalty (Panjaitan & Laely, 2017). Customer satisfaction instills a sense of behavioral patterns for repeat purchases and also becomes a catalyst in referring it to friends and acquaintances in the same industry and thereby, they become the brand ambassadors voluntarily.

Research has shown that intimacy and passion between customer and organization also influences customer loyalty (Alrubaiee & Al-Nazer, 2010). The study on distributors' loyalties suggests the importance of relationship satisfaction in framing strategies for the distributor's loyalty. The mediating effect of distributor's attitude on



relationship satisfaction and behavioural loyalty has also been revealed (Ouhna & Mekkaoui, 2013). The excerpt from the above literature is that satisfaction derived from relationship marketing would initiate behavioural intention and behaviour. Based on the above studies and the conceptualization of TRA (Ajzen & Fishbein, 1980) that attitude influences behavioural intention, we propose the following hypotheses :

⇒ **H5** : Customer satisfaction caused by perceived RM effectiveness would enhance customers' loyalty intention.

⇒ **H6** : Customer satisfaction caused by perceived RM effectiveness would enhance customers' loyalty behaviour.

### ***Mediating Role of Loyalty Intention and Loyalty Behaviour***

Customer loyalty has been considered as an outcome variable or indicator of effectiveness in service quality in literature (Kant, Jaiswal, & Mishra, 2019 ; Kim, Han, & Lee, 2001 ; Lenka et al., 2009). However, the construct 'loyalty' has been understood and measured differently by different researchers. For example, Lenka et al. (2009) and Sayil, Akyol, and Golbasi Simsek (2019) measured loyalty in terms of behavioural intention, although loyalty has been defined as a deeply held commitment to repurchase or re-patronize a preferred product or service (Oliver, 1997). Rauyruen and Miller (2007) developed a measure incorporating both attitudinal and behavioural components. Again, Oliver (1999) proposed a model of loyalty incorporating cognition-affect and performance paradigm and distinguished between intentional loyalty and behavioural loyalty. Theory of reasoned action (TRA) draws the distinction between behavioural intention and actual behaviour (Ajzen & Fishbein, 1980). Influenced by Oliver (1999), Roig, García, and Tena (2009) measured intentional loyalty and behavioural loyalty. However, there is a dilemma with respect to the intention behaviour link. It has been found that intention does not result in repeat purchase (Cronin, Brady, & Hult, 2000).

Influenced by TRA, Ajzen and Fishbein (1980) and Roig et al. (2009) measured loyalty in terms of intention as well as behaviour. Influenced by TRA, we hypothesize that RM effectiveness would influence intentional loyalty and intention, in turn, would influence actual behavioural loyalty in terms of repeat purchase and years of stay.

⇒ **H7** : Loyalty intention would mediate the relationship between perceived RM effectiveness and loyalty behaviour.

Relationship marketing has many fold benefits for an organization. The relational perspective asserts that integration of customers in the business process is a key to the success of marketing efforts (Sheth & Parvatiyar, 1995). Further, Weinstein and Johnson (1999) mentioned how such efforts give a competitive advantage. Hence, customer retention has been of paramount importance for the organizations. In this connection, the psychology of relationship can be brought in to understand the reciprocity nature of the mutual relationships. Social exchange theory emphasizes the reciprocity between two parties to strengthen a relationship. In this direction, marketers have tried to create different values for customers. For example, Cronin Jr. et al. (2000) and Gale (1994) brought in the concept of economic, social, and relational value that customers get in exchange of the sacrifices they make in terms of money, time, and effort they spend.

In financial service companies, the values created for customers can be protracted to them, their families, and community. In such companies, the customer borrows money to uplift his/her economic condition, and as a consequence, either flourishes or gets into the vicious circle of debt in case of certain exigencies. However, carefully designed products and appropriate counselling/ guidance can help customers get optimum value from the transactions. The studied company has directed its relationship marketing efforts in creating cross-selling products and counselling the customers in that direction to help the borrowers and their family to come out of debt trap. Hence, logically, more a customer buys cross-selling products, more secure the person would be from the

adverse impact of borrowing, and consequently, his/ her quality of life would be improved. Here, quality of life has been measured in terms of uplifted economic condition, family security, and social status. Accordingly, our next hypothesis is as follows :

➤ **H8** : Loyalty behaviour would mediate the relationship between RM effectiveness and quality of life.

