

Investigating the application of the relationship marketing strategies in Islamic banks and its impact on customer loyalty¹

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ABSTRACT

The study examined relationship marketing strategies and their effects on customer loyalty in Islamic banks. The population was the Bank Mellat customers as representatives of state-owned Islamic banks in West Azerbaijan and Bank Day customers as representatives of private Islamic banks in West Azerbaijan. Given the emergence of private banks beside state-owned banks and the increasing intensity of competition between banks, relationship-marketing strategies can be a suitable and useful approach for customer loyalty of Islamic banks. The study designed a relationship marketing model based on Iranian culture for use in Islamic banks in Iran. After testing the hypotheses, it was found that in Islamic state-owned banks in West Azerbaijan, trust, commitment, information, communication value, and conflict management strategies have a positive and significant effect on customer loyalty, respectively, with priority from high to low. Moreover, in private banks trust, commitment, communication value and information strategies have a positive and significant effect on customer loyalty, respectively, from high to low priority, and conflict management strategy does not have a positive and significant effect on customer loyalty in Islamic private banks in West Azerbaijan. Furthermore, in comparing the performance of banks regarding the implementation of these strategies considering the coefficient of significance at a confidence level of 0.95 in the variables trust, commitment, information, and loyalty, the state-owned bank has performed better than the private bank. In value of communications, the private bank has performed better than the state-owned bank.

JEL classification: M31, M21, C12, G21

Key Words: Islamic banks, strategy, relationship marketing, customer loyalty

Introduction

Relationship marketing involves the activities to develop long-term and cost-effective communication between organizations and their customers to create mutual benefits for both parties. On the other hand, maintaining and strengthening the customer relationship is the only one-way path that service

¹ This paper is an excerpt from the second author's master's thesis in economics.

organizations must take in using defensive strategies and increasing the retention of their current customers. In recent years, there has been a growing interest in studying the economic knowledge of long-term customer relationships. Heskett introduced the concept of a market economy. In fact, he meant that instead of focusing on creating economies of scale, companies could achieve their goals by focusing on customer perceptions.

In contrast to the classical marketing theory, whose art was to attract new customers, and its emphasis was more on doing business, relationship marketing is about creating and maintaining long-term customer relationships. In this view, customer retention is more important than attracting new customers [1]. Nowadays, the companies with superior performance in different industries are moving towards retaining customers and gaining their loyalty as most markets are in their maturity stage, competition is increasing, and the costs of attracting new customers have increased sharply [2].

Customer retention and customer loyalty are critical to continuing business. Here, the banking industry is not an exception to this rule [3]. Thus, banks should seek various management strategies to enhance the loyalty of their customers. Nowadays, bank managers to prevent customers from tending to more than ever should seek to understand the wants and needs of customers to meet their needs better and establish long-term business relationships with them. Thus, an approach that can better realize these issues will be given more attention. As a new approach, relationship marketing in research and practice has proven to be one of the most successful approaches.

Additionally, proving the different benefits that relationship marketing has brought to organizations has led to an unprecedented trend towards this approach. Organizations in Iran should gradually understand the need to pay attention to the customer and move towards recognizing and satisfying the needs and wants of the customer and want customer loyalty more than ever. Considering the emergence of private banks alongside state-owned banks in Iran and the increasing intensity of competition between them, relationship marketing can be considered as a measure to solve this problem of banks. Using this approach, while creating a long-term relationship with the customer, it is possible to identify, strengthen and improve the activities important and valuable to the customer, and attract more customers and be loyal to the organization. Thus, organizations can enhance their position in this competitive market while taking advantage of customer loyalty. In line with this goal, Iranian Islamic banks have always tried to provide solutions and letters to establish and maintain long-term relationships with customers and ultimately make them loyal. However, planning in this regard needs recognizing Islamic banks from their strengths and weaknesses in establishing a relationship with the customer and their loyalty, as well as examining the importance of the actions taken by customers. According to the points stated, the purpose of the study was to examine the effect of the application of relationship marketing strategies in Islamic banks and its effect on customer loyalty in the branches of public and private Islamic banks in West Azerbaijan. Moreover, the order of significance of these variables from the customer's point of view and the success rate of each bank in creating such strategies has been considered and an attempt is made to answer the question of whether using relationship marketing strategies in Islamic banks affects customer loyalty or not. If the answer is yes, how is the effect?

