

Conditions to adopting relationship marketing in service institutions

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Abstract:

This article aimed to identify the most important conditions must be available to adopt relationship marketing by Algerian institutions, especially service ones, At first, by focusing on the conditions of the establishment, then the necessity of the availability of another set of conditions (the conditions of activation, The study sample included a group of regional directorates of Oran banks, relied on a multiple linear regression model to examine the relation between relationship marketing as a dependent variable, and the commitment condition, the trust condition, the link and communication condition, the condition of interaction and satisfaction, as the independent variables

The most important results reached show: the majority of the regional directorates of banks (Oran) lack the use of marketing as a management tool. These directorates respect some conditions and do not respect others, which negatively affected their dealings with customers.

Keywords: marketing, Relationship marketing, adoption conditions, activation conditions, service institutions.

JEL Classification Codes: M31, M39.

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1. INTRODUCTION

Relationship marketing and customer relationship management have taken a central position in marketing strategy in the past two decades. A confluence of factors, including the transition to service-based economies; advances in communication, logistics, and computing technologies; increased global competition; and faster product commodization have enhanced the salience of “relationship-based loyalty” to sellers compared with other marketing mix factors (R. Palmatier, 2008, p. 4).

Relationship marketing is a modern trend whereby marketing thought shifted from focusing on transactions to focusing on relationships, as many factors contributed to the growth and emergence of this concept and strengthened its position as a modern marketing approach that focuses on strengthening the relationship between the organization and its customers, so that the relationship is not a goal in itself (R. Palmatier, 2008, p. 4).

Rather, it is a means to increase and enhance customer loyalty and increase its importance in light of the current marketing environment and its high intensity of competition and expansion of its scope, which prompts the need to focus on strengthening and strengthening the relationship between the organization and its customers as a prerequisite and necessary to retain them, by managing the relationship with the customer. And the importance it contains in activating and retaining customer orientation (J.EGAN, 2011, p. 17). The success of organizations depends on the efficiency of managing the relationship with the customer, which enables the organization to attract the loyalty of its customers, earn it and support it. Therefore, there was a need to focus on relationship marketing by shifting from selling to the customer today to creating the customer tomorrow in order to maintain the survival and profitability of the organizations. banks seek to create a competitive advantage for them that distinguishes in light of the intensity of competition between the private banking sector and the government banking sector.

1.1. Research Question:

The research problem becomes clear by acknowledging the existence of a large group of new trends and systems that contributed to the

formation of what can be called Competitiveness represents the most obvious feature, as thinking has shifted from simply focusing on completing the deal with the customer to the new business system, which in an unprecedented manner, it was reconsidered one to pay attention and focus on building a lasting relationship and maintaining this relationship for a long time, which has become important in various marketing strategies for departments, especially relationship marketing.

As such, this study has formulated the following research question:

What are the conditions that Algerian service institutions must respect to adopt relationship marketing?

1.2. Research Hypothesis:

Accordingly, this study has developed hypotheses propositions to be tested as follows:

- ◆ There is difficulty for the Algerian banks in the systematization and generalization of the use of marketing as a management tool.
- ◆ There are several conditions (organizational, financial, technological, cultural, and competition) that must be met for the relationship marketing to take place.
- ◆ Banks must respect several conditions (promise, trust, link, communication, interaction and satisfaction) so that it can activate relationship marketing.

1.3. Research Objective:

This research aims to identify the importance of the concept of relationship marketing and benefit from applying its mechanisms in banks, in addition shedding light on the obstacles and challenges that affect the effectiveness of applying the relationship marketing strategy and gaining customer loyalty in banks.

1.4. Research Importance:

This research derives its importance from the wide spread of banks and the importance they represent for the Algerian economy, as they a customer who enjoys long-term relationships with an organization spends more on its products and services and is considered a source of honest and inexpensive advertising. The importance of researching banks' need for

relationship marketing, which helps retain customers and gain their loyalty, especially at a time crises, as a loyal customer attracts other customers.

1.5. Research Structure:

This paper is structured as follows. First, we provide a theoretical background, where we bring the relationship marketing literatures. Then, review the literature the constructs used in our model and develop hypotheses for the relationships among them. Next, we discuss our methodology, followed by the results.

2. Relationship marketing concept:

2.1. Relationship Marketing Schools:

This part has looked at the development of relationship marketing (RM) and the considerable interest it has created among different schools, so table N^o(01) summarizes the most important schools of relationship marketing (the most important characteristics and orientation of each school).