## Methodology

Considering the huge geographical spread of the company and paucity of cost and time, we decided to collect 2 – 3 responses per region to bring in representation of customers' feedback/ opinion from all the regions and to eliminate regional bias. The respondents from each region were selected randomly. Data were collected from January – December 2018. A total of 307 responses (see Table 1 for description) were collected, out of which only five were found to be incomplete and unusable which were excluded for data entry. The remaining 302 responses were further subjected to outlier elimination process through boxplot. Finally, 255 valid responses were retained for final analysis, which was adequate to run SEM considering 1:10 ratio (Hair, Black, Babin, & Anderson, 2010).

**Table 1. Sample Profile**

	Demographic Variable	Frequency	%
<b>Gender</b>	Male	289	95.4
	Female	13	4.3
<b>Family Type</b>	Nuclear	204	67.5
	Joint	98	32.5
<b>Annual Income (Self)</b>	up to ₹ 3>0 lakhs	83	27.5
	₹ 3.0L – ₹ 6.0L	137	45.4
	₹ 7.0L – ₹ 10.0L	60	19.9
	Above ₹ 10.0 lakhs	22	7.2
<b>Education</b>	Pre-Board	118	39.0
	Undergraduate	117	38.6
	Graduate	68	22.4
<b>Occupation</b>	Transport	282	98.1
	Others	21	6.9
<b>Association with the Company</b>	Below 3 years	158	52.3
	3 yrs. to below 5 yrs.	94	31.1
	5 yrs. to below 10 yrs.	40	13.2
	10 yrs. to below 15 yrs.	9	3.1
	Above 15 yrs.	1	0.3

## Measures

The survey questionnaire contained questions on the demographic information of the respondents and scales on RM effectiveness, customer satisfaction, loyalty intention, loyalty behaviour, and quality of life.

**(1) Perceived RM Effectiveness Scale** : Perceived RM effectiveness is measured by a 5 - point & a six item scale, where the rating ranged from 1= *Very Poor* to 5 = *Excellent*. The six items included are : a) Regular touch by the relationship executive, b) Product being explained to the customer, c) Needs of the customer being properly

assessed and also addressed, d) Issues & grievances addressed suitably, e) Adequate advice in financial matters, f) Being successful in showing a great future for the customer in staying associated with the organization.

The scale items were developed consulting the management of the company on the relationship marketing strategies adopted in the company. This ensured face and content validity of the scale. The Cronbach's alpha was .73, indicating the scale to be highly reliable.

**(2) Customer Satisfaction :** Customer satisfaction is measured using a 5 - point (1= *very poor* to 5 = *excellent*) & an eight item scale. The eight items are : a) Hassle free approval, b) Minimum documentation, c) Supporting the customer to meet his financial obligations on time, d) No hidden charges (transparency), e) Low cost borrowing, f) Easy repayment schedule, g) Helping the customer to avoid debt trap (Due to on time & hassle-free approval. Also due to low cost of borrowing as compared to high cost of borrowing in the outside market), h) Tailor made products to suit the needs of the customer. The Cronbach's alpha for this scale was 0.65.

**(3) Loyalty Intention :** The indicators taken here are future intentions of repeat purchase & word of mouth references to others. The responses were collected on a 4 - point rating scale ranging from *not at all* to *definitely* (*Not at all, To some extent, To great extent, & Definitely*). Cronbach's alpha for this scale was 0.60, which is below the prescribed range of Nunnally (1978). The indicators of loyalty intention taken here might not be good correlates. The person who refers to others might not be willing for repeat purchase as a number of factors influence repeat purchase.

**(4) Loyalty Behaviour :** This is measured by the indicators like number of additional loans taken, thereby establishing more number of renewed relationships with the company, and number of years of association of the customer with the said company as a customer. Cronbach's alpha for this scale was 0.34. The low internal consistency may be attributed to the fact that the years of association may not be a good correlate of number of loans availed. Moreover, both the indicators were formative indicators of loyalty and the composite measure of both capture loyalty behaviour. Fitness of the confirmatory factor analysis model also led us to ignore the low reliability of the scale.

