Exploring Relationship Marketing Effects on Customer Loyalty: A Smart PLS Analysis, Algeria Gulf Bank

Atig Aicha[1], Atig khadidja [2] ,Kebaili Hadja[3], Hadjar Assia[4] , Chalane Fatiha[5]

[1,3,4] Abdelhamid Ben Badis University - Mostaganem (ABBUM ,(Algeria), laboratory (STRATEV) University Mostaganem, (Algeria).
[2] Moulay Tahar University ,BP20000,Saida Algeria,laboratory (POIDEX) University Mostaganem, (Algeria).
[5] Laboratory of hydric resources and environment University Dr Moulay Tahar Saida (Algeria).
Corresponding author doctchalane@yahoo.com

Abstract
This research embarks on an in-depth exploration of the intricate relationship between relationship marketing dimensions and client loyalty, introducing satisfaction as a pivotal intermediary variable. The study, utilizing the Algerian Gulf Bank's (AGB) Saida agency as a representative case, employs Structural Equations Modeling (SEM) and the advanced Smart PLS approach to analyze a sample of 200 clients from this agency. The findings unveil a robust positive influence of relationship marketing dimensions on client loyalty, with satisfaction playing a crucial mediating role in this dynamic relationship. These findings underscore the importance of fostering strong and enduring relationships with clients as a key strategy for enhancing loyalty and driving long-term business success.
Keywords: Relationship Marketing, Customers Loyalty, Satisfaction, Structural Equations modeling.
Jel Classification Codes: XN1, XN2.

Introduction

   In today's dynamic marketplace, capturing and retaining customers has become increasingly challenging. Amidst a growing emphasis on cultivating customer loyalty, relationship marketing has emerged as a cornerstone of banks' overall strategies. This approach, driven by its positive impact on both customer loyalty and retention, as well as the resulting profitability, has evolved from a mere advantage to an essential component of effective customer engagement.

   It is noted that relationship marketing is neither a quick solution nor a simple marketing method, but rather a deliberate strategy based on contacting customers who regularly deal with the bank and giving them benefits with the aim of developing the personal bond between them and the bank.

   This research seeks to investigate the reality of relationship marketing (trust, commitment, communication, efficiency, handling complaints) in "Saida" agency of Gulf Bank Algeria, measure

the effect of these factors on customer satisfaction and loyalty, and measure the effect of customer satisfaction as mediator variable in the aforementioned relationship.

Research problematic:

relationship marketing dimensions impact customer satisfaction. Additionally, the problem encompasses the identification of mediating effects, specifically how customer satisfaction mediates the relationship between the dimensions of relationship marketing and customer loyalty. Thus, the core problem can be articulated as addressing the following question:

What is the effect of relationship marketing dimensions on customer loyalty with the satisfaction factor as mediator variable?

To be able to answer the aforementioned problem, we propose the following hypothesis:

-relationship marketing strategies of Gulf Bank Algeria - Saida Branch have a positive impact on customer satisfaction and loyalty.

Research aims:

-Identifying the extent to which the concept of relationship marketing and its dimensions are applied in Gulf Bank Algeria, Saida branch.

-Clarifying the relationship between relationship marketing and its dimensions and customer satisfaction and loyalty, then studying the nature of this relationship.

- Measuring the effect of customer satisfaction as a mediator variable in the relationship between relationship marketing and customer loyalty.

Theoretical framework:

2-1-1 Definition of relationship marketing: Many researchers were interested in studying the subject of relationship marketing [1], [2], [3], All of these researchers have argued that there is a need to develop long-term relationships with customers and other stakeholders. Relationship marketing has an essential role in building and developing such relationships [5].

The concept of relationship marketing has appeared for the first time in 1983 [6], was the first who use this concept and defined it as: "the process of attracting customers, retaining them, and strengthening relationships with them in multi-service organizations". He also considered it as a social process works through interactions that take place between several parties within the framework of commercial exchanges.

Dimensions and components of relationship marketing: Identifying and defining the basic dimensions of relationship marketing concept is very important, because only through a good understanding of the dimensions and components of this concept, it can develop and achieve success. [7].

