

# **Introduction**

## **Preface**

In the world of the Internet revolution, the speed development of modern technologies in communications technologies information industry and electronic business services the challenge does not lie in the search for new customers only but in the understanding and maintaining of your current customers' needs. The globalization of companies has brought about many applications such as data stores, planning of project resources and management of customer relationships which in turn rapidly use up the spaces of storing devices. No doubt, that as management of customer relationships offers solutions and tools that help making successful role of the relationships in developing business. It is inevitable that customer relationships should convey all the standards such as customers' acknowledgement, dedication towards customers and information management.

With the beginning of the second millennium, customer relationships management solutions have represented one of the most outstanding issues in the field of information technology solutions. After a few years, the companies in the area have understood the reality and importance of customer relationships a long with the rest of other business applications that form one of the most important options and trends in world of business.

In the past, people defined the marketing as a set of economic activities that projects practice in order to make profits. If we want to know what a business is, we must start with its objective which inevitably lies outside it. In fact, this objective lies in the society. There is no single acceptable definition of businesses but the reaction of consumer or customer.

Marketing employee plays an important role in attracting building and maintaining relationships with customers, therefore marketing institutions must make special efforts in training their staff on how to provide service in a good way before proceeding to deal with customers.

The service sector occupies a considerable space in today's world in the different countries. This sector falls under the influence of various developments that improve the provided services. These developments include government legislations, technological advances, and political and cultural developments. Since marketing means the execution of tasks through and with the others, customer relationships constitute the corner stone in the marketing process.

Customer relationship department is very important for the firm because it takes care and pays attention to the customers so that they do not shift to competitors.

## **The Study Plan**

### **1. Statement of the problem:**

An understanding of customer relationship management (CRM) becomes an important topic for both academicians and practioners in recent years. The concept is interrelated with the concept of relationship marketing. customer relationship marketing (CRM) is a combination of people, process and technology that seek to understand a company's customers, it is an integrated approach managing relationship by focusing on customer retention and customer acquisition and relationship development. Some companies are competing effectively and wining this race through the implementation of relationship marketing principles using strategic and technology application.

- This study shows that relationship marketing can be explained to substantial degree by customer relationship management and shows the direct and indirect effects among those established insurance companies.

## **2. Research Questions:**

This research seeks to answer the following questions:

**Q. 1:** To what extent does the customer relationship variable (CRM) influence relationships marketing performance?

**Q. 2:** To what extent does the customer relationship variable influence relationship quality?

**Q. 3:** To what extent does relationship quality (namely; satisfaction & trust) influence relationships marketing variables)?

**Q. 4:** Does the relationship quality mediate the relationship between customer relationship variables and relationships marketing performance variables?

**Q. 5:** To what extent does relationship duration strengthen the relationship between relationship quality dimension and relationships marketing variables as overall outcomes?

## **3. Objectives of the research:**

This research seeks to determine the influence of the relationships marketing performance in insurance companies in Khartoum on the customer relationship variables, relationship quality dimensions and relationship duration this research is a combination of two types of objectives: the main objectives and other subsidiary objectives, such as:

1/ To investigate the relationship between customer relationship variables (CRM) (conflict handling, communication, customer knowledge and

technology) and relationships marketing performance (customer retention and customer acquisition).

2/ To determine the connection between customer relationship variables and relationship quality dimensions;

3/ To investigate the relationship between relationship quality (satisfaction and trust) and relationships marketing performance (customer retention and customer acquisition).

4/ To assess the effect of relationship quality dimensions (namely; satisfaction and trust), as mediating variables between customer relationship variables (namely; conflict-handling, communication, customer knowledge and technology) and relationship marketing performance variables;

5/ To show as an overall outcome the possibility of relationship duration as a moderator variable between relationship quality dimensions and relationship marketing performance variables as an overall outcome.

6/ To suggest applicable solutions to address the potential difficulties facing the adoption of customer relationship management concept by insurance companies in Khartoum State; and offer managerial implications of the study findings.

Finally, all the above objectives explore the impact of customer relationship management underpinnings, mediator and moderator variables (relationship quality and relationship duration) respectively, on relationship marketing.

#### **4. The significance of the study**

This study is expected to contribute to the theory and practice of customer relationship management (CRM) and relationships marketing. The proposed study questions of two concepts stream, customer relationship management underpinning and relationship marketing the research of inter-relatedness between the two concepts will be of great interest for both academicians and practitioners (Wong and Schoal 2006; Reichheld, 1993, Reichheld Kenny, 1990; Reichheld and Sasser, 1990; Ndubisi et al, 2007; oly Ndubisi et al., 2004, Forrest et al., 2003; Chiliu. et.al, 2007).

The main significant value of this research is framed within the social exchange theory and that it is the first to simultaneously and empirically examine the impact of type of relationship duration on moderating the relationship between relationship quality dimensions ( namely satisfaction and trust) and relationship marketing variables (namely, customer retention and customer acquisition) from customers' view point.

Thus, the study claims that it will be the first among studies for exploring the interrelation between customer's relationship variables, relationship quality, relationship duration as moderator, and relationship marketing. The second, significant aspect of this study is related to the country to be studied. Most of the studies of customer relationship management and relationship marketing in general, are carried out in Western and Eastern Asian countries (especially in the United States, the United Kingdom, and Malaysia etc); so a few researches are conducted on this field in the nonwestern and Asian countries.

Therefore, people in other countries used to work hard to carry out new approaches in customer relationship management easier relationship marketing. Within the last five years thousand of businesses tried to improve their interaction with customers using CRM. While many

businesses and software vendors advocate the benefits of using CRM, many others disappointed (Payne and Frow, 2005).

The significance of the study lies in attempt to benefit and help future researchers.

However, the study can also open windows of development of this study which are expected to contribute to the theory and practice in CRM and relationship duration in particular, and CRM in general.

Thus, part of this study examines the possibility of customer relationship management and relationship marketing to yield the same results in Sudan as it does in western and Asian countries.

Finally the significance of the study comes from the importance of customer relationship management, Reinartz et al. 2004 , Nevin, 1995; Parvtiyar and Sheth 2001; Peppers and Rogers, 1993;Vavra, 1992. Therefore, customer relationship management, especially in insurance companies in Khartoum State, becomes increasingly important.

## **5. Hypothesis of the research:**

**Hypothesis H1:** There is a degree of statistical correlation between customer relationship (CR) and relationship marketing performance (namely, customer retention and customer acquisition).

**Hypothesis H2:** There is a significant statistical relationship between customer relationship (CR) and relationship quality (satisfaction and trust).

**Hypotheses H3:** Relationship quality has an impact on relationships marketing performance.

**Hypotheses H4:** Relationship quality mediates the relationship between customer relationship (CR) and relationships marketing performance.

**HypothesesH5:** Relationship duration strengthen the relationship between relationship quality and relationships marketing performance.

## **6. Research methodology:**

To test the hypotheses, The study uses a number of approaches to test they hypothesis which as following:

Firstly, the historical approach: this methodology is used to introduce insurance firms in Khartoum state in terms of evolution, development, objectives and the services they provide. Secondly, the case -study approach: they are considered descriptive research and are based on the study of an economic sector, besides collecting the largest possible amount of facts relating to insurance sector.

Thirdly, the statistical approach: the use of digital and mathematical methods in the treatment and analysis of data acquired by data collection tool.

## **7. The data sources:**

This study relied on both library and survey as follows:

### **(a) Secondary sources:**

These are sources in which data are readily found, hence the researcher's role is confined to analyzing those data and information and deducing the necessary findings; they are either published or not published such as books, references, periodicals, reports, bulletins, documents and official records and manuscripts.

### **(b) Primary sources:**

These are data that are collected through the questionnaire for the purposes of the study. Previously it did not exist. A questionnaire, a means for collecting primary information, is characterized by the possibility of collecting data from various sources from the study sample so as to be analyzed in order to reach the statistical relationships that test the authenticity or falseness of the study hypotheses.

Among the other methods the study will use is the interview, which is characterized by dialogue and direct discussion.

## **8. Study limits:**

The study covers with is limited to insurance company in Khartoum State the for period from 2007-2013.

## **9. Definitions and Description of Terminologies**

Below are definitions and descriptions of terminologies, which are used in this study.

**Customer relationship management (CRM)** is defined as: (the values and strategies of relationship marketing with particular emphasis on



customer relationship turned into practical application (Gummesson, 2002 p.3).

**Relationship marketing** is defined as: ((Establishing, maintaining, and enhancing relationship with customer and other partners at profit, so that the objectives of the parties involved are met; this is achieved by mutual exchange and fulfillment of promises)) (Gronroos 1990);

**Conflict handling** is defined as: the suppliers' ability to minimize the negative consequences of manifest and potential conflicts" ( Dwyer et al. 1987).

**Communication** is defined as: “an interactive dialogue between the company and its customers that takes place during the pre-selling, selling, consuming and post-consuming stages (Anderson and Narus, 1995).

**Customer knowledge** is defined as: ((It is a source of competitive advantage as it helps firms not only to understand their customer better, but also to learn what they know” ((Garcia-Murillo and Annabi, 2002; Gibbert et al.,2002)).

**Technology** is defined as: ((term that encompasses all forms of technology utilized to create, capture, manipulate, communicate, exchanges, present, and use information in its various forms (Martin et al 1999).

**Relationship quality** is defined as: an overall assessment of the strength of the relationship between buyers and sellers (Garbarino and Johnson, 1999; Smith, 1998).

**Satisfaction** is defined as: “a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (outcome) in relation to his or her expectations (Kotler 2000).

**Trust** is defined as: “a willingness to rely on an exchange partner in whom one has confidence” (Morgan et al 1993)

**Mediator variable** is defined as: “variable that underlies the relationship between predictor and criterion; it is affected by predictor and affects criterion” (Baron and Kenny 1986).

**Moderator variable** is defined as: ((a qualitative variable that affects the direction and/or strength of the relation between an independent or predictor variable and a dependent or criterion variable” (Baron and Kenny, 1986).

**Customer retention** is defined as: “a commitment to continue to do business or exchange with a particular company on an ongoing basis” (Zineldin, 2000).

**Customer acquisition** is defined as: “the sales and marketing process of obtaining new customers.

**Relationship duration:** it depends on whether customers experienced service transactions or failures.

Alikert’s scale is defined as: (measure of the extent to which a person agrees or disagrees with the question”(Likert 1932).

## **10. Organization of the study chapters:**

The study contains three chapters, besides the introduction and conclusion.

The introduction includes the preface, research bibliography discussion of origins of the research, the problem statement, research question, the objectives of the research, the significance of the study, the hypotheses of the study, research methodology, and the data source a section for definitions and descriptions of the key terminologies used, as well as an outline of the organization of the study.

- Chapter one includes the literature review.
- Chapter two is confined to the overview of the research case study.
- Chapter Three – methodology and data analysis.

# **Chapter One**

## **Literature Review**

### **1.0 Chapter overview**

This chapter comprises of six main parts. The first part covers the relationship between marketing performance concept and theoretical perspective and part two covers the different factors associated with successful marketing performance. Part three covers integrative views on customer retention and customer acquisition part four covers the concept of customer relationship management and its theoretical perspective. Part five covers relationship quality within customer relationship management context, and part six covers relationship duration perspective.

### **1.1 Relationship marketing performance concept and theoretical perspective.**

#### **1.1.1 Theoretical perspective.**

The concept of relationship marketing performance has found its place in marketing theory and has become an integral part of standard textbooks on marketing (e.g. Kotler 1997, P36 – 61). In recent years, it has also become a key topic in leading books on consumer behavior (Sheth Mittal and Newman 1999, P 696 – 769). All in all, the concept of relationship marketing performance is approaching its maturity stage ( Berry 1995 Hennig – Thurau, Klee and Langer 1999).

According to Hennig-Thurau and Hansen (2000) the concept of relationship marketing is built on three distinct, yet somehow interrelated, theoretical approaches , most of the contributions cited here are based on a behavioral perspective of relationships ( which , incidentally, is rather on expression of the author’s scholar position than

evidence for the superiority of the approach). On internal relationship, they can all be attributed to this behavioral perspective.

The other two theoretical approaches relevant for knowledge generation in relationship marketing are network theory and new institutional economics, the network approach in the field of business – to – business marketing and takes an inter organizational perspective. Firms are viewed as actors in several multi faceted, complexes, and long – term social systems called networks of relationships (Low 1996).

The approach is closely associated with the work of Scandinavian researchers like ; kakasoon ( 1982) Hakansson & Snehota ( 1995) and is a dominant motive in the work of the industrial marketing purchasing group ( see the overview by turn- bull , for and Cunningham 1996) . As with other fields of marketing theory, the new institutional economics approach tries to use modern economic theories to explain the development and breakdown of relationships.

These theories include transaction cost theory ( e.g. Adolph's & Buschken 1996 ; Sollner 1994 ) and agency theory ( e.g. Kleina- ltenkamp 1994, Mishra, Heide & Cort 1998 ), and view relationship marketing as a question of matching particular relationship dimensions to the situation at hand , with the overall goal of minimizing the costs of structuring and managing a given relationship.

So the study of relationships and networks is not, of course, a new area of research. Although it is only in the 1970s that the literature on management has started to emphasize its importance , there are many previous works in disciplines adjacent to management such as economics, political sciences , sociology , social psychology and law, as well as in some disciplines more central to management such as economics, notably organization sciences , that have influenced the study of relationships and

networks ( Eiriz et . al , 2006). Ward and Dagger (2007) said there is a little empirical research that has tested the underlying assumptions upon which much of the relationship marketing literature is based.

But, Eiriz and Wilson (2006) identified some of the principal theoretical foundations behind the emergence of relationship marketing as distinct area of research within marketing management, especially the main contributions from economics science, political sciences, organization sciences , sociology , social psychology, and service marketing .

The relationship and networks have long been a subject of study in sociology and social psychology where the main concern of research is typically use the role of relationships in the exchange behavior of actors (individuals and groups) within a community. Therefore, the key concepts from this field for marketing theory are social network theory and social exchange theory( cook and Emerson , 1984; Scott, 1991), which are now recognized as major influences on understanding of networks in the context of marketing ( Araujo & Easton 1996).Moreover the relationship exchange theory developed by (Macneil,1980) and (Kelly , 1959 ) work on social exchange and interpersonal relationship .Thus, relationship is an important perspective explaining inter- firm relationship as the emerging relationship paradigm.

Different studies on relationship marketing (Gronoors, 1994,; Styles & Ambler, 1994) were largely based on relationship exchange theory. Within this perspective, relationship exchange theory in relationship marketing generally recognizes the importance of managing the buyer and seller relationship .Within a role theoretical perspective, it is argued through its concern with how behavior changes within social interactions, offers some specific advantages to marketers and service providers who are conscious of the importance of relationship building at

the client interface, as well as role theory contributions to relationship marketing frameworks through both its contribution to our understanding of marketing exchanges; and the framework it offers for analysis of degrees interactivity in service performance ( Broderick 2008).

In economics, perhaps the most influential contribution to the study of relationship has been that of (Williamson ,1975) , whose work on understanding the economic rationality of relationships, and networks has focused on transaction cost theory; transaction costs include negotiating , monitoring and enforcing contracts with external entities , cost of coordination , and the cost or risks of power imbalances and opportunistic behavior between firms. Evidently , cost and profit theory posits that sellers pursue activities that minimize their cost and maximize their profit (Ahmed 2005) .

The distinction between discrete transaction and relational exchanges many researchers use to advance the emergence of relationship marketing as a new paradigm in marketing has its close origins in relational contracting theory of modern contract law ( Macneil , 1978, 1980).

Based on Macneil's characterization of discrete and relational exchange, which in part has its foundations in a study by Macaulay ( 1963) of non-contractual relations in business , Dwyer et al., (1987) provides a good summary of situational and process characteristics that distinguish discrete transactions from relational exchange , in addition, it illustrates the very different nature of two types of exchanges, and finally, highlights the difference between what might be termed the managerial paradigm of marketing founded on the marketing – mix approach , and the relationship marketing paradigm of marketing founded on the marketing – mix approach ,and the relationship marketing paradigm(War and Dagger 2007).

The role of political economy framework is to classify partnership interaction focusing on the interaction between the economy and polity (Stern & Reve, 1980). Jarillo (1988) noted that this early emphasis on non-profit organizations might help to explain some of the apparent difficulty in applying the concepts of relationships and networks to profit organizations and business administration. On the other hand, it should be recognized as a direct implication of relationships and networks, with the dominant paradigm in business administration, which tends to emphasize the importance of firms' competitive behavior.

While the role of organization sciences constitutes another area of research and have made a crucial contribution to our understanding of relationships and networks. According to (Thorelli (1986) and jarillo 1988), the emphasis of empirical research in this area was firstly on the analysis of networks in organizations, including public agencies ( e.g. Aldrich – and Whetten 1981 ; Benson 1975 ; Provan and Milward , 1995; van de ven; 1976). Within the body of organization, studies focused on relationship. The work on resource dependence theory has played a particularly important influence. Resource dependence theory (Pfeffer Salancik, 1978) has its foundations in the work on power and social exchange theory of Richard Emerson in the 1960s and 1970s.

The main contribution of resource dependence theory to the study of relationships and networks can be found in the role conferred to resources as the variable that affects the behavior of firms involved or in initiating such relationships. Thus, the resource dependence theory views inter-firm governance as strategic response to the conditions of uncertainty and dependence (Pfeffer & Salanick, 1978).

While Brodie et al, (1997) states that relationship marketing has emerged from six streams of research, the summary below presents these streams



(approaches) background : the first stream examines marketing from a service context (e.g. Berry, 1983 Gronroos, 1990: Gummesson, 1995;Zineldin et al., 1997). The second stream focuses on inter organizational exchange relationship ( e.g. Hakanson , 1982 ; Ford , 1990; Hallen et al , 1987 Dwyer , et al , 1987; Gummesson , 1995 Zineldin, 1988). The third stream underlying the new paradigm of relationship marketing is based on channels literature; e .g the development of effective and efficient channel relationship (e.g. Brown et al. 1995; Buzzell & Ortmeyer, 1995; Zineldin et al, 1997). The fourth one examines network relationships (e.g. Webster and Frederick, 1992; Easton , 1992: Johnson and Matsson , 1985 , 1988; Zineldin et al., 1997); the fifth stream stems from strategic management literature about the role or relationships in value chains ( Norman and Ramirez , 1993; Zineldin et al., 1997). Finally, the sixth stream examines the strategic impact the information strategy has on the relationships with and between organizations (e.g. Scott Morton, 1991; Zin eldin, 1998).

In addition, Ajió (1996) states that there are, in fact, two routes to the present – day relationship marketing.

The first route was gradual realization of the importance of relationships, initially in service marketing and partly in insurance marketing. The second route was through a transformation of business in general, due to rapid and radical changes in the environment. This is a holistic view of the parties and processes involved in marketing and business.

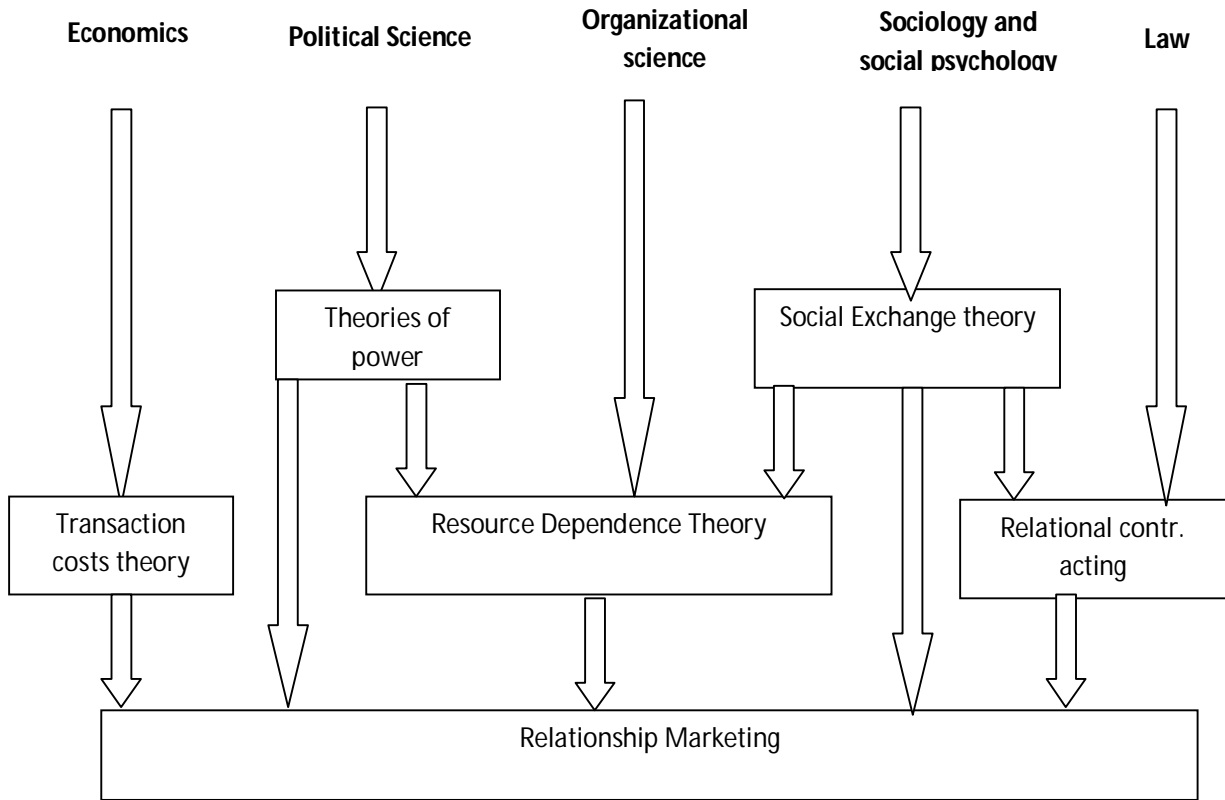
The most recent change in marketing theory and practice is the shift towards customer relationships competitiveness and changing dynamic of the global market place rises up the need for relationship marketing (Morgan & Hunt; 1994; Rich, 2000) in today's market setting. The P's paradigm lost some of its influence (gronroos, 1994).

The increased levels of international competition have led to changes in the buyer – seller relationships (Hide & Stump 1995). In particular, there is a trend for closer ties in buyer – seller relationships (Hide & John, 1990). During the last decades, we have witnessed a paradigm shift of exchange to relationship marketing (Bagozzi; 1974).

Considered by Webster (1992, P1) to represent a ( fundamental reshaping of the relationship marketing field and by others to be a genuine paradigm shift ( Kotler 1991: Parvatiar, Sheth and Whittington 1992) the turn is toward relationship marketing, a concept that encompasses relational constructing ( Mac – Nell 1980 ), relational marketing (Dwyer , Schun , and oh 1987). Working partnerships (Anderson & Narus 1990); symbiotic marketing (Vardarajan and Rajaratnain 1986); strategic alliances (Day1990); co –marketing alliance (Bucklin and Sengupta1993); and internal marketing (Arndt 1983; Berry and Parasuraman 1991).

**Figure 1.1**

An overview of the theoretical foundations of relationship marketing .



Source: iris and Wilson (2006)

### **1.1.2 Relationship marketing performance as a paradigm shift:**

Relationship marketing is usually result in strong economic technical and social ties among the stakeholder parties thereby reducing their transaction cost and increasing exchange efficiencies ( Morgan and Hunt 1994). Included in relationship marketing are not only buyer / seller exchanges but also business partnerships strategic alliances, and cooperative marketing networks.

Thus, relationship marketing–based on the marketing continuum represent a new paradigm shift in marketing , because marketing was general oriented towards acquiring new customers , namely; towards create a transaction ( Strobacka et al, 1994), which proposed as an essence of marketing itself ( Kotler, 1972), where the focus was on exchanging values between two parties, while keeping the existing customers by building relationships with them considered as the precisely meaning and purpose of the new paradigm in marketing which coined as relationship marketing ( Berry, 2002).

According to (Gronroos 1994), marketing is facing a new paradigm, relationship marketing focus is shifting from the activity of attracting customers to activities which concern with having customers and taking care of them. Moreover, the care of relationship marketing is relationship, maintenance of relations between the company and the actors in its micro environment, i.e. suppliers, market intermediaries, the public and, of course, customers are the most important actors.

Literature clearly differentiates between the two ends of the marketing continuum. While transaction approach is characterized as short term single and discrete exchange which encompasses a distinct beginning and ending with no duties existing between the parties prior to or after its formation, the relational approach is characterized as long term, broad and

ongoing relational exchange ( Venkataramana and Somayajulu , 2002, Gronoroos, 1994; 1996 ; Sin et al , 2002 ; Sheth , 2002 : Tomer ; 1998; Min and Mentzer, 2000 , Stobacka et al , 1994.)

Furthermore, in relational exchange, mutual total dependence relationships, purposeful cooperation, extended planning and the establishment of complex webs of operational and social and interdependence are also among relational approach characteristics ( Min and Mentzer , 2000; Gundlach and Murphy, 1993).

Indeed, relationship marketing is a suitable name for the new marketing concept in a very holistic sense. Thus it is not a separate area of marketing or even a separate strategy, but increasingly the relationship marketing perspective may be needed for surviving and prospering in today's markets. More companies are finding themselves doing just that, consciously or unconsciously (Aijo, 1996). Meanwhile, behind the development of relationship marketing there is a shift in two basic axioms of marketing (Sheth and Parvatiyar, 1995);

1) From competition and conflict to mutual cooperation. In transactional marketing, value creation is driven by competition and self interest. This competition happens at the dual level relationship between a customer and supplier at the triad level relationship among the customer, the present supplier and its competitors; and at the network of physical distribution level (Gummesson, 1996).

2) From choice independence to mutual interdependence. While transaction marketing is based on the belief that efficiency in the creation and distribution of value is achieved only if marketing actors keep their freedom to choose their transaction partner at each decision point, it has been shown that transaction costs and quality costs can be reduced through interdependence and partnering ( Williamson 1975,

Palmer , Lindgreen, Vanhamme (2005) indicated that ; the term paradigm is in common use in the literature ( Aijo , 1996; Clark et al, 1995 Gummerrsson, 1996, Kotler, 1991; Lehtinen , 1995).

If a paradigm is taken as being (a series of general assumptions, law and techniques for their application that the members of a particular scientific community adopts (Chalmers, 1982, P 90). Is it then responsible to expect that a number of alternative paradigms could emerge? (Hunt 1994, P. 18) would maintain that paradigm in marketing “in their review of the evolution of marketing schools of thought, mention the term only once although Sheth is now a leader in the field of relationship marketing (Sheth 1995).

Henning Thureau and Hansen (2000) realized relationship marketing as new paradigm, not just a new model (Gronnors 1996, 315). However, with the growing acceptance of the relational concept, some researchers have drawn on the philosophy of science and begun to analyze this proposition more subtly. In this context, (Backhaus (1997) has formulated two indispensable conditions which must hold if a new concept is to represent a paradigm shift in marketing theory.

- a) A new paradigm must cover all issues and facts in the field.
- b) New methods and tools for theoretical analysis must be provided, as relationship marketing may not be relevant in certain exchange constellation (e.g. situations where hit – and – run strategies are constellation (e.g. customer satisfaction, trust), rather than creating new one (Hennig – Thureau and Hansen 2000).

While most writers using the term paradigm do so in a way that supports its application to the emergence of relationship marketing as a case in point, there still remains scope for discussion as to the nature of paradigm shift is more usually used in the natural science sense where observed

anomalies to the current paradigm build to a state of extraordinary science leading to scientific revolution (Blaikie, 1993) .

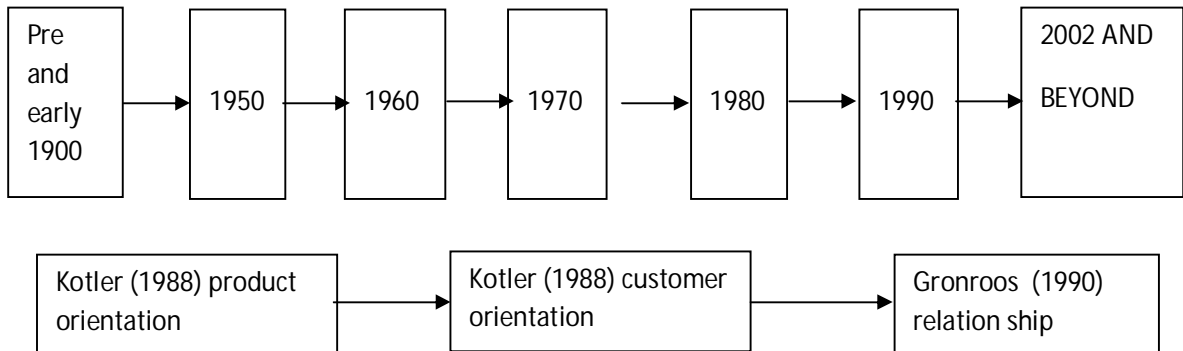
Therefore, relationship marketing is considered to be accepted wholeheartedly by marketing practitioners and scholars (Barnes, 1995). It is a concept that has received considerable and increasing attention in the general literature science of the early 1990s (Lacobucci and Ostrom, 1996; Bejou, 1997; Mattsson, 1997).

Further, relationship marketing is thought to have been widely adopted in business practice (Durkin and Bennett, 1999).

Before the emergence of new concepts, such as relationship marketing, the prevailing approach was if you build it they will buy it. This approach worked because there was sufficiently high demand for virtually any product or service manufactured or offered during that phase (Venkataramana and Somayajulu ,2002) .This claim is supported by Kotler 1988), who conceptualized the changing orientation of marketing over time spanning from product orientation to selling orientation and then to customer orientation. Furthermore, Gronroos1990 developed Kotler's 1988 conceptualization by focusing on the relationship between the organization and the customer, in what he called (Relationship orientation or Relationship marketing) (see figure 2-2 demonstrates the proposed evaluation)

**Figure 1.2**

The Evolution towards Relationship orientation



*Source: Callaghan and Shaw (2001)*

Zineldin (2000) said, in the literature, there are some authors who make strong statements that the concept of relationship marketing reflects a (new paradigm) in marketing thought and practice (e.g. Kotler, 1992; Gummession, 1995; Gronroos, 1994). Thus, Tapscott and Caston (1993) state that paradigm, in its simplest definition, is our world view in any particular field. It is how we view, understand, and explain the world.

The marketing paradigm expresses what we think is fundamental in marketing (Aijo 1996). Brodie et al (1997) states, however, that a paradigm shift implies that (a change has occurred, to one whose world view replaces that of an existing world, and whose underlying assumption replaces those of an existing research model. Although a number of authorities have shifted (Christopher et al. 1991; Sheth and Parvatiyar, 1995) from a longer established transactional orientation to customer management, (Gronroos (2000, P 23) noted that the relational perspective on marketing is in fact (older than the transaction perspective in marketing (and is probably as old as the history of trade and commerce.



Gronroos. (2000, P 22) concluded that the management of customer relationships in business is not a new phenomenon” although the term relationship marketing was only recently introduced to marketers by Berry (1983).

Moreover, its recognized that Berry (1983) was the first scholar to coin the phrase “Relationship Marketing” as early as 1983. Callaghan and Shaw 2001 and Pheng 1999 suggest that the concept began to emerge in the literature in the mid 1980s and over a relatively short period of time the application of relationship marketing has been so rapid.

Since that time, relationship orientation started to represent a new leading approach (Gronroos, 1996), or a paradigm shift in marketing (Webster 1992, Williams 1998, Min and Mentzer, 2000, Gronroos 1996). Thus, as a paradigm, relationship marketing is a recent phenomenon in marketing, namely, the shifting from transaction marketing to relationship marketing (Christopher et al, 1991).

An empirical investigation has been made by Brodie et al (1997) to clarify the emergence of these paradigm shift statements. During the 1990s, many organizations and consumers experienced great movement and action; some key environmental factors period factors provided the setting whereby companies changed their attention and orientation toward marketing and the consumers.

Companies have recognized the fact that they must change and restructure their way of establishing and maintaining business relationship. For example, many manufacturers discovered, or more adequately, relationship, that close relationship with customers are invaluable with constantly changing technology and increasing global competition ( Zineddin 2005)

### **1.1.3 Relationship marketing concept**

Understanding relationship marketing requires distinguishing between the discrete transaction, which has distinct beginning, short duration, and sharp ending by performance and relational exchange, which (traces to previous agreements (e.g. is longer in duration, reflecting and ongoing process (Dwyer et al. 1987, P 13).

According to Gronroos (1996), there is no agreement on a definition of relationship marketing, even if most definitions have many common denominators. There are, however, differences in scope; the concept of relationship marketing was introduced by (Berry (1983) he defined it as (attracting maintaining and enhancing customer relationship.

While (Gronroos 1990) defined relationship marketing as (establish, maintain and enhance relationship with customer and other partners at a profit so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfillment of promises. Consequently, relationship marketing is establishing developing and maintaining successful relational exchanges – constitutes a major shift in marketing theory and practice. The past decade has witnessed the inception of a major directional change in both marketing theory and practice (Morgan and Hunt, 1994)

Another comprehensive definition states that “relationship marketing is to identify, establish, maintain and enhance relationships with customers and other stakeholders at a profit so that the objectives of all parties involved are met” and that this is done by a mutual exchange and fulfillment of promises “. Gronroos: 1990; Hunt and Morgan 1994, Sheth and Parvatiyar, 1995), pointed out three key aspects of relationship marketing. They define relationship as (an approach that is based on relationship, interaction and networks). According to (Ballantyne, 1997; Mattsson,

1997), Relationship Marketing is an emergent disciplinary framework for creating, developing and sustaining exchanges of value between the parties involved , whereby exchange relationships evolve to provide continuous and stable links in the supply chain, so the relationship marketing is an exchange of value and link between relationships and developed continuous.

(Bennett 1996) states that consumer relationship marketing is the organizational development maintenance of mutuality rewarding relationships with customers achieved via the total integration of information and quality management systems. Service support, business strategy and organizational mission are key elements in order to delight the customer and secure profitable lasting business.

Relationship marketing has its concern of the dual focus of getting and keeping customers (Christopher et al 1991 et al In Daskou, 1997).

According to (Bennett, 1996), fundamentally relationship marketing involves the total fulfillment of all the promises given by the supplying organization, the development of commitment and trust and the establishment (where possible) of personal contact and bonds between the customer and the firm's representative; the eventual emergence of feelings within each party of mutual obligation. So relationship marketing is marking seen as relationships, networks and interaction (Gummission, 19994, 1997).

Even more relationship marketing emphasizes a long – term interactive relationship between the provider and the customer, and long - term profitability (Gummesson, 1994)

Even more, the positions of buyer and seller may not be clear- cut when exchange of resources flow in both directions.

