

Investigating the Effect of Relationship Marketing on Competitive Advantage: Isfahan's REFAH Chain Stores

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Abstract

This study is intended to investigate the effect of relationship marketing on the competitive advantage in the form of the desired pattern or model of this study. Statistical community of this study has been Esfahan's REFAH chain stores. Collecting data instruments are the accepted stabilized and justifiability (reliability) questionnaires that a total of 150 questionnaires were distributed and a total 114 of them were returned and analyzed. Amos software was used for analyzing of these data. The main hypothesis (theory) based on the effect of relationship marketing on the competitive advantage was approved, and in the four sub-hypothesis, we evaluate the effect of relationship marketing dimensions on creating the competitive advantage, with these 4 dimensions - trust- commitment- conflict management- communications- , We can reject the effect of trust, And effect of three of them- commitment- conflict management- communications – was proved. And it was presented that conflict management has more effect in creating competitive advantage.

Keywords: Relationship Marketing, Competitive Advantage, Trust, Commitment, Conflict Management, Communications

Introduction

Intensity and complexity of competitiveness, many of organizations forced to admission of new worldview of marketing concept or relationship marketing. Because of the remarkable advantages of relationship marketing, organizations move toward the select of this method, because in new condition, old marketing approaches didn't have essential efficiency and is less profitable. Complete awareness of necessities and demands of the customer associated with make close relations to him/her. Relationship marketing is a new approach which its

main goal is, to create close and long-term relations to comprehending and complete recognition of customer and satisfying him/her (Ndubisi and wah 2005).

However, Most of the bazaars are grown-up and was confronted to massive competition and supply more than demand. In this condition, new customer was found so hardly and thus we feel an urgent need for maintaining and protecting of the present customers in companies and agencies. According to these changes, organizations must equip themselves already and get ready to prepare to confront rivals.

One of the characteristics of most world today's market is increasingly competition. This competition means that competitive advantage is considerable that cause survive the Company in the market and also obtain these advantages are unavailable while proper knowledge and implementation effective strategies of marketing not conducted. Always this is possible that beneficial customers, attracted by another companies rivals. Therefore in the present time, companies should increasingly emphasize on maintaining and protecting the current customers and making long-term and profitable relationship with them. The main point of customers keeping (holding) is to provide ongoing customer satisfaction with supply superiority value. As a result, recognize the relationship marketing and variety of its dimension is essential factor for market keeping and increase the competitive power. Thus present study seeking for how the relationship marketing effect on competitive advantage, and also the influence of the 4 dimensions of relationship marketing (trust, commitment, conflict management and communications) on competitive advantage was measured.

A review on research literature

Relationship marketing (RM) is one of the new strategies of marketing which cause competitive advantage by concentrating on recognize the customer need through relation with him/her.

The meaning of relationship marketing emphasize on a business which must pay attention to networks communications and interactions in the time of implementation marketing strategies. Because of remarkable benefits of RM, companies select relational interactions, instead of distinct one. The major difference factor between relational and distinct interactions is time factor. Distinct interactions are short-timed; in contrast, relational interactions were made in long-term situation and even continue in the form of services (after sale). These interactions select short-term and distinct relations, due to increasing power of competitive capabilities of companies (Fontenote et al).

For the first time, Relationship marketing concept presented by Berry in 1983 in the field of service organizations and defined as a attract strategy, maintain and increase the customer's relations (Berry, 1983). Katler define relationship marketing as creating, maintaining and strengthening the strong relationship with customers and another beneficiary group (Katler and Armestrang 1385). The role of relationship marketing is to identifying, creating, maintaining and upgrading relations with customers and other beneficiary groups as all of the group's goals were accomplished with two-sided exchanging and complete realization (Palmer et al 2005).

That is true which relationship marketing seems very so important, but how the best design can be used for performing it?

Researchers can going to earn more knowledge about quality of relations and correlation between quality of relations and stocks value. For example, RM as a concept was discussed very well and promoted in the field of marketing widely. Now the question is that how specify

that in practice (palmer et al 2005). RM cause customer loyalty by discovering their need and decreasing the companies costs.