**(5) Quality of Life :** This section tried to get the responses from the respondents as to what extent their life got affected due to their association with the company. The variables like : a) Financial security, b) Family security, & c) Social status are measured on a 4 - point rating scale ranging from *not at all* to *definitely* (*Not at all, To some extent, To a great extent, & Definitely*). The Cronbach's alpha value was .62.

## Analysis and Results

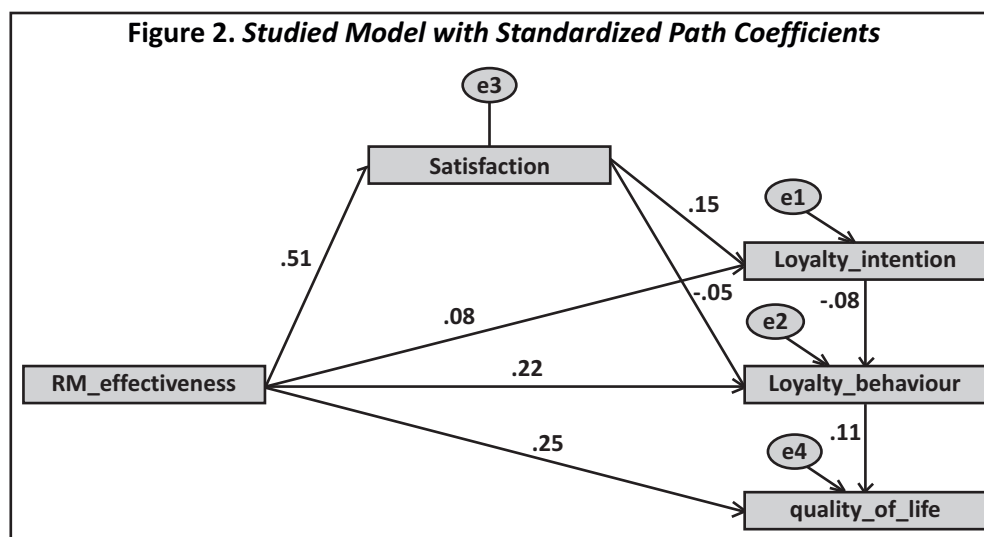
To analyze the data, descriptive statistics, correlation analysis, and structural equation modelling techniques are used. From the correlation's analysis (Table 2), it is revealed that RM effectiveness perception has a positive correlation with customer satisfaction, loyalty intention, loyalty behaviour, and quality of life. Similarly, customer satisfaction is related to loyalty intention and quality of life, but does not have a significant relationship with loyalty behaviour. Both loyalty intention and behaviour are significantly related with quality of life, but both of them do not have a significant relationship with each other. To further understand the predictive relationship among the studied variables, SEM was performed with the help of AMOS 23.0 software.

The standardized path coefficients and the model fit summary presented in Figure 2 and Table 3 reveal that perceived RM effectiveness has a direct significant effect on loyalty behaviour (CR = 3.00 ;  $p < .05$ ) and quality of life (CR = 4.18 ;  $p < .01$ ). However, such perception does not directly influence loyalty perception.



**Table 2. Descriptive Statistics and Correlation Among the Studied Variables**

	RM Effectiveness	Customer Satisfaction	Loyalty Intention	Loyalty Behaviour	Quality of Life
RM Effectiveness	1	.511**	.160*	.175**	.273**
Customer Satisfaction	.511**	1	.190**	.042	.128*
Loyalty Intention	.160*	.190**	1	-.052	.167**
Loyalty Behaviour	.175**	.042	-.052	1	.151*
Quality of Life	.273**	.128*	.167**	.151*	1
Mean	25.64	30.58	6.84	4.62	9.82
SD	3.07	2.70	.94	1.70	1.63



