

# Critical Examination of Service Quality and Relationship Marketing in Establishing Sustainable Long Term Customer Relations in Commercial Contexts

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## **Abstract**

*Service Quality and Relationship Marketing compatibly build and improve customer relationships with the marketers in business environment. The Objective of this paper is critical examination of the interdependent nature between service quality and relationship marketing in establishing sustainable long term relationship with customers in business operations. The paper employed the use of secondary source to obtain information related to the topic. The facets of relationship marketing can be explored, with the greatest emphasis on internal services and marketing. Higher quality services came from continuous improvement, and intensive employee's training and participation and communication, knowledge and understanding of customers, that built service and relationship culture in business organization. Business enterprise can successfully achieve its service quality delivery and relationship marketing through development strategy, creation of customers value , performance analysis and assessment, and management of information process by ways of targeting the "right" customers, at the right place, at the time and build relationships with them. Poor service delivery created gaps between service providers and receivers; such as Knowledge gap, Policy gap, Delivery gap, Communication gap, Tangibility gap. On the other hand higher services quality closed the gaps consistently to meet customer expectations and satisfaction. Thus, service quality served as resource for building relationship marketing. Offering solutions that meet customers complains. Offering quality package with competitive advantage in Marketing Operations, Creating and delivering specified service to target customers, at the right time, Adhere to consistent quality standards and value provision to customers. Offering high service performance to ensure acceptable costs operations function, Recruit, train and retain the best employees for internal services and marketing activity in every operation, Re-training and motivating employees who work well together in communication and interaction with customers to achieve both performance and customer satisfaction.*

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## **1. INTRODUCTION**

Service quality is a marketing activity related to continuous improvement of customer's service above customer expectations, provision of special service, fulfilling promises, and friendly treatment of customers by employees, Jobber, *et al* (2016). Relationship marketing on the other hand refers to establishing, maintaining and enhancement of business operations with customers and other stakeholders in an effort to sustain and improve a customer-centric business transactions and profitability, Gronroos, (1994). Relationship marketing is a marketing philosophy for creating a satisfactory network link between customers and the business enterprise, Yaghoubi *et al* (2011). The objective of relationship marketing is to satisfy customers in service delivery. Relationship marketing provides forum for service providers to listen and address the needs of customers and their concerns in effort to promote customer value and satisfaction. From operational point of view, relationship marketing constitutes a framework of principles for personalizing service offering, in which every customer is made to understand that service is specifically tailored for him or her. Relationship marketing is the focus of services quality in marketing operations (Dinh&Pickler, 2012; Ahmadi *et al*, 2013). Empirically, service quality is directly related to relationship marketing, customer happiness and customer loyalty (Arora, 2013; Desbordes, 2011; Dinh, 2012). Furthermore, Yaghoubi *et al* (2011) and other researchers collectively pointed out, with empirical evidences, that relationship marketing and service quality have positive connection with customer satisfaction and customer loyalty when relationship officers or service providers apply emotional intelligence in service delivery. Emotional intelligence here means skills to observe, measure and control feelings and perception of customers within business environment, Harms, *et al* (2010).

The Objective of this paper is to critically examine service quality and relationship marketing in establishing sustainable long term relations with customers in business operations. Thus, the discussion is structured as follow:

## **2. Service Quality and Relationship Marketing Related Literature**

Service Quality; From business operations point of view, service quality means meeting customers' expectations with unique service delivery, fulfilling promises, friendly reception in service delivery, Kotler, (2016). It reflects continuous improvement of service encounter by customers from service expectations to service perceptions, past experiences, word of mouth and marketing communications for customer satisfaction, Horri, *et al*(2013). Customers do compare perceived service with expected service, by which if the former falls short of the latter, then customers are not happy. Many writers have tried to explain how to measure service quality. Perhaps the most widely way of measuring service is the set of five dimensions, ( Ahmadi *et al*, 2013) which have been consistently ranked by customers to be most important for service quality measurement, regardless of service industry. The five determinants include; Reliability, Assurance, Tangibles, Empathy and Responsiveness, (RATER).