Many researchers, when studying the relationship marketing have mentioned the components of this activity. The researchers did not agree on a specific model, in addition, those components were called with different names [8] called them principles or foundations, which include: understanding and comprehension, trust, cooperation, commitment and adaptation. [9] dealt with the relationship marketing model through six components: trust, ties, communication, shared values, empathy, and mutuality. Some researchers such as [10] mentioned four of them.

Each of these basic elements of relationship marketing mentioned in these researches and articles have played a fundamental effect on various topics (e.g: customer loyalty).

The most important components of relationship marketing are described as follow:

2-1-2 Trust: Trust is the willingness to rely on the exchange partner, whether from the part of the customer or the marketer. It is not only characterized by behavior, but also by fundamental characteristics such as motivation, competence, honesty, integrity, credibility, transparency, promises and orientation to help.

2-2-2 Commitment: Commitment is the continuous desire from the part of the organization's management to maintain the relationship [11]. The commitment to the relationship is considered the most frequent variable in relationship studies [12]. As explained [13], commitment is a key requirement for relationships success in the long term.

2-2-3 Communication: Communication is considered a tool of formal or informal exchange of information between sellers and buyers, because relationship marketing highlights the importance of exchanging information in business relationships and due to its positive and indirect impact on the commitment element in Commercial relations. In addition, the process of communicating with customers is one of the features that characterize organizations that manage their customers directly through marketing techniques such as: marketing via telephone, direct mail, and the Internet due to its important role in the prevailing relationships between customers and suppliers. Some researchers consider communication as the essence of the interaction process between suppliers and customers.

2-2-4 Competence: Competence is defined as "an expression of the buyer's awareness of the technological and commercial capabilities of the supplier." It is also defined as: "the total individual and collective skills, knowledge, and specialized capabilities in the organization". It is also expressed in the field of work as: "the ability to create and achieve an advantage through available job opportunities." .It indicates the importance of acquiring and using knowledge."

2-2-5 Conflict handling: "It is the provider's ability to reduce the negative consequences of existing disputes. It also reflects his ability to avoid potential conflicts
and resolve existing disputes before they cause other problems, in addition to the ability to speak frankly and clearly when a problem arises." [14]

2-2-6 Satisfaction: Customer satisfaction is considered a very important issue from the theoretical and practical perspective for most marketers and researchers. It has become the main issue in today's business world, which is full of competition. One study proved that 37% of the change in customer loyalty levels is due to the change in Satisfaction levels. [15].

2-2-7 Loyalty: [16], defined loyalty as: a behavioral response and biased preferential tendencies on the part of many decision-makers, and the existance of several available alternatives resulting from psychological processes (evaluating alternatives and making decisions). According to [16] loyalty is characterized by three conditions:

At the cognitive level, the consumer has information that proves the superiority of the chosen brand to its competitors.

At the emotional level, the consumer should favor this brand positively.

At the level of intention, the consumer should have intention to repurchase.

4- Research model: The current study aimed to investigate the effect of relationship marketing at Gulf Bank Algeria on customer loyalty with satisfaction as mediator variable.