Table 1. The Most Important Schools of Relationship Marketing

School	Group IMP*	Nordic school	Anglo-Saxon School	North American School	Group CMP**
Date of Birth	1970	1990 -1980	1980	1980	-1990 2000
Research type	Interactions in the field of business relations	Services sector	Horizontal vision of the institution, quality and services provided to customers	Marketing of services and marketing between institutions	Description of field work in the area of traditional marketing and relationship marketing
Research results	Analytical model of interactions between seller/buyer	Relationship Marketing and Interactive Operations Model	The Six Markets as a Model for Relational Marketing Analysis	The binary model of relational marketing analysis	Analysis based on six areas
The most famous researchers	Hakansson Snehota	Grönroos Gummesson	Payne Buttle	Ferguson Berry	Coviello Brodie

Source : (A.Gomaa, 2023, pp. 31-41)

2.2. Definition of relationship marketing:

There are many definitions of relationship marketing, the most important are:

- Morgan and Hunt (1994) have defined relationship marketing as “establishing, developing and maintaining successful relational exchanges”. (Morgan, 1994, p. 20)
- Cova & al in 2003: Relationship marketing aims to build, develop and maintain a long-term and mutually beneficial relationship between the organization and the customer.

* IMP: Industrial marketing purchasing.

** C.M.P: Contemporary marketing practices

- Durif, Graf & Ricard in 2009: Relationship marketing is a multilateral strategic direction based on deep knowledge of customers and a number of contractual standards aimed at creating, developing, strengthening and predicting the disruption of relationships, which often helps to maximize long-term returns for all parties involved in the exchange process.

From the previous definitions, it is clear that relationship marketing is therefore an aspect of the customer relationship management (CRM) that focuses on customer loyalty and long-term customer engagement rather than on short-term goals such as customer acquisition and individual sales. Relationship marketing (or customer relationship marketing) aims at creating a strong, even emotional, branded customer relationship that can lead to continued business, free mouth-to-mouth advertising, and customer information that can generate leads.

2.3. Assumptions and foundations of Relationship Marketing:

A- Basic assumptions:

- The customer's preference to maintain a long-term relationship with the provider of the good or service rather than switching to another marketer.
- Management prefers to serve and retain the current customer due to the lower cost than targeting specific customers, as studies indicate that the cost of attracting a new customer may reach five to eight times the cost of retaining the current customer.
- Considering the current customer who has a long-term relationship with the organization as a source of distinctive advertising by transferring his positive experience with the product or service to others.

B- Basic foundations:

- Creating new added value for customers through their use of the product or service. Realizing the main role of the consumer in determining the value and benefits he wants to achieve through the process of choosing a good or service.
- Defining the communication process between the seller and the buyer in a way that supports the value perceived by the consumer.

Supporting continuous cooperation and coordination between marketers and customers.

- Realizing the importance of time for customers.
- Building a network of relationships with customers, suppliers, distributors, brokers and other stakeholders with the organization.

C-Benefits of relationship marketing:

Relationship marketing generally has benefits such as increasing the level of customer satisfaction to higher levels easily, reaching profitable customers easily, and providing a competitive advantage with word-of-mouth advertising on the business and customer side: (D.Yakup, August 2020, pp. 2-4)

On the business side:

- Achieving Competitive Advantage;
- Providing Easier Customer Satisfaction;
- Mouth to Mouth Marketing;
- Reaching Profitable Customers.

On the customer side:

- Special Care and Treatment and Trust-Accuracy (Less Risk Perception);
- Social, Sincere and Friendly Benefits. It can be seen above that relational marketing has benefits

2.4. Reasons for organization to adopt relationship marketing:

The adoption of relationship marketing for the organization was not a matter of choice, but rather an inevitable dictated by several circumstances that resulted an environment did not accept the old methods in which organizations were managed, especially those that are active in the service sector such as: (Costel Iliuță Negricea, 2020, pp. 45-48)

- The way customers buy products constantly changes;
- Increasing competition in the global world and difficult market conditions;
- The rise in breaks in global markets;
- Increasing direct and indirect impact of changing technology;
- Only quality-oriented product mission is not sufficient;
- Changing customer tensions and intergenerational differences;

- Traditional marketing's depreciation.

3. Conditions for adopting relationship marketing:

It divided into the following:

3.1. Regulatory conditions:

It is the process of introducing changes or modifications to the structures of organizations and their organizational structure, among these changes are the operations-oriented organization, the transition from centralization to decentralization, bottom-up management, and participatory management.