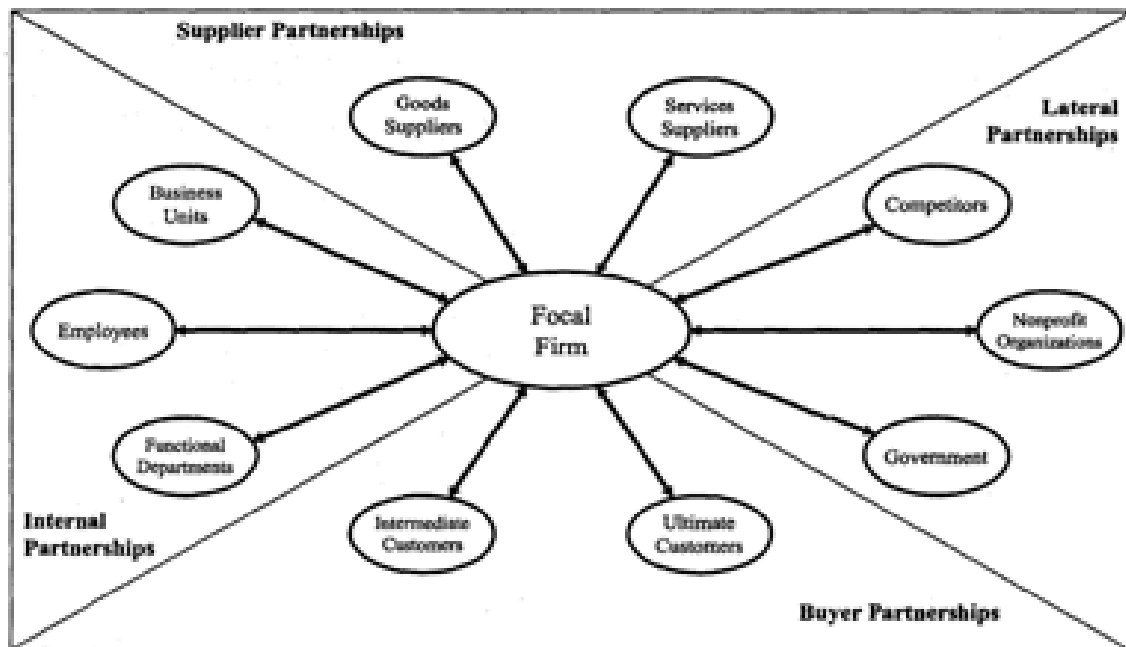
The management of these relationship requires the involvement of not only marketing department, but of all the employees of the firm and the part time marketers (Gummesson, 1990).

Relationship marketing is not just another promotional tool. Rather, it is an alternative way of approaching marketing generally (Gronroos, 1996). He argues that it is value that forms the basis of relationship marketing.

According to (Dwyer et al, 1987, P 13), Relationship marketing is categorized with reference to a focal firm and its relational exchange in supplier lateral, buyer, and internal partnership, figures 3.

**Figure 1.3**

Relationship marketing categorize



Source: Morgan and Hunt (1994)

The research conceptual framework shows ten forms of relationship marketing.

1. The partnering involved in relational exchanges between manufacturing firms and their goods. Suppliers as in ( just - in – time) procurement and total quality management (Frazier, Spekman, and O’ Neal 1988; O’Neal, 1989).
2. The relational exchanges involving service provider as between advertising or marketing research agencies and their respective client (Beltramini and Pitta 1991; Moorman. Zaltman and Deshpande 1992)
3. The strategic alliances between firms and their competitors, as in technology alliances, co–marketing alliance, and global strategic alliances (Nueon and Oosterreld 1988; Bucklin and Sengupta, 1993, Ohmae 1989).
4. The alliances between a firm and nonprofit organizations as in public purpose partnership (Steckel and Simons 1992)
5. The partnerships for joint research and development, as between firms and local, state, or national governments. (Comer, O’keefe, and Chilenskas 1980).
6. The long – term exchanges between firms and ultimate customers, as implemented in (customer relationship programs, and as particularly recommended in the services marketing area (Berry 1983).
7. The relational exchanges of working partnership as in channels of distribution (Anderson and Narus 1996).
8. The relational exchanges involving functional departments (Ruekert and Walker1987
- 9 .The relational exchanges between a firm and its employees, as in internal marketing orientation in particular, and internal marketing in general (Arndt 1983; Berry and parasuraman 1991).

10. The within firm relational exchanges, as those involving such business units as subsidiaries division, or strategic business units (Morgan and Hunt 1994).

Although relationship marketing theory concerning relational factors and their influence on relationship marketing based strategy success build on social exchange theory ( Blau , 1964 , Humans 1958 ; Macaulay , 1963 ; Thibaut and Kelley , 1959 ) and relational contracting ( Macneil , 1980 ) .

Thus, relationship marketing cannot be considered the most appropriate way in all situations. To be working and worthwhile, the relationship revenue has to exceed the cost of the relationship (Kotler et al, 2002),

Organization's interest in developing closer relationships with their private and corporate customer has come out for two principal reasons; the increasingly competitive nature of markets has resulted in good product quality alone being inadequate for a company to gain superior competitive advantage; and ongoing relationship with customer supplements a firm's competitive advantage (Christopher, M, Payne, A. and Ballantyne., D, 1991).

According to (Hammarkvist et al, 1982), all activities by the firm to build, maintain and develop customer relations.

It is about the understanding, explanation and management of the ongoing collaborative business relationship between suppliers and customers (Gravens and Piercy, 1994, Sheth, 1994 Gummesson, 1994; Hunt 1997).

According to (Takala and Uusitalo, 1996), relationship marketing is establishing, strengthening and developing customer relations. The focus was on the profitable commercialization of customer relationship and the pursuit of individual and organizational objectives: in particular, long – term and enduring relationship with customers.

Relationship marketing refers to a marketing activities directed towards establishing, developing and maintaining successful relational exchanges ( Bennett, 1996 Morgan & Hunt 1994 , Christy et al , 1996 ; Hunt, 1997; Mattson , 1997).

According to ( O'Malley et al , 1997), relationship marketing involves the identification, specification, initiation , maintenance and dissolution of long term relationships with key customers and other parties through mutual exchange , fulfillment of promises and adherence to relationship norms in order to satisfy the objectives and enhance the experience of the parties concerned.

Marketing can be viewed as the building, maintenance and liquidation of networks and interactive relationships between the supplier and the customer, with long term implication (Gummesson, 1990).

## **1.2 The different factors associated with Relationship Marketing Success:**

Many studies have been conducted to examine the relationship marketing performance and factors that are associated with success. Theories of business and marketing strategy are normative imperatives in order for a firm to achieve its goals. However, relationship marketing performance as a term was not used until the later part of the 1980s. It was first coined in the USA in 1983 (Berry. L L, 1983 Sheth, j. N, 1995). Relationship marketing performance concerning market offering factors one firm market offering, may become a valued resource for other (Hunt, 2000).

Relation-based marketing has emerged among courses of services marketing and industrial marketing, the expressed phenomenon by this concept is fully supported by continuous trends in modern trading (Ndubisi, 2007).

Berry has considered the relation-based marketing as strategy for attraction, retention and reinforcement of relationship with customer (Wony & Shoal, 2002, Ndubisi, 2005) examines various key perspectives in relationship marketing such as: trust, equity, kindly commitment, empathy competence, communication and customer's satisfaction.

Indeed, it is about internal relationship marketing, promise fulfillment, good experience, social bonding, customer satisfaction and conflict handling.

Handling and partnership in secrets for relationship marketing (Ndubisi, 2007) are important elements in relationship marketing.

Moreover, the customer loyalty is a clear factor in success of relationship marketing performance, so the customer loyalty in a company business is considerably more important than customer satisfaction, because they present any benefits for companies (Ndubisi, 2007).

(Anderson et al, 1994; Hakansson, 1982) suggested that the relationship between an active buyer and an active seller should form the key focus of analysis.

Meanwhile, Datta and Nguyen et al (2007) argue that retention involves keeping customers by meeting and exceeding their need. Customer retention is generally recognized to be much less expensive than customer acquisition; a common rule of thumb is that it costs five times as much to acquire a new customer as to retain an existing customer.

According to (Gupta et al 2006), the interest in customer retention and customer loyalty increased significantly with the work of Reichheld and Sasser 1990) who found that a 5% increase in customer retention could increase firm profitability from 25 to 85%. Thus, Reichheld (1996) also emphasized the importance of customer retention.



Relationship marketing performance concerning relational factors and their influence on relationship marketing-based strategy success builds on social exchange theory ( Blau, 1964; Homans ,1958 Macaulay , 1963 ; Thibaut and Kelly , 1959) and relational contracting ( Macneil , 1980). Studies examining relational factors distinguish between discreet and relational exchange.

(Dwyer et al 1987, Macneil 1980) who examined the relational factors view suggest that successful relationship marketing results from certain aspects of the relationship that characterized successful relational exchanges .

The relationship marketing literature recognized other potential drivers of customer retention and loyalty : relationship commitment and trust (Bendapudi and Berry, 1997 ; Morgan & Hunt, 1994). Marketing scholars have variously defined commitment trust and satisfaction as a desire to maintain a relationship (Morgan and Hunt , 1994; Moorman et 1993 ). (Anderson and weitz , 1992 ) and the absence of competitive offerings (Gundlach and Achrol , ( 1995) these various sources create a stickiness that keeps customer loyal to a brand or company even when satisfaction may be low (Gustafsson et al 2005).

(Lam, 1997) examines that collaborative relationships requires considerable transfers of technology and knowledge sharing among partners.

Overall satisfaction is a function of satisfaction with the contact persons , core service and institution (Gronroos, 1986; Lehtinen 1985) the relationship marketing performance literature distinguishes between the quality produced as the customer interacts with the contact resources of the organization.

A number of other virtues associated with relationship marketing have been identified in the literature: honesty ( Buttle , 1996: Swan et al 1985) fairness (Buttle, 1996 : Gundlach and Murphy 1993) benevolence (Buttle, 1996: Ganesan, 1994): integrity ( (Moorman et al , 1993;)

Few academics have dared to put the above parapet and define what they mean by relationship (e.g. Hakansson and Snehota 1995). And even they can only suggest a tentative definition: (a relationship is a mutually oriented interaction between two reciprocally committed parties (Hakansson and Snehota, 1995, P 25 ) Gronroos (2000). Put this into a services marketing context (a relationship has developed when a customer perceives that a mutual way of thinking exists between customer and supplier or service provider (Gronroos, 2000).

Mulki and Stock (2003) discuss several environmental factors that have contributed to the rise of relationship marketing; including the trend for firms in advanced economics to be services- oriented, adopt information technologies, be global in nature and be niche - oriented.

The tradition examines increasing commitment levels of customer role (Christopher et al 2002) the ladder of loyalty, but the perspective is primarily on marketer's activities.

It is evident that the way business marketing relationships are understood and examined varies between the relationship marketing channels research, interaction and network approach, and service dominant logic which all examine customer-supplier relationship( Giddens, 1984).

As such the view is not only about (win – win) trust and commitment but also involves the use of power and conflict in business relationships, recent work within the network approach.

Competitive advantage in relationship marketing performance derives largely from the service providers' ability to deliver high service. Previous research has shown that service quality raises customer satisfaction, which (in turn) relates to repurchase intention, customer retention, market share, and financial return (Hart et al., 1990; Soteriou and Chase 2000).

Snow and Hrebiniak (1980) showed significant relationship among business level strategies, certain functional area and performance. Lawrence and Lorsch (1967) found that the importance placed on marketing had more influence on firms performance than on production.

Berry and Parsuraman (1991) argued that relationship marketing performance quite simply concerns attracting, developing and retaining customer relationships. However, relationship marketing practice is changing (Brookes et al., 2002; Hunt, 2000; Doyle, 2000; Sheth and Sisodia, 1999; Sheth, et al., 2000). As we have seen, companies are understanding the advantages of relationship marketing and are shifting their attention from the single-minded acquisition of new customers to a greater focus on the retention of current customers (Canon and Sheth, 2000).

Many factors are causing profound changes in relationship marketing performance practice.

### **1.3 Integrative views on Customer Retention and customer Acquisition:**

Many studies have been conducted to examine the customer retention customer acquisition and factors that are associated with success.

### **1.3.1 Customer Retention:**

According to Clark (1997), there is relatively little published research in the area of customer retention. The pioneers in this area are Bain & Company, a consulting firm whose primary focus has been on the impact of retention on company profitability (Buchanan and Gillies, 1990; Dawkins and Reichheld, 1990; Reichheld, 1991-92, 1993; Reichheld and Kenny; 1990 Reichheld and Sasser, 1990)

Importantly, supplier / customer relationship has been both theoretically and empirically linked to customer retention (Boles, Barksdale, and Johnson 1997).

Consequently, retention can be defined as (a commitment to continue to do business or exchange with a particular company on a going basis (Zineldin, 2000). There are more definitions for retention (customer stated continuation to maintain an account relationship with the bank (Cooil, Aksoy Androssen and Weiner, 2007).

The adherents of customer retention argue that retaining customers improves profitability; mainly by reducing the cost incurred in acquiring new customers (Reichheld and Kenny, 1990 Reichheld, 1996; Schmittlein, 1995).

As the customer linking identification, satisfaction and trust first four being emotional – cognitive retentions with the first four being emotional-cognitive retention constructs and the last two being behavioral intentions (Stauss et al, 2001).

Evidently, the importance of customer retention in any insurance company has also been highlighted by Palmer (1997).

Indeed in the past, the term customer retention and customer – loyalty have been used to describe the same phenomenon (Zeitham et al 1996:

Reichheld and Sasser, 1990), but recent literature has conceptualized customer retention as a multi – dimensional construct consisting of both behavioral and effective dimension (Ranweera and Prbhu, 2003).

In addition, some authors use retention interchangeably with other constructs, including customer loyalty and repeat purchasing behavior (Ranaweera et al 2003).

However, retention has a purely behavioral character, while today's interpretation of the loyalty construct generally includes both behavioral and attitudinal aspects (Jacoby & Chestnut 1978; Morgan, Crutchfield & Lacey 2000).

Thus behavioral intentions are very important to understand whether customers will remain or defect from a company, and according to Zeithaml et al. (1996), these behavioral intentions will be influenced by service quality that can increase customer loyalty, retention and improved business performance (Ennew and Binks 1996).

Meanwhile, Datta & Nguyen et a (2007) argue that retention involves keeping customer by meeting and exceeding their needs. Customer retention is generally recognized to be much less expensive than customer acquisition; a common rule of thumb is that it costs five times as much to acquire a new customer as to retain an existing customer.

According to Gupta et al. (2006), the interest in customer retention and customer loyalty increased significantly with the work of Reichhld and Sasser (1990), who found that a 5% increase in customer retention could increase firm profitability from 25 % to 85 % thus , Reichheld (1996) also emphasized the importance of customer retention .

Therefore, important role of customer retention stems from the increasing costs of acquiring new customers in highly competitive markets and the

cost – reducing potential associated with long – term relationship (Hennig-Thuru, 2004).

Therefore, retention of customers has a two- way advantage stream for business – revenues increase through higher off takes and cost decline through a variety of saving. Thus customer retention becomes an important source of long term business success (Rust & Zahorik, 1993). Indeed, A. Spinall et al (2001) found that 54 percent of UK companies reported that customer retention was more important than customer acquisition.

White et al (2007), states that studies have investigated why customer does not always defect to competing providers. These studies have suggested a variety of factors, i.e. switching cost ( Burnham et al. 2003; Colgate and Lang, 2001; Fornell , 1992: Grace and O’cass, 2003: Gronhaug and Gilly, 1991: Jones et al, 2000; Jones et al, 2002: Kim et al. 2004 Lee and Cunningham, 2001, Pantherand Farquhar, 2004 Patterson, 2004 Patterson and Smith, 2003, Sharma and Patterson, 2000), interpersonal relationship: Colgate and Danaher,2000,Colgate and Lang 2001,Gwinner et al ,1998 Jones et al 2000, Kim et al., 2004, Patterson 2004 ,Patterson and Smith 2003,) Availability and attractiveness of alternatives: (Bendapudi and Berry ,1997 Colgate and Lang, 2001 Grace2003 , 2004; Jones et al . 2000 Kim et al, 1999 : Smith & Bolton, 1998, Spreng et al, 1995: Tax et al, 1998), dissatisfied customers and inertia: ( Bawa , 1990, strake et al., Ranaweera and Needy, 2003; Morgan and Hunt 1994) found that satisfaction, trust, and commitment drove customer loyalty and exerted influence on purchase intention (Cronin and Taylor, 1992).

The relationship marketing literature recognizes other potential drivers of customer retention and loyalty relationship commitment and trust as a

desire to maintain a relationship (Morgan and Hunt, 1994, Moorman et al, 1993), the sacrifice or potential for sacrifice if a relationship ends (Anderson and Weitz, 1992) and the absence of competitive offerings (Gundlach and Achrol 1995). These various sources create a ( stickness ) that keeps customers loyal to a brand or company even when satisfaction may be low ( Gustafsson et al : 2005).

Thus, customer retention is more complex (Wilson et al, 1995) to understand the complexity of customer retention. It is important to understand the customer's intentions and evaluations that affecting literature indicates a linear relationship between:

Customer satisfaction, service quality and customer retention (Ennew and Binks, 1996; Zeithaml, Berry and Parasuraman, 1996 Ranaweera and Neely 2003; Ranaweera and Prabhu 2003: Berry & Parasuraman 1997) have stressed that emotional response such as inertia and indifference may also have an impact on retention and acquisition.

According to Ang & Buttle (2006), the precise meaning and measurement of customer retention can vary between industries and firms (Aspinall et al, 2001). There appears to be a general consensus that focusing on customer retention can yield several economic benefits (Dawkins and Reichheld, 1990; Reichheld, 1996: Buttle, 2004). As customer tenure lengthens, the volumes purchased grow and customer referrals increase. Simultaneously, relationship maintenance costs , fall as both customer and supplier learn more about each other because fewer customers churn , customer replacement cost fall and finally retained customers may pay higher prices than newly acquired customers, and are less likely to receive discounted offers that are often made to acquire new customers. All of these conditions combine to increase the net present value of retained customers (Ang & Buttle 2006).

A number of researchers have studied factors that lead to customer retention and acquisition. A critical incident study reported by Keaveney (1995) finds service – related failure to be the primary cause of customer switching while Bolton (1998) reports that customer satisfaction is positively related to customer retention as measured by the duration of relationship with the service provider. Other studies have found that loyalty programs increase customer retention and acquisition (Bolton, Kannan and Bramlett, 2000; Verhoef, 2003).

Finally, Reinartz and Kumar (2003) found that purchase amount and marketing instruments, such as direct mailings and proprietary charge card, are positively related to profitable lifetime duration; a measure developed by them that is related to customer retention. This measure which is estimated by consumer transaction history, assumes that firms will cease doing business with unprofitable customers, thus reflecting both the customers and the firms' interest in each other,

There have been numerous factors considered as determinant of customer retention in previous studies. However, wide disagreements are observed in the field with respect to the precise meaning and measurement of customer retention as they can vary between industries and firms (Aspinall et al, 2001). Moreover, research in the area of customer retention is needed because many organizations do not understand the importance of improving customer retention and customer acquisition. (Clark 1997),

White and Yanamandram (2007) study the determining factors that potentially influence dissatisfied customers to continue purchasing (retaining) from their existing service provider in the business – to business ( B2B) service sector. The authors presented the model of customer retention and customer acquisition amongst dissatisfied business



service customer and some propositions regarding the nature of the relationship among these various factors are also presented.

The study found five major factors that deter customers from switching to an alternative service provider. These factors consist of switching cost; interpersonal relationship; the attractiveness of alternatives, service dependence and calculative commitment.

Stauss et al (2001) examined the relationship between customer retention and customer club satisfaction for Germany customers Volkswagen club. The study found that there is a significant difference between relationship satisfaction of satisfied club members and that of indifferent or dissatisfied with their dealer with regard to the club activities. It indicates significantly higher customer retention than indifferent and dissatisfied member and customer club experiences have such a positive effect on relationship satisfaction and relationship marketing performance.

Ang and Buttle (2005) study the determinants of customer retention management process for 170 Australian companies. The study examined the association between customer retention outcomes and a number of management processes, including customer retention planning, budgeting and accountability, and the presence of documented complaints – handling process.

The study found that excellence at customer retention is positively and significantly associated with the presence of documented complaints – handling process. None of the other variables is significantly associated with the clear link that it establishes between customer retention performance and customer retention performance and the presence of documented complaints – handling process, Patterson (2004). His study has a big reflection on the relationship between switching barriers and customer retention in the Australian service industry. The study examined

the impact of switching barriers as potential moderators of the satisfaction/customer retention linkage in the choice of Australian services types. The study found that across each industry studied, the satisfaction repeat purchase link is stronger under conditions of low switching barriers and weaker when switching barriers are perceived to be higher, thus supporting a contingency model of customer retention.

Reichheld and Sasser (1990) study the significance quantified of the customer retention; they found that profits in service industries, including credit card companies, increased in direct proportion to the length of a customer relationship. They noted a 5% improvement in customer retention which increased average customer value by 12%. Weinstein and Johnson (1999) recommend that at least 75% of an organization's marketing budget be spent on customer retention strategy and strengthening this relationship.

Walsh et al, (2006) studies the determinants of customer retention for private energy customer in Germany. Moreover, the study is based on the responses to a written questionnaire of 462 of private energy customers. The study examined to what extent the perceived corporate reputation and customer satisfaction are directly associated with the customer intention. The study found that a non significant and weak relationship between perceived corporate reputation and switching intention postulated impact of customer satisfaction on customer satisfaction were found to be strongly associated

### **1.3.2 Customer Acquisition:**

Prior research has examined parts of these issues, but to date there has not been a comprehensive examination of customer acquisition allocation.

Blattheberg and Deighto (1996) address the question of how much to spend on customer acquisition while Berger and Nasr – Bech wati (2001) address that budget should be allocated between acquisition and retention.

Gronoroos 1994, 2000; Ahmed and Buttle, 2000) define customer acquisition as: concerted marketing effort that has been directed at gaining new customer). Therefore, channel structure and management historically, seem likely to be oriented towards gaining market share.

A key issue for marketing is balancing those activities that link acquisition with retention (Farquhar, 2005).

Qualities of customer acquisition effort will have an important influence on the long- term profitability of the firm. Indeed, both practitioners and scholars, have emphasized the (right) kind of customer (Blattberg and Deighton 1996; Blattber, Gets and Thomas 2001; Hanstia and Wang 1997; Reichheld 1993).

Therefore, the customer acquisition process plays an important role in the newly emerging paradigm of relationships marketing.

Customer acquisition is particularly important for start – up firms and marketing budget (Reinartz, Thomas, and Kumar, 2005).

There have been numerous factors considered as determinants of customer acquisition in previous studies. However, wide precise meaning and measurement of customer acquisition can vary between industries and firms (Lewis2006). Moreover research in the area of customer acquisition has been particularly difficult because of the lack of suitable system with which to measure customer acquisition rate in many service business and because many organizations do not understand the importance of improving customer acquisition rates.

According to (Godes and Mayzlin 2004), a connected customer has gained more attention for marketing profitability.

Lewis (2006), examines the difference of long – term contributions of customer via two distinctive acquisition methods: Marketing induced vs. words-of-mouth in both managers and academics.

Gryser and Root (1999) examined the sustenance that, whenever possible, acquisition effectiveness should be measured not by (soft metrics of communication effectiveness (i.e. brand awareness) but by (hard) metrics of profitability.

Thomas (2001) examined the firms using various types of marketing activities to acquire new customer, which includes mass media (i.e. TV advertising) and more personalized contact (i.e. emails or promotion call) marketing spending on contact (i.e. emails or promotion calls) marketing spending on acquiring customers represent for many firms.

One of is most important expenses, and it is widely known that the acquisition process has an important effect on the future retention probability.

Reinartz, Thomas and Kumar (2005) therefore investigated the effectiveness of different marketing communication channels and have provided models to allocate the acquisition budget for future profitability.

Gupta, Lehmann and Stuart (2004) will investigate how different types of acquisition contribute to the firm's customer equity in the short run and in the long run.

Although we focus our analysis on the difference between marketing induced vs. word- of- mouth customer acquisition, Geisler and Wen Hoang (1992) studied the critical issues facing manager in the acquisition of it by service companies.

Thomas 2001; Reibstein 2002; Niren et al: 1998; Jones et al. 2000; Lewis 2004 examined the joint analysis of customer acquisition and customer retention which is often difficult since it requires specially tailored data sets.

Hsich et al, 2005; and Srinivasan et al., 2002) argue that customer acquisition and retention have tended to focus on the difference in the cost to acquire a customer versus the cost to retain a customer.

While the conventional wisdom is that it costs considerably more to acquire than to retain customer, (Peppers and Rogers 1993) say it is often a difficult empirical task to separate acquisition and retention efforts (Thomas 2001).

However many companies have adopted customer relationship management (CRM) system that can support both acquisition and retention by gathering data from every contact with prospects and customers (David McNamara, 2000).

Anderson Mittal (2000); Bolton et al, (2004); and Heskett et al 1994; Rust et al , (1995) recognized as both a consequence of service quality and customer satisfaction and an antecedent to revenue and profit due to new customer acquisition. However as this effect was often deemed too difficult to quantify (i.e. Rust et al, 1995, 2004)

Perreault and Mikes, 1978; Rao et al. 1995) have examined in buying situations manifest influence refers to changes in purchase decision – related opinions and behaviors of acquisition.

Kohli, (1989); Kohli Zaltman (1988): Influence coming from people such as use of acquisition is defined as the extent to which it mainstreams communication.

#### **1.4 Customer Relationship Management (CRM):**

Interest in customer relationship management (CRM) began to grow in the 1990s (Ling and Yen, 2001; xu et al. 2002). Regardless of the size of an organization's businesses they are still motivated to adopt CRM to create and manage the relationships with their customer more effectively and enhance relationship with one's customer can ultimately lead to greater customer loyalty and retention and profitability as well.

Although CRM has become widely recognized as an important business approach to understanding and influencing customer behavior through meaning full communication in order to improve customer acquisition, customer retention, customer loyalty and customer profitability), Kincaid ( 2003) viewed CRM as the strategic use of information processes technology and people to manage the customer's relationship with your company ( marketing , sales , service and support ( across the whole customer life cycle).

Parvatiyar and Sheth (2001) defined CRM as ( a comprehensive strategy and process of acquiring , retaining and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales customer service and the supply chain function of the organization to achieve greater efficiencies and efficiencies and in delivering customer values. These definitions emphasize the importance of viewing (CRM as comprehensive set of strategies for managing those relationships with customers that relate to the overall process of marketing sale, service and support within the organization. Moreover, information technology (IT) and information systems (IS) can be used to support and integrate the (CRM) process to satisfy the need of the customer.

In fact, many scholars have claimed that the precise meaning of CRM is not always clear in the literature (Nevin, 1995; parvatiyar and Sheth,

2001). Furthermore, Nevin (1995) notes that the term has become a buzzword, with the concept being used to reflect a number of differing themes or perspective.

CRM may mean database marketing (Peppers and Rogers, 1995) or electronic marketing (Blattberg and Deighton, 1991).

At a strategic level, CRM may mean customer retention or customer partnering (Peppers and Rogers, 1993; Vavra, 1992). At theoretical level, CRM may mean an emerging research paradigm in marketing (Parvatiyar and Sheth 2001), thus a clarification and conceptualization of this construct is needed to ensure that our knowledge of CRM grows in (cumulative) way.

Successful CRM initiatives are deemed to enable organization to retain existing customer, increase customer loyalty, acquire new customer and grow the relationship with existing customer (Ryals and Knox, 2001).

Therefore, CRM initiatives are deemed to place the company in a better financial position for the future (Lee & Shu, 2001). However, in recent times the success of CRM initiative has been questioned.

The benefits of CRM helps identify the most profitable customers through the CRM system and then place these customers at the center of the organization (Rechhelid and Sasser, 1990). CRM Helps an organization to avoid wasting marketing money on effective marketing programs and enables to reduce sale inventory cost through better forecasting (Elliott, 1997 Crowder, 2001). Elliott (1997) argues that (CRM also reduces costs by eliminating errors that occur from multiple uncoordinated interaction points: the result of and enterprise of information.

Other benefits include the development of a stronger customer base and an increased customer loyalty (Kalakota and Robinson, 1999).

However, in order for their CRM initiative to be successful researchers have argued that a number of organizational prerequisites are necessary.

Table (1.1) outlines these factors:

<b>Prerequisites for CRM success</b>	<b>References</b>
Organizational culture	McDermott Stock, 1999, xia&lee2000, peppard 2000,kos et al 2001,kalakota&Robinson1999.
Risk management planning	Smith et al. 2001
Cross functional integration /re organization	Peppered 2001, Anderson et al 1994 ; Markus , 2000 , Kos 2001 ; Elliott , 1997 .
Executive sponsorship / commitment	Fletcher & Wright , 1996 ; Wixom 7 Watson , 2001
Phased implication	Falngan 7 Safide 2002; Kim et al , 2002
User participation	Kim et al , 2002; Puschman n, 2001; Lin of shoo, 2000; Nelson of Kirkby ; 2001
Training & Personnel Development	Hanaman, 1999; Swallow group 2000
Strategies to promote Acceptance	Jiang et al , 2000; META Group

*Source: prepared researchers*

Researchers argue that the change management initiatives is a critical preregister for successful CRM implementation (Lion (peppers and Rogers, 1995). The full benefits of CRM will not be realized unless there is buy in from the people involved with and affected by the endeavor (Kos et al, 2001).

Organizations need to engage in risk management planning since a CRM initiative is a complex and understanding of ever changing customer needs and wants (Sathish et al, 2002).

Successful CRM implementation can only be achieved with the full commitment and support of an organization's board and senior



management (Fletcher and Wring, 1996.) Many software houses implementing CRM concur that the most pragmatic approach to implementation is through a coordinated set of priority initiatives, designed in a phased approach (winter, 2001).

Furthermore, in a series of studies cited by (Leverick et al, 1998), they quote from a survey of 400 British and Irish companies which found that only 11% of

Respondents claimed their installation has been successful.

According to Kincaid (2003); West (2001) and Xu et al. (2002), CRM comprises four major functional areas:

- 1) Marketing: is the function most often associated with CRM (Kincaid, 2003). CRM is founded in marketing (Russe – 11 – Jones, 2002) and relationship marketing (Ryals and Knox, 2001,. Ling and yen (2001) have described the evolution of CRM from direct sales to mass marketing, target marketing, and the to customer relationship marketing thus emphasizing that marketing and CRM are inseparable.
- 2) Sales: the sales function is direct interaction with customer, which makes up CRM (Kincaid, 2003). It is important to develop sales strategies at the customer level to build and maintain relationship with customer to achieve revenue goal (Ingram et al 2002).
- 3) Services and support: high quality customer service and support is the key to improving customer retention rate and maintaining a good relationship with customers (Yelkur, 2000).
- 4) It and Is: it and is play a key role in the development of CRM (Kincaid 2003; Ling and Yen, 2010). They can be used to automate and enable some or all CRM process. Appropriate CRM strategies can be adopted through the assistance of technology.

## **1.5 Relationship Marketing and Customer Relationship Management (CRM):**

Selection of the research traditions to be examined, marketing scholars have used many theoretical approaches to examine relationship marketing performance and CRM. The research approaches covering the complete domain in the marketing literature. The terms CRM and relationship marketing are used almost interchangeably (Parvatyar and Sheth, 2000) i.e. Berry, 1983) defines relationship marketing as (attracting, maintaining and enhancing customer relationship.

Harker (1999) proposes the following definition: an organization engaged in proactively creating, developing and maintaining committed interactive and profitable exchanges with selected customer (partners over time is engaged in relationship marketing.

Jackson (1985) suggests CRM to mean (marketing - oriented toward strong, lasting relationship with individual accounts.

Payne (2000) asserts that CRM is concerned with the creation development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer lifetime-value.

Kotler and Armstrong (2004) define CRM as (the overall process of building and maintaining profitable customer relationships by delivering a superior customer value and satisfaction.

Although past studies have made significant progress toward understanding the importance of cooperative and collaborative relationship between buyer and sellers ( e.g. Berry, 1983, 1995; 2002 Grosby et al., 1990; Dwyer et al., 1987; hart and Johnson, 1999; Morgan

and Hunt 1994 , Palmer , 2000 Sheth and Parvatiyar , 1995 ) they are more effectively meaning.

However, the terms “relationship marketing and CRM” have been used interchangeably (Parvatiyar and Sheth, 2001) despite the fact that many, including us, agree with Zablah et al (2004) who argue that relationship marketing and CRM are different phenomena and that a clear distinction should be made between them Frow and Payne (2009) examine these terms and highlight key differences between them.

Christopher et al, 1991, Doyle, 1995: Gummesson, 1995), a developed relationship marketing involves the strategic management of relationships with multiple stakeholders, a view increasingly supported in relationship marketing

Gruen et al, 2000 Grosby and Johnson, 2001 Zikmund et al, 2003; Kennedy 2004 Rigby and Ledingham2004). The constructive and beneficial relationship between an organization and its affluent customers explains the argument which considers CRM to have its roots in relationship marketing and to share its principles.

Earlier swift (2001) examined and emphasized the role of communication between an organization and its customers in the context when CRM using enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty and customer profitability. Kelley et al., (2003) found that by embedding a CRM strategy into the business strategy of internet companies it is possible to gain a better understanding of customer need and create a strong relationship with them to achieve customer loyalty and increased profitability.

Batthacharya and Sen (2003) further assert that the literature that addresses this type of relationship- building stated with customer satisfaction (Fournier and Mic 1999) relationship marketing: (Ken – Schroder, and Lacobucci 2001), and loyalty (i.e. Reichheld 1996) CRM (Green berg 2004 Peppers and Rodgers 2004).

Paul Green berg 2004) highlighted the differences between small and large business. CRM techniques are essential customer strategies for the 21st century .

Furthermore, extant research has primarily focused on investigating the performance of a number of single CRM activities (e.g. Stefanou et al. 2003 Mithas et al, 2005) while the findings are necessary to confirm the relevance of CRM ( Boulding et al. 2005).

Zeithaml, 1988; Patterson et al 1997: Woodruff, 1997; McDougall and Levesque, 2000 Lapierre, 2000) little is known about the relative importance of each dimension of customer value in improving different dimension of CRM performance.

It seems well justified that relationship marketing should keep some relationships close, but it should also engage in other new ones; Uzzi, 1996).

Moller and Halinen (1999); from the perspective of focal firm, the network that surrounds the company consists of various entities and the company is linked to some of them by strong relationships which enable the development of customer relationships.

### **1.6 Relationship Quality Concepts:**

In light of the new direction (intense, competition, perpetual changing environment), the researchers note a real orientation towards a relational

marketing at the expense of transaction marketing (Paun, 1997; the expense of transactional marketing (Paun, 1997; Weitz and Bradfor, 1999). As a reaction, some companies have adopted a relational selling strategy.

However, to profit from this strategy, the seller is required to make efforts to develop and maintain good relationship with customers (Dwyer et al, 1987).

In this regard, several researchers postulated that the relationship quality is a suitable solution for the vendor to assess the nature and the intensity of customer relationship and to develop a competitive advantage which is difficult to duplicate by its competitors (Hennig-Thurau et al, 2002; Wong et al, 2007).

Other researcher added that relational marketing and relationship quality are most appropriate in particular setting ( Palmatier et al, 2006), such as the business-to-business area because of the complexity of decision making process ( Malaval, 1996) and the importance of interpersonal interaction (O'malley and Tynan, 2000). This is consistent with some other researchers' ideas postulating that situation marked by high degrees of uncertainty, long delivery times is bound to be vulnerable to opportunistic behaviors ( Berry, 1983 Crosby et al 1990).

Therefore, the construct of relationship quality has been a subject of a significant number of research marketing in order to achieve a better understanding of its dimension and determinants (Parsons 2002 Holmlund, 2008; Athansopulou, 2008).

However, in analyzing the various studies on this subject, a lack of consensus is noted in constitution and its antecedents (Myhal et al, 2008).

The result appears to vary depending on the context (B to B, B to C) and the perspective (Buyer, seller dyad) studied by (Walter et al, 2003; Vieira, et al, 2008).

Most approaches to relationship quality conceptualization that have been proposed have neglected the sellers' perspective. Indeed the subject has been predominantly treated from the customer's perspective (Crosby et al. 1990; Dorch et al, 1998; Pasrons, 2002; Lin and Ding; 2005; Ulaga and Egget 2006 Chen et al, 2008).

Vieira et al (2008) presumed that this gap is probably due to the difficulties inherent in collecting and analyzing data from both sides of the dyad.

Several researchers emphasized the need to study relationship quality from the sellers' point of view (Parson 2002; Ivens, 2004; Wong et al, 2007) as a way of achieving a better understanding of this construct.

Few researchers ( Wong and Shoal, 2002; Ashnai et al, 2009) in fact , only a few numbers of researches (Burca et al.2004,Huntly,2006 ,Athanasopoulou,2008) have conducted such studies in certain specific context.