**Table 3. Path Analysis Results of the Studied Model**

Hypothesized Paths		Estimates	Standardized Estimates	S.E.	C.R.	p
Customer Satisfaction	←-- RM Effectiveness	.449	.511	.047	9.48	***
Loyalty Intention	←-- Satisfaction	.051	.147	.025	2.06	.040
Loyalty Intention	←-- RM Effectiveness	.026	.085	.022	1.19	.235
Loyalty Behaviour	←-- Customer Satisfaction	-.034	-.054	.045	-.75	.455
Loyalty Behaviour	←-- Loyalty Intention	-.137	-.076	.114	-1.20	.228
Loyalty Behaviour	←-- RM Effectiveness	.119	.215	.040	3.00	.003
Quality of life	←-- RM Effectiveness	.135	.254	.032	4.18	***
Quality of life	←-- Loyalty Behaviour	.102	.106	.059	1.74	.081
<b>Model Fit Summary</b>						
$\chi^2$	Df	CMIN/df	NFI	GFI	CFI	RMSEA
5.24	2	2.62	.96	.99	.97	.08

Similarly, customer satisfaction, although it directly influences loyalty intention, it does not influence loyalty behaviour. Another significant observation from Table 3 is that loyalty intention does not influence loyalty behaviour, but loyalty behaviour has a significant bearing on quality of life. This implies that when customers' association with the organization increases and their purchase of cross-selling products increases (together these connote loyalty behaviour), their quality of life is also improved.

### **Mediation Effects**

In this model, customer satisfaction has been conceptualized as an important mediator. However, it would be interesting to explore other indirect paths mediated by loyalty behaviour and loyalty intention to quality of life. Hence, the mediation effects to be calculated are as follows :

- (i) Customer satisfaction as a mediator of RM effectiveness perception and loyalty intention = Mediation A.
- (ii) Customer satisfaction as a mediator of RM effectiveness perception and loyalty behaviour = Mediation B.
- (iii) Loyalty intention as a mediator of RM effectiveness perception and loyalty behaviour = Mediation C.
- (iv) Loyalty behaviour as a mediator of RM effectiveness perception and quality of life = Mediation D.

To calculate mediation effect, we have used the following formula :

$$\text{Effect size} = (a \times b) / (a \times b) + c \times 100.$$

where,

- $a$  = the standardized path coefficient of the path between IV and mediator,
- $b$  = the standardized estimate of the path between mediator and DV, and
- $c$  = the standardized estimate of the path between IV and DV.

Using the above formula, the mediation effect size for mediation paths A, B, C, and D are as follows : 50%, 10%, 2%, and 7%, respectively. As per the specification of Kenny (2016), an effect size of 20% – 40% can be considered to declare a mediator as a partial mediator and more than 80% for full mediation. Hence, in this case, Mediation path A only qualifies to be considered as a mediator, implying that customer satisfaction is a good mediator of RM effectiveness perception and loyalty intention. In other words, perceived RM effectiveness leads to customer satisfaction, which further enhances loyalty intention, not loyalty behaviour. In the absence of other mediation effects, it can be interpreted that loyalty behaviour is directly influenced by relationship marketing effectiveness. Similarly, customer's quality of life in terms of enhanced socioeconomic status and family safety is found to be directly influenced by RM effectiveness rather than mediated by loyalty behaviour, though loyalty behaviour directly contributes to quality of life.

### **Discussion and Conclusion**

The study throws very significant findings on relationship marketing. It is observed that RM effectiveness perception considerably enhances customer satisfaction which, in turn, enhances loyalty intention. Previous studies also corroborate our findings (Rai & Basri, 2019 ; Rizan, Warokka, & Listyawati, 2014). These studies

took trust and customer satisfaction as the indicators of relationship quality. Previous studies also reported that perceived emotional value in relationship marketing is the strongest predictor of customer satisfaction and loyalty (Sayil et al., 2018). Hence, companies should try to focus more on creating emotional value along with functional and social value for customers while doing relationship marketing in the banking industry.