3.2. Technological and financial conditions:

- Technologies, especially information and communication technologies, are reflected on the institution, the customer and the internal individual.
- Make the customer deal with the institution flexibly without the intervention of time or distance factor.
- It allows the institution to communicate and dialogue with its customers through the various machines it uses, such as distributors
- Make the organization closer to its customers and all partners.

3.3 Cultural Conditions:

The development of society from a cultural point of view, especially consumerism, is a great catalyst and encouragement for the expansion of the culture of relational marketing as an institutional culture.

3.4 Conditions of competition and the nature of markets:

According to Hunt, the resources available to institution include all the things that provide possibilities to reach goals faster and less costly when compared to those used by competing institutions, and they can be categorized into: (A.Rady, 2017, pp. 47-50)

- Financial: includes cash reserves and facilities by financial institutions.
- Physical: factories, raw materials and equipment (machines).
- Legal: Trademarks and Licenses.
- Human: skills, abilities, experiences and qualifications of individuals.

- Administrative: means of management, the culture and policies of the institution.
- -Informatics: information about customers, competitors and technology development.
- Relationship: relationships with customers, suppliers, and individuals.

All the important and necessary resources for any organization are not required to be owned by it, but it is sufficient only to have it available to it. Accordingly, new rules of competition have emerged that the organization must be aware of, including competition based on relationships and those that take into account the competencies of internal individuals.

4. Conditions for activating relational marketing:

Table n^o (02) presents the most important researchers and conditions that they found to be the most influential on activating relationship marketing, and the most widely used in the marketing literature. (Heffernan & Raviglione, 2008)

Table 2. Conditions for activating relationship marketing

Researchers	Years	interest from the swap	Trust	Communication	Collaboration/ Long-term orientation	commitment	customisation	Satisfaction	Legal links	Social links	Information exchange	Conflict management	Relationship profitability	Interconnection of deals	Comparison of alternatives	Mobility barriers
Ford	1980													x		
Moriarty & al	1983												x			
Dwyer, Schurr & Oh	1987	x	x	x	x	x	x		x		x	x	x			x
Anderson & Narus	1990	x	x	x	x	x		x		x		x	x			
Morgan & Hunt	1994	x	x	x	x	x	x		x		x	x				x
Mohr & Speckman	1994		x	x		x	x		x		x	x				
Ganesan	1994		x			x		x		x						
Barnes	1994		x	x		x	x	x		x						
Wilson	1995	x	x		x	x	x	x	x	x				x		x
Young & Denize	1995									x						x
Hälinen	1996		x			x		x								
Blenkhorn & Mackenzie	1996		x		x	x		x								
Simpson & Mayo	1997		x		x	x		x								
Moris, Brunvee & Page	1998		x			x	x		x	x	x			x	x	
Ricard & Perrien	1999		x									x	x			

Gharbano & Johnson	1999		x	x	x	x														
Kothandaraman & Wilson	2000		x		x	x														
Adobor	2002		x	x																
Handfield & Bechtel	2002		x																	
Hunt & al	2002		x	x	x	x														
Verhoel & al	2002		x			x			x											
Ivens & Mayhofer	2003			x		x														
Sin & al	2005		x	x			x		x											
Palmatier & al	2007	x	x	x		x	x	x	x											
Biboum & Bekolo	2008		x	x	x		x													
Omar & Ali	2010		x	x			x													
Alrubaiet & Al-Nazer	2010		x	x	x		x		x											
Theron & Terblanche	2010		x	x			x		x											
Σ	/	05	24	15	10	03	21	07	12	01	09	02	05	06	03	01	04			

Source: (T, 2008)

Table n⁰ (02) shows that the most repeated conditions in various research and studies are: the condition of trust in the first place with 24 appearances, followed by the condition of commitment to 21 appearances, then the condition of communication with 15 appearances and the fourth For the condition of satisfaction with 12 appearances, while the fifth place for each of the Collaboration and interaction with 10 appearances, and finally the condition of Social links with 09 appearances, while the rest of the conditions did not record appearances worthy of attention and study. We will be explained briefly most important one's conditions for activating relationship marketing: (A.J.Palmer, 1995, pp. 475-480)

- Trust: The level at which each party feels dependent on the integrity of the promises made by the other party in exchange relationships. This is This element is a key to building a relationship marketing model, and this level is not only characterized by behavior, but also by fundamental characteristics such as motivation. Competence, honesty, integrity, credibility, transparency, promises....