Theoretically, in spite of the multiplicity of studies on the relationship quality, few researchers and practitioners share a common definition of this construct (Athanas Opoulou, 2008 Ginet al, 2009). The overview of the various proposed definitions reveals different ways of relationship quality conceptualization (Walsh et al, 2010).

Some scholars (Hennig-Thurau and Klee, 1997) define it by reference to the physical quality of goods and services expected by costumers from their sellers.

On the other hand, some other researchers (Crosby et al, 1990; Bejou et al, 1996; Smith, 1998) rather incorporate the relations social aspect in the definition of relationship quality. In fact, this construct seems to create a link between the two parts of the exchange, allowing them to reap benefits beyond the simple exchange of another group of studies has focused on the dynamic character of this construct (Javelin, 2001; Moliner et al, 2007). According to this line of thinking, relationship quality consists of dynamic processes that change with relation development (e.g. Ronroos, 2007).

Limited number of sophisticated discussions concerning its conceptualization (Hennig-Thurau, 2000), the relationship diversity (Woo and Ennew, 2004), and the nature of this construct which is specific to the context studied (Athenasopoulou, 2008).

Indeed, various definitions of relationship quality have been proposed in specific contexts: Business To Business (Lang and Colgate, 2003; Huntley, 2006; Ashnaie et al 2009) Retail area ( Hennig thurua,2000; Dewulf et al , 2001; Vessel and Zabkar, 2010 ) and service sector (Crosby et al , 1990 : Robert et al , 2003 , Moliner et al , 2007).

According to (Johnson, 1999), the relationship quality describes the depth and climate of the relationship. It is also commonly admitted that relationship quality is a condition to build long- term relationship quality. We should accept very general perspective on the meaning of the term and focus instead on identifying the constructs that create relationship quality.

### **1.6.1 Dimension of Relationship Quality:**

Crosby et al (1990) was the first to define the relationship quality as when (the customer is able to rely on the sales person's future performance because the level of past performance has been consistently satisfactory). By defining it as such, the relationship quality is then considered a higher order construct composed of two dimensions: trust in the sales person and satisfaction with the salesperson (Crosby et al, 1990).

The relationship quality as multidimensional construct incorporating several distinct, in spite of the interrelated indicators reflecting the global nature of the relationship between the exchange partners (Kumar et al, 1995); De wulf et al 2001; Hennig Thurau et al, 2002; Lin and Ding 2005). Indeed, a minority of scholars Cwong and Shoal, 2002; Ndubisi, 2006) opted for a non dimensioned concept of this construct.

(Lagace et al, 1991; Wray et al 1994; Bejou et al, 1996;Boles et at 2000; Parsons ;2002 ; Liu et al, 2011) tended to implement the relationship quality conceptualization adopted by Crosby et al (1990) using the same dimensions; (namely , stios facilon and rusty ) .

Other researchers (Lang and Colgate, 2003; Livens, 2004; Fynes et al, 200; Huntley, 2006) expanded this List by incorporating new dimensions.

Ben Naoui and Zaiem 2010 proposed three main categories. The first category includes indicators of dimensions, such as effective conflict ( Kumar at al, 1995; Karmas and Robson, 2008), communication ( Anderson et Narus, 1990 ; Adjei et al 2009), opportunism (Dwyer et al, 1987; Dorsch et al 1998 ) , the ethical profile (lag-ace et al , 1991 ; Wray et al ,1994 , Brjou et al , 1996). Cooperation ( Fynes et al , 2004 ; cater and cater, 2010) , adaptation (Wooand Ennew, 2004; Fynes et al , 2004) the second category contains relational indicators, such as trust (Cros – by et al 1990; Ganesan, 1994) , Sails faction (Crosby et al , 1990; de wulf et al , 2001) , commitment (Morgan et Hunt, 1994; Fournier, 1998 ) , the last



group of dimensions includes indicators of the results of excellence relation, such as economic benefits (Berry,1995; Naude and Buitte,2000), mutual objectives (Wilson, 1995), equity of the relation ( Lonson, 1999; Kumar et al, 1995) , proximity (barnes,1997).

The abundance of proposed dimension reflects the lack of consensus among researchers (Vieira et al, 2008).

The majority of dimensions used are reported in the table No below:

Other studies have further focused on the major antecedents of relationship quality. The emerging factors are found to vary depending on the context studies (Walter et al, 2003). And the dimensionality of the relationship quality adopted (Vieira et al . 2008) they often tend to merge with the dimensions of this concept ( Wilson , 1995 Roberts et al , 2003).

Athanasopulou, 2009) classified them into four major categories: first; the characteristics and behavior of both side of the partner exchange (Boles et al, 2000), Second; ethical behavior of the sales person (Lagace et al, 1991); Third seller expertise (Crosby et al ,1991 ,Wray et al,1994), and the reputation and size of supplier firm (Doney and Canon,1997); and fourth, the level of centralization and formalization of firms (Dwyer et al,1987) customer orientation(Baker et al,1999).

The relationships are grouped into the second category essentially; they consist of the duration of the relationship (Bejou et al, 1996). The partners dependence ( Van Bruggen et al, 2005 ) communication quality (Ruyeter et al,2001), conflict handling(Selnes,1992), equity (Kumar et al , 1995) trust ( Moorman et al , 1992; Ndubisi , 2006) commitment ( Selnes , 1998 ; Ndubisi 2006) the third category includes offer characteristic , such as service quality product, performance and after sales service (Ruyeter et al , 2001 ; Roberts et al 2003 ) the last group incorporates the

environment attributes ( Kumar et al . 1995) Trust ( Moorman et al, 1992) Ndisibis , 2006 ) commitment (Selnes, 1998 ; Dubisi 2006 ).

2-5-3 Relationship Quality in Customer Relationship Management (CRM): Today's businesses are facing fierce aggressive competition while operating in both domestic and global markets. Most managers would of course agree that establishing long – term business relationship is about development and survival. .

According to Lewis (1991), the world has never been so interdependent. All trends point to swift cooperation. CRM is (an enterprise approach to understanding and influencing customer behavior through meaning full communication in order to improve customer acquisition, Customer retention, customer Loyalty and customer profitability.

Many researchers have emphasized the role of relationship quality as an intangible aspect of CRM performance and dimensions such as satisfaction, commitment and trust have been used to measure the complicated concept ( relationship quality ( Crosby) et al , 1990 : et al , Dorsh et al, 1998 ).

With the latter considered a kind of lasting intention to build and maintain a long – term relationship, as the highest level of relational bonding, and as one dimension of relationship quality instead of commitment (Edvardsson et al. 2000; Reichheld and et al, 1996) high customer satisfaction and brand loyalty means that fewer customer will defect and the long term effects on firm performance can be significant.

Reichheld and et al 1996) showed that a 5 percent increase in customer retention can have a 30 – 95 percent effect on customer net present value and a similar effect on corporate profits.

Reichheld and Sasser, 1999) examined the brand loyalty, the high cost involved in the acquisition of new customer makes the early stages of a new customer relationship unprofitable.

According to the finding of Zeithaml et al (1996), loyal customers tend to build and strengthen the relationship with a firm and behave differently from non – loyal customers.

Satisfaction and loyalty are positively related (De wulf and Lacobucci, 2001; Zins, 2001; Verhoef, 2003). Satisfied customers are more inclined to remain in a relationship, (Zeithamde et al, 1996; Gustafson et al, 2005). In service context, overall satisfaction is similar to overall evaluations of service quality.

Another positive relationship exists between satisfaction and the duration of the relationships. Bolton and lemon (1999) show a positive effect of overall customer satisfaction on the duration of the relationship for telecommunication subscribers of overall customer satisfaction on the duration of the relationship for telecommunication subscribers.

Although it is common and shared notion that trust is a feeling of security based on the belief that favorable and position commitment and conceptually links with satisfaction and loyalty ( Morgan and Hunt , 1994; Ballester and Aleman , 2001.

Important outcomes of relationship based on trust include:

- 1- Improved co – operation – trust reduces feeling of uncertainty and risk and thus, acts to engender increased cooperation between relationship members,(Dwyer et al 1987; Moorman et al, 1992: Morgan and Hunt, 1994).

- 2- Increased commitment, trust and increased commitment. However, customers are selective to trustworthy partners as commitment (Morgan and Hunt , 1994 ; Selnes , 1998).
- 3- Relationship duration. Trust encourages investment in long term relationship by securing future business rather than short terms gains, ( Morgan and Hunt , 1994: Ballester and Aleman, 2001 )
- 4- Better quality; disputes among trusted parties can be solved in an efficient and amicable way, while in the absence of trust, disputes are perceived as signals of future difficulties and usually bring about relationship determination ( Morgan and hunt, 1994: Selnes , 1998; Michell et al, 1998; Britton and Rose, 2004).

#### **1.6.2 Relationship quality in relationship marketing context:**

Relationship quality has been defined as a bundle of intangible values resulting in excepted long – term relation between related parties (Levitt, 1986; Zineldin 2000; Fruchter and Sique 2005). While (Hennig – Thurau and Klee ( 1997, P. 751 ) described relationship quality between customer and firms as the degree of appropriateness of a relationship to fulfill the needs of the customer associated with the relationship, both Stahl ( 1996) and Boles et al ( 2000) identified expectation and interaction with customers as the main factors contributing to the development of relationship quality.

More recently, Myhal et al, (2008) indicated that as with definitions of relationship quality, there is no agreement within the literature as to what components together encapsulate relationship quality. This may be linked to the heterogeneity of viewpoints adopted with various research papers (i. e. customer, supplier or dyadic) and /or to the variety of industries within which the research has taken place.

In general, relationship quality also refers to customers' perception of how well the whole relationship (Jarvelin and lehtinen, 1996). As such, it forms the overall impression that a customer has concerning the whole relation including different transaction (Wong, and Sohal 2006).

According to Wong and shoal (2006), the general consensus among researchers, such as Crosby et. al ( 1990) and Dwyer and Oh ( 1987) is that relationship quality is a higher order construct made of several distinct, though related dimension specifically, Dwyer and Oh (1987) indicate that high levels of satisfaction , trust and minimal opportunism distinguish quality relationships from non-quality relationships. Therefore, we can explore some studies which covered the topic and concept of relationship quality:

One of the few studies that are being conducted by Crosby et al (1990) studied relationship quality in the context of the selling of services. They examine its nature, consequences and antecedents, and described it from the customer's perspective, as being achieved through a salesperson, ability to reduce perceived uncertainty, which in turn created an environment in which (the customer is able to rely on the sales person's integrity and has confidence in the salesperson's future performance because the level of past performance has been consistently satisfactory. Their study examined the role of relationship quality influencing the level of customer's anticipated future interactions with their financial services providers. The study found that the future sales opportunities depended mostly on relationship quality, whereas the ability to convert these opportunities into relied more on other factors related to nature of the relationship.

Evidently, Henning-Thurau et. al, (2000) regarded to relationship quality as) A meta construct composed of several key components reflecting the

overall nature of relationships between companies and customers, although there is not a common consensus regarding the conceptualization of relationship quality, there has been considerable speculation as to the central constructs comprising this overarching relational construct( Hennig - Thureau 2000).

Earlier, Gummesson (1987) identifies two dimensions of relationship quality in the service interface: professional relations and social relations. The former relationship is grounded on the services provider demonstration of competence, while the latter is based on the efficacy of the service provider's social interaction with the customer.

Subsequently, Holmlund (2001) suggests that there are three different types of content of quality perceptions in a business relationship, namely, the technical, social and economic aspects. The technical aspect relates to the offering at the core in a relationship while the social aspect relates to the different types of social interactions on an individual and company level finally the economic aspect relates to cost and benefits.

On other side, recently components or dimensions of relationship quality proposed in past researches include cooperative norms (Baker, Simpson and Siguaw 1999). Opportunism (Dorsch , Swanson and Kelly 1998), customer orientations ( Dorsch , Swanson and Kelly 1998; Palmer and Bejou 1994), seller expertise palmer and Bejou 1994) conflict willingness to invest and expectation to continue ( Kumar Scheer and Steenkamp , 1995 ) and trust commitment and satisfaction ( Baker , Simposn and Siguaw , 1999, Crosby Evans , and cowl 1990; Dorsch Swanson and Kelley 1998 : Garbrino and Jonhson 1999 : Palmer and Bejou 1994 ; Smith 1998 : Henning – Thureau 2000).

However, there is general agreement that customer satisfaction with the service provider's performance, trust in the service provider, and

commitment to the relationship with the service firm are key components of relationship quality (Baker Simpson and Siguaw 1999; Crosby and Evans and cowls 1990; Dorsch, Swanson, and Kelly 1998 Garbrino and Johnson 1999; Palmer and Bejou 1994; Smith 1998; Henning Thureau 2000).

Woo and Ennew (2004) , conceptualized relationship Quality as a higher – order construct using cooperation, adaptation and atmosphere as first – order construct determining overall relationship quality , They provided evidence of a direct and positive influence of relationship quality on service quality but fait to establish the same link with satisfaction and behavioral intention. The following section explores precursors and outcomes of relationship quality dimensions and linkage with the previous studies of customer retention.

Empirical evidence has been found for the relationship between the dimensions of relationship quality namely trust, commitment, and satisfaction” and Customer Retention that is, customers who have encountered satisfactory, experiences, confidence, and commitment with a provider are more likely to show positive behavioral intentions and this is leading to increased customer retention (Ennew and Binks : 1996 Baker ,Simpson, and Siguaw , 1999 Crosdy, Evans , and Cowles : 1990 Zeithaml, Berry and Parasuraman : 1996 )

In the same context, De wulf et al (2001) assumed that better relationship quality is accompanied by greater trust, commitment and satisfaction. Although these three attitudinal dimensioned are distinct, consumers tend to “ Lump “ them together ( Crosby et al ., 1990 De wulf et al., 2001) thus, following (de Wulf et al 2001) work this research look to the components of relationship quality as distinct variables and not one lump

i.e. Trust, Commitment, and Satisfaction “ (Vip) justification to lack customer Satisfaction variable by factor analysis .

### **1.6.3 Trust in Relationship quality context:**

Trust is a multi- disciplinary concept, incorporating ideas from economics, marketing, sociology, psychology, organization behavior, strategy, information systems, and decision science thus trust was perceived by researchers in different ways (Mukherjee and Nath 2007) Moorman et al., (1993) defined trust as a willingness to trust was influenced by one party’s perception and the ability to produce the desired actions and motivation governing one party’s action. On the other hand, Ganesan (1994) and Doney and Cannon (1997) proposed to dimensions for trust as credibility and benevolence.

According to Datta, et al., (2007 ) satisfaction a line may not be adequate to ensure long-term customer commitment to a single provider. Instead, it may be necessary to look beyond satisfaction to other variables that strengthen retention such as trust (hart and Johnson, 1999) This view is consistent with research on marketing channels ( e.g. Morgan and Hunt, 1994) which shows that firms often look beyond satisfaction to developing trust in order to ensure economically viable, long-term relationships.

Trust is conceptualized in one of two different ways; as a characteristic or a determinant of relationship quality (Moorman, Zaltman &Deshpande, 1992). Trust is often considered as a vital factor in a successful and a fundamental relationship building block (Wilson, 1995; Conway &Swift, 2000).

In many studies, trust has been identified as one of the main constructs in relationship marketing concept (Smith & Barclay, 1997; Mogan& Hunt, 1994, Moorman et al 1992; Moorman et al., 1993). And found to be the



central factor distinguishing the effective from non effective selling partner relationship (Morgan & Hunt, 1994). Trust has a reciprocal effect that buyer- seller must trust each other for an effective exchange to occur. Trust plays a central role in effecting relationship commitment (Anderson & Weitz, 1992; Moorman et al., 1993; Sharma & Patterson, 2000; Ford 1990; Hakansson 1982). In general, trust theorized as a central to all relational exchanges (Morgan& Hunt, 1994).

Trust has been identified with cognitive and behavioral dimensions (Moorman et, al., 1992). The cognitive dimension consist of believe in the party's reliability, trustworthiness, and credibility. On the other hand, the behavioral dimension includes vulnerability and uncertainty in the trusted party. Mnomial, Deshpande and Zaltman (1993), argue that the behavioral intention is a critical facet of trusts conceptualization because "If one believes that a partner is trustworthy without being willing to rely on that partner, trust is limited".

Beccerra and Gupta (1999) categorized both key negative consequences of lack of trust and key positive results from high- trust relationships. Pertaining to negative aspects resulting from a lack of trust, they observed emergence of higher transaction costs and agency costs in low-trust relationships are high-trust would enjoy open communication and willingness to take risks people in high trust relationship are not afraid to share all information and believe in the information they receive. Furthermore, greater willingness to take risks occurs beyond sharing information within high-trust relationships. They also indicated that the overall performance would be enhanced if the problems of distrust were reduced.

Ranaweera and Prabhu (2003) have adopted a holistic approach to examine the combined effects of satisfaction, trust and switching barriers

in a continuous purchasing setting (i, e fixed line telephone users). Study found that established a positive effect of satisfaction on retention Also, study found a positive effect of trust on retention, but trust to be a weaker predictor of retention than satisfaction. Garbarino and Johnson ( 1999) study did look at trust as a driver of customer behavioral intentions in a study of theatre customer, they segmented consumers based on their relational found that for relational customers, trust as opposed to satisfaction, mediates the relationship between component attitudes and future intentions. These findings suggest that where customers maintain long – term contractual relationship trust is likely to be a strong driver of customer retention.

#### **1.6.4 Satisfaction in relationship quality context:**

During the last four decades, satisfaction has been considered as one of the most important theoretical as well as practical issues for most marketers and customer researcher (Jamal, 2004).

However, No single definition of satisfaction has been unanimously accepted by literature related to the matter. All definitions proposed, however, agree that the concept of satisfaction implies the necessary presence of a goal the customers wants to achieve (Molina et. al 2007).

Customer satisfaction can be defined in many ways , one of which is a person's feeling of pleasure or disappointment from comparing a product's perceived performance ( Or outcome in relation to his or her expectations ( Kotler , 2000) either Bloemer et al ( 1998) support this definition which state tat satisfaction is occurs through a matching expectation and perceived performance moreover satisfaction level is a function of the difference between perceived performance and expectation ( Kotler, 1994). Customer satisfaction rather that retention has traditionally been the focus of research and managerial efforts.

Satisfaction is an overall customer attitude towards a service provider” (Lévesque and McDougall, 1996, P 14) an emotional reaction to the difference between what customers anticipate and what they receive (Zineldin, 2000) regarding the fulfillment of some need, goal or desire (Oliver, 1999).

Thus, Customer satisfaction has been deemed directly to affect relationship marketing performance and companies’ market share (Rust and Subramanin, 1992), i.e. customer satisfaction positively influences relationship marketing performance, and increasing repeat sale (Anderson, Claes & Lehman, 1958). Indeed, customers leave or stay with an organization, organizations need to know how to keep their customers, even if they appear to be satisfied (Cohen et al. 2006) .

Therefore the way customers are retained is to improve customer services quality and satisfaction (Berry and Parasuraman 1990; Zeithmal & Bitner 1996; David et al, 1995) Indeed customers whose satisfaction is crucial to a company's survival and the goal should always be to satisfy those customers (Bothe, 1996). So Customer satisfaction is a direct determining factor in customer loyalty, which in turn is a central determinant of relationship marketing performance,( Gerpott et. Al, 2001 p .253) in addition, Rust and Subreaminina (1992) link quality to customer satisfaction and argue that this has a direct effect on customer retention and market share.

Decisions to stay with or leave their banks in Wezalnd construct were customer satisfaction , followed gender & income) Spreng et al 1995 examined the importance of service recovery in determining over al satisfaction , arguing that a company is more likely to retain a customer by complains and then address them , than by assuming that the customer is satisfied

### **1.6.5 Conflict handling:**

Conflict handling was defined by Dwyer et al (1987) as the supplier's ability to minimize the negative consequences of manifest and potential conflicts. Ndubisi et al, (2007) states that conflict before they create problems and the ability to discuss openly solution when problems arise there always will be disagreements or conflict relational exchanges (Dwyer, Schurr and Oh, 1987).

How conflicts were handled will ensure loyalty exit or void. Rustblt et al , (1988) concluded that the likelihood that and individual will engage in these behaviors depends on the degree of prior satisfaction with the relationship , the magnitude of the person's investment in the relationship and an evaluation of the alternatives one has, functional conflict, therefore, may increase productivity in relationship marketing and be viewed as ' just another part of doing business ( Anderson and Narus 1990 . P 45) several works either propose or find that communication and past cooperative behavior lead to the perception that conflict is functional (Anderson and Narus 1990; Deutsch 1996). However, Morgan & Hunt (1994) Posited that it is trust that leads a partner to perceive that future conflictual episodes will be functional, and they added, result in increased functionality of conflict as a result of increasing trust.

In buyer-seller bargaining situations, situations, Schurr and Ozanne (1985) find trust to be central to the process of achieving cooperative problem solving and constructive dialogue. Indeed, fosters trust by assisting in resolving disputes and ambiguities, provides accurate information on order regarded as the central outcome variable in business relationships, which ensures the strength, stability, durability, and even profitability of a relationship (Dwyer et al., 1987; Moorman et al., 1992; Morgan and Hunt: 1994).

Thus, complaints and the processes for handling them are important issues for service providers because they have the potential to have an adverse effect on customer satisfaction and loyalty (Reichheld and Sasser, 1990; Rust and zahorik, 1993; Anderson, 1994). Service offerings, such as extended hours of operation and competitive interest rates also play a role in determining satisfaction (Levesque and McDougall, 199). The buyer will expect the seller or supplier to show responsibility in unforeseen and unplanned events (Gundlach and Murphy, 1993).

Whereas, relationship marketing (buyers-sellers relationship) will depend on the quality of knowledge and interaction of sales people with customer and their ability to understand customer needs and wants (Bejou et al., 1998). The buyer will expect the seller or supplier to show responsibility in unforeseen and unplanned events (Gundlach and Murphy, 1993 ), thus, constructive conflict handling must increased the satisfaction with the supplier (Selnes 1995).

Ruyter, Moorman and lemming (2001) examined the impact of offer characteristics (product performance, product output and after sales service), relationship characteristics (account support, communication from supplier, cooperation and harmonization of conflict) and market characterizes (replace ability, switching cost and switching risk ) on trust and effective and trust on loyalty to stay. The results indicated theta offer and relationship characteristic tics positively influence trust, relationship and market characteristics significantly influence affective and calculative commitment On the other hand, trust, affective and calculative commitment significantly influences intension to stay in the relationship.

#### **1.6.6 Communication:**

Communication is on essential element in building trust among exchange partners (Anderson & Narus., 1990; Anderson, 2001) communication is

defined as a human act of transferring a message to others and making it understood in a meaningful way (Anderson, 2001). However, Narus (1990) and Selnes (1998) found out that maintaining and preserving a shared understanding among partners. In most cases, communication is seen as an independent or mediating variable for the development of partnership success (Mohr and Spekman, 1994,) for establishing trust (Anderson and Narus, 1990 and for mediating or for mediating a relationship atmosphere (Halle An and Sandstro Em, 1991).

Forrest et al, (2003), investigated the influence of communication, conflict, and similarity (the extent to which the exchange participants share a common background on trust and the impact of trust on commitment. The results substantiated the previous results of Morgan & Huml (1994) and pointed out that commitment significantly influenced by trust, communication quality, conflict, and similarity of social ethic and economic.

Communication refers to the ability to provide timely and trustworthy information. Today there is a new view of communications as an interactive dialogue between the company and its customers that takes place during the pre-selling, selling, consuming and post –consuming stages (Anderson and Narus, 1990) communications in supplier-customer relationship meaner providing information that can be trusted; providing procedural information if delivery problem occur; providing information on quality assurance, providing procedural information to customers, opportunity for customer feedback etc.. It is the communicators' task to create awareness, build consumer preference by promoting quality, value , performance and other features, convince prospects and encourage them to make the purchase decision (Ndubisic et al., 2004).

Communication is considered as a means of information exchange and an important factor in both neoclassical and relationship paradigms. If information is available but cannot be shared “this means communication” by the partners most able to react to a given situation, its value degrades exponentially (kwon, and Suh 2005). However, in relationship marketing context, communication plays a central role in providing basic understanding on the exchange partners’ intentions, capabilities and thus forming the ground for development of relationships. Most of the studies examined the relationship between communication and trust have reported significant relationships (e.g. Anderson & Narus , 1990; Coote et al., 2003; Morgan & Hunt, 1994; Selnes, 1998; Zineldin & Jonsson, 2000) and direct significant relationship between .

#### **1.6.7 Customer knowledge:**

Customer knowledge has attracted growing interest among several authors during the decade (Campbell, 2003, garciamurillo and Annabi, 2002, Gebert et al., 2003, Gibber et al., 2002, Salomann et al., 2005).

It has been argued that the successful of customer knowledge may be a source of competitive advantage as it helps firms not only to understand their customer better, but also to learn what they know (Grcia-Munillo and Anabi. 2002, Gibbert et al., 2002).

According to Davenport and Klahr (1998), customer knowledge is one of the most complex types of knowledge because it is derived from multiple sources it may have a contextual meaning it is dynamic; and it changes rapidly.

Its management is also challenging because it is often tacit and dispersed (Day.7000).

According to Montgomery and Yip (2000), customer knowledge and key accounts are increasingly rationalizing their supplier base by centralizing their purchasing activities and demanding a more coordinated selling approach, such as uniform pricing terms and standardized service.

According to Kohl and Jaworski (1990), market knowledge refers to knowledge about performance. It also includes the analysis of how environmental forces, such as government regulation, technology and competition may affect these needs and preferences.

(Sinkula 1994; Sinkula et al.; 1997) argued that organizations learn about markets through gaining and disseminating knowledge and by achieving a shared interpretation of knowledge.

The emerging research as Customer knowledge accentuates the importance of customer –specific knowledge in enhancing the customer -relating capability of affirm (salomann et al.; 2005). Academics' representing this stream of research (Garcia-Murillo and Annabi. 2002; Gebert et al., 2003; Salomann et al 2005) emphasize the importance of customer interaction as a source of customer knowledge.

According to Garcia – Murillo and Annabi (2002), Knowledge gained directly from the customer may be richer in content than knowledge gained through market research as it involves customer knowledge about products\services and competitors and markets in general.

According to Darroch (2003, customer knowledge comprises three different sets of organizational behaviors and practices ((knowledge acquisition, knowledge dissemination and the use or responsiveness to knowledge.

Garcia –Murillo and Annabi (2002) argue that knowledge acquired through interaction is richer in content than customer decisions.



Customer knowledge is at the origin of most improvements in customer value (Novo 2001). Rowley and Slack (2001) identify four different categories of consumer behavior research i.e. cognition ; customization ;accumulation and context. According to their research .all of these levels engage with customer knowledge.

Paquette (2005) defines customer knowledge as the methodologies and systems employed in the acquisition and distribution of valuable customer derived information.

According to Dobney (2008), customer knowledge can be approached from two ends; first customer knowledge is the (collection of information and viewpoints that organization has about its customer. Using this definition the role is to allow it to be shared).

Parry and Graves (2008) explain customer knowledge as a fluid mix of experiences value contextual information and expert insight offering a framework to evaluate and integrate new experiences and information.

### **1.6.8 Technology:**

The investment of technology in the service has been criticized by economists, such as Hackett (1990) and Roach (1991), for not showing a corresponding improvement in productivity similar to that observed in manufacturing.

Zeitham et al .;(1990) views improvement in service as be critical elements of a competitive edge in the 1990s which in turn can be facilitated by improvement in technology

Furthermore, Rubenstein and Geisler (1990) note that to use technology effectively, one must invest in human resources as well as technology.

Heskett et al (1990) points out the use of Technology will affect both the customer and the provider of the service. Jackson (1990) argues that the delivery of service can be changed effectively by the use of technology.

Mathe and Dagi (1996) found that the use of Technology contributes to the success of the implementation of international strategies in service industries. According to Martell (1988), technology will accelerate changes in how marketing conducts its activities.

Baker et al (1988) maintains that Technology is changing the emphasis of marketing enabling more interaction than ever before and building of relationships (Hegel; 1999). Asserted that interactivity of the internet makes it qualitatively different from the outwardly directed advertising messages of classic brand as Under (1999) examined Technology within the companies and enter price system however need to underrate where they are in the implementation process .as well as where plunging into CRM application.

Could well (1998) further depicts CRM as a combination of business process and Technology that seeks to understand a company's customer from the perspective of how they are what they do; and what they are like.

In fact, companies have been repeatedly warned that failure is eminent if they believe that CRM is only a Technology solution (golden berg.2000).

According to Buxmann and Gebauer (1999) examined information Technology is one of the key success factors in any organization. As such business relationships are affected by information Technology development.

(Lives and mason (1990) say that information Technology enables organizations to customize their services instead of standardize them.

## **1.7 Relationship of duration**

Duration of the relationship is a measure of time needed Macaulay (1938) defined duration of the relationship as where present value of the payment made at time).

With the increasing importance of knowledge as a corporate asset into day's dynamic environment and with Tec functioning; duration of the relationship is becoming more relevant than ever (Mihnea Constntinescu 2010).

Hartzell et al.(1988) explained that the need to disentangle the two effects was recognized and a straight forward duration of the relationship.

Understanding the impact of relationship duration on relationship strength is important for two reasons. First the maximization of customer life time value is a cornerstone of relationship marketing (Phillips et al.; 2004; Reinartz and kumar , 2003 Bolton , 1998) second. Relationship strength is likely to impact on customer relation and loyalty and ultimately on long-term profitability (Gwinner et al. 1998, Palmer and Bejou, 1994) Researches has shown that strong relationship contribute to perception of relationship marketing (Godwin and Gremler, 1996).

Moreover ,fostering strong interpersonal relationship between employees and customer helps encourage positive word –to- of-mouth behavior in customers (Gremler et al 2001 ) As these outcomes enhance market share and return on investment (Gale ,1994) . It is also generally assumed that if a customer used the same supplier for an extended period of time then relationship existed between the two parties that customer would have high levels of cumulative satisfaction (Bolton, 1998) and that the relationship would grow in strength it is also generally accepted that strong relationship develop incrementally over time (Bass et al 1998; Bove and Johnason . 2000) and that relationship duration has a positive

effect on relationship strength as trust and commitment increase as the relationship matures.

Indeed, Dwyer et al (1987) suggests that relationship develop over continuum, from awareness to commitment, and ultimately to a big stage of relationship bonding. This assumption has led to an emphasis on extending the duration of relationship, as long term relationships are associated with positive outcomes: (Verhoef .2003, Reichheld, 1996; Anderson and Sullivan; 1993). With this background in mind, it becomes apparent that attention needs to be paid to understanding when a relationship is said to exist between a customer and supplier.

While there is some precedence for suggesting that relationship duration is a driver of relationship commitment in buyer-seller relationship (smith; 1998). There is little evidence that duration impacts on relationship strength.

There is limited focus on the relationship of duration ability to obtain increase relationship marketing either customer retention and customer a acquisition over time in one of the few studies in this area; Reinartz and kumar (2000, 2003) researched the relationship between life time duration of customer supplier relationship and the profitability of customer accounts. In addition, research by Fink et al. (2007) revealed how different performance; environment uncertainty and relational norms variable influence the relationship of duration Ulaga (2003) used a qualitative approach 6 interviewing 21 purchasing manages and found link ages between closer relationship of duration and supplier product quality-supplier on time delivery customer time-to-market , customer direct product costs and customer process costs.

These results were similar to those from Cannon et al.'s (2000) study linking closer relationship to improvements in supplier product quality and delivery.

In recent years, an emerging stream of research has explored the linkage between relationship of duration and relational norms, environmental uncertainty and performance. Claro et al., (2003) found no connections between relational variables and length of relationships suggesting that relational norms could be usefully exploited during multiple stages of relationships over many years.

Some researchers have suggested that prior relationship experience provides a framework for current and future customer – supplier exchange (Doney and Cannon; 1997)

Still others suggest that relationship and trust take time to develop (Anderson and Weitz ;1989 ;Cannon &Perreault 1999; Gultı 1995; Gundlach et al 1995,Casciaro (2003) draws on Thompson (1967) and Galbraith(1977) in positing that relationships are characterized by stages while partners learn to work together on complex, interdependent tasks.

Reinartz and Kumar (2000; 2003) also offered empirical support for a correlation between the live time duration of customer supplier profitability of a customer account.

Fink et al. (2007) used a similar research framework to explain customer commitments to supplier over short, intermediate and long – term relationships.

Bass and Steidlmeier (1999) examined the effect of transformational leadership on follower's cognition would be greater if the followers have longer duration of relationship with the leader ,while duration may not any significant difference in the impact of transformational leadership on followers' affect.

Ehrenberg and Oaxaca (1976) also focus on distribution extremes when they find that U1 lengthens duration more for older workers than for younger ones. Other argument is not designed to make predictions regarding the different impact of unemployment insurance on duration between high and low wage workers (hereafter referred to as H and L workers). rather, it describes the forces that will affect duration differentially on duration which Ehrenberg and Oaxaca (1976) describe as ambiguous "because increasing an individual's skill level increases the proportion of jobs for which he is eligible and also induces him to reject a greater proportion of low wage offers (Nic Kell; 1979).

Mihnea Constantinescu (2010) study the what is duration of swift direct real-estate study examined the period of the long –run sensitivity is account to be nearly 4.5 percent study found to be statistically important at the 1 percent level. The study found that the Swiss market particularities in prediction with our goal limit the number of the existing option.

David et al , (2001) study the investigation of auditor and client tenure. Study examined the duration of the auditor's relationship with a client Study of duration of the auditor and silent relationship has been evidence as possibly affecting the risk that the a few is know about duration of the auditor's s relationship with a client Study found analyze the duration of the auditor relationship with a client and determines which factors contribute to changes in that relationship. The Study found the important duration of author's tenure is found to be more than six years. Finally the study found that audit tenure is not impact by audit firm size , client risk , or audit opinion.

The Study by Venkat Krihnan (2005) examined the transformational leadership and outcomes and the role of relationship duration. He found

that the positive effect enhanced by the duration of relationship between leader and follower in the case of congruence and effective commitment.

James J.Hughes (1996) study examined the employment duration by income level .This study examined the sample population covering two relatively strong labor market times the study found that there is a negative relationship between income and duration (Meyer (1990) "that is obvious that the probability of leaving unemployment in any period is inversely related to income and directly related to benefits.

Spiros et al.(2002) study examined trust in industrial service relationship ;behavioral consequences, antecedents and the moderating effect of the duration the relationship the Study found that trust is a critical factor in facilitation exchange relationship also the Study investigated the role of service quality and customer bonding as antecedents of trust in relatively newer vis-à-vis and the relatively mature relationship between the provider of business-to business services and the client . Although the study shows the time to be critical to the effect that together within the service quality and successful customer bonding bear in trusts development, furthermore the study suggested that not all dimension of the quality of the service.

Moreover, relationship duration has a positive effect on relationship strength as trust and commitment increase as the relationship matures (Tory et al (2007) Furthermore, relationship duration and fostering strong interpersonal relationships between employees and customer helps encourage positive word - of - mouth behavior in customers (Grimier et al.2001).

It also represents that if customer used the same supplier for an extended term of time, then relationship existed between the two parties, that

customers would have high levels of cumulative satisfaction; and the relationship would grow in strength (Bolton, 1998).

### **1.8 Summary**

The above literature review covered different aspects related to customer relationship management, relationship marketing performance, relationship quality and the relationship of duration. The following points summarize the literature review:

1. The concept of relationship marketing performance has found its place in marketing theory and has become an integral part of standard textbooks on marketing (Kilger 1997).
2. Some authors indicate the relationship marketing performance as a paradigm shift ( a series of general assumptions) palmer, Ligroin , Vanhamme (2005).
3. In this research, all the literature review on relationship marketing performance corroborates the effecting role of satisfaction and trust on customer retention and customer acquisition and on relationship marketing performance in general.
4. The concepts of the relationship of duration and relationship quality are appropriate to study because the other multivariate approaches are either (a)included in these concept ( e.g. satisfaction – trust theory) , (b) less theoretically substantiated or (c) are less intensively discussed in the literature (Hennig- Thuau, Grimier and Gwinnet 2002) .
5. Limited research had investigated the relationship of duration in relationship with specific employees or service organizations as a whole from the view point of customers.
6. There is no agreement within the literature as to what components together encapsulate relationship quality ( Myhal at . al, 2008).