Internal Services; Internal service marketing is a management strategy for retaining customers by developing customer-centric employees in higher service delivery, Jobber, *et al* (2016). Internal service marketing operates like a total management process that integrate various functions of the business enterprise in two ways; Kotler *et al* (2016). First, it ensures that all employees, together with management, understand the business enterprise, and its various operations and promotions in the context that supports customer-center operations. Second, all employees should be properly trained and

motivated toward customer service oriented manner.

External Services; External service marketing shape customers' perceptions and create customers pull to product delivery. External marketing is a communication activity that improves customer relationships, polish the existing relationships and, in addition, repair organization's spoiled reputation, Jobber, et al (2016). External marketing communication also helps in building organization's image or prestige as a way of pulling potential customers. The implication here is that, marketing professionals must be skillful in communication trends to prevent novice communication.

Interactive Services; Interactive service marketing is a face-to-face marketing process, communication network, trade transactions, customer treatment that make customer happy and prospects, (Danquah, 2014). Interactive marketing, also known as; activity based marketing or activity push marketing or activity pull marketing, can be applied to all operations, such as;

- i) Business vs. business operations and business vs. consumer transactions
- ii) Top business operations and lower business transactions.
- iii) Pre-sale prospect control and after-sale customer service management

Causes of poor services, (Jobber, et al (2016) in business operations include;

- a) Misunderstanding of customer expectations
- b) Lack of marketing research or poor marketing research
- c) Untrained and unmotivated employees
- d) Over promise to customers or too many promises.

Relationship marketing; means establishment, maintenance and enhancement of business operations with customers and other business people toward improvement of customer base profitability transactions, Gronroos, (1994) and Yaghoubiet *al* (2011). Relationship marketing is a marketing method or process for creating a pleasing network link between business enterprise and its customers and to promote satisfaction and customer value chain, (Dinh, *et al*; 2012), Ahmadi, *et al* (2013). Operationally, relationship marketing is concerned with servicing, and satisfying customers to create customers' loyalty, (Arora, (2013); Desbordes, (2011); Ahmadi, (2013). In addition, Yaghoubi, *et al* (2011) and (Harms, *et al* (2010), also defined relationship marketing as the process of emotional perception, integration that facilitate thought, understanding of customers in business interactions.

A business enterprise can build and achieve its relationship marketing through, Information Management Process, Performance Assessment Process, Value Creation Process, and Development Process Strategy models, Opuni, (2014).

Customer Loyalty; can be defined as when a customer continuously believes that organization's goods or services offers are the best in their option, (Harms, (2010), Danquah, (2014), and Opuni, (2014). Loyalty also means 'hanging in there', even though there is problem. This happens because the business firm has been good to the customers in the past and attends to customer's complains when they

are raised. It means that customers do not seek out other competitors and, when they are approached by other competitors, they are not interested. Loyal customers feel that the goods and services bought from their supplier are of higher quality than those of the competitors. Customers feel that relationship between buyers and sellers is bigger than the act of buying goods or services. Loyalty measurement means weighing the degree of relationship between the organization and its customer, Desbordes, (2011).

**Loyalty Ladder:** Loyalty ladder refers to customer relationships strata (see appendix iii) with business enterprise. In loyalty ladder, there are five steps of hierarchical relationship, Jonathan, (2005); each ladder step depicts a kind of customer, based on their loyalty to the business firm;

**Suspect:** This is a customers who come across business promotional activity, and become a convert for the business enterprise.

**Prospect:** When a person is interested in business enterprise promotional activity, he becomes a prospect to the business. At this point ascending of the ladder has begun. Marketer needs to give such a person a "helping hand" to get up the ladder.

**Customer:** A customer is someone who buys goods or service from a business firm. Such person needs to be encouraged to come back and buy product continuously.