- **Communication:** The formal or informal means of exchanging information between the restaurant and the customer, because relationship marketing highlights the importance of Exchanging information, and because of its positive and indirect impact on the commitment element in commercial relations. It is considered a communication process Customer engagement is among the characteristics of companies that manage their customers directly through marketing techniques. For example: Marketing via telephone, direct mail, or the Internet.
- **Commitment:** represents the customer's desire to reach a high level in the relationship that indicates the supplier's commitment towards him. Element Key in influencing customer loyalty.
- **Reciprocity:** represents the balance of dealing by all parties, which contributes to establishing long-term relationships with customers, which is affected by all from: the company's ability to provide intrinsic incentives to customers, and the company's ability to build social ties with customers
- **Value:** represents the economic and moral benefits that accrue to both the restaurant in terms of making more profits and achieving a good reputation, And the customer in terms of special treatment and the price appropriate to his desires.
- **Empathy:** This element seeks to understand the needs and desires of customers, work to solve their problems, and provide additional accompanying services. products, in addition to keeping up with customer expectations.

5. The Methodology and Data Description

1.5 Study Sample:

The study population consists of a group of regional directorates of banks (Oran Province),10 regional directorates, during the period from 2019 to 2020.

Table No. (03) summarizes the most important specifications that were relied upon in the study of the sample.

Table 3. Presentation of regional directorates of banks (Oran Province)

Directorat	Seniority of the directorate's activity	Number of agencies	number of people	Marketing department	Marketing unit	Responsible for the Marketing function
ABC	16years	4 agencies	16 people	-*	-	Regional Director
BADR	32years	09 agencies	17 people	-	-	Regional Director
BDL	29years	10 agencies	45 people	-	-	commercial agents
BEA	44years	06 agencies	55 people	+**	-	Marketing Directorate
BNA	48 years	12 agencies	35 people	-	-	Promotion and commercial activity department
BNP	10years	12 agencies	09 people	+	-	Marketing department
CNEP	11 years	16 agencies	55 people	-	-	Loan Section
CPA	48 year	08 agencies	21 people	-	-	Directorate General
NATIXIS	09years	10 agencies	11 people	-	-	commercial agents

* (-)there is no marketing department or marketing **unit**

** (+)presence of a marketing department or a marketing unit

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SOCIETE GENERA LE	14 year	10 agencies	40 people	-	-	Regional Director
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Source: Prepared by the researchers based on internal documents.

A number of employees of the regional directorates of the various banks under study were surveyed, as well as a group of customers of these banks, and the table below summarizes the study sample.

Table 4. Study Sample

Regional Directorate	Numbers of employees surveyed	Numbers of clients surveyed
ABC	16	16
BADR	17	17
BDL	45	45
BEA	55	55
BNA	35	35
BNP	09	09
CNEP	55	55
CPA	21	21
NATIXIS	11	11
SOCIETE Gle	40	40

Source: Prepared by the researcher based on the results of the questionnaire

5.2. Study variables:

Multiple regression model is used to find the relation between relationship marketing and adoption, activation conditions

The study model includes:

The dependent variable: Relationship marketing as dependent variable.

The independent variables: Commitment, trust, links, communication, interaction and satisfaction conditions as independent variables.

3.5. The reality of the marketing mix in regional directorates:

Table N°. (05) summarizes all the marketing mix policies in the surveyed regional directorates

Table 5. Marketing mix policies in the regional directorates of banks (Oran Province)

regional directorates	product policy	price policy	Communication Policy	Distribution Policy
ABC	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors
BADR	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors
BDL	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors
BEA	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors
BNA	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors
BNP	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors
CNEP	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors
CPA	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors

NATIXIS	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors
SOCIETE Gle	Diversification Policy	Pricing centralization	traditional and electronic	Agencies and Automatic Distributors

Source: Prepared by the researchers based on internal documents

From Table No(04) Presentation of regional directorates of banks(Oran Province), and No (05) Marketing mix policies in the regional directorates of banks(Oran Province), number of results are reached:

- **The position of the marketing function in the regional directorates of the surveyed banks:** There are only two (02) regional directorates (Out of the ten (10) regional directorates) contain a marketing department, which is equivalent to 1/6 for the regional directorates of public banks BEA, and a rate of 1/4 for the regional directorates of private banks BNP, and this explains the lack of its awareness of the important and pivotal role played by the marketing function, and this is reflected negatively on the other activities.
- **Product and service policy in the regional directorates of the surveyed banks:** Diversity exists, whether in the products or services provided, but the competitive nature of these products or services does not exist.
- **Price policy in the regional directorates of the surveyed banks:** There is no significant difference in pricing policy between the regional directorates, as most of them receive instructions and orders from the General Directorate (centralization of decisions).
- **Communication policy in the regional directorates of the surveyed banks:** Following a single communication policy, starting with posters, websites and direct communication through the Internet and the phone, in addition SOCIETE Gle and BNP are the only who rely on Sponsoring.