## **Chapter Two**

### **An over views case study**

### **Sudanese Insurance Companies**

#### **2.1 Background about insurance:**

The insurance activity tries to protect the insured people against risks that could occur in their field of activity, even in their life, spreading the liability between the premium payers in order to make them event supportable from financial point of view (Dinu, 2008).

There are many examples of risk: a home owner faces the possibility of economic loss caused by a house fire, a diver faces a potential economic loss if his car damage or if he might have to pay for injures caused to a third party in a car accident.

Normally, only a small percentage of policy holders suffer losses. Their losses are paid out of the premiums collected from the pool of policy holders. Thus the entire pool compensates few unfortunate as each policy holder exchanges an unknown loss for the payment of a known premium. (Anderson & Brown, 2000)

#### **2.2 Insurance in Sudan:**

In Sudan, the insurance system is based on Islamic finance which offers unique but alternative financial system based on religious doctrine. The industry of insurance in Sudan has been growing. The attempt to write about insurance or insurance market development in Sudan is not an easy task; and that the lack of statistics and data and documents and the difficulty of obtaining information. However, in spite of the little information available, we believe that the development of insurance in Sudan summarizes up the basic features surrounding the insurance industry in developing countries.

### **2.3 The History of Insurance in Sudan:**

Insurance was entered in Sudan by the British colonialist. It was limited in practice and there is no a specific historical starting for insurance. However, it is possible to point out that it had appeared with the advent of foreign companies, such as Fletcher coast, Jrthi and kontmkhulus.

The first insurance company to enter the field of insurance was a Ltd. Sudanese company in 1951 to secure vehicles, which later became known as Khartoum Insurance Company. The company conducts one sort of coverage types, and compulsory insurance. The company was established by Sudanese owners of vehicles (pick-ups). As noted previously, national companies in developing countries were born after independence, so it was also the case in Sudan. In 1961, the country saw the birth of the General Insurance(s) Company Ltd.; the largest insurance company in Sudan. By the end of 1969, the number of national companies operating in the area of insurance amounted to six companies, namely:

1. Sudanese company limited (1951);
2. General insurance company (s)(1961);
3. Blue Nile company for insurance (1965);
4. African insurance company (1967);
5. Sudanese company for insurance and reinsurance (1967); and
6. United insurance company (1967).

But now there are thirteen insurance companies in Sudan, including one reinsurance company, namely, the National Company for Reinsurance which was established in (1974) with mixed capital, distributed as follows:

1. Share of (52.59%) government.
2. The share of insurance company (22.28%).
3. The share of retail share holders (15.14%).

4. The share of commercial banks (09.00%).
5. Collaborative project to share police Sudan (00.99%).

It should be noted that the number of insurance companies has reached sixteen companies, including only one company established and chaired outside Khartoum at that time; the Regional Insurance Company.

#### **2.4 Evaluation and development of insurance in Sudan.**

Under the insurance practice in Sudan, the state did not supervise the practice until (1960). In that year, the first law to regulate the practice of insurance as an economic activity in Sudan was issued. Based on that, a special office affiliated with the Ministry of Finance was set up to monitor insurance. And that was the beginning of State supervision over the insurance industry.

After the first national companies, set up by local group of capitalists who understood the importance of insurance as an industry with attractive returns, an amendment to the law regulating insurance as issued in May 1970. The most important features of this amendment included:

**First:** it suspended all companies and foreign brands;

**Second:** it transformed the conservative long-term insurance, which had agencies and foreign believers, to the governor of the national companies;

**Third:** Finance Minister gave the right to determine a number of companies operating in the insurance market.

Insurance companies with their available possibilities and obligation actively contribute to development in the Sudan. Hence, those who are mindful invest their money in areas of concrete. The impact of insurance companies on the life of society could contribute to the development of economy in different ways; increasing production and absorbing the labor force, thus easing the burden of unemployment.

Table No. (2.1) The Companies of Insurance in Khartoum State

Company	Station
Insurance control commission	Reinsurance building, Albarlaman str.
Sheikan insurance & reinsurance	Hashim Hagou, Alsouk Alarabi
Islamic insurance	Alfaiha shopping centre
Juba insurance	Amin Osman building, alhuria str.
National reinsurance	Barlaman str.
Public insurances	Baladiastr. Intersection with ALZUBAIR Basha str.
United insurance	Makawi building Blue Nile insurance Albaraka tower
Middle East insurance	The Kuwaiti building
Alneelain insurance	Muharig building
Albaraka insurance	Albaraka tower
Savanah insurance	Osman Alias building
Red sea insurance	Alukhwa building
Cooperative national insurance	Altadamun tower
Alsalama insurance	Altaka building
PTA	Reinsurance building, albarlaman str.

*Source: Prepared by Researcher, (2013)*

Focus of the present study would be on four companies:

- 1- United insurances.
- 2- Islamic insurance.
- 3- Sheikan for insurance & reinsurance.
- 4- Albaraka for insurance.

## **Section One**

### **2.5 United Insurance Company**

#### **2.5.1 Evolution and development**

The United Insurance Company Ltd. (Sudan) is one of the ancient firms operating in the field of insurance in Sudan. The company started as an agent for a British insurance agency in the mid-fifties. The idea evolved on until 1968 when a group of Sudanese businessmen established it and embarked on its activity in the year 1969. In the years of its establishment and initial activity, the company was managed by a group of British insurance experts who continued to manage it until 1980 when a Sudanese management took over.

#### **2.5.2 Memorandum of Association:**

The company was established in accordance with the company Act 1925 under license No 877 as a private company operating in the field of insurance.

#### **2.5.3 Founders:**

- 1- Conto Meekhalos&brothers ltd.
- 2- Dawood AL-Khalifa Abdullah
- 3- Yahia Abdurrahman AL-Mahadi
- 4- Hamid Mumeidan
- 5- Ziadah Osman Arbab

#### **2.5.4 The Company's capital:**

The company was established with a nominal capital of SDG 200000, i.e. 2000 shares at a price of SDG100 each.

#### **2.5.5 Memorandum of association:**

1. Company name: The United Insurance company Ltd. (Sudan)
2. The company's Headquarters: Republic of the Sudan

3. Purposes of the company: the purposes of the company are shown below (all its businesses in the field of insurance or other are subject to Islamic sharia):
- a) Practice insurance and reinsurance operations and all that relates to them;
  - b) Purchase or obtain lands, buildings, rents, rights of utilization, or concessions and benefits related to any money. The company also has the right to obtain or purchase any buildings, offices, real estate funds that it deems necessary or required to take advantage of them to raise the value of any property owned by it;
  - c) To build, construct, change, expand, demolish, and replace any buildings or offices or factories. The company has the right to subscribe, or stand in solidarity with any person, firm or company to perform all the tasks mentioned above, and to work, manage, monitor and control all those tasks, whether individually or jointly with others;
  - d) To apply for registration, and buy or obtain and protect and renew in Sudan or abroad any patents, or invention, invention rights, permits, trademarks, designs, reserves or protection, and to include or add to its account, manufacture by license or franchise all that is mentioned above, and fund researches and tests related to the development of patents, inventions and the rights the company has, or will obtain;
  - e) To possess or takeover all or part of work or business, or property of from any person, firm or corporation engaged in a field the company is authorized to operate in when exercising that ownership or takeover;

- f) To advance, manage, develop, replace, hire, mortgage, sell, add and grant rights, concessions and facilitations, and to dispose, in any way, all or any part of the funds and the rights of the company;
- g) To invest the company's surplus funds and provide, from time to time, the guarantees required as decided by the company;
- h) To object to or grant facilitations or financial guarantees to any person, or firm or corporation with the conditions it considers appropriate and does not contradict with the provisions of Sharia and obtain the guarantees needed for that;
- i) To object to or obtain fund in any suitable way that is not in contradiction with the provisions of Sharia;
- j) To withdraw, issue, accept, endorse and perform bills of exchange, checks, promissory notes and other securities, and any other convertible documents and deal in them in any way it deems appropriate and not inconsistent with the provisions of Islamic sharia;
- k) Enter into any arrangements with any government or any other authorities, companies, institutions and people its deems appropriate to achieve the company's goals;
- l) The company has the right to act as an agent or broker or a secretary for any person, institution or firm; it also has the right to get and implement subcontracts and grant agents, brokers and others the right to execute the company's works;
- m) The company may reward any person, institution or firm for services it provided or being provided for cash, shares or bonds, whether fully or partially paid;
- n) Pay all or part of the expenses incurred as a result of the company's formation, establishment and registration; and

contract with any person, institution or firm to pay those expenses and pay brokers and others for subscription, coverage, sales and ensure underwriting in stocks, bond and instruments and the guarantees of the company;

- o) The company may help or participate in charitable work and works of public interests, or institutions, associations and clubs that can be of benefit to the company or their users, or related to any city or location in which the company is doing its activities, or grant or give pensions, gifts or privileges or reward to any persons serving the company such as board members, managers or in any other position, or to their wives, widows or their children or relatives as per the company's discretion;
- p) The company has the right to confess to sales or any other conduction in all or part of its property and works against material return the company sees as fit and sufficient;
- q) Distribution in-kind of the company's property and identification of shares, bonds and guarantees belonging to other firms owned by the company;
- r) The company shall register and guarantee the right of its recognition in foreign countries;
- s) The company shall establish local branches and agencies in Sudan and other parts of the world;
- t) Generally, the company has the right to perform all that it deems necessary to achieve the company's goals or any part of them either directly or indirectly.

#### **2.5.6 Objectives and duties:**

1. Maintaining of the company's name as one of the leaders of insurance;
2. Continued progress in global and domestic categorization;



3. Expansion of customer base;
4. Geographical expansion and spreading within Sudan;
5. Work on customers' satisfaction;
6. Upscale work environment and achieve the highest degree of concern with employees, leading to the creation of the spirit of innovation and increasing productive efficiency;
7. Introduction of new types of insurance to meet the economic and social variables;
8. Provision of high quality insurance services that benefit its customers;
9. Creation of distinguished international relationships through participation in regional and international forums related to insurance sector;
10. Play a leading role in the context of social support.

#### **2.5.7 Activities covered by the company:**

The company performs its insurance activity in the following fields:

- 1) Property insurance (factories, warehouses, homes) against fires and associated hazards;
- 2) Insurance of constructions, contractors hazards and engineering insurances;
- 3) Miscellaneous Accident Insurance;
- 4) Insuring cars and trucks;
- 5) Insuring heavy vehicles;
- 6) Insuring shipping by sea, land and air;
- 7) Insuring responsibilities;
- 8) Livestock insurance;
- 9) Cash insurance;
- 10) Insurance against dishonesty;
- 11) Medical insurance;
- 12) Travel insurance.

### **2.5.8 Technological and technical aspects:**

1. The company managed to use information technology for improving operations and accurate storage of information;
2. Computer programs and information programs have been designed, developed and updated for the company's entire operations;
3. The company trains employees on the use of computer and advanced technology;
4. The company imports various devices and programs;
5. The company is developing a strategic plan to maintain and develop devices and programs;

### **2.5.9 The company's organizational structure:**

#### **a) Administrative structure;**

The administrative organizational structure is the framework in which management exercises its functions and activities and is based on the concepts of graduation and authority and the scope of supervision with the aim of:

- Clearly Identifying the vertical and horizontal lines of authority;
- Equal distribution of duties and responsibilities;
- Locating decision-making and showing of leadership;
- Determining of job types and description;

#### **b. Functional organizational structure:**

The company's general organizational structure is composed of:

- The Director General;
- Deputy Director General;
- Assistant Director general for financial affairs;
- Assistant Director General for technical affairs;
- Assistant Director General for administrative and personnel affairs;
- Assistant Director General for marketing;

- Assistant Director General for sciences and technology;
- Assistant Director General for branches;

Marketing in the United Insurance Company with concentration on customers: the company is interested in marketing to show the company's growing role in the insurance market. The organizational structure contains a department named management of marketing and development.

**2.5.10 Duties of the department of marketing:**

- 1- Work to expand customer network;
- 2- Ensure provision of satisfactory services to customers;
- 3- Develop all types of insurance available needed by the client;
- 4- Link the network to the branches scattered throughout Sudan, in addition to agents, producers, local and international insurance brokers.

**2.5.11 The functions of marketing in the company:**

- 1- Provision of insurance offers to VIP clients;
- 2- Support VIP clients with expertise of certain level;
- 3- Follow-up on implementation of recommendations, if any, with respect of technical requirements (minimizing losses- terms of safety) required by reinsurers or the technical departments.

**2.5.12 The company's methods of marketing:**

Prior to the third millennium, the marketing method depended on direct marketing through the company's salesman. Dependence was limited to intermediaries and customers. However, with advent of the third millennium, which synchronized with the beginning of granting licenses to the companies and the huge expansion in producers and agents, the marketing and sales methods have largely changed to outsourcing. The role of marketing was restricted to managing the

follow-up of activity, intermediaries, agents and products and providing them with technical support, in addition to planning marketing programs for products.

#### **2.5.13 The positive impacts of this method:**

This transformation in the company's marketing policy had had the following impacts:

- 1- Reduction of capital cost of the marketing department and the cost of operation;
- 2- Dependence of few number of those with high expertise to manage work and reduce the large number marketers and sales representatives;

#### **2.5.14 The negative impacts of this method:**

- 1- Weak direct relationship between the customer and the company and restriction of direct relationship between the customer and the intermediary;
- 2- In many cases, the customer pays credit to the intermediary and not the ensuring company in compensation;
- 3- The customer has lost the technical support which he/she used to receive directly from the company and has become dependent on the intermediary.

#### **2.5.15 The relation between the customer size and the company's profitability:**

The insurance theory is built on the large number theory and thus the greater the number of subscribers in the portfolio the greater the size of the portfolio (income), not necessarily the profitability. Accordingly, precision is required in the first place in under writing of risk by assessing risks in a realistic way, which means rating should be rational and take into account the degree of risk and competitiveness at the same time.

The higher the negative degree of deviation the more consideration it gives to auditing.

#### **2.5.16 Customer care division in the company:**

This division is affiliated with the marketing department and the technical director.

##### **Its functions:**

- 1- Meeting with small customers;
- 2- Provision of insurance offers;
- 3- Issuance of policies;
- 4- Supervision over the issuance of insurance policies for VIP customers.

#### **2.5.17 The company's market share:**

The main objective of the United Insurances Company was to ensure the balance of portfolio. The portfolio must always be consistent. The marketing results were good and balanced in their growth on market. The company was the first one to insure the oil sector in Sudan since the May Regime until the Salvation Regime. The company insured the pipeline from Higlieeg to Bashaer port, in addition to playing a paramount role in the Sudanese economy by covering the sugar sector.

In the third millennium, the market share saw rise.

Due to the various changes in the size and structure of the Sudanese economy, the company has changed its approach to marketing in order to cope with the stage. It expanded its activity in the car insurance sector and medical insurance system to increase its market share.

The company's market share during the final year was 5%; a percentage compared to 13 insurance companies operating in this field.

### 2.5.18 Percentage of increase in premiums:

The company's share of premiums ranges between 10%- 15% during the year and it amounted to 42%. However, this percentage is expected to go down due to the global crisis

### 2.5.19 The financial aspects of the company:

#### The company's capital:

- 1- The company's nominal capital has amounted to SDG200,000;
- 2- Number of shares is 2000;
- 3- Share value is SDG100

### 2.5.20 Analysis of the company financial status:

The aim of the financial analysis of the company is to stand on the company's financial activity; and how the financial resources and investments, and analysis of the financial statements of the company, such as general budgets; revenue and expenditure account which are final outcomes that indicate the company's performance and its capital position, profitability and liquidity ratio, were used.

We will analyze the general budget for the year 2009 and compare it to those for the years 2008 and 2007 respectively in order to get acquainted with the accounting system in the company.

Table No. (2.2) Premiums gained:

Rate of increase or decrease than 2007	Rate of increase or decrease than 2008	2007	2008	2009	particulars
13%	12.6%	26911222	27476023	32281644	Gained premiums

Source: researcher

From the above table it is noted that the premiums gained in the year 2009 were more than those gained in the year 2008 by an amount of SDG4805621, i.e. at a rate of 12.6% and more than those in the year 2007 by an amount of SDG537422, i.e. by approximately 13%. This reflects improvement in the premiums of subscription fro, one year to another.

Investment earnings for the year 2009 amounted to SDG874035 and SDG1714601 for the year 2008 and an amount of SDG473010 for the year 2007 as shown in the table (2.3) below:

**Table No. (2.3) Share of premium holders**

Rate of increase or decrease than 2007	Rate of increase or decrease than 2008	2007	2008	2009	particulars
13%	12.6%	26911222	27476023	32281644	Gained premiums
36%	2.6%	266601	1341124	173597	Share of premium holders
77%	47%	206409	373477	700438	Share of stock holders
49%	49%	473010	1714601	874035	Total investment earnings

Source: researcher

From the above table it is noticed that the total investment earnings for the year 2009 went below those for the year 2008 at a rate of (49%) and at the same time rose above those for the year 2007 by approximately half the amount.

**2.5.21 Paid claims:**

The total paid claims for the year 2009 amounted to SDG 32153269 and SDG11639 for the year 2008 and SDG13956 for 2007. It is to be noted that there was an increase in the year 2009 as shown in the table below:

Table No. (2.4) Paid claims

Rate of increase or decrease than 2007	Rate of increase or decrease than 2008	2007	2008	2009	particulars
68.7%	72%	13956416	11639617	32153269	Paid claims

Source: previous source

The above table shows that the paid claims for the year 2009 were higher than those for the year 2008 by 72% and those for the year 2007 by 68.7%.

**2.5.22 Recovered claims:**

The total of the recovered claims for the years 2009, 2008 and 2007 amounted to SDG22290437, SDG749847 and SDG922675 respectively; as shown in the table below:



Table No. (2.5) Recovered claims

Recovery rate of paid claims	Total claims recovered	Total claims paid	year
81.1%	2290437	32153269	2009
6.4%	749847	11639617	2008
6.6%	922675	13956416	2007

Source: previous source:

The table above shows that the recovered claims for the year 2009 amounted to 81.2%, i.e. an increase of 74.8 higher than the year 2008 and 74.6% than the year 2007.

### 2.5.23 Reinsurance premiums:

The total insurance premiums for the year 2009 amounted to SDG13897019 and SDG12396401 for 2008 and SDG10174913 for the year 2007, i.e. with a slight increase in recovering the reinsurance premiums for the year 2009 as shown in the table below:

Table No. (2.6): Reinsurance premiums.

Reinsurance premiums/total subscription ratio	Total subscription	Total recovered premiums	year
41%	32281644	13897019	2009
48.5%	27476023	12396401	2008
37.5%	26911222	10174913	2007

Source: researcher

It is noticed that the rate of recovery premiums from the total subscription for the year 2009, 2008 and 2007 were 41%, 48.5% and 37.5% respectively.

#### 2.5.24 Paid commissions:

The commission paid for the year 2009 amounted to SDG 2746743, with an increase of SDG 829785 higher than the year 2008 as shown in the table below:

Table No. (2.7) Paid commissions

2008	2009	particulars
1916958	2746743	Paid commissions
27476023	32281644	Underwritten premiums
6.2%	6.3%	Ratio of commission to underwriting

From the above table it is noticed that the commission paid for the gained premiums for the year 2009 amounted to 6.3% while the rate for the year 2008 was 6.2%, i.e. an increase of 0.1%

#### 2.5.25 Administrative expenses:

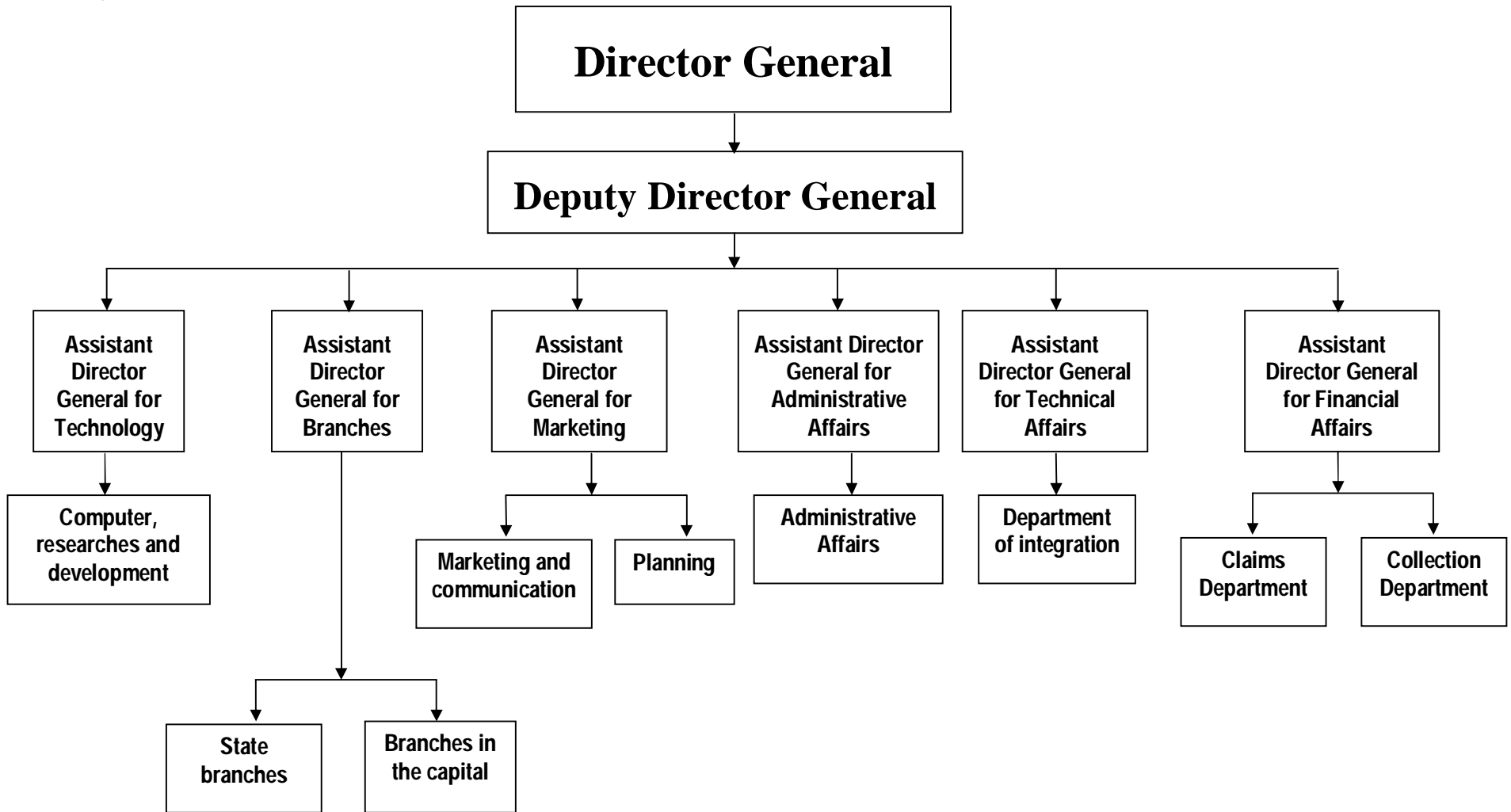
The total administrative expenses for the year 2009 amounted to SDG 6071287 with an increase of SDG709110 from the year 2008 which amounted to SDG5362177 and SDG1085273 for the year 2007. The table below shows this:

Table No. (2.8) Administrative expenses

Total subscription rate	Underwritten premiums	Administrative expenses	year
18.7%	32281644	6071287	2009
18.6%	27476023	5362177	2008
18.5%	26911222	4986014	2007

Source: Researcher

**United Insurance Co.**  
**Organization chart**



Source: United Insurance Co. – 2011.

## **Section Two**

### **2.6 Islamic Insurance Company Ltd**

#### **2.6.1 Background of the company:**

The Islamic Insurance Company Limited is a pioneer experience as the first insurance company operating in the field of cooperative Islamic insurance that effectively contributed in Islamization of Islamic economy in general and insurance sector in particular.

Evolution and development:

The Islamic insurance company was established on January 12, 1979 as a private limited company. The company was based on the following principles:

- Insurance must be a cooperative insurance among subscribers with benefit for them;
- The amount paid by the subscriber must be an installment in advance and specifically intended for donation;
- The amount paid by the subscriber must be an installment in advance and specifically intended to be donated in part or fully to any subscriber who suffered a calamity;
- Subscribers must have share in the management of the company in order for them to feel mutual cooperation;
- The company must invest the part of the subscribers' funds that can be invested for their own interest.
- 2) Objectives: the company aims to;
- Care for the customer and achieve his/her aspirations and desires;
- Pay attention to development and modernization;
- Pay attention to employees by qualifying and training them;
- Pay attention to create a conducive work environment;
- Pay attention to the community.

### **2.6.2 Founders:**

- Faisal Islamic bank (Sudan);
- Mr. Mohammed Yusuf Mohammed;
- Mr. Yusuf Abdelrahman.
- Islamic Insurance Company limited:

### **2.6.3 Memorandum of Association:**

In accordance with the company Act 1925:

- Name: Islamic Insurance Company Ltd.
- Headquarters: The Republic of Sudan and has the right to establish branches inside and outside Sudan.
- Purposes:
  - Below here are the purposes of the company with all of its activities in the area of insurance or else being subject to the provisions of the Islamic Sharia:
    - 1- Exercises the businesses of insurance and reinsurance;
    - 2- Act as an agent for companies, institutions and corporations operating in the field of insurance to practice all insurance activities that do not conflict with Islamic Law;
    - 3- Exercises all that relates to insurance and reinsurance activities as well as performing all activities that directly or indirectly leads to the achievement of the objectives and purposes of the company;
    - 4- Purchases, rents, replaces, or possesses by any other means any land, or real estates, or rights to property or movable or any other property;
    - 5- Inter into partnership by any way with corporations, firms or institutions exercising businesses similar to its activities, or cooperates with them to achieve their objectives within Sudan and abroad;

- 6- Invests its funds in the different fields it deems suitable provided that they are within the limit of its purposes;
- 7- Establishes any firm or firms to work in the different fields, such as trade, industry, agriculture, warehousing, loading and unloading and other economic services within Sudan and abroad with the purpose of investing its funds;
- 8- Establishes its branches both within and without Sudan;
- 9- provides technical consultancy in the domain of insurance;
- 10- Borrows any amounts of money through ways and terms it deems appropriate; and offers mortgages, issues bills of exchange, bills of lading and promissory documents and debt securities and any other convertible and trading bonds;
- 11- Grants pensions allowances, or bonuses to former employees or former directors, or persons who are dependents of the above mentioned persons; and establishes, or helps any schools and institutions, or any scientific or health activity, or kindergartens, or any act of charity.

#### **2.6.4 Administrative and organizational structure of the company:**

##### **(a) Administrative structure:**

The organizational and administrative structure is the framework within which the administration exercises its functions and activities. The framework is built on the concepts of graduation, authority and the scope of supervision and aims to:

- Clearly determine the lines of vertical and horizontal authority;
- Fairly distribute duties and responsibilities;
- Determine the positions of decision making and administrative leadership;
- Determine and describe the type of functions.

**(b) Free organizational functional structure:**

The general organizational structure of the company is composed of:

**a- Board of directors**

**Functions:**

- Overall supervision over the company;
- Appointment of the General Director;
- Enact laws and legislation of the company.

**(b) General Director:**

**TORs and functions:**

- The General Director is appointed by the board of Directors;
- He is responsible for developing the general policies of the company;
- He is responsible for issuing the internal regulations and rules organizing the company's work;
- Overseeing the investment management; and upgrading and improving its performance.

**(c) Deputy General Director (public insurance):**

**Job summary:**

The Deputy General Director should have a university degree in the field of competence and no less than 10 years' experience.

**TORs and functions:**

- 1- Oversight of financial and technical performance;
- 2- Responsible for setting out policies and plans;

- 3- Act on behalf of the Director general in case of his absence;
- 4- He is assisted by a secretariat which determines the regulations and their functions;
- 5- Drafting of annual reports on the performance of heads of sections affiliated to him;
- 6- Participates in developing estimated budgets for his department;
- 7- Signing checks;
- 8- Any other duties assigned to him.

### **2.6.5 Company departments:**

A set of departments are established within the company to steer work within their TORs set forth in the regulation organizing the company's departments and sections with each section affiliated to a certain department in accordance with the regulation of the company's memorandum of association.

This stage continued from 1990 up to 2001. The then system depended on the headquarters with a separate work system for the branches in all spheres.

### **2.6.6 The stage of technical development system:**

This stage started in the year 2006 when a huge, comprehensive information technology system containing all the insurance, administrative and technical aspects was set in place and linked the company's headquarters in all the branches in the capital and the states with a single network which depends on a central data bases system.



Accordingly, the company was the first to work on computerization of insurance and administrative processes in Sudan.

Focusing on customer relationships, the company's marketing system relied on several bases in its marketing aspects:

- a- The company relied on employees, producers and agents who had loyalty to the company and creative, innovative spirit in the domain of marketing. In addition, the geographical spread of the company facilitated services rendered to the customer;
- b- Creation of a link between the company and its customers, including participation in all their general and personal occasions, a matter which put in place a good marketing strategy with clients;
- c- It was noticed that the company's marketing approach upon its establishment was limited and used to rely on following-up on customers and the attempt to attract them through the use of its employees and management's personal relations with businessmen;
- d- The marketing system in the Islamic insurance company has relied on the marketing promotion system which depends on:
  - e- The media- propaganda, advertisement and publication;
  - f- The use of the mediums available to gain and attract the client.

#### **2.6.7 Direct communication with the customer:**

Here, the customer is contacted and cared for in order to win him over by offering services that meet his aspirations as well as flooding the insurance market with various new and affordable products.

Linking customer to the company's activities:

An annual meeting was held for customers with policies and the company's performance during the year was reviewed. At these meetings two customers are selected to join the board of directors and changed every three years. Questionnaires are distributed to measure the customer's satisfaction with the company in order to know to what extent they are satisfied with the company and its performance.

There is no section or department in the sense named that cares for customers in the company. However, this section is built within the company's information office. Its function is restricted to receiving complaints and inquires at the company. There are no measures to evaluate customers with respect of information about them, their loyalty to the company or anything else.

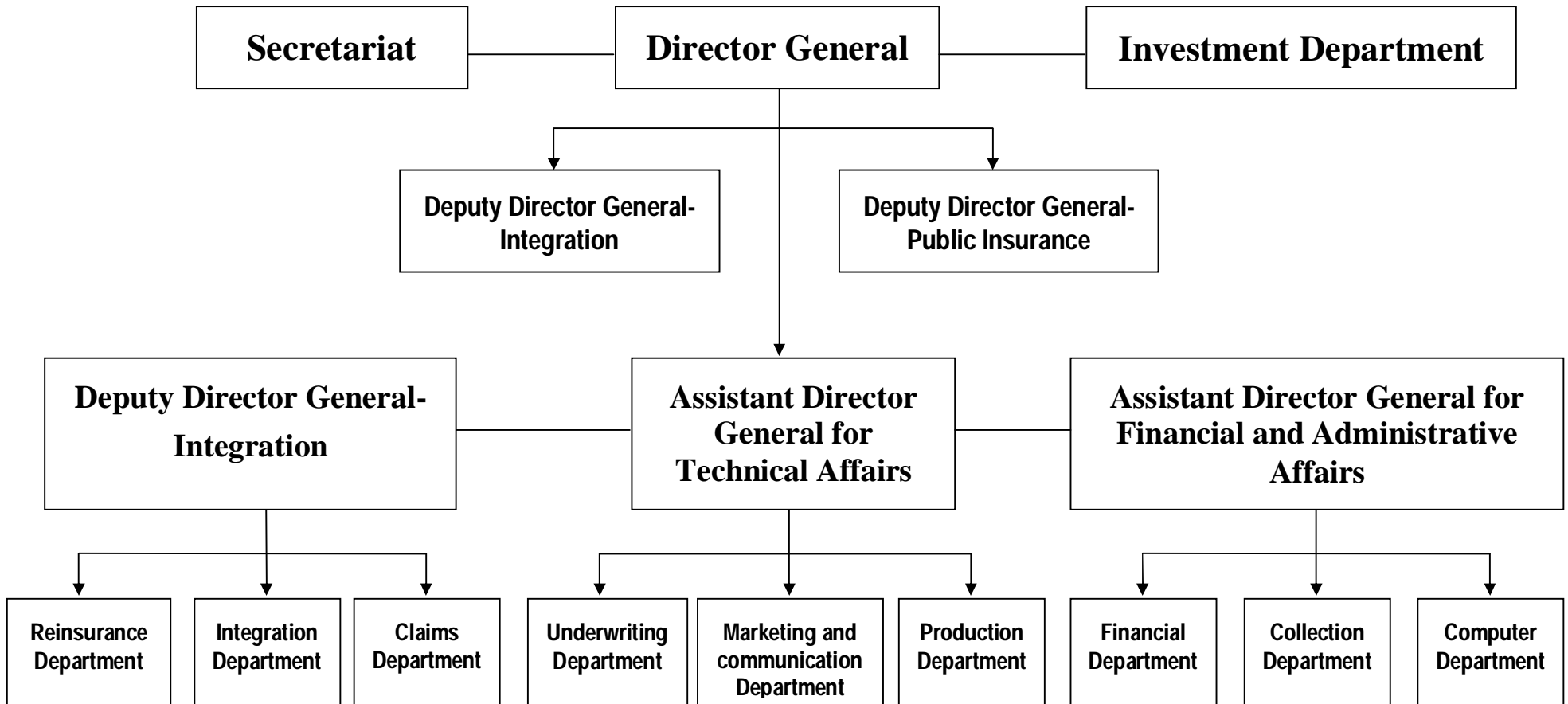
#### **2.6.8 The role of customer relationships in the company's**

##### **performance:**

The evaluation of customer relationships helps the company know performance indicators and results opposed to the company's set objectives:

- Evaluation of customers as per the company's profitability (acquisition);
- The company's market share and the rate of participation in insurance market;
- The competitive position of the company.

**Islamic Insurance Co.**  
**Organization chart**



Source: Islamic Insurance Co. – 2011.

## **Section Three**

### **2.7 Sheikan Insurance and Reinsurance Company Ltd:**

#### **2.7.1 Evolution and development:**

Sheikan insurance and reinsurance company Ltd is one of the companies of the National Economic Corporation which is affiliated with the Ministry of National Defense. It was established in 1983 and is considered to be the largest insurance company in Sudan.

The company exercises its activities in accordance with the provisions of the Islamic Law. Its businesses are controlled by a group of honorable experts on sharia, law and economy.

The company's insurance services cover the property of public sector and beyond to include private sector firms and individuals as well. The company ranks first in insuring these companies in Sudan.

In accordance with the provisions of Islamic law, insurance is required to be cooperative insurance which is the basis of business in the company. Paid premiums are regarded as a donation by owners of insured property to the cooperative portfolio (holders of insurance documents). Insurance surpluses are distributed among those holders and they also represented in the company's board of directors; thus they bear part of the losses when they occur.

The company contributes effectively in its main field of insurance and compensation of losses. It has investment deposits and shares in prestigious financial institutions. The company has twenty nine branches across the different states. The company conducts studies and technical surveys to minimize losses. It is the top company in the field of '*takaful*'.

3- The most important principles and pillars underpinning Islamic insurance:

Donation: the Islamic insurance contract is a donation contract; the premium paid by a subscriber is considered a fully or partly donated fund as commercial insurance includes damage which invalidates the legitimacy of offset contracts.