Researches were presented that services cost to a loyal customer is less than cost of attracting and services for a new customer. The important goals of relationship marketing are: continuous delivery or increase the level of satisfaction, keeping the customers by prompting the relation (Christopher 1996). According to model of Ndubisi and Wah, trust, commitment, communications, conflict management and merits are as the main variables in relationship marketing.

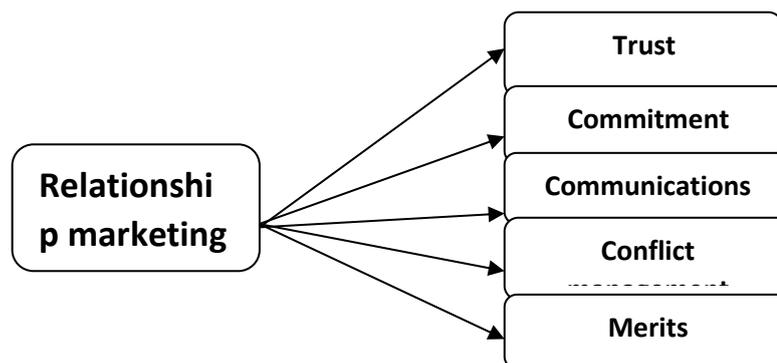


Figure (1) relationship marketing variables (Ndubisi and Wah model)

Trust is a key component in relationship business and specifies that any side of relation to what extent can account (relay) on promise the other side of relation. Morgan and Vahant (1994) consider that trust as a key component in the RM model. Commitment is defined as an enduring desire of any of business partners to maintain the valuable relations. When commitment to a relation will formed which one of the sides believe the importance of relation, and effort for warranting of prompting relation maxi greatly (Morgan and vahant 1994). Communication is formal and informal intercommunications that exchange the meaningful information between buyer and seller. Anderson and Narous (1990) stated that communication has an important role in making the trust. Dawyer et al (1987) believe that conflict is predictable in relations and its consequences are incorrect perception of the goals and the roles of any side of relations in the communication. But conflict management points to the ability to minimizing the negative and obvious consequences of potential conflict, of course before lead to a problem (Anderson and Narus 1990).

Although, having the competitive advantage for economical agency not include in essential term. But this feature eases the economical direction of agency and restriction the possibility of rival's imitation.

Thus lead to a better position in market. As view of customers, Competitive advantage is the intensity of be well-known the company offers in compared to rivals. While Competitive advantage not supply by potential and actual rivals, this advantage is a value which organizations give to their customers (Mehri and Hosseini 1388). The concept of competitive advantage, have direct correlation with customer values as in the comparative range, whatever the organization values close to customer values or corresponding to it, we can say this organization is have superiority in one or more competitive factor to their rivals (Mehri and Hosseini 1388). Competitive advantage includes a set of factors or capabilities that always able to the organization for have the better performance in compared with rivals (Sadri and

Lees 2001). Then to obtain the competitive advantage, organization should pay attention to both external situation and its internal capabilities (Appelbaum and Gallagher 2000).

In relation to competitive advantage, two subjects (Items) are important: first make and obtain the competitive advantage through proficient and effective mixing of the environmental and organizational recourses by networking and intelligent capabilities and second stabilize the competitive advantage that in this relation and based on attitude on resource foundations, and this matter depend on the hypostasis of competitive advantage, protecting programs of organization and capabilities and activities of rivals, generally.