**Client:** A client is a person who bought product and then come back to the business and make ongoing purchases. It means there is something about the firm that he likes. Relationship marketing enable customer to identify something of value, and plan how to retain it to the ultimate stage.

**Advocates;** An advocate promotes business enterprise on one's behalf. He is happy about business goods or service, buy continuously from the business firm and also tells others about it. An advocate is a valuable customer and should be rewarded, for instance, giving discounts, cash or trade discounts, invitation to promotional events or festivity gifts.

### 3. Service Quality

From operations point of view, service quality means offering higher services to customers over and above customers' expectations to establish relationship with customers. Service quality can be related to service potential or internal services, for example, worker's selection, qualifications, skills and proficiency in the face to face interaction and communication with customers; service process, for example, the quickness of service, and service result such as customer satisfaction, play a vital role in relationship building. Service quality model (also known as 'GAP model') can show the causes of unsuccessful service delivery, (Ahmadi, (2013). For instant, customers generally have a tendency to compare the service they 'experience' with the service they 'expect'. If the experienced service is not equal to the expected service, there arises a gap. Five of such gaps, could be created from the following basis;

- i. Knowledge gap; covering customer expectations vs. management perceptions.
- ii. Policy gap; involves management perceptions vs. service specifications,
- iii. Delivery gap; service specification vs. service delivery,

- iv. Communication gap; service delivery vs. external communication,
- v. Tangibility gap; from discrepancy between customer expectation and customer perceptions related to firm's physical evidence, Jobber, *et al* (2016).

On the other hand, higher services quality can close the gaps consistently to meet customer expectations and satisfaction. Service delivery can be measured by five SERVQUAL dimensions; (RATER) mentioned earlier;

*Reliability*: Ability to perform the promised services as when required and accurately; thus, management must ensure that business firm live up to its promised offers and make customers happy.

*Assurance*: Refers to knowledge and courtesy of employees and their ability to convey trust and confidence in service delivery. I.e. ensuring employees are skillful and knowledgeable and courteous in service delivery, Kotler, (2016).

*Tangibles*: refers to physical evidence in terms of appearance, facilities, equipment, staff, and communication network and platform in service delivery. Thus, it is the responsibility of management to ensure unique and simple brand identification and accessibility as well as strategic location. , (Ahmadiet al, 2013).

*Empathy*: This refers to caring, customer-centric attention, the enterprise provides to its customers, i.e. management should formulate policy implementation to ensure customer-centric operations and satisfaction.

*Responsiveness*: Refers to willingness to help and guide customers and provisions of prompt services. This means management should ensure efficient, satisfactory and quick customer service in its operations.

The five SERVQUAL dimensions are basis for measuring gaps between customers' expectations and the actual service delivery. The SERVQUAL instrument, when it is used over a period of time, helps service managers to understand customer expectations and perceptions of specific services delivered, and work on the areas that need service improvements, Kotler, (2016).

#### **4. Relationship Marketing**

Relationship Marketing is an aspect of Customer Relationship Management (CRM) that engaged on long-term customer loyalty development and sustainability. The objective of relationship marketing is to develop and maintain strong customer connections and emotion with the business brand that can lead to continuous business enterprising, free advocate promotion and communication that can create high positioning in business operations, Kotler, *et al* (2016). Relationship marketing is an antonym to the traditional transaction marketing, which is based on higher sales volume. Some organizations combine both elements, i.e. relationship marketing and transactional marketing. But, relationship marketing plays a more important role in business operations than transactional marketing. Operationally, relationship marketing creates a variety of overlapping strategies (see appendix i) and connectivity that help foster a deeper, wider and long-term royalty with existing and potentials customers.