### **2.7.2 Memorandum of association:**

In accordance with the company Act 1925:

- 1- Company name: Sheikan insurance and reinsurance company Ltd.;
- 2- The company's headquarters: the republic of Sudan and can establish branches inside Sudan and abroad;
- 3- The purposes of the company:

Provided that the company's entire businesses in the field of insurance, or others are subject to the provisions of Islamic law, the company's purposes are as follows:

- 1- Exercises insurance and reinsurance;
- 2- Work as an estimator of losses in the field of insurance;
- 3- Work as an agent for firms, institutions and corporations operating in the field of insurance to perform all insurance activities that do not conflict with Islamic sharia;
- 4- Exercises all that relates to insurance and reinsurance;
- 5- Work as an estimator of losses in the field of insurance;
- 6- Act as an agent for firms, institutions and corporations operating in the field to perform all insurance activities that do not conflict with Islamic law;
- 7- Exercises all that relates to insurance and reinsurance and perform all works that lead, directly or indirectly, to the achievement of the company's objectives and purposes;

- 8- Purchases, rents, replaces, or possesses by any other means any land, or real estates, or rights to property or movable or any other property;
- 9- Establishes any firm or firms to work in the different fields, such as trade, sheep, agriculture, warehousing, loading and unloading and other economic services within Sudan and abroad with the purpose of investing its funds;
- 10- Establishes its branches both within and without Sudan;
- 11- provides technical consultancy in the domain of insurance;
- 12- Borrows any amounts of money through ways and terms it deems appropriate; and offers mortgages, issues bills of exchange, bills of lading and promissory documents and debt securities and any other convertible and trading bonds;

### **2.7.3 The company's objectives:**

- 1- Contribution to funding insurance operations;
- 2- Effective contribution in all aspects of social activity in the country;
- 3- establishment of social and health projects in addition to direct support to whoever deserves support and synergy;
- 4- protection of the company against loss arising from claims that threaten liquidity;
- 5- maintaining stability of subscription results;
- 6- work to gain different forms of insurance coverage by way of dealing and contact with major reinsurance companies and how to address claims, in addition to expertise in the field of technical and administrative services;
- 7- bring in hard currency;

- 8- Safely increasing flexibility in the size and types of underwritten risks;
- 9- Provision of financial compensations to the different productive units and the individuals who have suffered material losses as a result of the occurrence of insured risks;

#### **2.7.4 Insurance activities covered by the company:**

The company covers several insurance activities, among which:

- a- Car insurance;
- b- Agricultural insurance;
- c- Engineering insurance;
- d- Takaful
- e- Maritime insurance;
- f- Medical insurance and travel insurance;
- g- Aviation insurance;
- h- Oil and energy insurance;
- i- Insurance against fire and burglary;
- j- Miscellaneous accident insurance;
- k- Animal resource insurance.

#### **2.7.5 Administrative and organizational structure:**

##### **a- The administrative structure:**

It is the organizational framework within which management practices its functions and activities and is built on the concepts of graduation, authority and scope of supervision. It aims to:

- a- Determine the vertical and horizontal lines of authority;
- b- Fairly distribute functions and responsibilities;
- c- Determine the position of decision making;
- d- Determine job types and description.

### **2.7.6 Functional organizational structure:**

The general organizational structure of the company is composed of:

- 1) The board of directors: it is the authority responsible for managing the company and enjoys all the powers necessary to do so.
- 2) TORs:
  - 1- Proposes the financial and administrative regulations of the company, including the employee system, terms of their employment and regulation for holding them accountable;
  - 2- Approves the annual draft budget of the company and adopts the profit and loss account;
  - 3- Follows-up on progress of work in the company, monitors implementation and develops plans that ensure the tightening of control and improved performance;
  - 4- Establishes branches of the company within Sudan and without;
  - 5- Approves lending while taking adequate security;
  - 6- Accepts gifts;
  - 7- Approves income estimates and expenses of the financial year;

Delegates a general director for the company and writes his authorities to the extent that enables him to conduct the business of the company.

### **2.7.7 The Company's financial analysis:**

The financial analysis aims to evaluate the company's performance from various angles through the underwriting premiums, claims and investment. In order for us to know the profitability of the company; its financial balance and credit position; and the liquidity ratio, we will overview the general budgets and the profit and loss account for the years (2009, 2008, and 2007).



**a- Underwritten premiums:**

These represent the total underwritten documents for the different sections of insurance (maritime, engineering, fire, cars, and takaful, medical insurance, animal resources). Table No. (2.9) shows this:

Table No. (2.9) Subscription premiums

particulars	2009	2008	2007	Rate of increase and decrease 2008	Rate of increase and decrease 2007
Subscription premiums	356,387,729	342,158,123	281,358,047	9%	16%

Source: researcher

It can be noticed that the total of subscription premiums for the year 2009 (salaries) were higher than the premiums of the year 2008 by an increase of SDG14,231,606 and by an increase of SDG57,029,682 than those of the year 2007 at a ratio of 9% and 16% respectively. This increase is attributable to expansion in insurance business.

**b- Investment earnings:**

These represent the share of policy- holders and the share of stock holders as shown in the table No. (2.10) below:

Table No. (2.10) Share of stockholders

particulars	2009	2008	2007	Rate of increase	Rate of increase and decrease
policyholders' share	1,345,801	904,055	778,126	48.9%	51%
Stock holders' share	10,278	2,121,226	2,912,871	21%	
Total investment earnings	1,356,079	3,025,281	3,690,997	49%	15%

Source: researcher

From the above table, we notice that the share of policy holders has increased 48.9% over that of the year 2008 with an amount of SDG441, 746 and 51% over that of the year 2007 with an amount of SDG567, 675. We also note that the share of stock holders has decreased (%) compared to year 2008 and (%) compared to year 2007. This decrease is attributable to low profit margins.

**c- Paid claims:**

Total paid claims for the years: 2009-2008-2007 amounted to the figures shown in the table below:

Table No. (2.11) Paid claims

particulars	2009	2008	2007	Rate of increase and decrease 2008	Rate of increase and decrease 2007
Paid claims holders	166,740,625	197,961,683	127,534,531	15.6%	23%

Source: researcher

The above table shows total paid claims for the year 2009 decreasing by SDG31, 221,058 below that of 2008 at a rate of 15.6% and an increase of SDG39,206,094 over the year 2007 at a rate of 32%. The decline is attributed to that some insurance sections, such as fire and theft have witnessed remarkable decrease. Meanwhile, the increase resulted from the rise in the medical insurance section.

**d- Recovered claims:** the total recovered claims for the years: 2009, 2008 and 2007 amounted to SDG16,740,625, SDG197,961,683 and SDG127,534,531 respectively as shown in the table below:

Table No. (2.12) The recovered claims

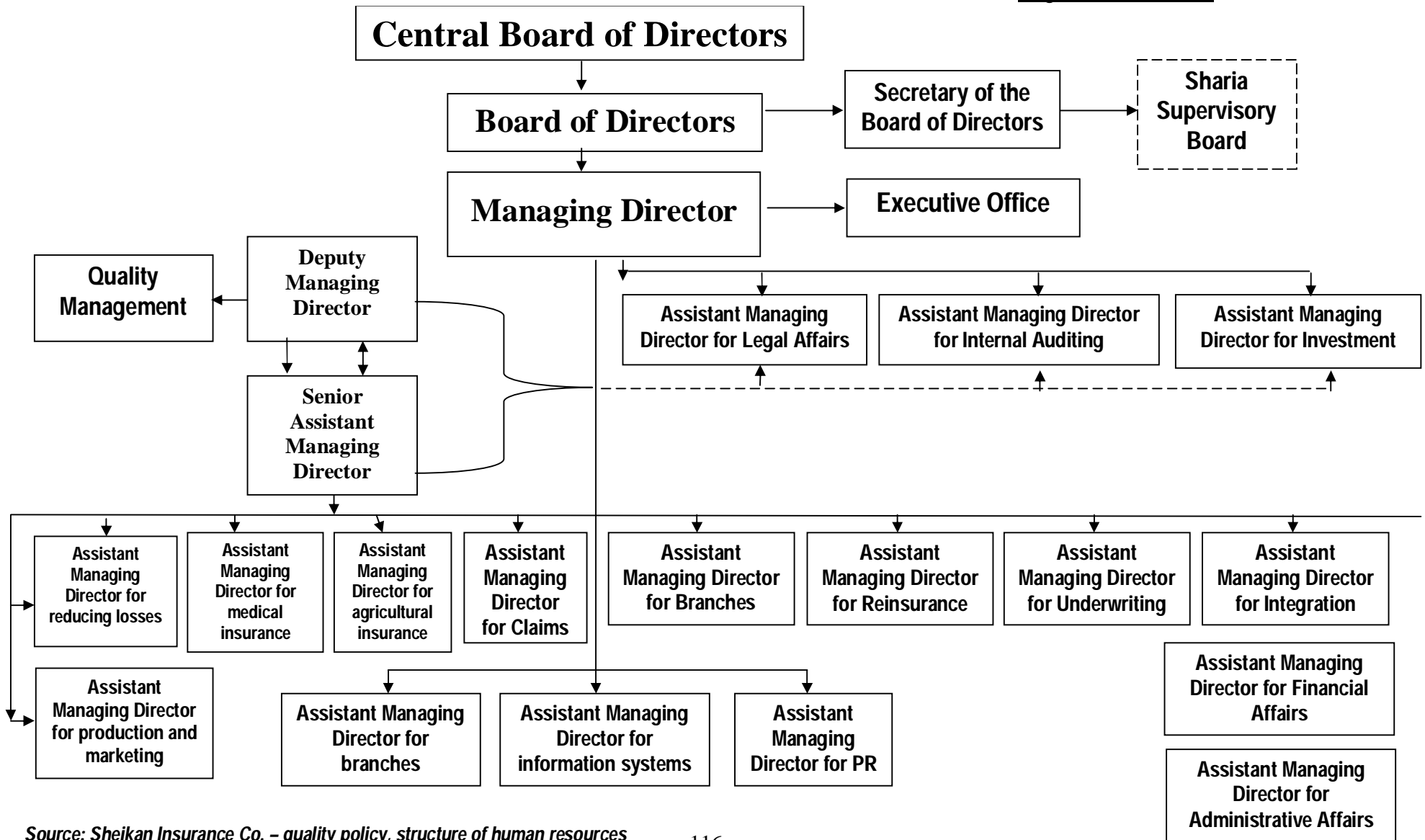
Rate of recovered claim from paid claims	Total recovered claims	Total paid claims	year
26.5%	4,559,032	166,740,625	2009
43%	75,001,460	197.961,683	2008
25.3%	33,380,677	127,534,531	2007

Source: researcher

The above table shows that the claims recovered from the reinsurers for the year 2009 amounted to SDG47, 55, 032, i.e. by a decrease of SDG27, 442,428 at a rate of 19.4% and an increase of 0.4 over the year 2007.

# The Overall Organization of the Company

Sheikan Insurance Co.  
Organization chart



Source: Sheikan Insurance Co. – quality policy, structure of human resources

## **Section Four**

### **2.8 Albaraka Insurance Company**

#### **2.8.1 Evolution and development:**

Albaraka insurance company Ltd (Sudan) is one of the International Dala Albaraka Group. It was established in 1985 to practice insurance activity as per the Islamic cooperative approach. Under this approach, the company's customers and clients are eligible to surpluses of their insurance businesses in addition to their participation in approving the company's final accounts and selecting their representatives in the board of directors.

#### **2.8.2 Memorandum of association:**

The company was incepted in 1985 in accordance with the company Act 1925 under incorporation No. 3081 as a private firm. Being the second Sudanese company complaint to Islamic approach, the company's line of business is commercial agencies and operation in the field of insurance.

#### **2.8.3 Founders:**

- Albaraka bank (Sudan)
- Ibrahim Mohammed Ali Nemir

#### **2.8.4 Objectives:**

- 1- Credibility in fulfilling obligations and payment of claims;
- 2- Perfectibility in improving our services and provision of integrated fast services;
- 3- Innovation to provide modern services to satisfy customers' needs;
- 4- Protection of the property of the insured;
- 5- Application of principles of cooperation;
- 6- Provision of consultancy services to its customers in the field of insurance;
- 7- Concern with the customer and meet all their insurance desires and needs.

## **2.8.5 Marketing insurance activities covered by the company:**

### **a- Maritime insurance:**

It includes all maritime insurance policies such as goods transported by sea from the point of departure up-to end point and all marine works;

b- Road transport:

This policy covers all on land works;

c- Car insurance:

d- This insurance policy covers all damages inflicting persons and responsibility towards others (civil responsibility for car user) and responsibility for fire, or theft or collision or overturn which may occur to the car.

e- Fire insurance and the risks attached thereto:

This insurance policy covers fire hazards, thunderbolts, and electrical wiring touches and can include earthquakes, volcanoes and flash floods.

g- Engineering insurance:

h- This insurance policy covers the different areas of engineering activity.

i- Miscellaneous accidents insurance:

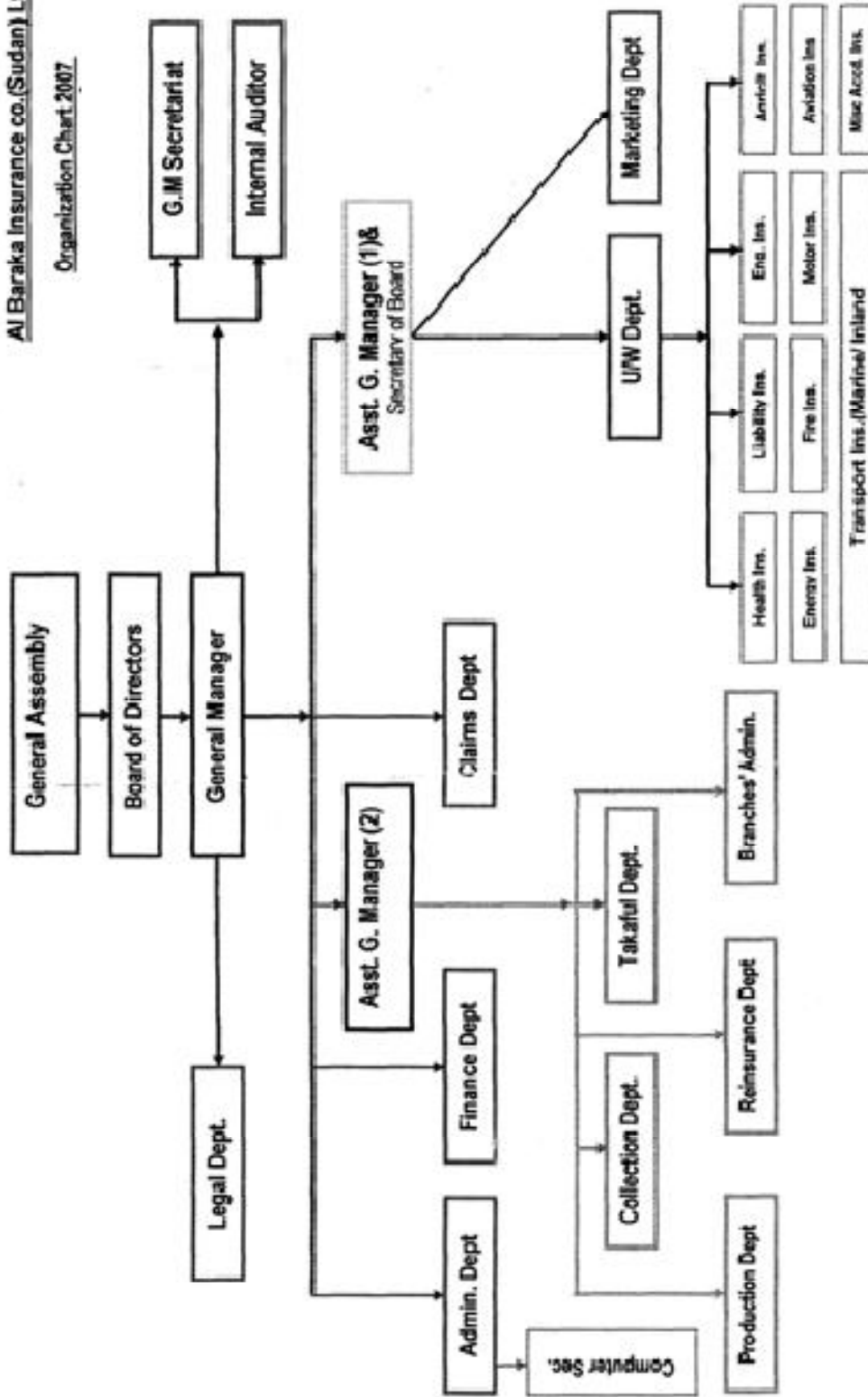
j- This insurance policy covers a number of various accidents, including:

- Work injuries;
- Personal incidents;
- Civil responsibility;
- Cash in treachery;
- Dishonesty of employees and employers;
- Theft.

k- Travel insurance:

This insurance policy covers

Al Baraka Insurance co.(Sudan) Ltd  
 Organization Chart 2007



Source: Albaraka Insurance Co. 2011.

## **2.9 Summary of the chapter**

This chapter present the data of case study were collected from insurance companies in Khartoum state.

The chapter are contains of background insurance and insurance in Sudan history and evaluation and which after that the chapter divided into three sections.

Section one component of united insurance company.

Section two Islamic Insurance Company.

Section three Sheikan insurance and Reinsurance Company.

Section four Albaraka Insurance Company.

The case study based on information about the insurance companies evaluation and development, memorandum of association, founders, objectives, company's activities, financial activities, technological aspects and functional a organizational structure.



# **Chapter Three**

## **Section One**

### **Research Framework & Methodology**

#### **3.0 Chapter Review**

This chapter presents the research framework and hypotheses to be tested; the section on methodology highlights the sampling procedure; the measurement of the variables, the development of the research instrument; the administration of data collection; and the statistical techniques used to test the hypotheses.

#### **3.1 Conceptual Frame work:**

The integrative framework of the study is concentrated on the relational exchange theory. Generally, the underlying theories of relationship between two individuals stemmed from economic, psychological, and socio-psychological theories (Ahmed, 2005) according to Ahmed (2005); the social exchange theory informs us that a social relationship is about exchanges of values (Bagozzi, 1975; Houston and Gassenheimer, 1987).

This framework highlights the influence of the relational contextual variables on the relational outcome variables. on the other hand, it demonstrates the influence of the relational outcome of relationship quality as mediator variables beside the moderator factors (relationship duration on relationship marketing performance).

CRM is considered to be accepted whole- heartedly by marketing practitioners and scholars (Gefen and Ridings 2002; Karimi, 2001). Firms used CRM systems not only to automate customer oriented business processes but to reduce costs as well. Furthermore, CRM can

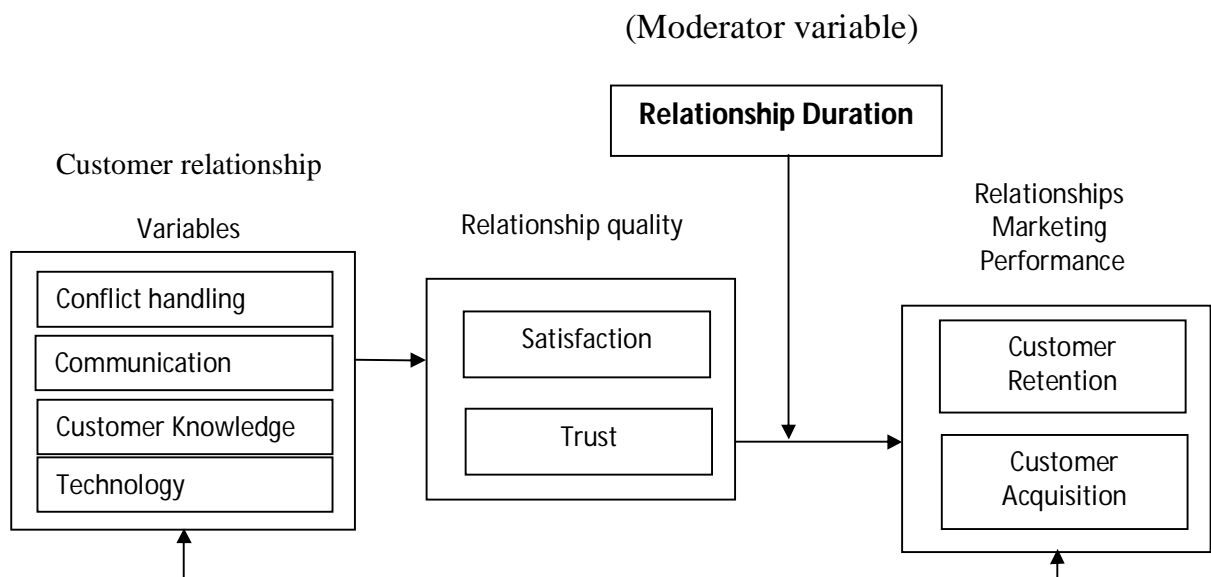
generate significant business payoffs in terms of productivity and profitability (Aral, 2005; Rigby, 2002).

According to the CRM literature (Gefen and Ridings; 2002), a CRM system consists of multiple modules including operational CRM which supports variety of customer-oriented business processes in marketing.

A number of authorities have suggested that CRM represents a paradigm shift (Heskett, 1994; Reichheld, 1996; Schwaiger and Locarekjung, 1998).

The growing number of studies citing the relational paradigm by a number of authors (Berry, 1983; Dwyer, 1987; Reichheld & Sasser, 1995; Morgan & Hunt, 1994; Gronroos, 1995; 1994; 1996; Parasuraman, 1993; Gummesson, 1995; 1996; Sheth, 1995; Aijo, 1996; Zeithaml, 1996; Zineldin & Jonsson, 2000; Hennig-Thurau: Gwinner: and Gremler: 2000: 2002) provides legitimacy to this research. Most of the studies in this field concern with identifying the key roles played by the dimensions of relationship marketing variables, and explores how these dimensions interact (Ambler & Styles 2000; Morgan & Hunt, 1994; Zeithaml, 1996).

Figure 3.1 The model of the research



## 3.2 Research hypothesis

This study develops four main hypotheses in order to test the relationship between relational contextual variables (underpinning of customer relationship management), with the relationship quality factor (satisfaction and trust), as mediator variables, and also to test the relationship between the mediator variables (relationship quality factors), and outcomes variable (relationship marketing), with an existence of moderator variable relationship duration.

**3.2.1 Hypothesis H1:** There is a significant statistical degree of correlation between customer relationship (CR) and relationship marketing performance (namely, customer retention and customer acquisition).

- H1. There is a positive relationship between customer relationship (CRM) and relationship marketing performance.
- H1.1. There is a positive relationship between customer relationship (CRM) and customer retention.
  - H1.1a. There is a positive relationship between conflict handling and customer retention.
  - H1.1b. There is a positive relationship between communication and customer retention.
  - H1.1c. There is a positive relationship between customer knowledge and customer retention.
  - H1.1d. There is a positive relationship between technology and customer retention.
- H1.2. There is a positive relationship between customer relationship (CRM) and customer acquisition.

- H1.2.a. There is a positive relationship between conflict handling and customer acquisition.
- H1.2.b. There is a positive relationship between communication and customer acquisition.
- H1.2.c. There is a positive relationship between customer knowledge and customer acquisition.
- H1.2.d. There is a positive relationship between technology and customer acquisition.

According to Morgan & Hunt (1994); Anderson et al; (1994) Zeithaml et al;(1996); Ndubisi et al; (2004), Anderson & Fornell, (1994); Bolton et al (2000) the relation contextual variables (conflict handling, communication, customer knowledge, technology) influence the relationship quality (satisfaction, and trust).

### **Conflict handling:**

It is defined by Thomas and Kilman (1974) as situations in which the concerns of two people appear to be incompatible. Dwyer et al (1987) define conflict handling also as the supplier's ability to minimize the negative consequences of manifest and potential conflict.

Ndubisi et al; (2007) states that conflict handling reflects the suppliers ability to avoid potential conflicts which happened between customers and ability of company to solve manifest conflicts be for they create problems to discuss openly, solutions when problems arise. There always will be disagreements or conflict in relationship exchanges (Dwyer, Schurr and Oh 1987).

Thomas and kilman (1974) do not suggest that all conflict is best resolved by searching for a win situation indeed, there are a number of different ways to deal with conflict and each of these modes of conflict handling

can be useful under different sets of circumstances etc. following the five conflict handling modes identified by Thomas and Kilman, each of the following may be appropriate under divergent circumstances:

- Two heads are better than one (collaborating).
- Kill your enemies with kindness (accommodating).
- Split the difference (compromising).
- Leave well enough alone (avoiding).
- Might makes right (competing).

The extent to which a given conflict-handling is effective depends on the requirements of the specific conflict situation and the skill which are used with it. Rustbelt et al. (1988) concluded that the likelihood that an individual will engage in these behaviors depends on the degree of prior satisfaction with the relationship, the magnitude of the person's investment in the relationship and an evaluation of the alternative one has. Functional conflict, therefore, may increase productivity in relationship marketing and be viewed as "just another part of doing business" (Anderson and Narus 1990, p.45). Several works either propose or find that communication and past cooperative behaviors lead to the perception that conflict is functional (Anderson and Narus 1990; Deutsch 1969).

However, Morgan & Hunt (1994) posited that it is trust that leads a partner to perceive that future conflictual episodes will be functional, and they added, result in increased functionality of increasing trust. In buyer-seller bargaining situations (Schurr and Ozanne, 1985) find trust to be central to the process of achieving cooperative problem solving and constructive dialogue.

### **Communication:**

Referring to the ability to provide timely and trustworthy information, today there is a new view of communication as an interactive dialogue between the company and its customers that takes place during the pre-selling, selling, consuming and post-consuming stage (Anderson & Narus, 1990).

Communication in supplier-customer relationship means providing information that can be trusted ;providing information if delivery problem occur; providing information on quality assurance, providing procedural information to customers, opportunity for customer feedback ,etc .It is the communicators task to create awareness, build consumer preference by promoting quality, value ,performance and other features, convince prospects and encourage them to make the purchase decision (Ndubisi et al; 2004)

Communications also tell dissatisfy customers what the organization is doing to rectify the source of dissatisfaction. If information is available but cannot be shared by the partners most able to react to a given situation, its values degrades exponentially (Kwon, and Suh; 2005).

According to Mukherjee and Nath (2007) communication, defined as the formal as well as informal sharing of meaningful trust by assisting in resolving disputes and ambiguities, provides accurate information on order processing, and aligning perceptions and expectations (Etgar, 1979). Anderson and Narus (1990), Morgan & Hunt (1994), Mukherjee & Nath (2003), and Ndubisi et al;(2007) have used communication as an antecedent of trust.

However, Zineldin and Jonsson (2000) argued that past communication would be an antecedent of commitment and trust. Moreover, several studies suggest that the exchange of information is an important part of both traditional industrial selling and relationship marketing (Anderson

and Weitz, 1989; Behrman and Perreault, 1982; Dwyer et al, 1987; Frazier and Rody, 1991; Metcalf et al;1992). Anderson and Narus (1990) found communications to be a strong determinant of trust. Because language is so imperfect, an open dialogue is often necessary means of developing and preserving a shared understanding of the relationship and thus preserves trust (Sabel, 1993).

Because satisfaction is an evaluation of an outcome compared to some norm, communication is expected to be an important source for satisfaction because it can lead to a shared understanding of performance outcome and expectations(Fred Selnes1995).

**Customer knowledge:**

is at the origin of most improvements in customer value (Novo, 2001). Rowley and slack (2001) identify four different categories of customer behavior cognition, customization and context all of these levels engage with customer knowledge (Jan et al. 2009) .According to Kohli and Jaworski (1990); defined "customer knowledge refers to knowledge about current and future customer needs and preference "it also include, the analysis of how environmental forces such as government regulation (Hanna et al . 2009).

Has attracted growing interest through several authors during the last decade (Campbell, 2003; Garcia – Murillo and Annabi, 2002; Salomann et at. 2005). It has been argued that the successful management of customer knowledge may be a source of competitive advantage as it assists firms not only to understand their customers well, but also to study what they know (Hanna et al, 2009).

There for, satisfaction is regarded as the outcome in business relationship. Which satisfaction is a achieved when expectation are fulfilled (confirmed), that negative disconfirmation theory (Churchill and

Surprenant, 1982, Oliver 1980) that negative disconfirmation of expectation will result in dissatisfaction, and that positive disconfirmation will result in enhanced satisfaction; however (Hirschman, 1970; Richens, 1983); when customer satisfied, the likelihood of exit from the relationship and negative word of- mouth is reduced greatly.

This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial (Gundlach et al, 1995; Morgan & Hunt, 1994).

Based on the above discussion, the following hypotheses are generated:

Customer knowledge is the current buzz words invading marketing practice and theory. Business strategists and organizational theorists have embraced the value of knowledge in creating competitive advantage (Davenport et al, 1998; Drucker, 1973; Demarest, 1997; Beamish and Armistead, 2001; Davenport and Prusak, 1998). This has fuelled the development of interest in the scope of customer knowledge. However in recent years, many theories of knowledge creation for the needs to today and tomorrow have been developed (Wierzbicki and Nakamori, 2006) as distinct from the philosophical theories of knowledge creation on the long term.

Customer knowledge has attracted growing interest, several authors during the last decade (Campbell, 2003; Garcia-Murillo and Annabi, 2002; Gebert et al, 2003; Gibbert et al, 2002; Salomann et al, 2005) it has been argued that the successfully management of customer knowledge may be a source of competitive advantage as it helps firms. Customer knowledge understands customer and what they know (Garcia- Murillo and Annabi, 2002; Gaibbert et al, 2002).

(Cannon and Narayandas, 2001; Workman et al, 2003; Montgomery and Yip, 2000; Birkinshav & Distefan, 2000) customer knowledge differs



from traditional transactional selling in that it involves higher sales volumes from single customer and a longer-term time horizon.

According to (Darroch, 2003; p.41; Jyachandran et al, 2005; Halonen-Rollins, 2008) customer knowledge is increase customer satisfaction, customer retention; each interaction enables the salesperson together knowledge from the customer about his or her product performance.

Moreover customer knowledge comes from a variety of different sources (Day, 2000 ;) directly from customers, indirectly through third parties.

(Garcia-Murillo and Annabi, 2002) argue that customer knowledge through interaction is richer in content than transactional knowledge as it sheds light on the reasons behind customer's decisions.

### **Technology:**

Accurate customer data is important to successful CRM performance (Abbott et al; 2001), technology plays an essential role in CRM and relationship marketing in adding to firm intelligence (Boyle, 2004) technology is equip enterprises with the capability to collect, store, analyze, and participate customer information (Leo,et al.2005)

Technology are transforming the traditional approach to CRM to an integrated web-enabled approach, featured by tools like customer information systems, automation of customer support processes and call centers (Ghodeswar, 2001).

Computer technologies referred to in this study include computer-aided design manufacturing, just-in-time production databases, data mining and technology software systems (Leo, et al, 2005).

CRM technology is the information technology that is deployed for better management of customer relationship (Reinartz et al, 2004) it included from office applications that may support sales, and service the back

office applications that may integrate and analyze data about customers (Day, 2003) CRM technology may strength customer-related capabilities. So many CRM-oriented activities, such as knowledge management, cannot be optimized without leveraging the latest technology (Pepporrd 2000; Vrechopoulos 2004) and development of sophisticated information management tools.

(Kotler 2004; p.141) says CRM technology helps companies and their sales people collect, analyze and distribute information for enhanced prospecting, improved communication and sales presentations, and tailored product configurations.

(Widmier, Jackson, and McCabe 2002) among the major outcomes sought by incorporating CRM-based technology are enhanced customer satisfaction, higher customer retention and more profitable long-term customer relationships.

(Butler 2000)

H1.7 There is appositive relationship between technology and satisfaction.

H1.8 There is appositive relationship between technology and trust.

**3.2.2 Hypothesis H2:** There is relationship of statistical significance between customer relationship (CR) and relationship quality (satisfaction and trust).

- H2.1. There is a positive relationship between customer relationship (CRM) and satisfaction.
- H2.1.a. There is a positive relationship between conflict handling and satisfaction.
- H2.1.b. There is a positive relationship between communication and satisfaction.

- H2.1.c. There is a positive relationship between customer knowledge and satisfaction.
- H2.1.d. There is a positive relationship between technology and satisfaction.
- H2.2. There is a positive relationship between customer relationship (CRM) and trust,
- H2.2.a. There is a positive relationship between conflict handling and trust.
- H2.2.b. There is a positive relationship between communication and trust.
- H2.2.c. There is a positive relationship between customer knowledge and trust.
- H2.2.d. There is a positive relationship between technology and trust.

Relationship quality can be defined as an overall assessment of the strength of a relationship between buyers and sellers (Garbarino & Johnson, 1999; Smith, 1998).

Relationship quality in terms of how customers perceive it has been at the core in service management studies (Gronroos, 1982; Parasuraman et al, 1988) beside service management and later relationship marketing (Gummesson, 1987; Storbacka et al, 1994; Liljander & Strandvik, 1995; Hennig, Thureau and Klee, 1997; Lang and Colgate, 2003) other streams of research have also paid attention to relationship quality in relationships, (e.g. personal selling and sales management) (Crosby et al, 1995; Palmer and Bejou, 1994; Parsons, 2002) business-to business marketing (Szmigin, 1993; Naude and Buttle, 2000; Ivens, 2004; Woo and Ennew, 2004) distribution channels (Kumar et al, 1995; Johnson, 1999).

Different antecedents of relationship quality have been examined such as: sales persons characteristics (Crosby et al, 1995), relationship duration (Wray et al, 1994), relationship management (Smith, 1998), Fairness (Kumar et al, 1995), it channel use (Lang and Colgate, 2003), and various relationship functions (Watter et al, 2003; Ivens, 2004).

However relationship quality affects share of business (Leuthesser, 1997) strategic integration (Johnson, 1999), customer retention (Hennig-Thurau and Klee, 1997; Hennig-Thurau, 2000) service quality (Woo and Ennew, 2004), offering quality (Leuthesser, 1997), profitability (Huntly, 2006) and sales effectiveness (Crosby et al, 1995; Wray et al, 1994).

So, several researchers postulated that the relationship quality is a suitable solution for the vendor to assess the nature and the intensity of customer relationship; and to develop a competitive advantage which is difficult to duplicate by his/her competitors (Hennig-Thurau et al, 2002; Wong et al, 2007).

Other researchers added that relational marketing and relationship quality are most appropriate in particular settings (Palmatier et al, 2006), such as the business-to business area because of the substantial financial investments (Lendrevie et al, 2003) the limited number of potential customers, the complexity of decision making process (Malaval, 1996) and the importance of interpersonal interactions (Omalley and Tynan, 2000).

This is consistent with some other researchers ideas postulating that relationship quality is more important in certain situations marked by high degrees of uncertainty, long delivery times, a great vulnerability to opportunistic behaviors, (Berry, 1983; Crosby et al, 1995). Therefore, the construct of relationship quality has been a subject of a significant number of researchers in marketing in order to achieve a better understanding of its dimensions and determinants (Parsons, 2002;

Holmlund, 2008; Athanasopoulou, 2008) few researchers and practitioners share a common definition of this construct (Athanasopoulou, 2008; Qin et al, 2009). (Hennig-Thurau and Klee, 1997) define it by reference to the physical quality of goods and services expected by customer from their sellers.

According to (Ford, 1980). It is a link between the two parts of the exchange allowing them to reap benefits beyond the simple exchange of good and service.

Studies have focused on the dynamic character of this construct (Jarvelin, 2001; Moliner et al, 2007). A relationship quality consists of a dynamic process that changes with relation development (Gronroos, 2007). This lack of consensus may be attributed to the limited number of sophisticated discussions concerning its conceptualization (Hennig-Thurau, 2000), relationships diversity (Woo and Ennew, 2004), and the nature of this construct, which is specific to the context studies (Athanasopoulou, 2008).

According to (Johnson, 1999) the relationship quality describes the depth and climate of the relationship. It is also commonly admitted that relationship quality is a condition to build long term relationship (Crosby et al, 1990; Bejou et al, 1996).