Many of successful organizations focus on protecting and maintaining the stable relationship with customers which can hold them stable and progressive in competitive zone. In fact RM cause that the organization have competitive advantage such as decrease the marketing cost, increase the rate of crossing sale, the positive effect of mouth-to-mouth marketing and decrease the cost of marketing defeat. Whatever organization can recognize customer needs and also rival activities and effective factors on market conditions and distribute the information in the whole levels of organization; thus they have more power to survive in competitive market

Market-oriented companies, have competitive advantage in rate of the answering to customers and market need. Zhou et al (2009) consider how customer value influence on the market-oriented company and then on the competitive advantage and performance. Faryabi et al (1390) also emphasized on correlation between the market-oriented and competitive advantage in Iran's tractor industry. Hosseini and Panahi (1386) investigate on the make competitive advantage by successful key factor in Iranian tile industry. Conclusions presented that to give services to customers and making long-term relationship with them, have higher priority in firms Competitiveness. Therefore regarding to research literature and undertaken study, the main theory written as follow:

Relationship marketing has effect on competitive advantage of chain stores in Esfahan city. When Chenanoon and Tremtesontorn (2009) investigate on the effect of Relationship marketing in the Thailand, realize that as the point of industrial sellers, trust is a successful key factor in RM. Tervatanavng et al (2004) consider and emphasize on the effect of foundation of RM on customer satisfaction in the length of relationship lifecycle. Ranjbbarian and Berary (1388) also study on the correlation between foundations of RM with customer satisfaction about bank services. According to Zhou et al (2009) and Fayabi et al (1390) studies, proved the effect of market-oriented and customer-oriented on the competitive advantage. Therefore we can investigate the effect of RM variables (trust, commitment, conflict management and communications) on competitive advantage.

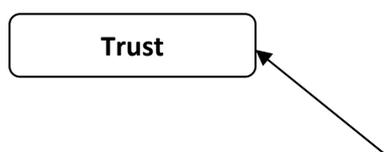
First theory: trust has effect on the competitive advantage of chain stores of Esfahan city.

Second theory: commitment has effect on the competitive advantage of chain stores of Esfahan city.

Third theory: conflict management has effect on the competitive advantage of chain stores of Esfahan city.

Fourth theory: communications has effect on the competitive advantage of chain stores of Esfahan city.

According to these theories and undertaken studies, Conceptual pattern of research also present as follow in figure 2.



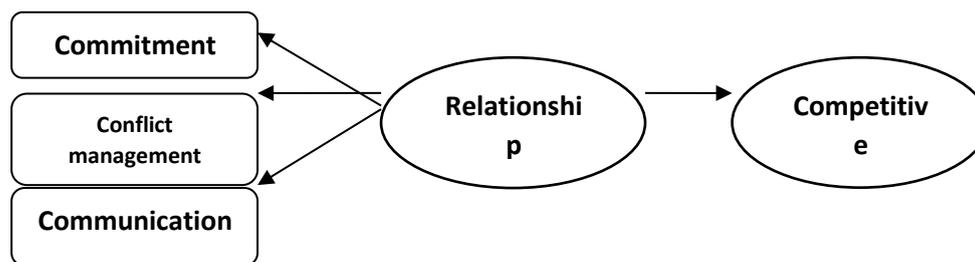


Figure (2) conceptual model of research

Former related researches

Faryabi et al (1390) investigate market-oriented correlation and competitive advantage in Iranian tractor group. According to conclusions, correlations between market-oriented and other hand, the meaningful and positive competitive advantage and its coefficient is remarkable. Actually, we can understand that market-oriented is the main factor in creating organizations competitive advantage.

Ranjbarian and Berary (1388) investigate the correlation of the main foundations of relationship marketing including trust, communications, conflict management and merit with customer satisfaction of bank services. Conclusion of present research indicate that merit, communications, trust and conflict management related to customer satisfaction of SAMAN bank services, respectively. But commitment has not a meaningful relation with customer satisfaction.

Samadi et al (1388) have done a field study and investigate the effect of techniques of RM on buying behavior in service sections. MAKSIM stores customers in Tehran was Research communication. Conclusions indicate that techniques of RM (communications, personalizing and preferred behavior) have meaningful correlation with continue the buying step. Also present the techniques of relationship marketing have a positive effect on relational satisfaction, trust, relational commitment and buying behavior.

Hosseini and Panahi (1386) investigate on the make competitive advantage by successful key factor in Iranian tile industry. First, they investigate the relative advantage of Iranian tile industry, use the internal cost index. Conclusions of this study present that attention to production quality; giving services to customers, quickly answering to market changes, quick and proper market evaluation and manufacturing the different products have higher priority in firms competitive, respectively.