Theoretical Foundations

The concept of relationship marketing

The concept of relationship marketing was first formally used by Berry in the field of services as a strategy to attract, maintain and improve strong relationships with the customer and other stakeholders [4]. Relationship marketing is customer retention and relationship development and making this relationship with customers more attractive. The main view of customer retention is that by offering superior value to the customer, his satisfaction should be continuously provided [2]. This continuous satisfaction leads to customer loyalty. Various scholars have considered various variables for relationship marketing. In his study, Chiu introduced three categories of variables as the base of the relationship marketing for the banking industry. Sin et al. (2005) consider relationship marketing to be a one-dimensional structure consisting of six key factors that include trust, social relationships, communication, shared value, empathy, and interrelationship [5]. Mansou & Space (2000) have categorized related

marketing agents as social activities like formal or informal meetings with customers, sales activities like introducing new products, monitoring the relationship, maintaining the relationship between the company and the customer, and exchanging information. Tahiro Rashid (2003) has introduced the following variables as key factors of relationship marketing: trust, commitment, good experiences, loyalty to commitments, customer satisfaction, internal relationship marketing, linking, empathy, communication. Communications mean internal marketing, attracting, developing, and motivating, and retaining the best employees using jobs that meet their needs (Appropriate assignment in jobs commensurate with the competence of employees) [6]. Moorman et al. (1992) consider trust and commitment as the two main dimensions of relationship marketing, defining trust as “the desire to rely on a trusted exchange partner” and commitment as “the constant desire to maintain a relationship.”[7]. Ndubisi (2007) model has considered trust, commitment, communication, conflict management, and competence as the main and fundamental variables of relationship marketing [8]. Conflict is caused by ambiguities in roles, and conflict management is the ability to minimize ambiguities and negative consequences before a serious problem occurs [9]. Mooris et al. (1998) consider the elements of relationship marketing as commitment, trust, information, and the value of communication, where information is defined as the desire to share information useful to both parties [10]. With a little reflection on various models and the point of view of different researchers, we consider that in most of the proposed models, there are two dimensions of trust and commitment, showing that these two dimensions are very important in relationship marketing and they are one of the main foundations of relationship marketing. Indeed, the base of relationship marketing is building trust between the parties. Based on a combination of Morris and researcher-made models, the present study has studied the relationship marketing strategies, including commitment, trust, information, communication value, and conflict management as predictors of customer loyalty in banks in West Azerbaijan.

The concept of loyalty

Customer loyalty is a deep and internal commitment ending in the repurchase of a particular product or service. Despite these situational effects, marketing proposals are potentially influencing changes in customer behavior [11]. Conceptually, customer loyalty includes three dimensions of behavior, attitude, and composition. The behavioral dimension of loyalty emphasizes customer behavior in repeating purchases. The attitudinal dimension means the desired and favorable tendency towards a service provider. Finally, the combined view of loyalty combines the definitions of the behavioral and attitudinal dimensions of loyalty [12]. Trying to define loyalty is more difficult than one might think. The main problem is determining whether loyalty is a behavioral variable or an attitude-related variable. The word loyalty crystalizes concepts like love or affection, truth, and honesty, or commitment.

Using satisfaction as a representative of loyalty has been very common, as it is assumed that satisfaction has a positive effect on purchasing intentions. Nevertheless, studies show that it is simplistic to assume that dissatisfied customers are lost, and satisfied customers remain loyal. Indeed, Richhold has shown that many customers drop, whether they are satisfied or very satisfied. It has again been indicated that many customers who are seemingly satisfied with a particular brand have not repeated the purchase of that brand or have bought other brands. Such behaviors may be because of variables like choice, convenience, price, and income. This shows that loyalty criteria based on attitude (satisfaction) are weak indices or criteria to predict customer behavior. Besides, this makes the concept of one hundred percent loyalty doubtful and instead shows that the customer may be loyal to two or three brands in each class of goods (Duffy, 1988). Some researchers have defined loyalty just in terms of the behaviors observed. Tucker believes that one should not pay attention to what one thinks and what goes on in his nervous system and the individual's behavior is a complete expression of business loyalty [13]. However, customer loyalty is more important than repeating purchases. Indeed, even if one buys from a company many times, it does not mean that one is loyal to that company. Nonetheless, that one may just fall into the trap of inertia or indifference, or the existence of barriers created by the company causes such behaviors. On the other hand, a loyal customer may not buy a brand or product several times because his or her need for that product is reduced. Customer loyalty is a kind of deep and internal commitment

ending in the repurchase or re-use of a particular product or service. However, the temporary effects and marketing suggestions potentially affect the change in customer behavior [11]. It is highly debated whether or not companies and institutions should invest in building relationships and building intimacy for loyal buyers. Creating such a relationship and intimacy will lead to an increase in this level of loyalty (Susanna and Larsson, 2004). Loyalty happens when customers strongly feel that the organization can meet their needs in the best way possible, so that competing organizations are out of the customer's consideration, and they buy exclusively from the organization (Shoemaker and Lewis, 1999).

Literature review

Regarding the studies related to the subject, the following are some of the studies related to the subject and excerpts from them are as follows. In a study by Aali et al. (2013) on strategies relationship marketing in the banking industry has concluded that communication development strategies, employee competency development, and investment in improving the quality of the relationship between the bank and the customer, but conflict management does not affect the quality of the relationship. Moreover, the results indicated that the quality of the relationship between the bank and the customer has a positive effect on loyalty, word-of-mouth, and customer share.