### Important of customer royalty in relationship marketing

Strong customer loyalty leads to;

- i) Increase in profitability of business
- ii) Increase in sales volume
- iii) Reduction of operations cost
- iv) Customers can pay premium price without complain
- v) Promotion of firm by word of mouth

Reasons for customer loyalty to business enterprise

- i) Provision of customer value by the business enterprise
- ii) Customer confidence with the business enterprise
- iii) Good and affordable price offers by the business enterprise
- iv) Comparative better services from the business enterprise and
- v) Friendly treatment by the employees in business enterprise.

### **Implementing a relationship marketing strategy**

Relationship marketing these days involves developing simple two-way (2. 0) communication network between customers and the business firm, monitoring customer activities and provision of customer-centric based information. For example, an e-business site could monitor customer's activity by allowing the customers to create user's profile in which information is conveniently saved for future visits. Web site customers may also be able to sign in through Facebook or any other social media, that allows them a simpler user operation and automatically link them to the brand's social media site. Thus, Customer Relationship Management (CRM) and Marketing Automation Software (MAS) can be employed to develop marketing relationship skills by making it easy to keep record, track and monitor customer information. Social media help to build relationship marketing, allowing businesses monitor and respond easily to customer problems, which in turn helps in maintaining an excellence brand image) ,Ahmadi, *et al* (2013).

5. Connections between Service Quality and Relationship Marketing: Interdependence between service quality and relationship marketing in establishing sustainable long term relations with customers exist in interaction between business enterprise and its customers through knowledge and understanding of customers and services delivery in a satisfactory manner. The guiding principles here are the customers' service perceptions, satisfaction and loyalty, driven by the cordial and mutual relationships, expected by the customers, (Aminu, 2012). In connecting the relevance of relationship marketing to services quality, it is important to understand that Relationship marketing is built by service quality delivery. In the course of establishing, maintaining and sustaining business operations with customers various service efforts must be put in place to build and improve customer-centric business operations. In accordance with Yaghoubiet *al* (2011), relationship marketing is marketing operations that create a satisfactory



service interactive link between customers and the business enterprise. Thus, service quality is a marketing philosophy that reflects service encountered by customers from service expectations to service perceptions that determine customer's feelings (relationship) for a business organization. Customers mostly compare service received with expected service in measuring level of their satisfaction, in which if the received service falls short of the expected service, then gaps are created as a result. Thus, the primary objective of relationship marketing is to win customers satisfaction and happiness in service delivery. Relationship marketing also provides grounds for service providers to listen and address the needs of customers in an attempt to improve and promote customers value chain and happiness, Dinh, *et al* (2012), Ahmadi, *et al* (2013). Empirically, service quality is relatively connected to relationship marketing, customer satisfaction and loyalty (Arora, (2013); Desbordes, (2011); Ahmadi, (2013). Yaghoubi *et al* (2011) also pointed out, in the light of empirical findings associated with relationship marketing and service quality, that customer satisfaction and loyalty are insignificant if relationship managers or service providers fail to apply emotional intelligence in service delivery. Emotional intelligent means ability to perceive, integrate, and facilitate feelings, thought, and understanding of customer's emotions towards customer's growth or development. In addition, emotional intelligence enhances human interactions (Harms, (2010), Danquah, 2014). In marketing activity, emotional intelligence is the amplifier of quality service, satisfaction and customer loyalty, (Danquah, (2014) and Opuni, (2014). As earlier mentioned, relationship marketing is an important marketing practice in terms of marketing operations created by service quality delivery that create customer satisfaction.

In conclusion, business enterprise can successfully achieve its service quality delivery and relationship marketing through;

1. Targeting the "right" customers, at the right place, at the time and build relationships with them,
  - 2 Offering solutions that meet customer's needs, requests and complains
  - 3 Offering quality package with competitive advantage in Marketing Operations,
  - 4 Creating and delivering specified service to target customers, at the right time,
  - 5 Adhere to consistent quality standards and value provision to customers.
  - 6 Offering high service performance to ensure acceptable costs operations function,
  - 7 Recruit, train and retain the best employees for internal services and marketing activity in every operation,
  - 8 Re-training and motivating employees who work well together in communication and interaction with customers to achieve both performance and customer satisfaction.