Figure (01): Model of the current study
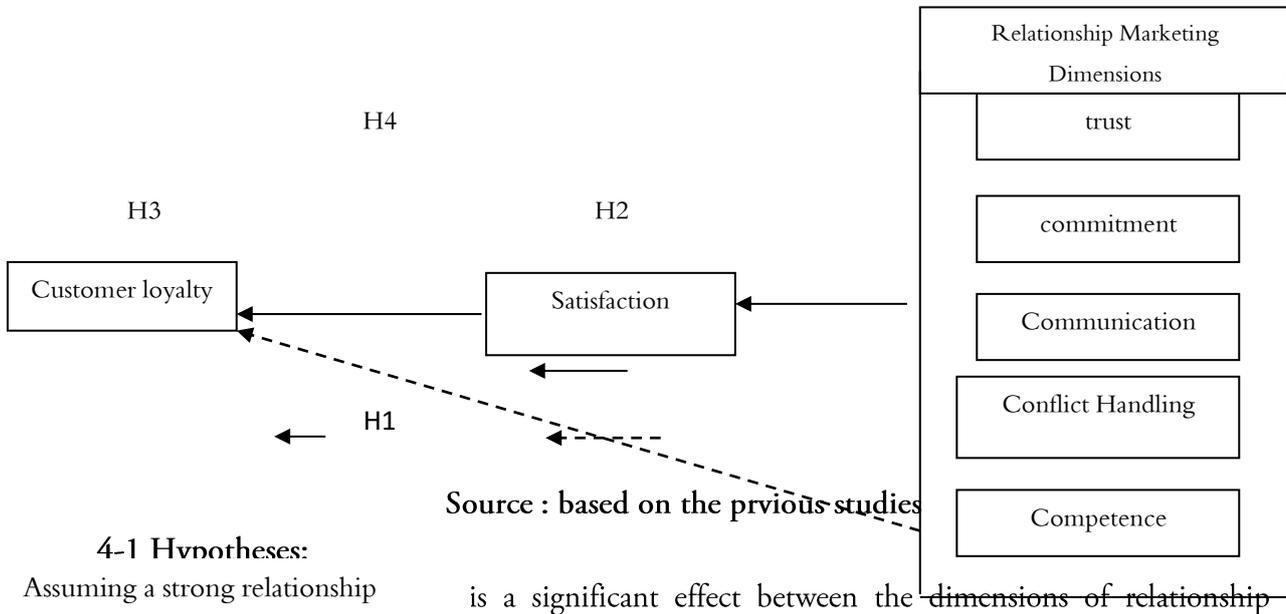
Source : based on the prvious studies

4-1 Hypotheses:

Assuming a strong relationship ... is a significant effect between the dimensions of relationship

Assuming a weak relationship ... e is a significant effect between the dimensions of relationship marketing and satisfaction.

The third hypothesis: There is a significant effect of customer satisfaction on customer loyalty.

The fourth hypothesis: There is a significant effect between the dimensions of relationship marketing and loyalty, with satisfaction as a mediating variable.

4-2 Testing the study model

For the purpose of testing the quality of the model and the indicators of Gulf Bank Algeria - Saida Agency customers' questionnaire, the model was tested using Smart-PLS program.
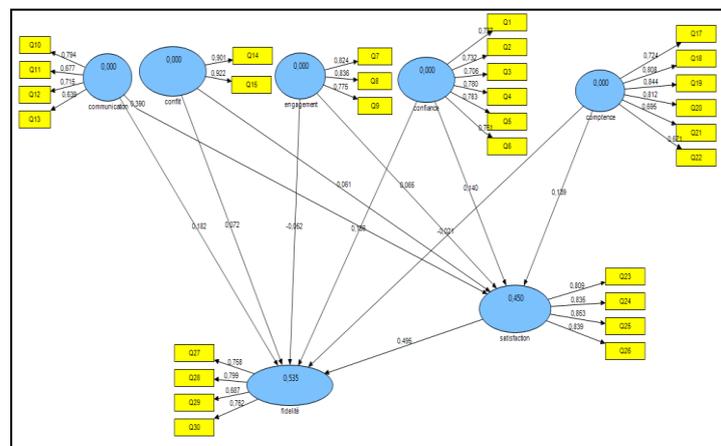

Figure (02): Measurement model of the current study

Source : Smart-PLS outputs

The (FIG.02) above shows that there are eight underlying variables: trust, commitment, communication, conflict management and efficiency. These dimensions represent relationship marketing variables. Each underlying variable is bound up with distinct variables,

They express a scale of measurement in the sense of the phrases forming the question form for each of the underlying variables, as broken down as follows: six for trust, three for both commitment and conflict management, Four terms of communication, six terms of efficiency, four terms of both consent and loyalty (TAB.01).

Table (01) : Latent Variable Correlations

	loyalty	satisfaction	Conflict handling	competence	communication	commitment	trust
trust					0,556434	0,678529	
commitment					0,534086		
communication							
competence		0,543889			0,608836	0,572811	0,653340
Conflict handing		0,468690		0,644171	0,555276	0,493058	0,501243
satisfaction					0,620597	0,477533	0,521939
loyalty		0,692659		0,485013	0,581816	0,418536	0,513560

Source : Smart-PLS outputs

In the TAB.02 above shows the correlation coefficients between latent variables, as all correlation coefficients are positive, high, and statistically acceptable, which indicates the existence of a strong correlation between variables.