Additionally, Izadi (2016) concluded that there is a difference between the strategy of maintaining or expanding investment in marketing in Sepah Bank and other selected banks, and between the strategy of trying to retain current customers in Sepah Bank and there is a difference between other selected banks. A study by Ranjbarian et al. (2009) concluded that competency, communication, trust, and conflict management affect customer satisfaction with Saman Bank's services, respectively, but the commitment did not relate to their satisfaction [14]. Moreover, Shiri [15] Shiri and Ghasemi (2015) concluded that about 0.422 changes in the dependent variable (organizational performance) are justified by changes in the independent variable (relationship marketing foundations) with four dimensions of trust, commitment, communication and conflict management, showing a positive relationship between the two variables [15]. In a study at Kerman Balan Travel Agency, Alishiri et al. (2012) concluded that the highest correlation was found between commitment and trust, and the foundations of relevant marketing based on importance were ranked according to Friedman test [16]. That includes trust, communication, commitment, and conflict management. A study conducted by Beigi in (2016) in women's bodybuilding clubs has concluded a significant and positive relationship between marketing components related to customer loyalty of Qazvin women bodybuilding clubs [16]. Thus, related marketing components can be suitable predictor of the customers' desire to re-attend bodybuilding clubs. In a study conducted at Al-Zahra University Faraji et al. (2015) concluded that trust, commitment, communication, and conflict management, and competence had a direct and significant correlation between satisfaction and loyalty of Al-Zahra University overnight students [18]. A study conducted by Talari et al. (2016) concluded that the political marketing model associated with creating commitment and mutual trust between the political organization and voters reduces the risk of voting, facilitates the decision-making process of voters and their loyalty [19]. A 2003 study by Adamson et al. concluded that banks successful in attracting customers have put a lot of effort into implementing a relationship marketing strategy and building long-term relationships with their customers. A study conducted by Dora et al. (2002) concluded that relationship building has many benefits for the organization under study and has a positive and significant relationship that has an impact on customer loyalty. In a study of many banks, about 12,000 banks, Hallwell (1996) studied the relationship between customer satisfaction and loyalty and profitability and found a positive and significant relationship between customer satisfaction and loyalty, and a positive and significant relationship between customer loyalty and profitability. Reynartz and Kammer (2002) found that customers who had long-term relationships with the organization were more profitable to the organization than other customers who did not. Seyyed Ali Sadraei (2010) has concluded that banks can create a coherent network, identify their customers anywhere and based on previous contacts, and the position of the customer behave with him in that bank, which is the most important action in attracting customers and their loyalty [20]. In his study, Berry cites relationship marketing as a strategy for attracting, retaining, and enhancing customer relationships. He defends some of the marketing strategies

he used in his study. NDubisi (2013) conducted a study entitled *Marketing Relationship and Customer Loyalty* [21]. The purpose of the study was to examine the relationship between relationship marketing strategy and customer loyalty. The data collection tool was a questionnaire distributed among the customers of 220 banks in Malaysia. Multiple regression analysis showed a relationship between the four components of marketing (trust, communication, commitment and conflict management) and customer loyalty. Garmelr et al. (2012) conducted a study entitled "Creating positive word-of-mouth communication through employee-customer relationships." The purpose of the paper is to examine the effect of employee-customer relationships on positive word-of-mouth communication. In this paper, the four dimensions of trust, care, understanding, and familiarity are measured using a questionnaire. The results indicate that increasing customer trust in employees increases positive word-of-mouth. Moreover, the increase in care, understanding, and familiarity also increase positive word-of-mouth communication. Trong (2012) conducted a study entitled "The relationship marketing and its implications." Its purpose is to examine the relationship between relationship marketing and customer loyalty in service businesses in Vietnam. In this study, structural equation and ANOVA methods were used. The results showed that trust, communication, commitment, and conflict are related to a person's first choice. Trust, communication, commitment, and conflict are also related to the first thing that comes to mind when making a decision.