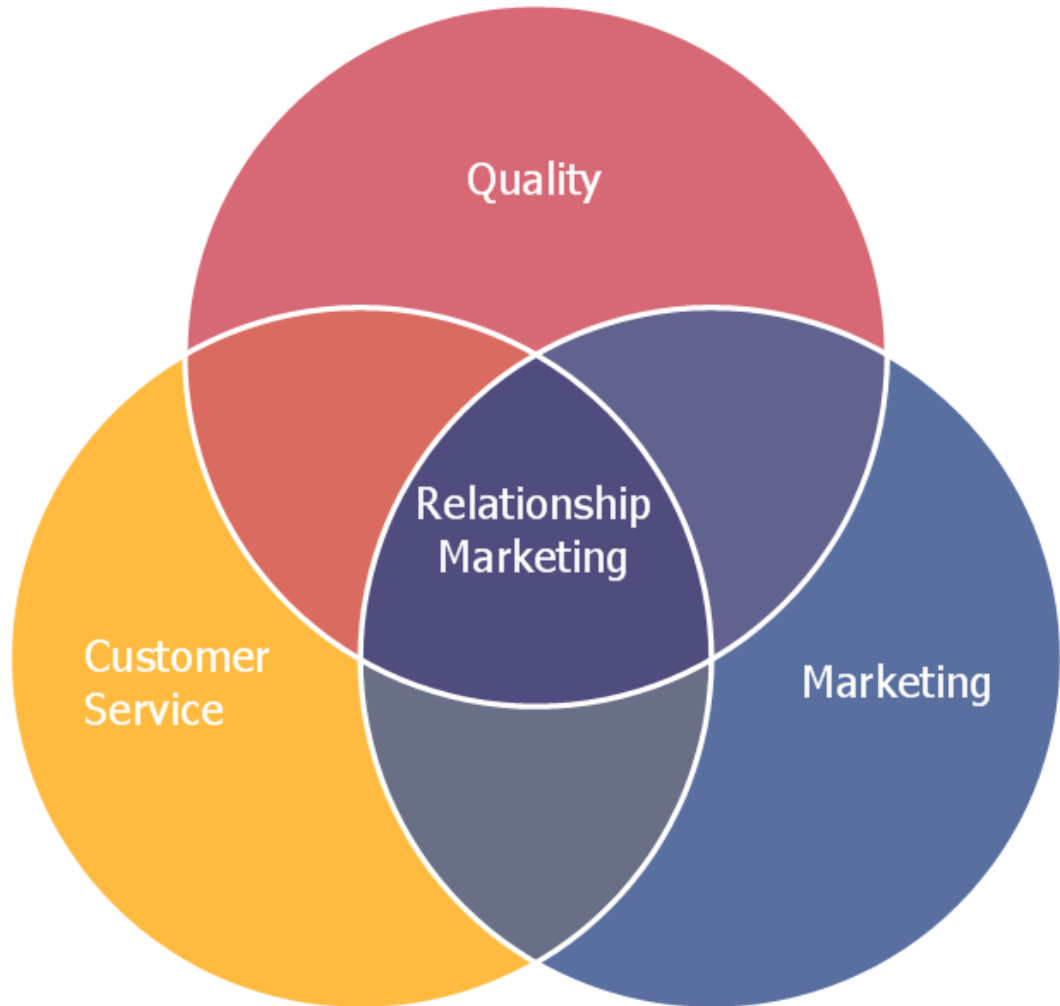
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**Appendix 1**

Venn diagram sample depicts the relationship marketing developed from direct response marketing campaigns.



(Relationship marketing Venn diagram; source, wiki)

## Appendix II

### Ladder of Customer Loyalty



(The diagram above shows the 5 steps involved in the loyalty ladder; source, [www.learningmarketing.net](http://www.learningmarketing.net), wiki)