Table (02): Indicators of measurement model conformity

	LV Index Values	Composite Reliability	AVE	Cronbachs Alpha
Trust	4,622402	0,884352	0,560704	0,843814
Commitment	4,531038	0,853062	0,659549	0,750048
Communication	4,597407	0,800165	0,501907	0,669046
Conflict handing	4,267844	0,907968	0,831466	0,797924
Cometence	4,280718	0,891657	0,580141	0,854454
Satisfaction	4,624330	0,901421	0,695761	0,854373
Loyalty	4,652994	0,838871	0,566214	0,743246

Source : Smart-PLS outputs

The (TAB.02) above shows that all AVE coefficients are significant and all of them are greater than 0.50, which indicates that each latent variable explains more than half of the variances of its indicators. Hence, all CR coefficients are significant and acceptable because they are greater than 0.70, thus the the measurement model used is reliable. In addition, all Cronbachs Alpha coefficients are significant and statistically acceptable because almost all of them are greater than 0.70, and this is consistent with the composite reliability index. Moreover, LV Index Values are

statistically acceptable because they range between 2 and 5, which indicate a high quality of the measurement model of the current study.

4-3 Model fit quality indicators:

Table (03): Indicators of goodness of fit of the model

	Communality		R Square	
	0,560704			Trust
	0,659548			Commitment
	0,501906			Communication
	0,831466			Conflict Handling
	0,580141			Competence
	0,695761		0,449909	Satisfaction
	0,566214		0,535015	Loyalty
$\overline{com}$	0,627962 86	$\overline{R^2}$	0.4924 62	

Table (04): Saturation parameters: Outer Loadings

Loyalty	Satisfaction	Competence	Conflict Handling	Communication	Commitment	Trust	
						0,726789	Q1
						0,732338	Q2
						0,705584	Q3
						0,780028	Q4
						0,783351	Q5
						0,761414	Q6
					0,824353		Q7
					0,835998		Q8
					0,774723		Q9
				0,793988			Q10
				0,676783			Q11
				0,714937			Q12
				0,638779			Q13
			0,901378				Q14
			0,922198				Q15
		0,723948					Q17
		0,807574					Q18
		0,843870					Q19
		0,811827					Q20
		0,695454					Q21
		0,670622					Q22
	0,808504						Q23
	0,834870						Q24
	0,853265						Q25
	0,839224						Q26
0,757618							Q27
0,798512							Q28
0,687349							Q29
0,762102							Q30

Source : Smart-PLS outputs

The(TAB 03)above shows that all R Square coefficients are significant and statistically acceptable, so that the independent latent variables: trust, commitment, communication, conflict

handling, and competence explain about 45% of the dependent latent variable: satisfaction. While the latter explained loyalty by 53.50%.

In The(TAB04) above shows also that the Communality index is close to one (1). This indicates the measured variables describe well the latent variable associated with them (the quality of the measurement model). After that, we calculated the GOF index, which is equal to 0.556, and since it exceeds 0.36, this indicates a high quality of the proposed model as a whole.

Based on the table above, which shows the contribution of a group of obvious variables in measuring their latent variable, and based on the standard regression weights appearing in the estimation process, which are known as saturation coefficients, we conclude that the questionnaire items fit the model because their value is greater than (0.4).

4-4 Path Coefficients:

The following (FIG 03) shows the study model after the estimation process, we notice from the figure that there are 05 independent latent variables, which are represented through relationship marketing elements (trust, commitment, communication, confronting conflict, efficiency), as well as two other latent variables: satisfaction and loyalty. Each latent variable is linked to its set of measured variables.
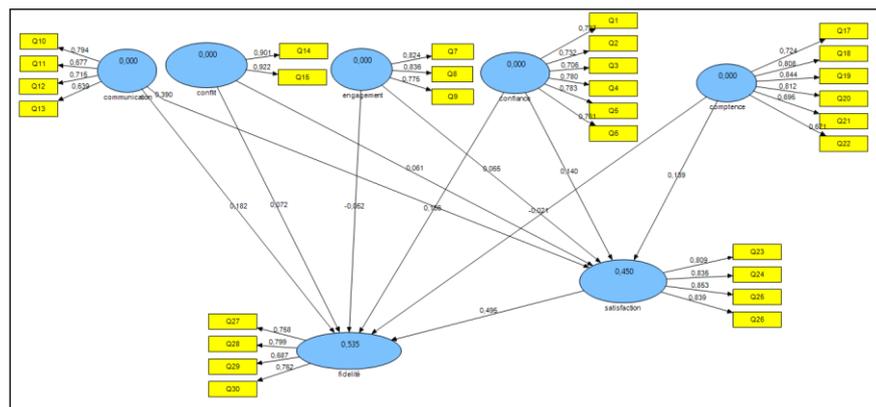
Source : Smart-PLS outputs