Besides, a direct relationship was found between trust, communication, commitment and conflict with customer loyalty. Gladson (2012) conducted a study entitled "Employee emotional intelligence and word-of-mouth." Data collection tool was a questionnaire. One hundred eight enterprises listed on the Nigeria Stock Exchange were selected as the sample. The results showed that employees' emotional intelligence had a significant relationship with word-of-mouth. Apiado (2012) conducted a study on the effect of service quality dimensions on word-of-mouth in the Scottish financial services industry. The purpose of the experimental study was to examine the effect of service quality dimensions on word-of-mouth. Data were collected through 52 banks. In this study, data related to the dimensions of quality of services and word-of-mouth were collected and analyzed. The results show that each of the dimensions affects the quality of word-of-mouth services. Masi (2010) conducted a study entitled "Personal characteristics, trust, conflict and loyalty, and positive word-of-mouth." The purpose of the study was to test the effect of trust dimensions (trust based on cognition and trust based on impact) and three personality traits (psychological distance, marketing manager experience in sales and relative level of marketing manager training) on conflict, loyalty and positive word-of-mouth. Data collection tool was a questionnaire, and 101 sales managers and marketing managers in Australia were selected as a sample and answered the questionnaires. Data were analyzed using structural equation method (partial least squares). The results showed that both dimensions of trust and all three personality traits affect conflict, loyalty, and positive word-of-mouth. Palmer et al. (2007) stressed the effect of relationship quality on buyer or seller on customer share. They state that to obtain a larger share of customer purchases, the role of sales staff is more than corporate relationship-building programs. Castelnos and Verdigo (2009) industry examined the impact of relationship quality on customer share in the Spanish hotel and concluded that the quality of the relationship is a strong predictor of gaining a larger share of the customer stay in the hotel. In the Taiwan insurance industry, Chen et al. (2011) have confirmed the effect of the quality of the relationship on the customer's share in terms of customer loyalty. Based on data collected from 12 five-star hotels in Seoul, Kim Vejla (2001) concluded that hotel owners need to boost trust and satisfaction to increase customer share and achieve continuity of relationship and positive word-of-mouth advertising. In a paper, Mangoland et al. studied the decline in brand equity through negative word-of-mouth communication online. The paper examines the effects of declining brand equity, the effects of negative online product reviews, and a specific type of word-of-mouth communication equal to the customer-centric brand equity. Wang et al. (2006) indicated that relationship quality has a significant effect on customer loyalty. However, the difference between customers who had more relationships with the firm and those customers who had less was insignificant. Concerning the relationship between quality as a higher level of behavioral and attitudinal loyalty, Shamed Asani and Balkarshanan (2000), in line with have concluded that relationship quality as a construct consisting of trust and satisfaction is a powerful determinant of

loyalty. In this sense, loyalty as a frequency of referral (behavioral loyalty) is the behaviors related to changing the supplier, and attitude loyalty for both the spectrum of suppliers are high and normal. Haghighi et al. (2012) have conducted a study entitled "Investigation of the effect of relationship marketing tactics on customer loyalty from the perspective of Iran cell." While examining past studies and collecting information from reliable sources, the study examines the effect of relationship marketing tactics (service quality, price perception, brand mentality, and value proposition) on the quality of communication (customer trust and satisfaction) of the customers of Iran cell mobile operator, which in turn will lead to increased customer loyalty. The data needed were collected based on the analytical framework of the study through a questionnaire distributed among the students available at Sistan and Baluchestan University in December 2011, and the research hypotheses were tested using multivariate linear regression test. Surveys have shown that the company has been successful in implementing some marketing tactics and, at a significant level of 90% has been able to gain customer satisfaction and trust and their loyalty. Considering what stated about relationship marketing and customer loyalty, studying the effect of these variables on customer loyalty can be useful for different companies and financial institutions.

Methods

The researcher used a descriptive-analytical method along with causal ex post facto. In terms of data collection method, descriptive research can be divided into libraries, observations, and surveys. The survey method was used to collect information in the study, so it can be considered as a field study.

Main research question

What is the effect of the application of relationship marketing strategies (commitment, trust, the value of communication, information, and conflict management) on customer loyalty in the banks of West Azerbaijan?

Sub-questions

- 1- What is the effect of applying commitment strategy on customer loyalty in Islamic banks?
- 2- What is the effect of applying trust strategy on customer loyalty in Islamic banks?
- 3- What is the effect of applying the value communication strategy on customer loyalty in Islamic banks?
- 4- What is the effect of using information strategy on customer loyalty in Islamic banks?
- 5- What is the effect of applying conflict management strategy on customer loyalty in Islamic banks?

The main hypothesis

Relationship marketing strategies have a positive and significant effect on customer loyalty of Islamic banks.

Sub-hypotheses

- 1- Commitment has a positive and significant effect on customer loyalty in Islamic banks.
- 2- Building trust has a positive and significant effect on the loyalty of customers of Islamic banks.
- 3- The value of communication has a positive and significant effect on customer loyalty in Islamic banks.
- 4- Informing has a positive and significant effect on customer loyalty in Islamic banks.
- 5- Conflict management has a positive and significant effect on customer loyalty in Islamic banks.

Population of the study

The population was the customers of a state-owned bank and a private bank in West Azerbaijan. The state-owned bank has 47 branches and the private bank one branch in West Azerbaijan. Thus, the population was Bank Mellat customers as representatives of state-owned Islamic banks and Bank Day customers as representatives of private Islamic banks in West Azerbaijan. As the statistical population was unlimited, a preliminary study was conducted separately to obtain the sample size and the variance of

the prototype was obtained, then the sample size was obtained using the following equation based on that variance of that prototype.

$$n = \frac{z_{\alpha/2} \times s^2}{d^2} \quad (1)$$

According to the rules of estimating the sample size, based on the statistical relationships of sampling, thirty questionnaires were distributed among the customers of the banks and the variance of the samples was obtained, where the sample size for the state bank is $n = 175$ and the sample size for the private bank is $n = 165$.