In this study, customer satisfaction is found to positively impact loyalty intention but not loyalty behaviour. Such findings confirm the view that customer satisfaction is not the sole determinant of customer retention (Heskett, Sasser Jr., & Schlesinger, 1997), and hence, do not directly influence repeat purchase (Back & Parks, 2003). Defying the TRA model (Ajzen & Fishbein, 1980) of intention behaviour link and studies in relationship marketing (De Cannière, De Pelsmacker, & Geuens, 2010), this study finds that loyalty intention does not necessarily lead to loyalty behaviour. Intention behaviour link has been a debatable issue. Sheeran's (2002) work identifies several methodological and conceptual issues that influence the intention and behaviour link. However, here, one possible explanation could be that the satisfied customers developed loyalty to the organization not towards the loyalty programs (cross-selling products). Hence, the behaviour intention is attenuated and not the actual repeat purchase behaviour. While differentiating between loyalty towards a program and company, Evanschitzky, Ramaseshan, Woisetschläger, Richelsen, Blut, and Backhaus (2012) opined that the first kind of loyalty brings a customer to the store, the second kind of loyalty makes him/her purchase. The same study also reported that relationship marketing should focus both on emotional value and functional value. While emotional value enhances customer satisfaction and loyalty intention, functional value leads to repeat purchase. The findings of our study that perceived RM effectiveness enhances loyalty intention via customer satisfaction and loyalty behaviour directly implies that the company focuses both on functional as well as emotional values.

Another significant finding of this study is that perceived RM effectiveness enhances quality of life of the customers, and customers' loyalty behaviour also enhances the quality of life in terms of enhancing their economic and social status. Although previous studies have focused on the emotional and functional value creation for the customers and profitability, none of the studies addressed the impact of such relationship marketing to evaluate its impact on the life of the customer. Particularly, banks and NBFCs can develop a sustainable relationship with the customers and impact the society positively if their RM strategies have an orientation towards understanding the needs and requirements of the customers in the heart and offering suitable products to suit them.

## **Managerial and Theoretical Implications**

The findings of the study provide empirical evidence for similar companies for orienting their RM strategy to enhance the quality of life of the customers. Theoretically, this study contributes in suggesting a RM effectiveness model for NBFCs operating in the Indian context. The study contributes conceptually by introducing a new and pertinent criterion variable (quality of life) for evaluating RM effectiveness of NBFCs.

## **Limitations of the Study and Scope of Future Research**

Although every care has been taken to make the study flawless, certain limitations of the study still remain. We acknowledge the limitation of common method bias and limited generalizability of the study. Since the respondents were interviewed at the branch premises of the company, there might be certain chances of auspicious bias. Notwithstanding the above limitations, this study provides certain unique findings such as impact on quality of life and also the study addresses the measurement issues in loyalty behaviour and loyalty intention found in previous studies. The study provides a case example for similar companies and also provides the idea of measuring the ultimate goal of serving the customers by measuring the impact on quality of life.

The RM effectiveness model developed here is based on one company data. Hence, in the future, this model

can be tested in a broader perspective. Future studies can also focus at more robust design by taking both secondary data and primary data to validate the RM effectiveness model. For example, better measure of loyalty behaviour could have been the exact amount of financial transaction per customer. Similarly, studies can also focus at relating CRM effectiveness with the organization's overall productivity. Qualitative research can also be conducted to explore, from the customer's point of view, how the CRM initiatives of the company are impacting their quality of life.

## **Authors' Contribution**

Prasanta Kumar Suar conceived the idea and developed qualitative and quantitative design to undertake the empirical study. He also extracted research papers with high reputation, filtered these based on keywords, and generated concepts relevant to the study design under the guidance of the second author, Dr. Sasmita Mishra. The questionnaire was developed under the guidance and consultation of Dr. Sasmita Mishra as well. The interviews were conducted by Prasanta Kumar Suar and his set of five data collectors in English from different parts of the country. The same were verified, coded, and the data entry was done in SPSS by Prasanta Kumar Suar. Dr. Mishra verified the analytical methods and supervised the study. The numerical computations were done by Dr. Sasmita Mishra with the help of AMOS 23.0 and SPSS 24.0. Prasanta Kumar Suar wrote the manuscript in consultation and contribution from the second author.

## **Conflict of Interest**

The authors certify that they have no affiliations with or involvement in any organization or entity with any financial interest, or non-financial interest in the subject matter, or materials discussed in this manuscript.

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