Figure (03): Measurement model after estimatio

Table (05): Path coefficients

Loyalty	Satisfaction	
0,166186	0,139716	Trust
-0,051685	0,065036	Commitment
0,182335	0,389873	Communication
0,072095	0,060597	Conflict Handling
-0,020542	0,138949	Competence
0,494827		Satisfaction

Source : Smart-PLS outputs

Based on table 05 we mention the following results:

Path Coefficients are significant, except the effect of commitment and competence on loyalty, which is not significant. According to the SmartPLS rule, we say that the path coefficient is significant if it is greater than 0.015.

There is a significant positive and direct effect of the relationship marketing dimensions: trust, commitment, communication, competence, and conflict handling on satisfaction, as it is equal to 0.13, 0.06, 0.39, 0.13, 0.06.

There is a significant positive and direct effect of the relationship marketing dimensions of: trust, communication, and dealing with conflict over loyalty, where the effect is equal to 0.16, 0.18, and 0.07.

The effect of commitment and competence on loyalty is insignificant negative.

There is a positive direct effect of satisfaction on loyalty, which is equal to 0.49

Table (06): Indirect Effects

Loyalty	
0,06913525	Trust
0,03218157	Commitment
0,19291969	Communication
0,02998503	Conflict Handling
0,06875572	Competence

Source : Smart-PLS outputs

Based on the (TAB.06) above we conclude that:

There is a positive indirect effect greater than the direct effect of communications on loyalty, which means that satisfaction mediates this relationship.

There is a positive, but weak indirect effect greater than the direct effect of commitment on loyalty. This means that satisfaction mediates this relationship.

There is an indirect positive effect, but it is smaller than the direct effect of trust on loyalty. This is explained by the fact that when there is trust in the bank, this directly leads to gaining the customer's loyalty without considering whether he is satisfied or not. Accordingly, satisfaction do not mediate the relationship between trust and loyalty.

There is a positive indirect effect greater than the direct effect of competence on loyalty, which means that satisfaction mediates this relationship.

There is an indirect positive effect, but it is smaller than the direct effect of confronting the conflict on loyalty. This is explained by the fact that when there are operations and activities in which the bank undertakes to confront the conflict among its customers, this in turn leads directly to gaining the customer's loyalty without considering whether he is satisfied or not. Accordingly, satisfaction has no mediating role between confronting conflict and loyalty.

Table (07): Total Effects

loyalty	Satisfaction	
0,235322	0,139716	Trust
-0,019503	0,065036	Commitment
0,375255	0,389873	Communication
0,102080	0,060597	Conflict Handling
0,048214	0,138949	Competence
0,494827		Satisfaction

Source : Smart-PLS outputs

Based on the content of the (TAB.07) above e conclude that communication, trust, and competence have a large positive overall impact on satisfaction, as all of these factors contribute to gaining customer satisfaction, which in turn has a large overall impact on loyalty.

It is also clear that trust and communication, as well as confronting conflict, have a significant overall impact on loyalty.

Based on the previous statistical results, we can mention some theoretical results and compare them with previous studies as follow:

There is a significant effect between relationship marketing and satisfaction, as commercial banks adopt relationship marketing strategy to help effectively increase customer satisfaction, which is consistent with the results of [17].