The idea asserted by (Woo and Ennew, 2004) who proposed that (in order to progress the conceptualization of relationship quality we should accept a very general perspective on the meaning of the term and focus instead on identifying the constructs that create relationship quality.

(Crosby et al, 1990) was the first to define the relationship quality (the customer is able to rely on the salespersons integrity and has confidence in the salespersons future performance because the level of past performance has been consistently satisfactory).

By defining it as such, the relationship quality is then considered a higher-order construct composed of dimensions: trust in the sales person and satisfaction with the salesperson (Crosby et al, 1990).

So there are several studies supports this conceptualization, although interrelated indicators reflecting the global natures of the relationship between the exchange partners (Kumar et al, 1995; De wulf. et al, 2001; Hennig Thurau et al, 2002; Lin and Ding, 2005) indeed, a minority of scholars (Wong and Shoal; Ndubisi, 2006) opted for a non-dimensional concept of this construct.

(Lagace et al, 1991; Wray et al; 1994; Bejou. et al. 1996; Boles et al; 2000; Parsons, 2002; Liu et al, 2011) tended implement the relationship quality conceptualization adopted by (Crosby et al, 1990) using the same dimensions; namely, satisfaction and trust.

(Lang and Colgate, 2003; keating et al, 2003; Ivens, 2004; Fynes et al, 2005; Huntley 2006) expanded this list by incorporating new dimensions. Ben Naoui and Zaiem, 2010 proposed a classification of the different dimension proposed into three main categories.

The first category indicators of dimension referring to behavioral intentions, such as affective conflict (Kumar et al, 1995; Skarmeia and Robson, 2008), communication (Anderson et al, Narus, 1990; Adjei et al, 2009) opportunism (Dwyer et al, 1987; Dorsch et al, 1998) the ethical profile (Lagace et al, 1991; Wray et al, 1994; Bejou et al, 1996) cooperation (Fynes et al, 2004; Cater & Cater, 2010), adaptation (Woo and Ennew, 2004; Fynes et al, 2004).

The second category contains relational indicators such as trust (Crosby et al, 1990 Ganesan, 1994) satisfaction (Crosby et al, 1990; Dewulf et al, 2001), commitment (Morgan et al, & Hunt, 1994; Fournier, 1998).

The last group of dimension includes indicators of the results of exchange relation, such as economic benefits (Berry, 1995; Naude and

Buttle, 2000) mutual objectives (Wilson, 1995), equity of the relation (Johnson, 1999; Kumar et al, 1995), proximity (Barnes, 1997)

Moreover, some authors subsumed them under one dimension called social dimension of relational quality (Burca et al, 2004; Holmlund, 2008) atmosphere (Woo and Ennew, 2004) they postulated that relationship quality is composed of social dimension, an economic dimension (profit) and technical dimension (product or service quality).

Also some other researchers (Baker et al, 1999; Fynes et al, 2004; Woo and Ennew, 2004) have incorporated other indicators as dimension of this construct, such as communication and adaptation.

Relationship quality represent an important asset allowing maintaining and developing ongoing customer relationship (Hennig-Thurau et al, 2002; Roberts et al, 2003; Wong et al, 2007).Therefore ,it must be well managed.

- H2.1 There is appositive relationship between satisfaction and relationships marketing performance (namely customer retention and customer acquisition)
- H2.2 There is appositive relationship between trust and relationship marketing performance (namely customer retention and customer acquisition)

**2.2.3 Hypotheses H3:** Relationship quality has an impact on relationships marketing performance.

- H3.1. There is a positive relationship between relationship quality and customer retention.
- H3.1.a. There is a positive relationship between satisfaction and customer retention.
- H3.1.b. There is a positive relationship between trust and customer retention.

- H3.2. There is a positive relationship between relationship quality and customer acquisition.
- H3.2.a. There is a positive relationship between satisfaction and customer acquisition.
- H3.2.b. There is a positive relationship between trust and customer acquisition.

**3.2.4 Hypotheses H4:** Relationship quality mediates the relationship between customer relationship (CR) and relationships marketing performance.

- H4.1. Relationship quality mediates the relationship between customer relationship (CRM) and customer retention.
- H4.1.1. Satisfaction mediates the relationship between customer relationship (CRM) and customer retention.
- H4.1.a. Satisfaction mediates the relationship between conflict handling and customer retention.
- H4.1.b. Satisfaction mediates the relationship between communication and customer retention.
- H4.1.c. Satisfaction mediates the relationship between customer knowledge and customer retention.
- H4.1.d. Satisfaction mediates the relationship between technology and customer retention.
- H4.1.2. Satisfaction mediates the relationship between customer relationship (CRM) and customer acquisition.
- H4.1.2.a. Satisfaction mediates the relationship between conflict handling and customer acquisition.



- H4.1.2.b. Satisfaction mediates the relationship between communication and customer acquisition.
- H4.1.2.c. Satisfaction mediates the relationship between customer knowledge and customer acquisition.
- H4.1.2.d. Satisfaction mediates the relationship between technology and customer acquisition.
- H4.2. Trust mediates the relationship between customer relationship (CRM) and relationship marketing performance.
- H4.2.1. Trust mediates the relationship between customer relationship (CRM) and customer retention.
- H4.2.1.a. Trust mediates the relationship between conflict handling and customer retention.
- H4.2.1.b. Trust mediates the relationship between communication and customer retention.
- H4.2.1.c. Trust mediates the relationship between customer knowledge and customer retention.
- H4.2.1.d. Trust mediates the relationship between technology and customer retention.
- H4.2.2. Trust mediates the relationship between customer relationship (CRM) and customer acquisition.
- H4.2.2.a. Trust mediates the relationship between conflict handling and customer acquisition.
- H4.2.2.b. Trust mediates the relationship between communication and customer acquisition.

- H4.2.2.c. Trust mediates the relationship between customer knowledge and customer acquisition.
- H4.2.2.d. Trust mediates the relationship between technology and customer acquisition.

In the same context which mentioned before, Dewulf et al, (2001) assumed that better relationship quality is accompanied by greater satisfaction, trust and commitment-pointing out that although these three attitudinal dimensions are distinct, consumers tend to “Lump” them together (Crosby et al, 1995;Dewulf et al, 2001). To further exemplifying this view, research conducted by Bejou et al, (1996) concludes that customer-sales person relationship quality is an important prerequisite to a successful long-term relationship.

According to Gronroos (1995) relationship, marketing is establishing maintaining, and enhancing relationship with customers and other partners, at a profit, so that the objectives of parties involved are met, this is achieved by mutual exchange and fulfillment of promises.

Morgan and Hunt (1994) argue that the presence of relationship commitment and trust is central to successful relationship marketing. Therefore, when both commitment and trust-not just one or the other are present, they produce outcomes that promote efficiency, productivity and effectiveness (Morgan & Hunt, 1994). In short, commitment and trust lead directly to cooperative behaviors that are conducive to relationship marketing success. In buyer-seller bargaining situations, Schurr and Ozanne (1985) find trust to be central to the process of achieving cooperative problem solving and constructive dialogue.

Indeed, numerous researchers had used trust and commitment as mediator variables, such as (Morgan and Hunt, 1994; Hassaballa, 2004; and Ndubisi et al, 2007). Satisfaction is a person’s feeling of pleasure or

disappointment resulting from comparing a products perceived performance (outcome) in relation to his or her expectations (Kotler 2000). Indeed, customer satisfaction has traditionally been regarding as a fundamental determinant of long-term consumer behavior (Oliver, 1980; Yi, 1995).

Moreover, a satisfied customer is more positive towards the organization and more committed and likely to be the loyal customer.

According to Hansmemark et al,(2004), customer satisfaction rather than retention has traditionally been the focus of research and managerial efforts. Customer satisfaction has been deemed directly to affect customer relation and companies market shone (Rust and Subramanian, 1992).

Indeed, customer satisfaction has for many years been perceived as key in determining why customers leave or stay with an organization. Organizations need to know how to keep their customer, even if they appear to be satisfied (Cohen et al, 2006). Obviously, satisfaction typically mediates the effects of product quality, service quality, and price or payment equity on customer retention (Bolton & lemon 1996; Fornell et al, 1996). While yet Zeithaml et al, (1996) indicate that examining the link between customer satisfaction and behavioral responses is a part of the many relations that need to be further investigated in order to realize understanding the link between customer satisfaction and financial customers of the organization.

Evidently, developing the satisfaction and trust in turn will enhance the relationship marketing. In this research we will postulate the relationship quality (namely, satisfaction and trust) to mediates the relationship between relational contextual variables and relationship marketing.

Based on the above discussion, the following hypotheses are developed:

**3.2.5 Hypotheses 5:** Relationship duration strengthen the relationship between relationship quality and relationships marketing performance.

Some statistical methods developed recently in the biometrics and econometrics literature show great promise for improving the analysis of duration times in marketing (Kristiaan Helsen and David c.Schmittlein, 1993). Many service organizations have embraced relationship marketing with focus on maximizing customer lifetime value (Schmittlein, David & kristiann, Helsen, 1993). Recently, there has been considerable controversy about whether there is a link between customer satisfaction and relationship marketing performance.

However it is equally vital to managers who require a better understanding of the relationship between satisfaction and the duration of the provider-customer relationship to Identify specific action that can increase retention and profitability in the long run (Schmittlein, David & Kristiaan Helsen 1993).

The duration of customers' relationship with an organization that delivers a continuously provided service, such as utilities, financial services and telecommunications (Ruth N.Bolton, 1998).

According to (Wong et al, 2006), researchers in the area of relationship marketing have addressed topics such building long-term relationships (Parasuraman et al, 1991). Customer motivations for maintaining relationships (Bendapudi & Berry, 1997; Sheth and Parvatiyar, 1995); the role of relational bonds in the development of customer relationships (Smith, 1998);

The strength of the relationship between duration times and satisfaction levels depends on the length of customer's prior experience with the organization (Ruth N.Bolton, 1998);

Managers and researchers may have under-estimated the importance of the link between customer satisfaction and retention because the relationship between satisfaction and relationship duration times is very complex and difficult to detect without advanced statistical techniques.

Relationship marketing efforts have typically emphasized customization of products to individual customers, augmentation of core services, pricing and other so called defensive marketing strategies that are purported to encourage satisfaction, loyalty and the relationship duration of the provider customer relationship (Grant and Schlesinger 1995); argue that the gap between companies current and full-potential profitability is enormous,

The customer decision to maintain an existing relationship with service provider is modeled as a tradeoff between his/her assessments of the future costs and utility (i.e. benefits) (Oliver and Winner, 1987). In recent years, an emerging stream of research has explored the linkage between relationship duration and relational quality (namely satisfaction and trust) and relationship marketing performance (Claro et al, 2003) found the no connection between relational variables and length relationship suggesting that relational norms could be usefully exploited during multiple stages of relationship over many years.

According to (Doney and Cannon, 1997), still others suggest relationship duration and trust take to develop.

So by moderator the duration of the provider-customer relationship it is possible to predict the revenue impact of service improvement in the same manner as other resource allocation decisions (Ruth N .Bolton, 1998).

### **3.3 Research Design:**

The research is design according to the specification of methods and procedures for acquiring needed structure or solve problems. It is the overall operational pattern or framework of the project that stipulates what information is to be collected from which sources, and by what procedures.

A research design might be described as a series of advanced decision that, taken together, from a specific master plan or model for the conduct of the investigation (Green, Tull and Albaum, 1988 p. 97).

The purpose of this research is to establish and test the relationship between the relational variables as determinant factors, and relationship marketing performance where a questionnaire will be used in order to gather data concerning the variables of this research. The purpose of this study is to investigate the effect of the contextual relational variables (namely; conflict handling, communication, customer knowledge and technology) on relationship marketing performance, as well as the mediating affect of the relationship quality (namely; satisfaction and trust) and relationship duration as moderator variables on the a association between contextual relational variables and relationship marketing performance. Thus a cross sectional approach was chosen as the dominant method in marketing research, the questionnaire survey method is the more appropriate way to collect the data from the customers in insurance companies in Khartoum state.

#### **3.3.1 Sampling Procedure:**

The precise selection of the target population is necessary for the research project. The target populations are the customers of insurance companies in Khartoum state.

Therefore the purpose of generating information about:

Awareness of the insurance customer with the relationship marketing performance in the companies thus, only those customer whom have two years at least as minimum of the dealing with any specific company, they will be chosen for representing in sample of study.

Although convenience sampling may shorten the generalize of the findings, but, sometimes it may be the only viable alternative when quick, convenient, less expensive and timely information is needed for easily accessible members are chosen as subjects. In this context, the research model consists of variables.

The researcher intends to use observation for each variable because the sampling method will be non-probability sampling (convenience sampling). Consequently, the sample size is worth elements where is representing the total of variables in research model and 16 is representing number of observations for each variable in research model. The following section discusses the questionnaire design and development.

The entire questionnaire were first written in English and subsequently translated into Arabic by two different translators. The translations were then sent to language reviser who translated the finish items back into English.

These items were then compared with the original English item back and changes were made if it was necessary.

### **3.3.2 Development of Questionnaire:**

According to Kumar, Asker and Day (2001), there are five steps in developing a questionnaire. These steps includes: planning what to measure, developing the questionnaire, question wording, questionnaire

layout , pre-testing, correcting problems and it is implementations these steps are discussed in detail, in the subsequent section of the chapter.

### **Step 1: Planning what to measure**

This step is based on the research objective, problem statement, and the research issues, the survey questions were designed precisely to give clear ideas about the problems for the target respondent to answer.

The questions on the research instrument were divided into the following:

1/ question about customer general profile.

2/ question covered contextual relational variables namely (conflict handling, communication, customer knowledge and technology).

3/ questions covered relationship quality variables namely; (satisfaction and trust).

4/ questions covered relationships marketing performance (namely; customer retention and customer acquisition).

5/ questions covered relationship duration variables. All the responses except on the customers profile were elicited on 5 point scale {namely: (a) strongly disagree; (b) disagree; (c) neutral; (d) agree; (e) and strongly agree}, so this type of responses has been chosen from liker scale for its clarity, and moreover, respondents prefer simple scale that are easily understood (Mc Donald, 2004). Thus for most surveys, options that include 5-7 points will provide enough categories to cover the range of expected responses and provide the simplicity that respondents prefer (Trough 2005)

### **Step 2: Formatting questionnaire**

This step involve the conversion of the research objectives into information required to obtain the necessary output of the questionnaire, it involves formatting the clear statements.

The research questions in this study had been converted into relevant questions and clearly stated.



Most of the respondents were familiar with Arabic language. Therefore, the instrument required translation to Arabic language and then to English language again.

### **Step 3: question wording**

This step examines whether the question are clearly understand to all respondents. Thus, it is necessary to use simple terminologies to avoid unclear or elusiveness in the meaning it is important to avoid double-barreled or misleading and confusing question beside the phrasing and length of question, it is also designed to solicit idea and answers from target respondents. Sample statement was used to that the questionnaire could be easily understood. Answering the questionnaire was estimated to take approximately ten to fifteen minutes.

### **Step 4: Sequence and layout Designs**

This step concerns the sequence and flow of the statements for achieving the respondent's cooperation. The instrument should start with easy question flow containing from general to specific question. The sensitive or difficult question must be avoided or not placed at the beginning. Moreover, an attractive layout of the questionnaire is considered for clarity of the items presented.

### **Step 5: Pre-testing and correcting problems**

This step involves conduction a pilot test on the questionnaire to ensure that the questions meet the researcher's expectations with no ambiguities, appropriateness in the length of the questions, and clearing the double-barreled questions. The objective of the pilot test is to eliminate confusing statements and checking the reliability of the variables.

Therefore to determine reliability the Cronbach's (1951) Coefficient alpha will be used to separately assess the reliability of the sacks adopted in this study.

Table No. (3.1) Reliability test of the pilot study

<b>Variables</b>	<b>Cronbah' alpha</b>
Customer relationship variables (CRM)	.770
Relationship quality	.930
Relationship marketing performance	.770
Relationship duration	.668

*Source: Prepared by Researcher, (2013)*

### **3.3.3 Administration of the field works:**

Personal questionnaire are the best way to collect data. The major advantage is that, the data can collect all the completed responses with a short period of time.

Administration questionnaire to large numbers of individuals simultaneously is less expensive and less time consuming interview. The cover letter will attach to the first part of questionnaire which explains the objective of the study and ensured the confidentiality of the information a total of (300) personal questionnaires will distribute to respondents.

### **3.4 Measurement of the variables:**

In the following subsections, the measurements of the variables used in this study are discussed in detail.

Measures for all constructs were taken from the existing literature. Moreover, the questionnaire items were adapted from different sources to suit a insurance study.

#### **3.3.4.1 Conflict handling measurement:**

Conflict handling refers to the supplier's ability to minimize the negative consequence of manifest and potential conflict (Dwyer et al, 1987). Conflict handling includes the supplier's ability to avoid potential

conflicts, solve manifest conflicts before they create problems and the ability to discuss openly, solutions when problems arise (Ndubisi and Kok 2005).

Then, conflict handling is measured using a three item (namely; tries to avoid potential conflicts, solve manifest conflicts before it creating problems, and ability to openly discuss solutions when problem arising). These items, adapted from (Dwyer et al, 1987), are evaluated on a five-point likert scale (where= strongly disagree and 5= strongly agree).

#### **3.3.4.2 Communication measurement:**

Communication with the provider, in terms of exchange relationship, communication can be described as the formal as well as informal sharing of meaningful and timely information between firms (Anderson and Narus 1995).

Communication in relationship marketing means providing information that can be trusted; providing information when delivery problem occurs; providing information on quality problem and fulfilling promises (Ndubisi and Kok 2005). While, Mohr and Spekman (1994) focused on communication quality, but Anderson and Narus (1995) mentioned efficiency of information exchange rather than the amount information.

Thus, in this study, communication is measured used four items (namely; provides timely and trustworthy information, provides information, fulfillment of promises and provided accurate information). These items, adapted from (Anderson and Narus: 1995; Ndubisi and Kok: 2005), are evaluating on a five-point likert scale (where 1=strongly disagree and 5= strongly agree).

#### **3.3.4.3 Customer knowledge Measurement.**

Customer knowledge refers to the knowledge about current and future customer needs and preferences (Kohli and Jaworski (1995; Kohli et al, 1993)

Thus in this study, customer knowledge we were using four items, (i.e. employees in company are willing to help, Fully understands the needs of our key customer, channels enable ongoing two way communication, customer can expect prompt service from employees of company).

Customer knowledge was measured using four items adapted from Kohli et al, (1993), which are evaluating on five-point likert scale (where 1=strongly disagree and 5=strongly agree).

#### **3.3.4.4 Technology measurement.**

According to (Abbott et al, 2001) technology is equip data enterprises with the capability to collect, store, analyze and participate customer information. Technology are transforming the traditional approach to CRM to an integrated, web-enabled (Ghodesuar 2001).

Technology in this study is measured using a fifth item (namely; the right technical personnel, the right software to serve out customer, the right hard ware to survey out customer, individual customer information and maintains a comprehensive database). These items adapted from (Churchill's; 1979; Nunnally; 1987) are evaluated on a five-point likert scale (where 1= strongly disagree and 5= strongly agree).

#### **3.3.4.5 Trust measurement**

Trust is defined as “when one party has confidence in an exchange partner’s reliability and integrity” (Morgan and Hunt, 1994). As such Berry (1995) proposed customer who develop trust in service suppliers based on their experiences with them have good reasons to remain these relationship. This implies retention rate to the company will be big when it has perception of trust or confidence in the service provider. Trust was measured using six items adapted from Ndubisi & Kok: (2005), are evaluating on five-point likert scale (where 1= strongly disagree and 5= strongly agree).

#### **3.3.4.6 Satisfaction measurement**

Satisfaction is defined as: ((a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (outcome) in relation to his or her expectations (Kotler 2000).

Satisfaction "with the delivered products and services having been suggested and empirically documented as affecting the buyer's decisions to continue relationship" (Ndabisi, 2003; Anderson, 1994; Fornell, 1992; Hirschman 1970). The confirmation and disconfirmation theory (Churchill and Surprenant, 1982; Oliver, 1980).

Further authors describe customer satisfaction (Hirschman 1970) and Richens (1983) when customer are satisfied, the likelihood of exit from the relationship and negative word-of-mouth is reducing greatly.

Lovelock et al. (1998) classified customer satisfaction into satisfaction is inextricably linked to customer loyalty and relationship commitment, highly satisfied customer become positive walking and talking advertisement, highly satisfied customer may be more forgiving.

Satisfaction was measured using five items lately happy with company, are very pleased with company is the experiences with the company good, overall, I am very satisfied, I had to do it all over again still choose to use the company !!

Thus the measured using five items adapted from Churchill and Surprenant (1982), and Ndubisi (2003) are evaluating on five point likert scale (where 1= strongly disagree and 5= strongly agree).

#### **3.3.4.7 Customer Retention Measurement**

According to Ranaweera et al, (2003) is defining customer retention as the future propensity of a customer to stay with their service provider. While customer retention has been existed to be a key to profitability (Desai and Mahajan, 1998) and addition, to (Appiah Adu, 1999) customer

retention is an important determinant of market of market share among service firms (Ove et al 2004).

Going after (Cronin et al, 2000) Mukherjee and Nath, 2007) work, this research treating the concept of the customer retention as the customer behavioral intention and its measurements adopted from (Mukherjee and Nath 2007) and Soderlund (1998).

In the past, the terms customer retention and customer loyalty have been used to describing the same phenomenon (Zeithaml et al, 1996; Reichheld and Sasser, 1990). But now there are differences between, customer retention which focuses on repeated patronage of a marketer or supplier it is closely related to the repeat purchasing behavior, and the brand-loyalty construct as frequently discussed variable (Thurau & Klee 1997). Moreover, phenomenological method was used, since it allowed the presentation of people's own interpretations of customer satisfaction and customer retention (Gerber, 2001).

Thus customer retention are measuring adopted from the research's expertise and prior published work (Borden, 1984; Lush, 2007; Hurley and Hult, 1998; Amabile et al., 1996 Damanpour, 1987; Thompson, 1965; Blattberg et al, 2001, Chaudhuri and Holbrook, 2001, O'cass and Ngo, 2007 ).

The customer retention are measuring six items adopted from (Blattberg et al, 2007) I.e. my company maintain interactive two. Way communication with our customer's my company actively stress customer loyalty, my company integrate customer information across customer contact points... etc). Thus items are evaluating on five point likert scale (where 1= strongly des agree and 5= strong agree).

#### **3.3.4.8 Customer Acquisition measurement.**

According to (Blattberg et al, 2001) is defining customer acquisition as the interaction that occur between the firm and the customer form the time

of first contact until the time that the customer makes a repeat purchase. Thus, customer acquisition is measuring five items, adopted from (Blattberg et al, 2001). These measurements, (I.e..my company attempt to build long-term relationship with our high-value customer, my company made attempts to attract prospect in order to coordinate messages across media channels, my company have a formal system in place that differentiates targeting, my company systematically present different offers, and my company differentiate our acquisition investments based on customer value.

Thus, items are evaluated on a five-point Likert scale (where 1= strongly disagree and 5= strongly agree).

#### **3.3.4.9 The relationship of duration measurement:**

The relationship of duration is defined as “the strength which is likely to impact on customer retention and loyalty and ultimately on long-term profitability” (Gwinner et al, 1998, Palmer and Bejou, 1994).

The relationship of duration (length of the relation) in order to assess the novelty of the relationship between the company and the customer we asked the respondents to indicate the number of years they had been dealing with their companies.

Relationship of duration was measured using one item (i.e. how many years you dealing with this company) adapted from McCrery et al. (2002), are evaluated on a five-point Likert scale (where 1= strongly disagree and 5= strongly agree).

### **3.5 Data Analysis techniques**

To analyze the data and test the hypotheses several statistical tools were employed. Statistical package for social science (SPSS) version 11.5 and ITALASSI programme version 1.2 was used with the following technique:

1. Factor analysis (principal component) used to ensure the goodness of measures using the following guidelines:

- Eigen value of 1 or greater.
- Varimax rotation method.
- The cut-off point for significant factor loading is 0.5.

2/ cronbach alpha for reliability to measure the internal consistency.

3/ descriptive statistics was used to describe the respondents characteristics.

4/ Pearson correlation was used to see the degree of correlation between the variables.

5/ multiple linear regression used to test the hypothesis.



## Section Two

### Data Analysis

#### 3.6 Questionnaires Rate of Return

Table 3.1 presents a summary of the response rate. A total of 135 questionnaires were distributed to the respondents. Therefore, the customers of Sudanese insurance companies were asked in sample of population to fill the questionnaires. A total of 275 questionnaires were returned to researcher. The overall response rate was 91.6%. This high response rate is due to the questionnaires being given one by one and face to face to the respondents, as well as that the researcher was using personally administered questionnaires (Sekaran, 2003).

Table No. (3.2) The response rate.

<b>Total Questionnaires sent to the companies</b>	<b>300</b>
Returned questionnaires (not filled- up)	<b>0</b>
Completed questionnaire received from respondents	<b>275</b>
Returned questionnaires (partially answered)	<b>0</b>
Questionnaires not returned	<b>25</b>
Overall response Rate	91.6
Usable response Rate	91.6%

*Source: prepared By Researcher.*

### **3.7 Respondent characteristics**

The table (3.3) also shows that the majority of the respondent were male (72.4%), followed by female (25.8%).

The range of the respondents' ages as following: (20-30) year represents (22.5%) as lower ratio and those above (50) year was account for (16.4%). whereas the respondents' ages between (31 -40) years (34.2%), and lastly, the respondents ages between (41- 50) year were represented (26.9).

Regarding the respondents Marital status, majority of them were married (55.6%) as a high ratio, followed by (28.7%) of the respondents were singles. While, widow respondents were (8%).

Concerning the respondents educational who the questionnaires, majority of them were graduate, they account for (60.0%), followed by the level of School education (21.8%); and level of Post graduate (12.0%) and khalwa (2.9%) as lower ratios.

As for the Relationship duration of respondents' with insurance company, the table shows that respondents' whom they have duration with insurance company from (2 - 4) were account (37.8%) followed by the those of duration from (5 -7 years) their number equal to (29.1%), and those respondents from (8 - 10 years) were account for (13.1%) and respondents' whom they have duration more than (14years) (5.1%) .

Table No. (3.3) Respondent characteristics

		<b>Frequency</b>	<b>Percent</b>
Gender	Male	199	%72.4
	Female	71	%25.8
<b>Total</b>		<b>270</b>	<b>99.5</b>
Age	20 – 30	62	22.5
	31 – 40	94	34.2
	41 – 50	74	26.9
	More than 50	45	16.4
		<b>275</b>	<b>100%</b>
Marital status	Single	79	28.7
	Marriage	153	55.6
	Widow	22	8
		<b>254</b>	<b>%92.4</b>
Education	Khalwa	8	2.9
	School	60	21.8
	University	165	60
	Post graduate	33	12
		<b>266</b>	<b>96.7</b>
Relationship duration	2 – 4	104	37.8
	5 – 7	80	29.1
	8 – 10	36	13.1
	11 – 13	17	6.2
	More than 14	14	5.1
		<b>251</b>	<b>91.3</b>

*Source: researcher from analysis 2013*

Concerning the respondents characteristics who fill up questionnaires, and in terms of bank name, the table (3.4) shows that; respondents whom deal with the Alnielien insurance company were (12%) as a high percent, followed by Blue Nile for insurance respondents (11.6%), Islamic insurance company were (10.9%), and Alsavana insurance company were (10.5%). Shikan for insurance and reinsurance account (9.1%) followed by Alsalama respondents (8.7%) followed by Albaraka for insurance company (7.3%), followed by Sudanese for insurance company (6.9%) followed by those response from United for insurance (6.5%) followed by Middle east company account (5.8%), and (5.1%) from Juba for insurance and also (4.7%) respondents from Cooperative for insurance account (2.4%). Whereas Shawamikh company presents (.7%), as lowest ratios

In addition as type of insurance the majority of respondents were subscribers of Cars insurance by (34.2%) . Followed by subscribers of Engineering insurance by (12.7%), followed by Multi accident insurance (8.4%), followed by Fire insurance (6.9%) followed by subscribers of Medical insurance (6.5%), followed by Export insurance (1.8%) followed by Marine insurance and livestock insurance (1.1%), and lastly Travel and aviation insurance (0.7%) as lower percentage.

Table No. (3.4) Respondents characteristics

		<b>Percent</b>	<b>Frequency</b>
Company name	United for insurance	18	6.5
	Islamic insurance company	30	10.9
	Albaraka	20	7.3
	Sudanese for insurance	19	6.9
	Alsalama	24	8.7
	Shawamikh	2	.7
	Shikan	25	9.1
	Cooperative for insurance	13	4.7
	Alsavana	29	10.5
	Blue Nile for insurance	32	11.6
	Middle east	16	5.8
	Alnielien	33	12.0
	Juba for insurance	14	5.1
		<b>275</b>	<b>%100.0</b>
Type of insurance	Cars insurance	94	34.2
	Fire insurance	19	6.9
	Marine insurance	3	1.1
	Engineering insurance	35	12.7
	Multi accident insurance	23	8.4
	Livestock	3	1.1
	Travel and aviation	2	.7
	Medical	18	6.5
	Export insurance	5	1.8
		<b>202</b>	<b>73.5</b>

*Source: researcher from analysis 2013*

### 3.8 Factor analysis of customer relationship variables (CR)

Factor analysis was done on the thirteen - items, which was used to measure customer relationship variables constructs. Table 5.6 showed the summary of results of factor analysis on measure customer relationship variables and the SPSS output is shown in Appendix

Table 3.4 shows that the items for customer relationship variables loaded on three components/factors with age and values exceeding 1.0. These three factors explain 60.72% of variance in the data (above the recommended level of 0.60). All the remaining items also had the factor loading values above the minimum values of 0.50, with value of cross loading less than .50. The first factors of customer relationship variables are **Communication and knowledge** captures (7) items of knowledge and some items from communication. Thus the factor one will be **Communication and knowledge**. second factor captures all the items of technology, , and the third factor captures three items of the **Conflict handling** However, the name original name of this factor was retained as it is.

As shown in Table 5.5, factor loading of customer relationship variables items on the three factors ranged from 0.55 to 0.78. Thus, this study found that marketing performance **in** Sudanese insurance sector consists of two factors, namely; customer retention and customer acquisition.

Table No. (3.5) Rotated Factor Loading for customer relationship variables

Items No:		Components		
		1	2	3
<b>Communication and knowledge</b>				
	The employees in the company have a best necessities knowledge to serve me	<b>.634</b>	.260	.306
	My company provides timely and trust worthy information	<b>.654</b>	.276	.068
	My company fulfills is promised	<b>.656</b>	.249	.254
	Information provided by company is accurate for all my questions	<b>.729</b>	.167	.162
	My company's employees are willing to help customers in responsive manner	<b>.765</b>	.221	.199
	My company's fully understand the needs of our key customers via knowledge leaning	<b>.719</b>	.147	.255
	Customers can expect prompt service from employees	<b>.558</b>	.413	.112
<b>Technology</b>				
	My invest I technology to acquire and manage (real time) customer information	.218	<b>.733</b>	.012
	My companies have dedicated CRM technology in place	.303	<b>.724</b>	.167
	My company have technologies that allow for one to one communication with potential	.266	<b>.784</b>	.044
	Relative to our competitors the quality of information technology resources is large	.155	<b>.627</b>	.381
<b>Conflict handling</b>				
	The company tries to avoid potential conflict	.093	.173	<b>.811</b>
	My company tries to solve main fest conflict they create problem	.322	-.030	<b>.757</b>
	My company has the ability to openly discuss solution when problem arise	.409	.241	<b>.664</b>
	Total Variance Explained (%)	60.724		
	Kaiser-Meyer-Olkin (KMO)	.895		
	Bartlett's Test of Sphercity	1427.146		

Source: researcher from analysis 2013

### 3.9 Factor Analysis of Relationship quality Variables

Table 3.6 shows that the items for marketing performance loaded on one component/factor with eigenvalues exceeding 1.0. These three factors explain 66.69% of variance in the data (above the recommended level of 0.60). All the remaining items also had the factor loading values above the minimum values of 0.50, with value of cross loading less than .50. The first factors of **relationship quality** is captures nine items out of twelve merged from two factors (satisfaction, trust) . Thus the two factor merged together to be as on factor, However, the name of this factor will be relationship quality.

As shown in Table 3.6, factor loading **relationship quality** items present in one factor ranged from 0.73 to 0.88. Thus, this study found that **relationship quality** in Sudanese insurance sector consists of one factor,

Factor analysis of relationship quality

Table No. (3.6) The items for marketing performance

Variables	Factor 1
My choice to use this company was a wise one	<b>.817</b>
Iam always delighted with this company service	<b>.837</b>
Iam feeling that the company dealing way with me is acceptable	<b>.839</b>
I think I did the right thing when I decided to use this company	<b>.760</b>
Iam satisfied from my relationship and dealing with this company	<b>.888</b>
My company is very concerned with security for my transactions	<b>.862</b>
My company's words and promises are reliable	<b>.833</b>
My company is consistent in providing quality services	<b>.770</b>
Most of the company employees have high credibility	<b>.730</b>
Variance explained	<b>66.690</b>
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	<b>.931</b>
Bartlett's Test of Sphericity	<b>1689.407</b>

*Source: researcher from analysis 2013*



### 3.10 Factor Analysis of marketing performance Variables

Table 3.7 shows that the items for marketing performance loaded on two components/factors with eigenvalues exceeding 1.0. These three factors explain 67.14% of variance in the data (above the recommended level of 0.60). All the remaining items also had the factor loading values above the minimum values of 0.50, with value of cross loading less than .50. The first factors of marketing performance is **Customer retention** captures five items out of six of the **Customer retention**. Thus the factor one was hold as it is. Second factor captures three items out of five of **Customer acquisition**. However, the name original name of this factor was retained as it is.

As shown in Table 3.7, factor loading of **marketing performance** items on the two factors ranged from 0.69 to 0.88. Thus, this study found that **marketing performance** in Sudanese insurance sector consists of two factors, namely; **Customer retention, Customer acquisition**

Table (3.7) Rotated Factor Loading marketing performance

Items No:		Components	
		1	2
<b>Customer retention</b>			
	My company's maintain in interactive two way communication with our customers	<b>.801</b>	.230
	My company's actively stress customer loyalty or retention program	<b>.841</b>	.149
	My company's integrate customer information across customer	<b>.744</b>	.252
	My company's structured to optimally respond to groups of customers with different value	<b>.711</b>	.383
	My company's attempt to build long term	<b>.719</b>	.207

	relationship with our high –value customer		
<b>Customer acquisition</b>			
		.325	<b>.690</b>
	My company’s systematically present different offers to prospects based on the prospects economic value	.293	<b>.812</b>
	My company’s differentiate our acquisition investment based on customer value	.126	<b>.882</b>
	Total Variance Explained (%)	<b>67.14</b>	
	Kaiser-Meyer-Olkin (KMO)	<b>.873</b>	
	Bartlett’s Test of Sphercity	<b>901.648</b>	

*Source: researcher from analysis 2013*

### **3.11 Reliability Analysis**

Reliability is an assessment of the degree of consistency between multiple measurements of variables (Hair et al., 2010). To test reliability, this study used Cronbach’s alpha as a diagnostic measure, which assesses the consistency of entire scale, since being the most widely used measure. According to Hair et al. (2010), the lower limit for Cronbach’s alpha is 0.70, although it may decrease to 0.60 in exploratory research. While Nunnally (1978) considered Cronbach’s alpha values greater than 0.60 are to be taken as reliable.

The results of the reliability analysis summarized in Table 4 confirmed that all the scales display satisfactory level of reliability (Cronbach’s alpha exceed the minimum value of 0.7). Therefore, it can be concluded that the measures have acceptable level of reliability. The full SPSS output is displayed in Appendix.