According to the variance of the preliminary sample, 95% confidence level and 5% error, the samples needed for the state bank was 175 and for the private bank 165, and 340 questionnaires were obtained. For more confidence and generalizability, 350 questionnaires were distributed among the customers.

Introducing the questionnaire

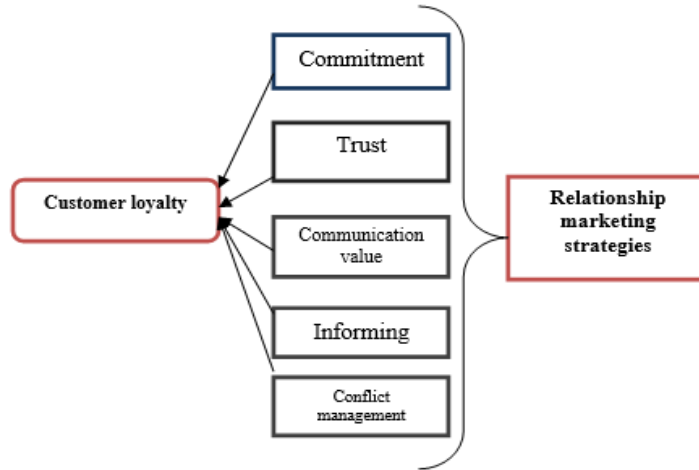
The study questionnaire was the result of consultation with professors and senior experts regarding the composition and general outline of the questionnaire and Likert scale was used to design it. To ensure the research tool and check its accuracy, the questionnaire was distributed among thirty bank customers as a pilot, and the final questionnaire was thus designed to evaluate the effect of the independent variable of relationship marketing strategies on loyalty as the dependent variable after solving its problems. The method of scoring the questionnaire was from 1 to 5 points and as 350 questionnaires out of 350 questionnaires were returned, the final evaluation was done among these 350 returned questionnaires. The questionnaire had 25 questions: six questions on trust, four questions on commitment, four questions on the value of communication, four questions on information, four questions on customer loyalty, and three questions on conflict management.

Table 1: The number of items in the questionnaire

| Row | Variable | Number of questions | Questions order |
|-------|---------------------|---------------------|-------------------------|
| 1 | Trust | 6 | 1, 2, 3, 4, 5 and 6 |
| 2 | Communication value | 4 | 7, 8, 9 and 10 |
| 3 | Commitment | 4 | 11 and 12 and 13 and 14 |
| 4 | Informing | 4 | 15 and 16 and 17 and 18 |
| 5 | Conflict management | 3 | 19, 20 and 21 |
| 6 | Loyalty | 4 | 22 and 23 and 24 and 25 |
| Total | | | 25-1 |
| | | | |

Source: The present study

Conceptual model of the study



Source: The present study

Figure 1: Conceptual model

Data analysis

Data were analyzed in SPSS software. Multiple regression test was used to test the hypotheses; Univariate t-test was used to evaluate the success rate of banks in realizing these variables, and two sample t test to compare the performance of banks. Pearson correlation test was used to examine the relationship between variables. The data related to each of the variables resulting from the answers to the designed questionnaires were described in the form of numerical statistical characteristics to analyze the data and information based on predefined objectives and then the research hypotheses were analyzed using appropriate statistical models. In the final stage, the final analysis and conclusion were presented.

Table 2: Cronbach’s alpha results to evaluate the reliability of the questionnaire

| Variable | Cronbach’s alpha | | Number of questions |
|---------------------|------------------|--------------|---------------------|
| | State-owned bank | Private bank | |
| Trust | 0.83 | 0.85 | 6 |
| Communication value | 0.82 | 0.80 | 4 |
| Commitment | 0.80 | 0.82 | 4 |
| Informing | 0.75 | 0.78 | 4 |
| Conflict management | 0.81 | 0.90 | 3 |
| Loyalty | 0.79 | 0.92 | 4 |
| The whole scale | 0.91 | 0.94 | 25 |

Source: The present study

The reliability of the questionnaire was measured using Cronbach’s alpha coefficient in part as well as in general for public and private banks separately. As the alpha coefficient of all variables is high, one can claim that the data collection tool has good reliability. Table (2) presented the results of Cronbach’s alpha coefficient in detail to determine the reliability of the questionnaire. Table (3) shows the frequency distribution of gender by individuals by bank type. According to the results, 53.8% of the subjects in the state-owned banks were males and 46.2% females. Furthermore, according to the results, 51.7% of the people studied in the private bank were males and 48.3% females.