There is a significant effect between relationship marketing and loyalty. From now on, organizations must know that loyalty of their customers is not a unified definition, and it is a complex term because it includes attitudinal behaviors, components, and cognitive and perceptual elements, and is not only a result of customer satisfaction. Relationship marketing also has an important and direct connection with customer loyalty regarding foundations and components of relationship marketing. These results are consistent with what Ndubisi Amine and Anvari have found. As a result, relationship marketing has become an important element for companies to improve customer loyalty, increase customer loyalty, profitability and positive word (word of mouth).

There is a significant effect of customer satisfaction on loyalty, which supports the hypothesis that customer satisfaction constitutes a vital input to loyalty, according to [18], as they emphasized that customer satisfaction has a positive impact on loyalty.

References:

[1] Mahmoud Youssef Yassin, "The reality of relationship marketing practices and their impact on building loyalty as seen by commercial bank customers in Irbid Governorate," unpublished Master's thesis in Business Administration, Al-Yarmouk, Irbid, Jordan, 2009, p. 10.

[2] Adel Ali Al-Wazani, "Requirements for the quality of the relationship and its outcomes between insurance companies and brokers in Jordan in light of the concept of relationship marketing," unpublished doctoral dissertation in marketing, Amman University, Jordan 2009, p. 59.

[3] qeraich Ben Allal, "The Role of Social Identity in Achieving Customer Loyalty with the Nedjma Brand," An Applied Study Using the Structural Equation Model." Doctoral dissertation, University of Tlemcen, 2013, p. 70.

[4] Leial Al-Haji, "Factors that support relationship marketing and their role in increasing customer loyalty," unpublished master's thesis, Faculty of Economics - University of Aleppo, Syria, 2010. p. 44.

[5] Rosenberg, L. &Czepiel,J. A ,"Marketing Approach for Consumer Retention", Journal of Consumer Marketing, .(1983)Vol. 1, p.47

[6] Berry L.L.Emerging perspectives on services marketing.American Marketing Association.1983 p8-25.

[7] Rashid,T,Raj,R. « Customer satisfaction: Relationship Marketing in higher education E-learning Innovative Marketing,Vol.2,Issue(3),2006,p26.

[8] Sin. Leo Y.M., Tse, Alan C.B., Yau, Oliver H.M., Lee, Jenny S.Y, The effect of relationship marketing orientation on business performance in a service- oriented economy. Journal of Services Marketing, Vol. 16 No. 7, (2002). pp. 656-676.

[9] Wilson,D.T.1995,An integrated model of buyer-seller relationships. Journal Of The Academy of Marketing Science,vol.23,No (4) 1995,p337.

[10] Prasad.J S, and Aryasri A R." Relationship Marketing Versus Relationship Quality & Customer Loyalty in Food Retailing. Journal of Management Awareness,Vol.11(2),(2008),pp.51-71.

[11] Ndubisi, N., Wah, C.&, Ndubisi, G. Supplier-Customer Relationship Management and Customer Loyalty. Journal of Enterprise Information Management. 20(20), (2007), p546.

[12] Pont, M.& Mcquilken, L.(2005).An Empirical investigation of customer satisfaction and loyalty across two divergent bank segments. Journal of Financial Services Marketing, 9(4),p345

[13] Lars Meyer –Waarden "La fidélisation client ,stratégies, pratiques et efficacité des outils du marketing relationnel », VUIBERT ,Paris, France, 2009,page 63.

[14] Nelson Oly Ndubisi et al:" Relationship Marketing, Customer Satisfaction and Loyalty: A Theoretical and Empirical Analysis From an Asian Perspective "Journal of international consumer marketing .5(9),2009.

[15] Mousa Rezvani et al:" The Effect of Relationship Marketing Dimensions by Customer Satisfaction to Customer Loyalty" Australian Journal of Basic and Applied Sciences, 5(9):2011.

[16] SUNG PEI NI, CHENG BOON LIAT:" Exploring The Impact Of Relationship Marketing Upon Customer Satisfaction And Customer Loyalty In Malaysian Banking Industry" Proceedings of The IRES 4th International Conference, Kuala Lumpur, Malaysia, 16th July 2015,

[17]Ndubisi, N. O. and Chan, K. W. "Factorial and discriminant analyses of the underpinnings of relationship marketing and customer satisfaction». International Journal ofBank Marketing, vol 23 N 7,2005, p542-547.

-