Voghlom (2011) investigate the relation between bank and its customers (SME) and also how management of bank customer's relations. Current study present that the feedback of the bank depend on the management of banker's relations with customers SME. Ability of bankers in understanding and discovering special SME needs, influence their relations strongly.

Zhou et al (2009) consider how customer value effect on the companies market-oriented and also on competitive advantage and firm performance. This study was done in services industry of hotel management which customer value divides into two dimensions: services and emphasize on the cost. Market-oriented involves two dimensions: rival-oriented and customer-oriented. Also competitive advantage divides into two aspects, distinction of innovation and distinction of market, and finally, company performance includes market and financial performances. Theoretical conclusions state that customer value effect on company tendency, and emphasize on the services lead to more customer-oriented and rival-oriented.

Tervatanavng et al (2007) investigate the effect of foundations of relationship marketing, dependence, trust, commitment, and norms based on the corporation and conflict management on customer satisfaction in the length of relation life cycle. Conclusions of this study indicate that variables of trust and dependence related to satisfaction the relation in its creating and grow-up steps, while commitment related to customer satisfaction in grow-up step. Conflict management also, has not effect on the satisfaction in downfall step.

Omali and Perodero (2004) were done an empirical study on the customer’s view (understanding) and consumer experiences about relations with commercial companies and investigate how relationship strategy by organization lead to disappear the customers trust. Three main fields include: relational expression capability used by company, motivation of the back-maintains of the customer and loyalty programs, and using unacceptable and troubling marketing technique. Consequently, relationship marketing strategy (RM) can unwittingly lead to more distrust of the consumer into using of these strategies.

Research Method

As a goal, practical and methodology perspective, current paper is a descriptive- surveying field study. Questionnaire used for collecting data and analyzing them. Cronbach's alpha coefficient (determining of Questionnaire stability) for every questionnaires was given in table (1). Questionnaire also confirm throughout nominal justifiability (reliability). Statistical communication of this study is the customers of REFAH chain stores in Esfahan city. The method of sampling also was chosen random accordance to volume. With distribution 115 questionnaires, finally 114 of them were collected. In this study, Amos software was used for process of questionnaire extracted data.

Table (1) questionnaire

Row	Questions	Cronbach's alpha coefficient
1	Relationship marketing	0/758
2	Competitive advantage	0/814

Data Analyze

First of all, in this section, we suppose that the extracted data from collected questionnaire are normal, and done, using colomograph-smironoph test. Statistical theory for using parametric or nonparametric tests was written as follow.

{ H0: distribution is normal.

{ H1: distribution is not normal.

Table (2): colomograph-smironof test conclusion

Variable	Level of Meaningful	Conclusion
Normal	0/403	Relationship marketing
Normal	0/480	Competitive advantage

According to obtained conclusions, H0 theory was accepted and H1 theory was rejected. Main theory: relationship marketing has effect on competitive advantage.

Table (3): Main theory test conclusions

Models process indexes		CR	P
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RMSEA	CFI	GFI	Confirm or decline of theory		
0/041	0/994	0/977	confirm	4/155	0/000

Considering that P is less than 0/05 and CR is higher than 2, the main theory was proved. And because of GFI, CFI is higher than 0/9 and RMSEA is less than 0/05, this model have a good process and can to prove the theory very well.