Table (3.8) Reliability

<b>Construct</b>	<b>Variable</b>	<b>Number of items</b>	<b>Cronbach's alpha</b>
<i>Customer relationship variables</i>	<b>Communication and knowledge</b>	7	0.77
	<b>Technology</b>	4	0.86
	<b>Conflict handling</b>	3	0.77
<b>Marketing performance</b>	<b>Customer retention</b>	5	0.77
	<b>Customer acquisition</b>	3	0.86
<i>Relationship quality</i>	<i>Relationship quality</i>	9	0.93

*Source: researcher from analysis 2013*

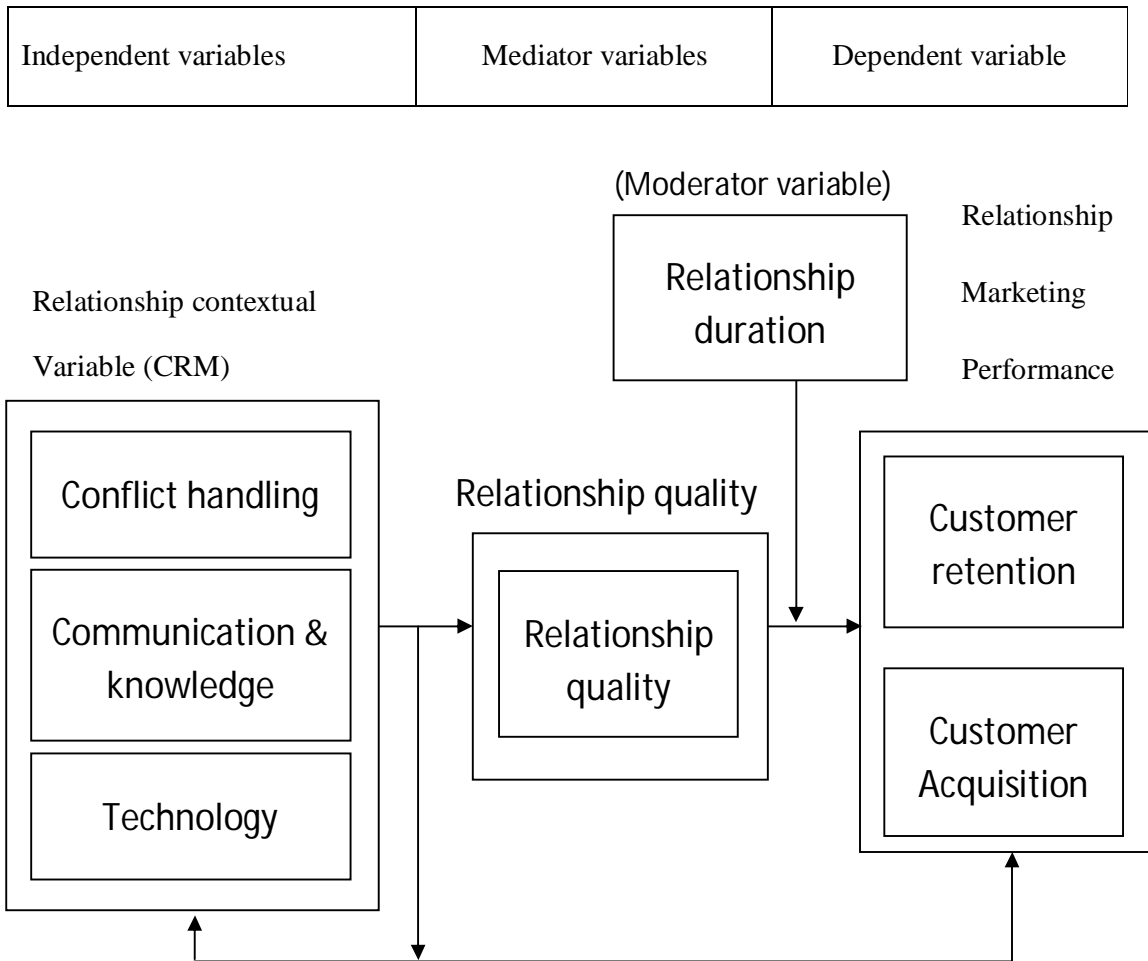
### **3.12 Modified of Research Framework and hypotheses**

From the result of the factor analysis, the whole previous conceptual framework had been changed. Obviously, the customer knowledge, communication variables were changed and renamed to communication and knowledge. Based on the result of factor analysis, the whole previous conceptual framework had been changed. Obviously, the customer relationship variables (CRM) had been changed and the customer knowledge communication variables were also changed and renamed to be in line with communication and knowledge. Relationship quality had been modified from two variables (satisfaction and Trust) to one variable and had become relationship quality alone, but the other variables remain unchanged. Therefore, (The modified conceptual framework is presented in figure (3.1). Accordingly, the earlier hypotheses relating to some variables will be changed. Also, some previous partial hypotheses will be removed according to the factor analysis extraction.

**Figure No. 3.1**

**The modified conceptual framework**

**The Research conceptual framework**



Based on modified theoretical framework, the hypotheses related to all dimensions need to be restated. The restated hypotheses reflect the addition of new variables and the eliminated ones related to the constructs.

The bellow sections will explore the changes and removal of hypotheses according to factor analysis results.

H1. There is a positive relationship between customer relationship (CRM) and relationships marketing performance.

H1.1. There is a positive relationship between customer relationship (CRM) and customer retention.

H1.1a. There is a positive relationship between conflict handling and customer retention.

H1.1b. There is a positive relationship between communication; knowledge and customer retention.

H1.1c. There is a positive relationship between technology and customer retention.

H1.2 There is a positive relationship between customer relationship (CRM); customer acquisition; conflict handling and customer acquisition.

H1.2a. There is a positive relationship between conflict handling and customer acquisition.

H1.2b. There is a positive relationship between communication; and knowledge and customer acquisition.

H1.2c. There is a positive relationship between technology and customer acquisition.

H2. There is a positive relationship between customer relationship (CRM) and relationship quality.

H2.1a. There is a positive relationship between conflict handling and relationship quality.

H2.1b. There is a positive relationship between communication and knowledge and relationship quality.

H2.1c. There is a positive relationship between technology and relationship quality.

H3. There is a positive relationship between relationship quality and relationships marketing performance.

H3.1. There is a positive relationship between relationship quality and customer retention.

H3.2. There is a positive relationship between relationship quality and acquisition.

H4. Relationship quality mediates the relationship between customer relationship (CRM) and relationship marketing performance.

H4.1. Relationship quality mediates the relationship between customer relationship (CRM) and customer retention.

H4.1a. Relationship quality mediates the relationship between conflict handling and customer retention.

H4.b1. Relationship quality mediates the relationship between communication and knowledge and customer retention.

H4.1c. Relationship quality mediates the relationship between technology and customer retention.

H4.2. Relationship quality mediates the relationship between the customer relationship (CRM) and customer acquisition.

H4.2.1. Relationship quality mediates the relationship between conflict handling and customer acquisition.

H4.2.2. Relationship quality mediates the relationship between communication and knowledge and customer acquisition.

H4.2.3. Relationship quality mediates the relationship between technology and customer acquisition.

H5. The effect of relationship quality on relationships marketing performance is stronger when relationship duration variables are higher.

H5.1. The effect of relationship quality on customer retention is stronger when relationship duration is higher.

H5.2. The effect of relationship quality on customer acquisition is stronger when relationship duration is higher.

### 3.13 Descriptive Analysis of customer relationship variables

Table 3.9 shows the means and standard deviations of the four dimensions of *customer relationship variables*: **Communication and knowledge**, **Technology**, Conflict handling,. The table reveals that the *customer relationship variables* emphasized more on Conflict handling (mean=3.97, standard deviation=.688), followed by **Technology** (mean=3.96, standard deviation=0.699), and then **Communication and knowledge** (mean=3.77, standard deviation=0.845). Given that the scale used a 5-point scale (1=strongly disagree, 5=strongly agree), it can be concluded that Sudanese insurance companies have high customer relationship above the average mean.

Table No. (3.9) Descriptive Analysis of customer relationship *variables*

<b>Descriptive Analysis of <i>customer relationship variables</i></b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Communication and knowledge</b>	<b>3.77</b>	<b>.845</b>
<b>Technology</b>	<b>3.96</b>	<b>.699</b>
Conflict handling	<b>3.97</b>	<b>.668</b>

*Source: researcher from analysis 2013*

**Note:** All variables used a 5-point likert scale (1= strongly disagree, 5= strongly agree)

### 3.14 Descriptive Analysis of Relationship quality

Table 3.10 shows the means and standard deviations of the Relationship quality:. The table reveals that the Sudanese insurance companies emphasized more on Relationship quality (mean=4.06, standard deviation=.740), Given that the scale used a 5-point scale (1=strongly disagree, 5=strongly agree), it can be concluded that Sudanese industrial companies have high relationship quality above the average mean.

Table (3.10) Descriptive Analysis of Relationship Quality Variables

<b>Descriptive Analysis of Relationship Quality</b>	<b>Mean</b>	<b>Standard Deviation</b>
Relationship Quality	<b>4.06</b>	<b>.740</b>

*Source: researcher from analysis 2013*

**Note:** All variables used a 5-point likert scale (1= strongly disagree, 5= strongly agree)

### 3.15 Descriptive Analysis of marketing performance

Table 3.11 shows the means and standard deviations of the two dimensions of **marketing performance**: Customer retention, Customer acquisition,. The table reveals that the Sudanese insurance companies emphasized more on Customer retention (mean=3.91, standard deviation=0.704), followed by Customer acquisition (mean=3.71, standard deviation=0.831), Given that the scale used a 5-point scale it can be concluded that Sudanese insurance companies have high marketing performance above the average mean.



**Table No. (3.11)**

**Descriptive Analysis of marketing performance Variables**

<b>Descriptive Analysis marketing performance</b>	<b>Mean</b>	<b>Standard Deviation</b>
Customer retention	<b>3.91</b>	<b>.704</b>
Customer acquisition	<b>3.71</b>	<b>.831</b>

*Source: researcher from analysis 2013*

**Note:** All variables used a 5-point likert scale

**3.16 Correlation Analysis**

Table 3.12 presents the results of the inter-correlation among the variables. The correlation analysis was conducted to see the initial picture of the interrelationships among the variables of the study. Therefore, the importance of conducting correlation analysis is to identify any potential problems associated with multi-co linearity (Sekaran, 2000). Table 3.10 represents the correlation matrix for the constructs operationalized in this study. These bivariate correlations allow for preliminary inspection and information regarding hypothesized relationships. In addition to that, correlation matrix gives information regarding test for the presence of multi co linearity. The table shows that no correlations near 1.0 (or approaching 0.8 or 0.9) were detected, which indicate that multi co linearity is not a significant problem in this particular data set.

Table 3.12 shows that Conflict handling is positively and significantly correlated with Customer retention ( $r=.522$ ,  $p\text{-value}<0.05$ ), and significantly correlated with Customer acquisition ( $r=.327$ ,  $p\text{-value}<0.05$ ), and significantly correlated with Relationship quality ( $r=.488$ ,  $p\text{-value}<0.05$ ). Communication and knowledge is significantly correlated with

Customer retention ( $r=.726$ ,  $p\text{-value}<0.05$ ), and significantly correlated with Customer acquisition ( $r=.393$ ,  $p\text{-value}<0.05$ ), and significantly correlated with Relationship quality ( $r=.756$ ,  $p\text{-value}<0.05$ ), Technology positively and significantly correlated with Customer retention ( $r=.742$ ,  $p\text{-value}<0.05$ ) and also have with Customer acquisition ( $r=.427$ ,  $p\text{-value}<0.05$ ), and Relationship quality ( $r=.700$ ,  $p\text{-value}<0.05$ ). and in addition Relationship quality is significantly correlated with Customer retention ( $r=.805$ ,  $p\text{-value}<0.05$ ), and also significantly correlated with Customer acquisition ( $r=-.437$ ,  $p\text{-value}<0.05$ ). The SPSS Output is attached in Appendix.

**Table No. (3.12)**

**Person's Correlation Coefficient for All Variables**

Variables	Conflict handling	Communication and knowledge	Technology	Relationship quality	Customer retention	Customer acquisition
Conflict handling	1.00					
Communication and knowledge	.611(**)	1.00				
Technology	.559(**)	.890(**)	1.00			
Relationship quality	.488(**)	.759(**)	.700(**)	1.00		
Customer retention	.525(**)	.726(**)	.742(**)	.805(**)	1.00	
Customer acquisition	.327(**)	.393(**)	.427(**)	.437(**)	.567(**)	1.00

\*\*  $p < .01$

\*  $p < .05$

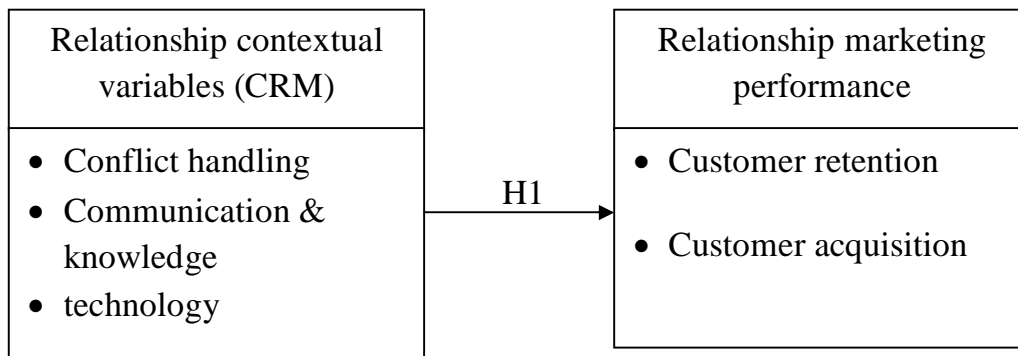
*Source: researcher from analysis 2013*

### 3.17 The Relationship between customer relationship variables and marketing performance

This section deal with the first hypotheses in the study which predicts that three customer relationship **variables** components (conflict handling, communication and knowledge technology, ) have positive relationship with the two dimensions of **marketing performance** (customer retention, customer acquisition). As shown in figure 3.2 below

Figure No. (3.2)

The relationship between customer relationship (CRM) and relationships marketing performance:



#### 3.17.1 The Relationship between customer relationship variables and customer retention

Table 3.13 shows the results of the hierarchical regression equation testing the influence of the customer relationship variables on customer retention. The customer relationship variables explained 71.087% of the variance in customer retention. However, the result shows that the model is significant. In addition the results show that all the three component of customer relationship variables is a positive significantly influenced marketing performance. The results showed that the hypothesis was supported, i.e. there is a positive relationship between customer relationship variables and customer retention

The results also showed that Technology have the most significant effect on customer retention ( $\beta=0.535$ ,  $p<0.000$ ), followed by conflict handling ( $\beta=0.099$ ,  $p<0.165$ ), followed by communication and knowledge ( $\beta=0.087$ ,  $p<0.510$ ),). These results give support to hypotheses H1.1a (Technology and customer retention ), H1.1b (conflict handling and customer retention ), and not support H1.1c (communication and knowledge and customer retention ). Therefore, these results provide support for the assertion that the customer relationship variables does lead to the creation of customer retention . The full SPSS output is displayed in Appendix

Table No. (3.13) Customer relationship variables and customer retention  
(Beta coefficient)

<b>Variables</b>	<b>Customer retention</b>	<b>Sig</b>
Conflict handling	<b>.099</b>	.165
Communication and knowledge	<b>-.087</b>	.510
Technology	<b>.535***</b>	.000
<b>R<sup>2</sup></b>	<b>.268</b>	
<b>Adjusted R<sup>2</sup></b>	<b>0.258***</b>	
<b><math>\Delta</math> R<sup>2</sup></b>	<b>.268</b>	
<b>F change</b>	<b>28.64</b>	

Source: researcher from analysis 2013

Note: Level of significant: \* $p<0.10$ , \*\* $p<0.05$ , \*\*\* $p<0$

This section deal with the first hypotheses in the study which predicts that three customer relationship **variables** components (conflict handling, communication and knowledge technology, ,) have positive relationship with the two dimensions of **marketing performance** (customer retention , customer acquisition).

### **3.17.2 The Relationship between customer relationship variables and customer acquisition**

Table 3.14 shows the results of the hierarchical regression equation testing the influence of the customer relationship variables on Customer acquisition. The customer relationship variables explained 71.087% of the variance in Customer acquisition. However, the result shows that the model is significant. In addition the results show that all the three component of customer relationship variables is a positive significantly influenced marketing performance. The results showed that the hypothesis was supported, i.e. there is a positive relationship between customer relationship variables and Customer acquisition. The results also showed that Communication and knowledge have the most significant effect on Customer acquisition ( $\beta=0.568$ ,  $p<0.000$ ), followed by Technology ( $\beta=0.156$ ,  $p<0.073$ ), followed by Conflict handling ( $\beta=0.094$ ,  $p<0.073$ ),). These results give support to hypotheses H1.1a (Communication and knowledge and Customer acquisition), H1.1b (conflict handling and Customer acquisition), and not support H1.1c (communication and knowledge and Customer acquisition Therefore, these results provide support for the assertion that the customer relationship variables does lead to the creation of Customer acquisition. The full SPSS output is displayed in Appendix

Table No. (3.14) Customer relationship variables and customer acquisition  
(Beta coefficient)

	Customer acquisition	Sig
Conflict handling	.094	.073
Communication and knowledge	.568***	.000
Technology	.156	.107
<b>R<sup>2</sup></b>	<b>.597</b>	
<b>Adjusted R<sup>2</sup></b>	<b>0.592</b>	
<b>Δ R<sup>2</sup></b>	<b>.597</b>	
<b>F change</b>	<b>115.67</b>	

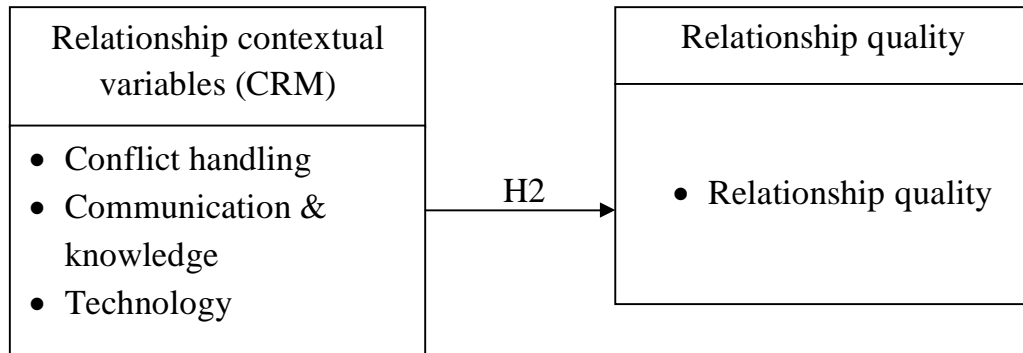
Source: researcher from analysis 2013

Note: Level of significant: \*p<0.10, \*\*p<0.05,\*\*\*p<0

### 3.18 The Relationship between customer relationship variables and relationship quality

This section deal with the first hypotheses in the study which predicts that three customer relationship **variables** components (conflict handling, communication and knowledge technology, ) have positive relationship with the two dimensions of **relationship quality** as shown in figure 4.3 below.

Figure No. 3.3 The relationship between customer relationship (CRM) and relationship quality



The Relationship between customer relationship variables and relationship quality

Table 3.16 shows the results of the hierarchical regression equation testing the influence of the customer relationship **variables** on **relationship quality**. The **customer relationship variables** explained 71.087% of the variance in **relationship quality**. However, the result shows that the model is significant. In addition the results show that all the three component of **customer relationship variables** is a positive significantly influenced **relationship quality**. The results showed that the hypothesis was supported, i.e. there is a positive relationship between **customer relationship variables and relationship quality**

The results also showed that Communication and knowledge have the most significant effect on relationship quality ( $\beta=0.67$ ,  $p<0.000$ ), followed by Technology ( $\beta=0.102$ ,  $p<0.26$ ), followed by Conflict handling ( $\beta=0.011$ ,  $p<0.82$ ). These results give support to hypotheses H1.1a (Communication and knowledge and Relationship quality), H1.1b (conflict handling and Relationship quality), and not support H1.1c (communication and knowledge and Relationship quality).

Table No. (3.15) *Multiple Regressions: customer relationship variables and Relationship quality (Beta coefficient)*

<b>Variables</b>	<b>Relationship quality</b>	<b>Sig</b>
Conflict handling	.011	.82
Communication and knowledge	.67***	.000
Technology	.102	.26
<b>R<sup>2</sup></b>	<b>.603</b>	
<b>Adjusted R<sup>2</sup></b>	<b>0.598</b>	
<b><math>\Delta R^2</math></b>	<b>.603</b>	
<b>F change</b>	<b>116.36</b>	

*Source: researcher from analysis 2013*

Note: Level of significant: \* $p<0.10$ , \*\* $p<0.05$ , \*\*\* $p<0$



### 3.19 The Relationship between Relationship quality and relationship marketing performance:

#### 3.19.1 The Relationship between Relationship quality and customer acquisition

Table 3.16 shows the results of the hierarchical regression equation testing the influence of the Relationship quality on **customer acquisition**. The Relationship quality explained 71.087% of the variance in **customer acquisition**. However, the result shows that the model is significant. In addition the results show that all Relationship quality is a positive significantly influenced **customer acquisition**. The results showed that the hypothesis was supported, i.e. there is a positive relationship between **r Relationship quality and customer acquisition**

The results also showed that Relationship quality have significant effect on customer acquisition ( $\beta=0.437$ ,  $p<0.000$ ), These results give support to hypotheses H1.1a (Relationship quality and customer acquisition ),

Table No. (3.16) *Multiple Regressions: Relationship quality and Customer acquisition (Beta coefficient)*

Variables	Customer acquisition	Sig
Relationship quality	<b>.437</b>	0.000
R <sup>2</sup>	.191	
Adjusted R <sup>2</sup>	0.765***	
$\Delta$ R <sup>2</sup>	.191	
F change	57.41	

*Source: researcher from analysis 2013*

Note: Level of significant: \* $p<0.10$ , \*\* $p<0.05$ , \*\*\* $p<0$

### 3.19.2 The Relationship between Relationship quality and Customer retention

Table 3.17 shows the results of the hierarchical regression equation testing the influence of the Relationship quality on Customer retention. The Relationship quality explained 71.087% of the variance in Customer retention. However, the result shows that the model is significant. In addition the results show that all Relationship quality is a positive significantly influenced Customer retention. The results showed that the hypothesis was supported, i.e. there is a positive relationship between **r** Relationship quality **and** Customer retention The results also showed that Relationship quality have significant effect on customer retention ( $\beta=0.805$ ,  $p<0.000$ ), These results give support to hypotheses H1.1a (Relationship quality and Customer retention),

Table No. (3.17) *Multiple Regressions: Relationship quality and Customer retention (Beta coefficient)*

	<b>Customer retention</b>	<b>Sig</b>
Relationship quality	<b>.805</b>	0.000
R <sup>2</sup>	.648	
Adjusted R <sup>2</sup>	0.647***	
$\Delta$ R <sup>2</sup>	.648	
F change	436.77	

*Source: researcher from analysis 2013*

Note: Level of significant: \* $p<0.10$ , \*\* $p<0.05$ , \*\*\* $p<$

This subsection deal with third hypotheses in the study which predicts that (Relationship quality) have positive relationship with the two

dimension of relationships marketing performance (customer retention & customer acquisition). As shown in figure 3.18 below:

<b>Item</b>	Statement of Hypothesis: There is a positive relationship between,	<b>Remark</b>
H1	<b>customer relationship variables and marketing performance</b>	<b>Partially Supported</b>
H1.1	Conflict handling and Customer acquisition	Not Supported
H1.1a	Communication and knowledge and Customer acquisition	not Supported
H1.1b	Technology and Customer acquisition	Supported
H1.2	<b>customer relationship variables and Customer retention</b>	<b>Partially Supported</b>
H1.2a	Conflict handling and Customer retention	Not Supported
H1.2b	Communication and knowledge and Customer retention	Supported
H1.2c	Technology and Customer retention	<b>Not Supported</b>
H1.3	<b>customer relationship variables and relationship quality</b>	<b>Partially Supported</b>
H1.2a	Conflict handling and Customer relationship quality	Not Supported
H1.2b	Communication and knowledge and Customer relationship quality	Supported

H1.2c	Technology and Customer relationship quality	<b>Not Supported</b>
H1.2e	<b>Relationship quality and marketing performance</b>	Fully Supported
	Relationship quality <b>and</b> Customer acquisition	Supported
	Relationship quality and Customer acquisition	Supported

Figure No.3.4 The relationship between relationship quality and relationships marketing performance

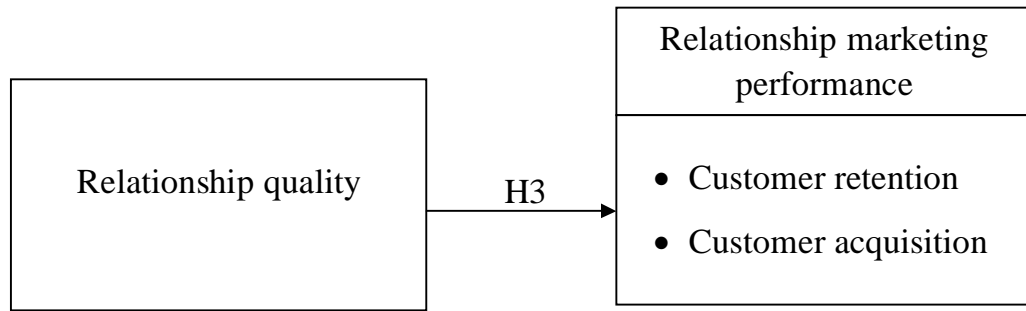


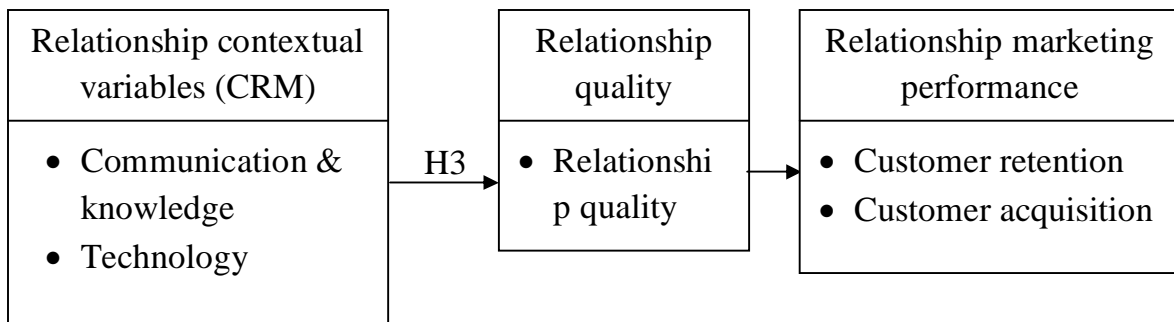
Table No. (3.19) Summary of Hypotheses Testing Results for the customer relationship variables and marketing performance

*Source: researcher from analysis 2013*

### 3.29 Mediation of relationship quality on the relationship between customer relationship variables and Relationship marketing performance

The support from the first three hypotheses provides the initial steps required to test the fourth hypotheses in the study which predicts whether relationship quality may be a mediating variable between customer relationship (CRM) (conflict handling, communication & knowledge and technology) and relationships marketing performance (customer retention and customer acquisition) (Baron & Kenney, 1986). As shown in figure 3.5 below.

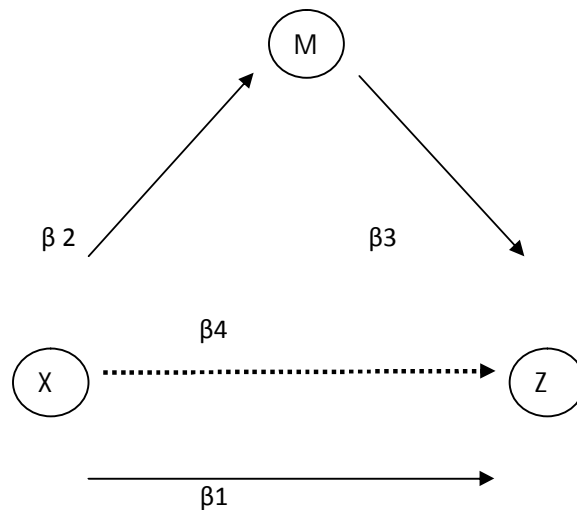
Figure No. 3.5 Mediation effect of relationship quality



To test these hypotheses, this study applies a three-step hierarchical regression as shown by Baron and Kenny (1986). First step, the independent variable must affect the dependent variable significantly ( $\beta_1$  must be significant). Second step, the independent variable should affect the mediating variable ( $\beta_2$  must be significant). Third step, mediating variable must influence the dependent variable significantly ( $\beta_3$  must be significant). On the other hand, in order to establish whether mediator is fully or partial between the independent variable and dependent variable, the impact of independent variable on dependent variable controlling for mediating variable should be zero or  $\beta_4$  is not

significant in fully mediator, while partial mediator exists once  $\beta_4$  is significant but reduced. To establish that the mediator (M) is fully mediates the relationship between the initial variable (X) and outcome variable (Z), the impact of X on Z controlling for M should be zero or  $\beta_4$  is not significant, whereas, partially mediator exists when  $\beta_4$  is significant. As shown in figure 4.6 below mediating the

**Figure 3.6 Mediation structure**



Based on the results of multiple regression analysis that had been presented in Table 3.24, and 3.25 relationship quality based and satisfaction & trust significantly influence any dimensions of relationship marketing performance. This mean that did fulfill the third conditions these two variables had violated the third assumption of the mediating effect; in that the mediating variable must significantly influence the criterion variable ( $\beta_3$  must be significant). Hence, relationship quality establish the mediation effects.

As regard the mediation effect of **relationship quality** on the relationship between customer relationship variables and marketing performance (*customer acquisition*), the results of regression analysis given in Table 3.20 showed the results of the hierarchical regression testing the

mediation effect of **relationship quality** on the relationship between customer relationship variables and *customer* acquisition In model 1, the results showed that conflict handling, Communication and knowledge, and Technology significantly influence *Customer acquisition* with beta coefficient for conflict handling, Communication and knowledge, and Technology ( $\beta = .097$ ), ( $\beta = .044$ ), and ( $\beta = .254$ ) respectively. In model 2, the extent, as the beta value coefficient Communication and knowledge were decreased. ( $\beta = -.210$ ), however Conflict handling, Technology were increased and that is mean **relationship quality it's not mediate the relationship between customer relationship** variables and customer acquisition

Concerning the type of mediation of relationship quality on the relationship between Communication and knowledge, and *Customer* acquisition, the results showed that the value of Communication and knowledge significantly reduced (in model 2) this indicated that, relationship quality fully mediated the relationship between Communication and knowledge, , and *Customer* acquisition. The SPSS output is reflected in Appendix.

Table No. (3.20) *Hierarchical Regression: Mediation* of relationship quality on the relationship between customer relationship variables and customer acquisition

<i>Variables</i>	<i>Customer</i> acquisition	
	<b>Model 1</b>	<b>Model 2</b>
Conflict handling	0.097	0.099
Communication and knowledge	0.044	-0.210
Technology	0.254	0.257
Relationship quality		0.315
R <sup>2</sup>	0.1277	0.64
Adjusted R <sup>2</sup>	.115	.148
Δ R <sup>2</sup>	.127	.03
F change	10.38	9.45***

*Source: researcher from analysis 2013*

**Note:** Level of significant: \*p<0.10, \*\*p<0.05,\*\*\*p<0.

**Mediation of relationship quality on the relationship between customer relationship variables and customer retention**

As regard, the mediation effect of **relationship quality** on the relationship between customer relationship variables and marketing performance (customer retention), the results of regression analysis given in Table 3.21 showed the results of the hierarchical regression testing the mediation effect of **relationship quality** on the relationship between customer relationship variables and *customer* retention In model 1, the results showed that Conflict handling, Communication and knowledge, and Technology significantly influence customer acquisition with beta coefficient for Conflict handling, Communication and knowledge, and



Technology ( $\beta = .106$ ), ( $\beta = .501$ ), and ( $\beta = .199$ ) respectively. In model 2, the extent, as the beta value coefficient Communication and knowledge were decreased. ( $\beta = .009$ ), however Conflict handling, Technology were increased and that is mean **relationship quality it's not mediate the relationship between** customer relationship variables and customer retention

Concerning the type of mediation of relationship quality on the relationship between Communication and knowledge, and customer retention, the results showed that the value of Communication and knowledge significantly reduced (in model 2) this indicated that, relationship quality fully mediated the relationship between Communication and knowledge, , and customer retention.

Table No. (3.21) *Hierarchical Regression: Mediation* of relationship quality on the relationship between customer relationship variables and customer retention

<i>Variables</i>	<i>Customer</i> retention	
	<b>Model 1</b>	<b>Model 2</b>
Conflict handling	0.106	0.107
Communication and knowledge	0.501	0.009
Technology	0.199	0.203
Relationship quality		0.623
R <sup>2</sup>	0.567	0.567
Adjusted R <sup>2</sup>	.560	.712
Δ R <sup>2</sup>	.717	.151
F change	91.51	111.22***

*Source: researcher from analysis 2013*

**Note:** Level of significant: \*p<0.10, \*\*p<0.05,\*\*\*p<0.

Table No. (3.22) Summary of Hypotheses Testing Results for Mediated Effects of Relationship quality

<b>Item</b>	<b>Statement of the hypothesis:</b>	<b>Remark</b>
<b>H4</b>	<b>Relationship quality mediate the relationship</b> between customer relationship variables and marketing performance.	Partially Supported
<b>H4.1</b>	<b>Relationship quality mediates the relationship</b> between customer relationship variables and customer acquisition.	Partially Supported
<i>H4.1.1</i>	Relationship quality <i>mediates the relationship</i> between conflict handling and customer acquisition	Not Supported
<i>H4.1.1a</i>	Relationship quality <i>mediates the relationship</i> between Communication and knowledge and customer acquisition	Supported
<i>H4.1.1b</i>	Relationship quality <i>mediates the relationship</i> between technology and customer acquisition	Not Supported
<i>H4.1.2</i>	<b>Relationship quality mediates the relationship</b> between customer relationship variables and customer retention.	Partially Supported
<i>H4.1.2a</i>	Relationship quality <i>mediates the relationship</i> between conflict handling and customer retention	Not Supported
<i>H4.1.2b</i>	Relationship quality <i>mediates the relationship</i> between Communication and knowledge and customer retention	Supported
<i>H4.1.2c</i>	Relationship quality <i>mediates the relationship</i> between technology and customer retention	Not Supported

Source: researcher from analysis 2013

### 3.21 The Moderating Effect (MF) of relationship duration on the Relationship between relationship quality and relationship marketing performance

At first, the results of direct and moderating effects of relationship duration on the relationship between **relationship quality** and customer **acquisition** as shown in figure 3.7 below:

Figure No. 3.7 Moderating effect of relationship duration

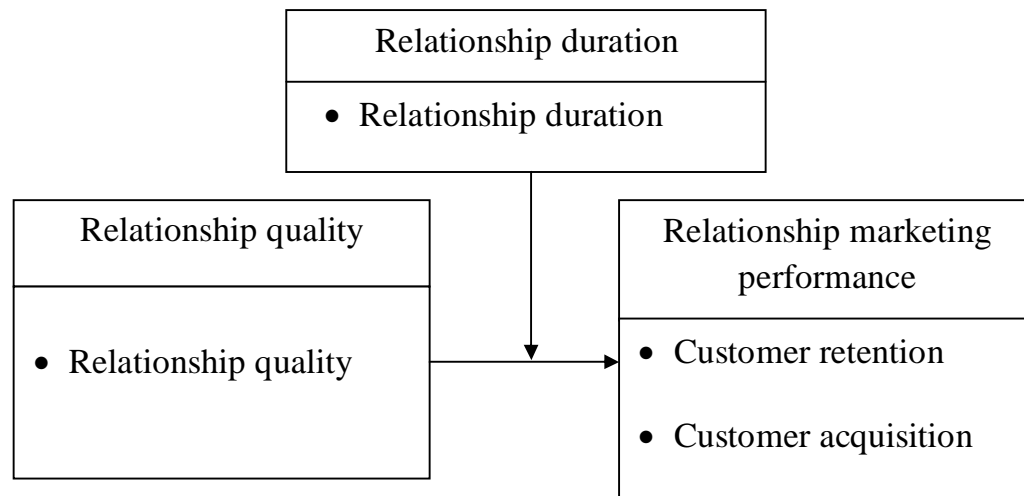


Table (3.23) summarized the results of moderating effect of relationship duration on the relationship between **relationship quality** and **customer acquisition**. The results showed that the F change was significant in all three steps. The results showed that the **duration** moderates the **relationship quality**:  $\beta = 0.204$ ,  $p < 0.568$ . The introduction of the interaction terms in step three increase R square about .273% and the model as a whole is not significant ( $F = .$ ,  $p < 0.568$ ). However, the **relationship duration** show no moderating effect between relationship **duration** and **customer acquisition**. Further inspection reveals that the coefficient of the **relationship duration** effect was not significant,. The SPSS output is shown in Appendix

Table No. (3.23) Moderating effect of relationship duration on the relationships between relationship quality and customer acquisition

<b>Moderating effect of relationship duration on the relationships between relationship quality and customer acquisition Variables</b>		<b>DV: customer acquisition</b>	
	Step 1 Std. Beta	Step 2 Std. Beta	Step 3 Std. Beta
<i>Predictor variables:</i>			
relationship quality	0.508***	0.501***	.561***
<i>Moderating variable:</i>			
Relationship duration		0.117***	.305
<i>Interaction terms:</i>			
<b>relationship duration x relationship quality</b>			.204
F value	5.637***	6.438 ***	3.826***
R2	0.258	0.272	0.273
Adjusted R2	0.255	0.266	0.264
R2 change	0.258	0.014	0.001
F change	82.94***	4.43 ***	.328*

Source: researcher from analysis 2013

**Note:** Level of significant: \*p<0.10; \*\*p<0.05; \*\*\*p<0.01

### 3.21.1 The Moderating Effect of relationship duration on the Relationship between relationship quality and customer retention

Table (3.24) summarized the results of moderating effect of relationship duration on the relationship between **relationship quality** and **customer retention**. The results showed that the F change was significant in all three steps. The results showed that the **duration** moderates the **relationship quality**:  $\beta = 0.145$ ,  $p < 0.568$ . The introduction of the interaction terms in step three increase R square about .736% and the model as a whole is not significant ( $F = .$ ,  $p < 0.509$ ). However, the **relationship duration** show no moderating effect between relationship **duration** and **customer retention**. Further inspection reveals that the coefficient of the **relationship retention** effect was not significant,. The SPSS output is shown in Appendix.