Table 3: Frequency distribution of the gender by bank type

| Variable | | State-owned bank | | Private bank | |
|----------|---------|------------------|---------|--------------|---------|
| | | Frequency | Percent | Frequency | Percent |
| Gender | Males | 91 | 53.8 | 89 | 51.7 |
| | Females | 84 | 46.2 | 86 | 48.3 |

Source: The present study

According to the results in Table (4), in the state-owned bank 41.1% of people had a work history of 1-5 years, 34.8% had 6-10 years, 15.8% had 11-15 years, 7.6% had 16-20 years, and 0.7% had 21-25 years. Additionally, according to the results, 85.2% in the private bank had work history from 1 to 5 years and 14.8% from 6 to 10 years.

Table 4: Frequency distribution of work history of the studied individuals by type of bank

| Variable | | State-owned bank | | Private bank | |
|--------------|--------------|------------------|---------|--------------|---------|
| | | Frequency | Percent | Frequency | Percent |
| Work history | 1-5 years | 68 | 41.1 | 143 | 85.2 |
| | 6-10 years | 58 | 34.8 | 32 | 14.8 |
| | 11- 15 years | 28 | 15.8 | 0 | 0 |
| | 16-20 years | 15 | 7.6 | 0 | 0 |
| | 21- 25 years | 6 | 0.7 | 0 | 0 |

Source: The present study

According to the results of Table (5), in the state-owned bank, 35.4% of people were under 25 years old, 44.3% were 26-35 years old, 19% were 36-45 years old and 1.3% were over 45. Moreover, in the private bank, 27.6% of people were under 25 years old, 45.4% were 26-35 years old, 20.9% were 36-45 years old, and 6.1% were over 45.

Table 5: Age distribution of the subjects by bank type

| Variable | | State-owned bank | | Private bank | |
|------------------|----------------|------------------|---------|--------------|---------|
| | | Frequency | Percent | Frequency | Percent |
| Age distribution | Under 25 years | 60 | 35.4 | 48 | 27.6 |
| | 26-35 years | 74 | 44.3 | 77 | 45.4 |
| | 36-45 years | 34 | 19 | 37 | 20.9 |
| | Over 45 years | 7 | 1.3 | 13 | 6.1 |

Source: The present study

According to the results of Table (6), the studied variables are explained by 71% of the changes of the dependent variable (loyalty) in the private bank and 54% in the state bank by the studied variables.

Table 6: The results of multiple regression analysis of the relationship between research variables and customer loyalty

| Bank type | R Multiple regression value | Explanation coefficient |
|-------------|-----------------------------|-------------------------|
| Private | 0.821 | 0.711 |
| State-owned | 0.753 | 0.549 |

Source: The present study

Multiple regression analysis results

Table (7) shows the test results of all hypotheses for comparison between different hypotheses.

Table 7: General results of multiple regression coefficients of the relationship between research variables and customer loyalty

| Bank type | Variable | Beta | t | Sig. |
|-------------|---------------------|--------|--------|-------|
| Private | Trust | 0.263 | 4.73 | 0.001 |
| | Commitment | 0.188 | 2.563 | 0.001 |
| | Communication value | 0.158 | 2.169 | 0.002 |
| | Informing | 0.151 | 2.053 | 0.001 |
| | Conflict management | -0.015 | -0.181 | 0.875 |
| State-owned | Trust | 0.283 | 3.458 | 0.001 |
| | Commitment | 0.225 | 2.714 | 0.001 |
| | Communication value | 0.206 | 2.035 | 0.002 |
| | Informing | 0.217 | 2.614 | 0.001 |
| | Conflict management | 0.201 | 2.008 | 0.002 |

Source: The present study

Considering that the significant coefficients for trust, commitment, communication value, information and conflict management were less than 0.05 in a state-owned bank, one can state that all variables of trust, commitment, communication value, information and conflict management have a positive and significant effect on customer loyalty in a state-owned bank at the confidence level of 0.95 and can predict these variables explain the relationship and approximately 54% of the dependent variable changes. Considering the beta coefficients, one can state that trust had the greatest role in the loyalty of bank customers and then the variables of commitment and information were effective. Thus, according to the significance coefficients, all research hypotheses are confirmed.

Given the significant coefficients in the private bank, one can state that except for the conflict management, the significant coefficients of all independent variables are less than 0.05. Thus, in the private bank, the independent variables trust, commitment, value of communication, and information have affected the dependent variable customer loyalty at the 95% confidence level. According to beta coefficients, trust has played the largest role in the loyalty of bank customers, and these variables explain approximately 71% of the changes in the dependent variable. However, as the significance coefficient of the conflict management variable was greater than 0.05, it did not have a significant effect on the dependent variable. Given the beta coefficients, one can state that trust had the greatest positive and significant effect on customer loyalty effect and then commitment, the value of communication, and finally, information. As R^2 in the private bank was above 0.71, these variables have managed to explain the dependent variable customer loyalty. Thus, in a private bank, focusing on these factors, one can expect to increase customer loyalty to a great extent. However, in a state-owned bank, as the coefficient of explanation is 0.54 - independent variables explain only 54% of the changes in the dependent variable loyalty - and a large part of it is not explained by these variables, the state-owned bank should take steps besides the ongoing actions in the private bank to build customer loyalty. Overall, one can state that in private and public banks, the customers have somewhat different expectations from banks and the services they provide. After examining the effect of the studied variables on customer loyalty, the success rate of each public and private bank in achieving these dimensions and variables are examined. Univariate t-test was used for this purpose. The number 3 is considered the average limit. Accordingly, the higher the number of customer responses, the higher the success rate of the bank in its field.