- **Distribution policy in the regional directorates of the surveyed banks:** Most of them depend on distribution at the level of their affiliated agencies, relying on automatic distributors, do not depend on bringing agencies closer to customers, and not using other channels to distribute their products and services.

6. Model Description

- Dependent variable: Relationship Marketing
- Independent variables: X_1 the commitment condition, X_2 the trust condition, X_3 the links and communication, X_4 the interaction and satisfaction condition.

6.1 The partial model of the regional directorates of public banks:

$$Y_{1-22} = 1.22 + X_1 + 0.84X_2 + 0.93X_3 + 0.81X_4 - 17.7$$

-The coefficient of X_1 (commitment) is positive (1.22) and the value of (t) is 37.741, which is statistically significant at a level of less than 1%. This means that there is a positive, statistically significant relationship between the X_1 commitment condition and the conditions for activating relational marketing.

The X_2 coefficient (trust) is positive (0.84), and the value of (t) is 14.864

The coefficient of X_3 (links and communication) is positive (0.93) and the value of (t) is 38.68

The coefficient of X_4 (interaction and satisfaction) is positive (0.81) and the value of (t) is 14.34

6.2 Partial model for the regional directorates of private banks:

$$Y_{1-22} = 0.92 + X_1 + 1.02X_2 + 1.09X_3 + 1.01X_4 - 22.7$$

-The coefficient of X_1 (commitment) is positive (0.92) and the value of (t) is (19,109).

- X_2 (trust) coefficient is positive (1.02) and the value of (t) is (15,068)

- The coefficient of X_3 (links and communication) is positive (1.09) and the value of (t) is (12,164)

- The coefficient of X_4 (reaction and satisfaction condition) is positive (1.01) and the value of (t) is (7,270).

6.3 The regression equation for the overall model:

$$Y_{1-22} = 1.20 + k_1 + 1.17k_2 + 0.86k_3 + 0.61k_4 - 18.56$$

-The K1 coefficient (commitment condition) is positive (1.20), and the value of (t) is 41.695, which is statistically significant at a level of less than 1%. This means that there is a positive, statistically significant relationship between K1 and the conditions for activating relationship marketing. accordingly, the commitment affects the conditions for activating relationship marketing.

-The coefficient of K2 (trust condition) is positive 1.17, and the value of (t) is 36.521

-The coefficient of K3 (links and communication) is positive (0.86), and the value of (t) is (38.299).

-The coefficient of K4 (interaction and satisfaction) is positive 0.61 and the value of (t) is (14.076).

6.4 The general conclusion of the study:

The regional directorates of public banks (Oran Province) apply relationship marketing through:

- Interacting with customers and constantly searching for their satisfaction.
- It relies on all available means and tools that make it closer to its customers
- Use all available means to communicate and obligate with them (customers).
- The regional directorates of private banks seek to activate relationship marketing by focusing on trust and commitment.

7. Conclusion

The results of the study concluded with a set of proposals that reduce the obstacles to the effective application of the relationship marketing strategy, which we present in points: next:

- ◆ Using customer databases to anticipate the wants and needs of current and potential customers in banks; Add to direct messages Advertising for them to encourage greater demand.
- ◆ Using electronic forms and programs on the computer for speedy communication and permanent and continuous communication with customers, and following up on their histories. In addition to their complaints and suggestions.

- ◆ Willingness to change banks management plans and strategies according to circumstances and developments to suit the desires of customers.
- ◆ Activating continuous training programs for workers in the field of relationship marketing to develop the skill of performing the work in a correct manner that suits the needs of employees. Customers and facilitate dealing with them.
- ◆ Activating incentive and reward programs for workers interested in customer satisfaction, and giving additional value to the customer while constantly monitoring the level of satisfaction. staff.
- ◆ Applying the comparative measurement method with competitors to improve and develop services and identify the performance gap in customer satisfaction.
- ◆ Applying modern and effective quality systems to ensure continuous improvement of the quality of products and services provided to customers as an optimal approach to relationship marketing.

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