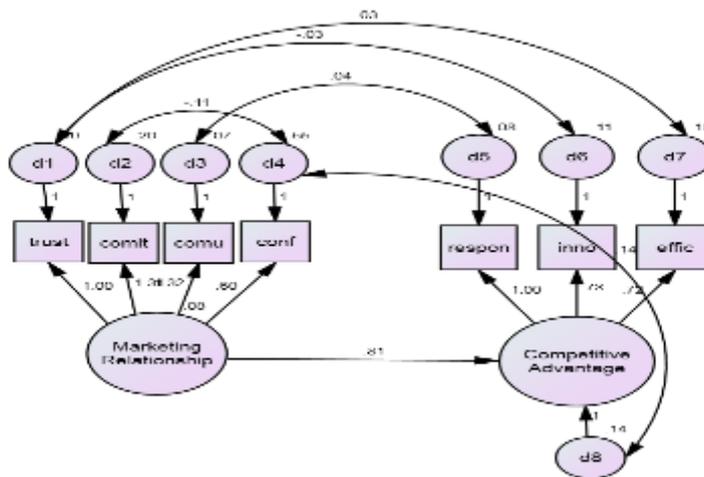


Figure (3): research model

First theory: trust has effect on competitive advantage of chain store in Esfahan city.

Table (4) first theory conclusions

Models process indexes			Confirm or reject of theory	CR	P
RMSEA	CFI	GFI			
0/057	0/961	0/943	reject	1/432	0/327

Regarding to P was not less than 0/05 and CR also was not higher than 2, this theory is declined. And because GFI and CFI are higher than 0/9 and RMSEA is about 0/05, indicate that this model have a good process and can test this theory very well.

Second theory: commitment has effect on competitive advantage of chain stores in Esfahan city.

Table (5) second hypothesis test conclusions

Models process indexes			Confirm or reject of theory	CR	P
RMSEA	CFI	GFI			
0/054	0/952	0/958	Confirm	2/553	0/011

Considering that, P was less than 0/05 and CR also was higher than 2, this theory is confirmed. And because GFI and CFI are higher than 0/9 and RMSEA is about 0/05, indicate that this model have a good process and can test this theory very well.

Third theory: conflict management, effect on competitive advantage of chain stores in Esfahan city.

Table (6) third theory test conclusions

Models process indexes			Confirm or reject of theory	CR	P
RMSEA	CFI	GFI			
0	1/00	0/99	Confirm	4/39	0

Considering that, P was 0 and CR also was higher than 2, this theory is confirmed. And because GFI and CFI are higher than 0/9 and RMSEA is 0, Indicate that this model has a good process and can test this theory very well.

The fourth theory: communications has effect on competitive advantage of chain stores in Esfahan.

Table (7) the second theory conclusions

process indexes model			Reject or of confirm theory	CR	P
RMSEA	CFI	GFI			
0/055	0/981	0/968	confirm	2/384	0/017

Considering that, P was less than 0/05 and CR also is higher than 2, this theory is confirmed. And because GFI and CFI are higher than 0/9 and RMSEA is about 0/05, indicate that this model can test this theory very well.

Conclusions:

The main theory of the present study based on the effect of relationship marketing on competitive advantage was confirmed. In other words chain stores can obtain competitive advantage by relationship marketing, and This conclusions are as the same as Faryabi et al (1390), Hosseini and Panahi (1386) and Zhou et al (2009), As they indicate that offer the customer services and make the long-term relationship with them, have high priority, in companies competitiveness.

And four sub-hypothesis investigate the effect of dimensions of the relationship marketing on the competitive advantage. In the first sub-hypothesis, the effect of trust on the competitive advantage was rejected. In other words, Trust cannot effect on the competitive advantage. In the sub-hypothesis theory, the effect of commitment on the competitive advantage was proved, which means that commitment lead to competitive advantage in these stores. Also in the third sub-hypothesis, the effect of conflict management on the competitive advantage was confirmed, and present that conflict management is more effective on competitive advantage. And in the fourth sub-hypothesis, also the effect of communications was accepted and proved that communications lead to competitive advantage in chain stores. And this

conclusion is the same as the conclusions of Ranjbarian and Beraei (1388) and Teravatanang et al (2007).

According to research conclusion, suggestions as follow:

- Eliminate the communications weakness related to customers in the field of marketing capabilities by awareness the customer ideas, close corporation with customers and making commitment and customer trust
- Coherence of the whole business units in giving services to customers
- Developing the culture of marketing in organization
- essential training and salespersons familiarity to marketing concepts, for communication with customer
- Recognize the customer needs and also rival activities and effective factors on market conditions for acquiring competitive advantage

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