Table 8: The success rate of private and public banks in the field of realization of the studied variables

| Variable | Bank type | Mean | t | Sig. |
|---------------------|-------------|-------|--------|-------|
| Trust | Private | 4.17 | -2.85 | 0.001 |
| | State-owned | 4.34 | -85.93 | 0.001 |
| Communication value | Private | 3.56 | 15.95 | 0.001 |
| | State-owned | 3.15 | 14.36 | 0.001 |
| Commitment | Private | 3.36 | -51.3 | 0.001 |
| | State-owned | 3.71 | -54.07 | 0.001 |
| Informing | Private | 3.68 | -80.45 | 0.001 |
| | State-owned | 4.11 | -82.16 | 0.001 |
| Conflict management | Private | ----- | ----- | ----- |
| | State-owned | 3.79 | -32.18 | 0.001 |
| Loyalty | Private | 3.14 | -32.05 | 0.001 |
| | State-owned | 3.82 | -36.4 | 0.001 |

Source: The present study

As shown in Table (8), in a state-owned bank, the bank has been above average in trust, commitment, information, communication value, conflict management, and performance loyalty due to the significant coefficients of the variables, all of which are lower than 0.05. The order of success in the state-owned bank has included trust, information, loyalty, conflict management, commitment, and the value of communication. As shown in Table (8), the private bank had a higher than average performance in all variables except the conflict management variable due to significant coefficients at the 95% confidence level. The sequence of this success in private banking has included trust, information, communication value, commitment, and loyalty.

Table 9: Comparison of private and public bank performance in realizing the studied variables

| Variable | Bank type | mean | t | Sig. |
|---------------------|-------------|-------|-------|-------|
| Trust | Private | 4.17 | 50.3 | 0.001 |
| | State-owned | 4.34 | | |
| Communication value | Private | 3.56 | 40.3 | 0.001 |
| | State-owned | 3.15 | | |
| Commitment | Private | 3.36 | 40.2 | 0.001 |
| | State-owned | 3.71 | | |
| Informing | Private | 3.68 | 43.8 | 0.001 |
| | State-owned | 4.11 | | |
| Conflict management | Private | ----- | ----- | ----- |
| | State-owned | ----- | | |
| Loyalty | Private | 3.14 | 35.2 | 0.001 |
| | State-owned | 3.82 | | |

Source: The present study

As Table (9) shows, a two-sample t-test has been used to compare the performance of private and public banks in realizing the studied variables. Considering the significance coefficient, at the confidence level of 0.95 in the variables of trust, commitment, information and loyalty, the state-owned bank performed better than the private bank and in communication value, the private bank has performed better than the state one. Then using Pearson correlation test, the existence of a relationship between relationship marketing strategies and customer loyalty in private and public Islamic banks in Iran was proved.

Table 10: Pearson correlation test results

| Bank type | Variable | Pearson correlation | Sig. | Results |
|-------------|---------------------|---------------------|-------|-------------------------|
| Private | Trust | 0.665 ** | 0.001 | There is a relationship |
| | Communication value | 0.563 ** | 0.001 | There is a relationship |
| | Commitment | 0.518 ** | 0.001 | There is a relationship |
| | Informing | 0.617 ** | 0.001 | There is a relationship |
| | Conflict management | 0.851 ** | 0.001 | There is a relationship |
| State-owned | Trust | 0.372 ** | 0.001 | There is a relationship |
| | Communication value | 0.432 ** | 0.001 | There is a relationship |
| | Commitment | 0.418 ** | 0.001 | There is a relationship |
| | Informing | 0.581 ** | 0.001 | There is a relationship |
| | Conflict management | 0.895 ** | 0.001 | There is a relationship |

Source: The present study

Discussion and Conclusion

The results of show that in the private bank, trust has the greatest positive and significant effect, and then commitment, value of communication, and information on customer loyalty. Concerning the performance of the private bank in these variables, it has to be stated that relatively the best performance of the bank has been in trust and information and communication value and commitment have been average. Moreover, regarding creating loyalty, the performance of the private bank has been evaluated above average. In the case of a state-owned bank, the order of priority of the variables affecting loyalty was trust, commitment, information, communication value and conflict management. The performance of the state-owned bank in terms of trust was good compared to other variables and the performance of the state-owned bank was relatively good in terms of loyalty. According to the results, one can conclude that the state-owned bank has performed well in relationship marketing strategies compared to the private bank and has paid more attention to these variables and the state-owned bank studied has moved in line with maintaining the long-term relations with the customers and the relationship marketing approach. Ndubisi (2007) used relationship marketing variables among Malaysian banks in his study; concluding that the four relationship marketing variables had a significant effect on customer loyalty, which is almost consistent with the results of this study in private and public banks [21]. Now, by determining the priority of the variables affecting customer loyalty in each of the state-owned and private banks as well as the performance of banks in achieving these variables, one can state that in a private bank the most important variable affecting customer loyalty is trust with best performance in this variable. Thus, it has acted according to the importance of the variables, but to increase loyalty, it should pay more attention to this variable. The next variable that has had more effect on loyalty is information, where the private bank has done relatively well in realizing it. However, as this variable is in the second priority, more attention should be paid to this variable to increase the average loyalty. The next influential variables are value of communications and commitment with the performance of the private bank average in the realization of these variables and special attention should be paid to these variables to increase loyalty. In the state-owned bank, the most important factor affecting customer loyalty is trust. The bank performance in realizing this variable is higher than average, and the state-owned bank should pay much attention to this variable because this variable is in the first priority in terms of customer loyalty. The next influential variable is informing where the performance of the state-owned bank in the realization that it is above average and the state-owned bank has performed well in terms of the performance. However, it must pay attention to this variable to increase loyalty and take the necessary measures to inform. The next influential variable is conflict management, where the performance of the state-owned bank in its realization is relatively good and state-owned banks should pay more attention to this variable. There was a significant effect on customer loyalty in other studied variables. There is a relationship between Pearson correlation test and total regression value, but this relationship has been significant based on significance

coefficients. The results of Morris (1998), Alishiri et al. (2012), Ranjbarian et al. (2009) are somewhat in line with the results of this study, and the relationship marketing Morris's model has an effect close to that of this study [10, 14, 16]. According to the results of this study and research on relationship marketing in other countries have mostly confirmed the positive and significant effect of relationship marketing on customer loyalty. In this study, relationship marketing variables have had a significant effect on customer loyalty. It has to be noted that customer loyalty can vary depending on the type of industry and market culture. As the study has been conducted in West Azerbaijan and the number of studied banks has been small and limited to one state-owned bank and one private bank, and also considering that the duration of activities of private and state-owned banks is different, their comparison may be a limitation for the results of this study. The bottom line is that the study process never ends and the findings of any study are always considered experimental. Thus, it is possible that further studies may prove these results inaccurate (Irannejad, 2003).

Practical suggestions

According to the results, the following suggestions are presented:

1. The results indicated a positive and significant relationship between customer trust and loyalty in private and public banks. Regarding this, it is suggested that bank managers consider trust as a key dimension in the relationship marketing model, as more trust between buyer and seller leads to greater productivity and longer-term relationships. Bank managers are suggested to keep their promises because keeping their promises will increase trust among customers.
2. According to the results, there is a positive and significant relationship between commitment and customer loyalty in public and private banks. Thus, it is suggested that bank managers and employees continue their relationships with customers and have an explicit and implicit commitment to maintaining customer relationships.
3. According to the results, there is a positive and significant relationship between conflict and customer loyalty in state-owned banks. In this regard, it is suggested that bank managers and entrepreneurs use cooperative behavior in this field and managers hold training classes to teach employees how to deal with customers and the necessary skills to manage conflict and learn sufficient skills in conflict situations. This is because the correct way of dealing with customers and employees of banks in times of conflict has a positive effect on customer loyalty.
4. According to the results, there is a positive and significant relationship between communication value and customer loyalty in the private and state-owned banks. Hence, managers and employees of banks and financial institutions are suggested to pay due attention to their communication with customers, as when the customer realizes the value placed on his relationship by the bank managers and managers, he becomes loyal to this institution. Thus, bank managers can teach their employees how to manage customer relations by holding classes and training courses.
5. The results of the study showed a positive and significant relationship between information and customer loyalty in private banks and state banks. Previous studies like Ndubisi (2007), Alishiri (2012), Ranjbarian (2009), Shiri (2015), Faraji (2015) have shown the positive and significant relationship of this variable with customer loyalty as well [14-16, 18, 21]. Thus, it is suggested that sufficient attention be paid to this variable and managers and employees of banks and financial institutions can inform customers about the services provided by financial institutions by installing information brochures in the workplace or through radio and television and special programs. When the customer faces accurate and correct information, he deals with the issue logically that will be effective in customer loyalty.
6. Managers and stakeholders in the banking industry in Iran can use university professors and experts to provide in-service training classes for bank employees to give more information to bank employees and managers about the dimensions of related marketing. Bank employees and managers are suggested to take specialized and practical courses in interaction and contact with customers, so that they can communicate effectively with customers.

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