Table No. (3.24) Moderating effect of relationship duration on the relationships between relationship quality and customer acquisition

Moderating effect of relationship duration on the relationships between relationship quality and customer retention Variables		DV: customer retention	
		Step 1 Std. Beta	Step 2 Std. Beta
<i>Predictor variables:</i>			
relationship quality	0.855***	0.850***	.890***
<i>Moderating variable:</i>			
Relationship duration		0.066*	.199
<i>Interaction terms:</i>			

<b>relationship duration x relationship quality</b>				.145
F value		621.28***	316.1 ***	210.3***
R2		0.732	0.736	0.736
Adjusted R2		0.730	0.733	0.733
R2 change		0.732	0.004	0.001
F change		621.28***	3.66 **	.438

Source: researcher from analysis 2013

**Note:** Level of significant: \*p<0.10; \*\*p<0.05; \*\*\*p<0.01

Table No. (3.25) Summary the results of testing hypotheses concerning the moderating effect of relationship duration between relationship quality and marketing performance -

<b>Item</b>	<b>Statement of hypothesis:</b>	<b>Remark</b>
<b>H2</b>	<i>The effect of <b>relationship quality</b> on marketing performance is stronger when relationship duration variables is higher.</i>	<b>Not Supported</b>
<b>H.2.1.1</b>	<i>The effect of <b>relationship quality</b> on customer acquisition is stronger when relationship duration variables is higher</i>	Not Supported
<b>H.2.1.1a</b>	<i>The effect of <b>relationship quality</b> on customer retention is stronger when relationship duration variables is higher</i>	Not Supported

Source: researcher from analysis 2013

### **3.22 Discussion of the data analysis:**

At the macro level, insurance sector is important for increasing an economic stability for community. At the companies level, relationship marketing performance is an important element of insurance company's strategy in today's increasingly competitive environment. The company's management must identify and improve upon factors that limit customer defection. These include customer retention and customer service, willingness to solve problems, friendly, service quality, customer knowledge, trust, satisfaction, technology, communication and relationship dealing skills, such services ultimately contribute to the advancement of company's competencies and performance. This study differs from the previous studies since it focuses on the topic of relationship marketing performance in Sudanese insurance companies. The first part of this chapter summarizes the major findings, followed by discussion, theoretical implications, managerial implications, limitations and suggestions for future research, and finally the conclusion of the study.

### **3.23 Recapitulation of the Research Findings:**

The objectives of this study are:

- 1) To investigate the relationship between customer relationship variables (CRM) conflict handling, communication, customer knowledge and technology and relationship marketing performance (customer retention and customer acquisition).
- 2) To determine the relationship between customer relationship variables (CRM) and relationship quality.



- 3) To investigate the relationship between relationship quality (satisfaction and trust) and relationship marketing performance (customer retention and customer acquisition).
- 4) To assess the effect of relationship quality as mediator variable between customer relationship variables, (namely conflict handling communication and customer knowledge and technology) and relationships marketing performance (namely; customer retention and customer acquisition).
- 5) To show the possibility of relationship duration as moderating the shape of relationship between relationship quality and relationship marketing performance variables as overall outcome.

The data for this research was taken out from a questionnaire survey on customers of insurance companies in Khartoum state and the companies. The helpful sampling was used in selecting a sample for this research (verdict). Data collection was carried out through a structured questionnaire survey pointed to customers deal with insurance companies. The response rate achieved from the survey was (91.6%), which was high response rate due to the questionnaire. To locate whether non-response bias was present in the research early respondents were compared with late respondents along all the descriptive response items in the survey. The chi-square tests demonstrated no significant differences between the early and late respondents. Moreover, ANOVA outcomes pointed out that there was no significant difference between the customers and the rest of research variables. So it can be understood that non-response bias was not a serious problem in this research.

Prior running the analyses for hypothesis testing, factor analysis and reliability test were run to secure goodness of measures. Factor analysis was used to test for validity of the measures on all the research variables. Specially, varimax rotation was utilized to identify the dimensionality of the research variables. The outcomes pointed out that the extracted factors appropriate the conceptualized variable.

However, the outcomes of factor analysis for customer relationship variables (CRM) demonstrated that four factors had emerged as compared with three conceptualized factor. Two of the relationship quality had emerged into one factor; i.e. satisfaction and trust). Two of relationships marketing performance agree with their original conceptualization; i.e. customer retention, customer acquisition.

The reliability of empirical measurements was taken out by internal consistency method using Cranach's Alpha test. The outcomes of the reliability analysis confirmed that all the scales show satisfactory level of reliability.

To describe the characteristics of survived customers and all variables under research, the research used descriptive statistics beside to t-test and ANOVA. The out comes displayed that the customers emphasized more on customer retention followed customer acquisition were the support relationships marketing performance.

Descriptive analysis was also run for other variables on the research namely: relationship quality, relationships marketing performance and relationship duration variable. These outcomes pointed out that

Sudanese insurance company have high relationship quality (the mean values of relationship quality are less than the median score on the 5-point Likert scale).

The outcomes of the research point out that, on average, the population customers in insurance companies have achieved high relationship marketing performance (on a 5-point scale) during the last two years. The models of means values proposed that relationship duration achieved the lower mean value.

The outcomes of the vicariate correlations between the constructs incorporated in both the measurements and theoretical framework demonstrates that all the cancelations are in the hypothesized positive relationship. The outcome reveals that all the three components of customer relationship (CRM) variables are significantly correlated with the two proportions of relationships marketing performance. However conflict handling, communication and knowledge and technology demonstrates a positive and significant correlation with relationship marketing performance. Whereas conflict handling communication and knowledge and technology have positive relationship with the two dimensions of relationships marketing performance (customer retention, customer acquisition).

The outcomes also brought out that the relationship between all the three components of customer relationship (CRM) variables (conflict handling communication and knowledge and technology) and relationship quality have positive relationship with relationship

quality and are clearly positive and statistically significant with relationships marketing performance.

The multiple and hierarchical regression analysis was used to test the hypotheses of the research. The first hypothesis predicts that there is a positive relationship between customer relationship (CRM) variables and relationships marketing, performance. The outcomes brought out that there is a positive significant relationship between the three components of customer relationship (CRM) variables and customer retention. The outcomes also demonstrated that three components of customer relationship (CRM) variables namely: conflict handling, communication and knowledge and technology have a positive significant impact on customer acquisition. These outcomes generally point out that customer relationship (CRM) variables has the greatest positive relationship with relationship marketing performance the second hypotheses in this research predict that three customer relationship (CRM) variables namely (conflict handling, communication and knowledge and technology) have a positive relationship with relationship quality. The outcomes predict that all three are positive and significant with relationship quality and the hypotheses are supported.

The third hypothesis predicts that relationship quality have a positive relationship with relationships marketing performance namely (customer retention & customer acquisition).

The outcomes points out that relationship quality have a significant positive relationship with all the two proportions of relationships marketing performance. Whereas relationship quality have a

significant positive relationship with customer retention and significant positive relationship with customer acquisition so the hypothesis was supported.

The fourth hypothesis predicts that relationship quality mediate the relationship between customer relationship (CRM) and relationship marketing performance (customer retention and customer acquisition).

The outcomes showed that relationship quality did not mediate the relationship between conflict handling and customer acquisition and mediate the relationship between the communication and knowledge and technology with customer acquisition also the relationship quality mediate relationship with two customer relationship (CRM) (conflict handling and communication knowledge) with customer retention is a positive significant but not positive with technology the relationship quality did not mediate the relationship between technology and customer retention. So the outcome indicate that the two of customer relationship (CRM) and relationship quality are mediates the relationship so the hypotheses are supported.

The fifth hypothesis the outcomes of testing the moderating impact of relationship duration between relationship quality and relationships marketing performance (customer retention and customer acquisition) the model as a whole is not significant so the hypothesis is not supported.

Table 3.26 shows the summary of the hypotheses testing and compares the results of this study with the previous study findings. It should be noted in some parts. It is difficult to compare the findings

of this study with the previous findings. The results have revealed that the customer relationship variable (CRM) of overall conflict handling, communication and knowledge are significantly relate to relationship quality, all three component of customer relationship variables is a positive significantly influenced relationship quality. While as all the customer relationship variables are significantly related to relationship quality.

With regard to the relationship quality, the results also indicated that relationship qualities were positively and significantly related to the two relationship marketing performance variables (namely; customer retention, and customer acquisition). In this context, conflict handling, communication and knowledge and technology significantly influence customer acquisition, as outcome so relationship quality is not mediate the relationship between customer relationship variables and customer acquisition. Also the mediation of relationship quality on the relationship between communication and knowledge, and customer acquisition, the results showed that the relation of communication and knowledge significantly are reduced reduced. This indicated that, relationship quality mediated the relationship between communication and knowledge and customer acquisition. As regard the mediation effect of relationship quality on the relationship between customer relationship variables (CRM) and relationships marketing performance (customer retention, the results showed that conflict handling, communication and knowledge and technology are significantly influence customer retention. This indicated that, relationship quality mediated the relationship between communication and knowledge and customer retention.

To determine the influence of the relationship duration on the strength of a relationship between the relationship quality and

relationships marketing performance (namely; customer retention and customer acquisition) the moderating effects of relationship duration on the relationship between relationship quality and customer acquisition the results showed significant positive and the a whole model was is not significant with the relationship duration. Moderating effect between relationship duration and customer retention was not significant. And the relationship between relationship duration as moderating effect on the relationship quality and customer retention the results showed is not significant. However the relationship duration show no moderating effect between relationship duration and customer retention. As a whole relationship duration cannot moderating the relationship between relationship quality and relationships marketing performance (namely customer retention and customer acquisition).

Table 3.26: Summary of hypothesis testing compared with previous studies

Item	Hypotheses	Results of the previous studies	Results of the current study			
		Author	Relationship	Relationship	Accepted	Significance
H1.	Positive relationship between customer relationship and marketing performance	Gronroos (2000), Moller & Wilson (1995), Gummesson, (1997) Bennett, 1996, Morgan & Hunt 1994	+	+	Yes	<.001
H1.1	Positive relationship between conflict handling and customer acquisition		+	+	Yes	<.001
H1.1a	Positive relationship between communication and knowledge and customer acquisition		+	+	Yes	<.001
H1.1b	Positive relationship between technology and customer acquisition		+	+	Yes	<.001
H1.2	Positive relationship between customer relationship and customer retention		+	+	Yes	<.001
H1.2a	Positive relationship between conflict handling and customer retention		+	+	Yes	<.001



Continue Table 3.26

Item	Hypotheses	Results of the previous studies	Results of the current study			
		Author	Relationship	Relationship	Accepted	Significance
H1.2b	Positive relationship between technology and customer retention.		+	+	Yes	<.001
H1.2c	Positive relationship between technology and customer retention		+	+	Yes	<.001
H1.3	Positive relationship between customer relationship and relationship quality		+	+	Yes	<.001
H1.2a	Positive relationship between conflict handling and relationship quality		+	+	Yes	<.001
H1.3b	Positive relationship between communication and knowledge and relationship quality		+	+	Yes	<.001
H1.2c	Positive relationship between technology and relationship quality		+	+	Yes	<.001
H1.2e	Positive relationship between relationship quality and relationships marketing performance.		+	+	Yes	<.001

Source: researcher

### **3.24 Lengthening of positive relationship between the study variables**

The discussion of the results of this study will first address the relationship between the customer relationship variables (CRM) conflict handling, communication and knowledge and technology with relationship quality. Next is the relationship between the relationship quality with relationships marketing performance (namely; customer retention and customer acquisition). Also, the discussion will explore the role of mediation effect of relationship quality between independent and dependent variables. Finally, the discussion covers the impact of relationship duration on the relationship between relationship quality and relationships marketing performance variables (namely, customer retention and customer acquisition).

#### **3.24.1 Determinants of customer relationship management (CRM).**

Customer relationship management in this study refers to the exploring technique to improve companies benefits (Winer, 2001; Hallick, 2001; Day and Vanden Bulte 2002; Morgan et al., 2004; Plakoyiannaki & Tzokas, 2002). The research deal with the extent the relationship quality influence customer relationship management (CRM). It should be noted that the relationship meaning and measurement of customer relationship management can vary between companies (Swift, 2001) and influence in relationship quality, thus the outcome of this study holds significant benefits for relationship

marking and practitioners interested in the companies of customer relationship management.

With the investigation of the ring fence and relationship; and complement the uniqueness created through the customers in the Sudanese insurance companies, the company's will motivate the exchange relationship with customers to develop relational norms. Hence; high levels of dependence may also signify a highly cooperative relationship with little need or opportunism (Provan and Skinner, 1989). Mackenzie (1996) proposes that in a relationship where dependence level is high, trust can be enhanced since the dependent party will not take risky actions that might jeopardize the relationship.

This study, therefore, presents an empirical investigation of an integrated framework of customer value and customer relationship management by identifying customer relationship variables and by examining their differentiated effects on CRM performance in terms of the perspective of customers (Woodruff, 1997; Slate, 1997; Day, 1994). This implies that, CRM performance with relationship quality represented by such-sub-constructs as customer satisfaction and trust outperformed dimensions of relationship quality influencing the aspect of CRM; This might be due to the fact that customers in Sudanese insurance companies are becoming more mature thus prefer foundational value rather than emotional value, social value, and customer-perceived sacrifice when they make their behavioral decisions.

Furthermore, CRM in this research examines cross difference relationship in companies to understand the effects of culture and other specific factors on customer value perceptions and the relationship between each dimension of customer relationship management (CRM) and relationship quality (Butz and Goodstein 1996).

Based on the study all dimensions of customer relationship management (customer relationship) (namely conflict handling, communication and knowledge and technology) were found to have a significant effect on relationship quality (Zeitham et al., 1996).

### **3.24.2 Determinants of relationships marketing performance**

Marketing performance in the short to medium term, to increase market share and the objective of relationships marketing theory building becomes clear. Relationship marketing as a paradigm will remain under loped until its key conceptualization, have been identified and understood (Gronroos 1994).

Relationship marketing identifies, identifying and establishes, maintains enhances and terminates relationships with customers and other stakeholders, at a profit, so that the objective of all parties are met and that this is done by a mutual exchange and fulfillment of promises (Gronroos, 1994).

More recently, in relationships marketing performance concept, there is an agreement with in the literature as to a means of enhancing customer relationships (Gronroos, 1990).

A reliability analysis of relationships marketing performance was conducted on the summated scale of these constructs using reliability

coefficients; these indicated high reliability estimates customer retention 0.77 and customer acquisition 0.86.

In essence, relationship marketing is usually but not necessarily always long term (Gronroos 1994). The length of time that relationships have been developed is a key factor in the supplier-distributor relationships in Sudanese insurance companies. Essentially, this also suggests that attitude and perspective towards the length of time the relationship has been established is much more important than merely long-standing relationships (Lusch and Brown, 1996).

In line with this, Sudanese insurance companies practices emphasize the importance of social relationship bond where group spirit and paternalistic relationship reigns.

When the process of managing the company's market relationships is approached from relationship perspective, marketing is spread throughout the organization. Marketing resources, for example part-time marketers (Gummesson, 1991), are found all over the 8 Sudanese insurance companies, and not only in a marketing department.

Although specialists on traditional on traditional marketing areas such as market research, marketing communication and knowledge still are needed, of course, marketing is no longer only or even predominantly a function of its own.

It becomes part of many functions in the Sudanese insurance companies, in such a situation marketing cannot be organized.

Marketing can only be instilled in the organization (Gronroos, 2000, p.311).

#### **3.24.2.1 Determinants of customer Retention Dimensions**

Customer retention in this study refers to future propensity of a customer to stay with their service provider (Ranastay with their service provider (Ranawwra et al., 2003). The second research question deals with the extent relationship quality influence customer retention. It should be noted that the precise meaning and measurement of customer retention can vary between insurance companies (Aspinall et al., 2001), thus most of the previous studies were varied to identify and measuring the concept of customer retention. Some studies have used term “future behavioral intentions” while some have used the actual behavior (e.g. Zeithaml et al., 1996; Reichheld, and Sasser 1990).

In the past, the customer retention and customer loyalty have used to describing the same phenomenon (see Zeithaml et al., 1996; Reichheld and Sasser, 1996). But how, there is differences between them, customer retention focuses o repeated patronage of a marketer or supplier, it is closely related to the repeat purchasing behavior variable and the brand loyalty construct as frequently discussed variables (Thurau & Klee 1997). However, there are implicit differences on the conceptual level between customer retention and both of these constructs. First, in contrast to most of today’s interpretations of the loyalty construct, which contain both behavioral and attitudinal aspects (Jacoby & Chestnut, 1978), customer retention does clearly not contain any attitudinal aspects.

Second, in customer retention, the marketer is seen as taking the active (i.e., retaining) role in the marketer-customer-dyad, whereas the behaviorist repeat-purchase concept pays no affection to the factors underlying the displayed behavior. Evidently, companies thus need to understand the nature of their customer reasons for staying and must not assume that it is a positive, conscious choice (Colgate et al., 1996). It has been common to measure future intentions as indicators of actual behavior (Ranaweera & Prabhu, 2003). Thus, behavioral intentions are very important to understand whether customer will remain or defect from a company according to (Zeithaml, Berry and Parasuramah, 1996). Mean while, behavioral intentions” and customer retention are treating as synonymous constructs (Ranaweera et al., 2003).

In the context of customer retention determinants, the results of this study show that all the relationship quality is related significantly to the customer retention. This finding is consistent with the previous researches (e.g. Wong et al., 2007; Venetis and Ghauri 2004; Kalafatis and Miller 1997; Morgan and Hunt 1994; Chi Liu et al., 2007; Boles et al., 1997; Rana Weeraet al., 2003).

#### **3.24.2.2 Determinants of customer Acquisition Dimensions**

Customer acquisition in this study refers to the concept of customer acquisition of regarding customers as assets which showed be managed and measured has been accepted and recognized by both academics and practitioners (Fornell, 2000; Gupta & Lehmann, 2003; Gupta et al., 2004; Hansotia; 2004) in recent years, as has the calculation o customer acquisition based on the present value of the

future flow attributable to customer relationship (Berger and Nasr 1998; Berger et al., 2002; Stahl et al., 2002; Gupta and Lehmann, 2003; Gupta et al., 2004; Venkatesan and Kumar; 2002; Phillip et al., 2005).

Customer acquisition measure has been supported by a number of researches (Srivastava et al., 1998; Doyle, 2000; Hogan et al., 2002; Bauer and Hammerschmidt, 2005). Srivastava et al., 1988 suggest that an increasing focus on the enhancement of customer acquisition returns has led the Sudanese insurance companies to recognize that the prelateship between marketing and company's must be managed systematically, no longer can marketers afford to rely on the traditional assumption that positive product-market results will automatically translate into customer acquisition are traditionally regarded as expenses under current accounting principles, the customer acquisition measure might be a more effective one for the evaluation of Sudanese insurance companies performance, deriving from implementing customer-related strategies.

Our finding imply that the Sudanese insurance companies should treat the customer acquisition and relationships marketing performance functions dependently, the results show that the customer acquisition- had a positive impact on relationship quality. This was surprising, since (Lewis 2006) had indicated that while deep relationship can attract a large customer base, they may attract relatively low-value. Customers, so that there is a negative relationship between repeat-buying rates, customer acquisition discounts depth.



Finding in this present research imply that the Sudanese insurance companies should develop customer acquisition-related strategies from a long-term point of view, not just for the purpose of upgrading the market share or their credit card in the market. The insurance companies have to design appropriate acquisition to attract the right customers the ones who will bring in value and loyalty for the companies.

Findings indicate that the customer acquisition and customer retention had a significant effect on relationship quality. These result that more effort insurance companies devotes to acquiring customer program and customer retention to the customers the more profitability they can acquire from these customers.

### **3.25 Customer relationship variables (CRM) and Relationship quality.**

The results of this study show that high emphasize on conflict handily communication and knowledge lead to higher relationship quality. This finding is consistent with the previous research (e.g. Chi Liu et al., 2007; Wong, and Sohal 2006). Which reported that is technology positively correlated with relationship quality.

### **3.26 Determinants of relationship quality**

Likewise, previous studies reported a positive relationship between communication and knowledge and relationship quality (Hennig – Thureau et al., 2002; Wong et al., 2007).

Palmatier et al, 2006; Malaval, 1996, O'Malley and Tynan, 2000, Berry, 1983 ; Crosby et al, 1990); Walter et al, 2003; Vierira et al., 2008).

The relationship development process evolves through five general phases identified as awareness, exploration, expansion, commitment and dissolution (Dwyer et al., 1987), in each phase there is a major transition in how parties deem each another, with reference to the length of customer relationship with the companies the majority of the respondents have engaged in relationship with these companies for greater than two years and less than 5 years are (37.8), Although, the longer the relationship between them the more relationship quality can be develop and the better are the chance for both exchange parties to further fortify mutual understanding of their goals (Anderson and Weitz, 1989; Lee, 1998; Morgan and Hunt, 1994).

It is interesting to note that in this formation stage of the relationship thee is considerable efforts by the Sudanese insurance companies to communicate with their customers and providing hem a high standard of service quality. Although, previous studies Ham & Wilson argued that the strength of a relationship can also be influenced by the degree of structural bonding, whereby such bonds (e.g., technology, alternative, and adaptability & supplier power) prevent customers from switching to competitors, (Mohr & Spekman 1994) argued that in addition to trust & satisfaction, relationship effectiveness is also determined by social bonds (such as commitment, coordination, communication, goal congruence and conflict resolution).

Therefore, communication and knowledge is considered as a means of information exchange and an important factor in both neoclassical

and relationship paradigm, if information and knowledge is available but cannot be shared which means no contacts by the customers most able to react to a given situation, its value degrades exponentially (known and sub 2005). Today there is a new view of communication and knowledge as an interactive dialogue the company and its customers that takes place during the pre-selling, selling, consuming and post consuming states (Anderson & Narus 1990). Therefore; Coote et al., (2003) argued that communication was also important for building successful relationship.

In any ongoing relationship, knowledge exchange is necessary to manage the relationship process (Selnes 1998). An effective communication and knowledge endeavor prevents inadvertent misunderstandings, improves confidence, resolves disputes, and decreases susceptibility towards opportunistic behavior (Anderson & Weitz 1989).

The companies that regularly exchanged information with their customers developed highly trusted relationships (Zineldin & Jonsson, 2000).

- Also the results of this study shows that a high emphasized on overall communication and knowledge in particular can invoke satisfying affective reactions that, over time, will enhance perceptions of service quality as the client becomes accustomed to positive emotional sensations (Roberts et al., 2003, p. 186). Leading the person to feel more secure in the relationship (CF. Stern, 1997). Which reported that it ensures that customers are presented with sufficient information to be able to make choices

and be fully aware of the range of services available (Gooding, 2000). However customer relationship communication and knowledge seek to integrate one-way communication such as advertisements or direct mail letters into a planned ongoing process designed not only to create but also to maintain and enhance relationships (Gronroos 2000). Thus, a one-way communication might encourage the recipient to interact with insurance companies.

So, insurance companies have created numerous opportunities for the low-cost introduction of relationship marketing, Modern database technology allows even a small charity to build, manage and evaluate relationships with specific beneficiaries efficiently and effectively (Bennett and Gabriel, 1998).

Then marketing communication can be customized for each group and information relevant for particular groups maybe presented effectiveness is also determined by social bonds (such as commitment, coordination, communication, goal congruence and conflict resolution).

Therefore, communication and knowledge is considered as a means of information exchange and an important factor in both neoclassical and relationship paradigm, if information and knowledge is available but cannot be shared which means no contacts by the customers most able to react to a given situation, its value degrades exponentially (Kwon and Suh 2005). Today there is a new view of communication and knowledge as an integrative dialogue the company and its customers that takes place during the pre-selling, selling, consuming

and post consuming stages (Anderson & Narus 1990). Therefore, Coote et. Al., (2003) argued that communication was also important for building successful relationship.

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If we are putting in our considering the service encounter as one dimensions of overall technology which is occurs whenever customer interests with a companies, thus the success of technology transfer and the capture of addition value downs team in the value.

Surprisingly, the results of this study show that all customer relationship variables (namely; conflict handling, communication and knowledge and technology) are related significantly, and lead to higher relationship quality. This finding is consistent with previous research (e.g. Oly Neleron & Weitz 1992; Cote et al., 2003; Mogan & Hunt 1994; on conflict handling, Fu et. al., (2008). On technology Bennett et. al.,; 1999 Hasaballah 2004.

Regarding the significant relationship between communication and knowledge and relationship quality, this research result concurred with earlier research by (Hagel 1999; Introna, 2001; Jarvenpaa, 1998; Newell 2000; Stough et al., 2000; Morgan and Hunt, 1994).

Similarly from a practical perspective customer data or information can be used as in insurance companies for both relationships and knowledge. However knowledge is intangible, and surfaces in companies and relationship quality involves a range of knowledge-centered processes, embraces communication and knowledge in Sudanese insurance companies and includes know how and other knowledge that is held in the mind of customers, or otherwise in the collective memory so that it can be communicated, shared and possibly stored (Collins 1993, Blacker 1995).

However communications in companies-customer relationship means providing information if delivery problem occur, providing information on quality assurance, providing procedural information to customers, opportunity for customer feedback; it is the communicator's task to create awareness, build consumer preference by promoting quality, value performance and other features, convince prospects and encourage them to be committed (Ndubisis et al., 2004). In most cases, communication is seen as an independent variable for the development of partnership success (Mohr and Spekman, 1994).

Regarding to the significant relationship between technology and relationship quality this finding is consistent with the previous research (e.g. Burgelman et al., 2009; Gaynor, 1996). Technology refers to the theoretical and practical knowledge, skills and artifacts that can be used to develop products and services as well as production and delivery systems so which reported that technology positively correlated with relationship quality.

On other side, during the early stages of technology research, it was common to measure perception of technology as proxy measures of relationship quality (Kumar et al., 1995; Van Bruggon et al., 2005; Hibbard et al., 2001). Thus, highly relationship quality should be willing to reciprocate effort on behalf of a company due to past benefits received, and highly technologies companies will continue to enjoy the benefits of such reciprocity. This implies a higher technology level make a relationship succeed and to make it mutually satisfying and beneficial (Gundlach et al., 1995).

Regarding the significant relationship between conflict handling and relationship quality this research result concurred with earlier research by (e.g. Ndubisi et al., 2004). Therefore, relationship quality is regarded as the outcome variable in (company-customers relationship) which ensures the strength, stability, durability, and even profitability of a relationship (Dwyer et al., 1987; Moorman et al., 1992; Moranand Hunt; 1994). Thus, complaints, and the processes for handling, are important issues for service providers because they have the potential to have an adverse effect on customer (Anderson, 1994).

Whereas, the research extends previous work in the relationship quality area (e.g. Crosby et al., 1990; Kumar et al., 1995; Henning – Thureau and Klee, 1997; Rosen and Surprenant, 1998; Roberts et al., 2003) by exploring a potentially important antecedent of relationship quality, the quality of companies relationship marketing defined in terms of the calibers of its relationship advertising, database

marketing and interactive relationships with Sudanese insurance companies.

So, relationship marketing will depend on the quality of knowledge and interaction of sales company with customer and their ability to understand customer needs and wants and handling's any problems. In this context, conflict handling reflects company's ability to avoid potential conflict, solve manifest conflicts before they create problems and the ability to discuss openly solutions when problems arise (Ndubisi et al., 2007).

### **3.27 Mediation Effect of Relationship quality**

Mediation variable is one that emerges between the times the independent variables operate to influence the dependent variable. It surfaces as the function of the independent variable and helps to explain the influence of the independent variable on the dependent variables (Sekaran, 2000) with in relationship marketing performance perspectives, relationship quality had been highlighted as the key mediating variables. Morgan & Hunt (1994) argued that successful relationship marketing performance required relationship quality variable.

Relationship quality as the outcome variable in business relationships, which ensures the strength, stability, durability, and even profitability of a relationship (1) Wyer et al., 1987; Moorman et al., 1992; Morgan and Hunt, 1994). Relationship quality is thus the crucial variable that determines the long-tem relationships marketing performance (Karin 2004). However Berry and Parasuraman (1991) stated that relationships are built on the foundation of mutual



relationship quality. Relationship quality perceptions in a more holistic manner, Given that customer retention is the most commonly reported outcome of high quality business relationship (Boles et al., 1997; Crosby et al., 1990; Dorsch et al., 1998), a focus on relationship quality maybe significant in achieving a competitive advantage, particularly in the insurance companies, whereon ongoing relations with attested provider is valued and rewarded by companies for the reliability of service that such a relationship helps ensure (Boles et al., 1997, p. 249).

Our conceptualization relationship quality as a construct needs to be better-defined, and its components identified. Our research adopts the customer's viewpoint in exploring relationship quality and we use this to provide both a definition and a conceptual model of the construct in relationships marketing performance. Our definition innovates acknowledging the customer – defined nature of the quality the need to satisfy both personal and business needs through business to business relationships, and customer's conducting comparisons with alternative suppliers. Furthermore, our analysis has contributed to more clearly define which component parts customer-perceived relationship quality consists of, and has resulted in our providing the first business to business customer-perceived relationship quality model.

Relationship quality is important to the long-term customer relationship and relationships marketing performance (Roberts et al., 2003; Trang et al., 2003).

Like other corporate assets, it should be strategically managed. Yet insurance companies cannot manage the quality of their business relationships, without a means of assessing strengths and weaknesses (Barness, 2000).

### **3.28 Moderation effect of relationship duration**

The moderating variable is one that has a strong contingent effect on the independent variable-dependent variable relationship that is the presence of a third variable (the moderating variable) modifies the original relationship between the independent and the dependent variables (Sekaran 2000). Within relationship marketing performance, relationship duration is a key antecedent or the kind of relationship quality, which characterizes customers who engage in relational exchange (Morgan & Hunt 1994; Hunt & Arnett 2006).

Furthermore, customers desire relationship partners that they can trust, they do so because a trusted partner reduces the risks associated with relational exchange because relationship quality is associated with customer reliability, integrity, and moreover, customers are motivated to engage in relational exchange with customers with whom they share values (Hunt & Arnett 2006). In general literature on customer behavior is driven by motives or needs (Sheth, Mittal & Newman 1999).

Unfortunately, the exiting literature on relationship duration they developed recently in the biometrics and econometrics literature show promise for improving the analysis of duration ties in marketing (Kristiaan Helsen and David C. Schmittlein, 1993). They

incorporate the right censoring that is prevalent in duration time's data and can be used to make a wide variety of useful predictions.

Thus now, we can conclude that there is a lack in empirical studies that have examined the moderation influence of relationship duration on the relationship between relationship quality and relationships marketing performance variables (namely; customer retention; customer acquisition). Thus, there is a difficulty in comparing the results of this study with previous findings.

### **3.29 Summary of the chapter**

This chapter is divided into two sections, section one depicted the research framework which was deriving from the literature review. It also depicted the research methodology, which covered the research design, population procedure, development and design of the research instrument and administration of the fieldwork, furthermore the measurement of the variables and statistical techniques used in testing the hypothesis.

And section two depicted the results of analyzing data which was generated from customers in insurance companies in Khartoum state. The data was analyzed using various statistical analysis techniques. The first part, Chi-response bias followed by the validity and reliability test on the items used to measure the study variables. Then descriptive analyses were utilized to identify the characteristics of responding customers and respondents all variables under study. Vicariate correlations were also contracted to identify interrelationships among all variable finally, multiple hierarchical regression and moderated hierarchical regressions were used to test the research hypotheses.

# Conclusions

## Findings & Recommendations

### Findings

#### The research concludes the following findings:

- Relationship marketing had emerged from six streams of research (examines marketing from a service context, interorganizational exchange, channels literature, net work relationships, strategic management literature, the information strategy).
- Relationship marketing is establishing strengthening and developing customer relationship.
- Customer relationship management can support both acquisition and retention by gathering data from every contact with prospects and customers.
- Customer relationship management is important business approach to understanding and influencing customer behavior to improve customer acquisition, customer retention, customer Loyalty, and customer profitability.
- Communication, trust, customer knowledge, satisfaction and conflict handling are important elements in relationship marketing.
- Relationship quality is a suitable solution for the vender to assess the nature and the intensity of customer relationship.
- Relationship marketing literature suggests customer's satisfaction and trust as a major determinant of commitment.
- Previous researches had alleged that satisfaction with a service contributes to perceptions of overall service quality rather than the other way round.

- Customer's satisfaction is positively related to customer retention as measured by service provider.
- Customer retention is important source for long term business success.
- Customer retention improves profitability, mainly by reducing the cost incurred in acquiring new customers.
- Qualities of customers' acquisition effort will have an important influence on the long-term profitability of the firm.
- The firms use various types of marketing activities to acquire new customers.
- The absence of trust, disputes are perceived as signals of future difficulties and usually bring about relationship determination.
- Satisfaction had been deemed directly to affect relationship marketing performance and companies market's share.
- Relationship duration had a positive effect on relationship strength the relationship matures with the increase of trust and commitment.
- The insurance system in Sudan is based on religious doctrine.
- Six national insurance companies were established in Sudan after independence and contributed to development the economy.
- The marketing method in insurance companies depended on direct marketing through the company's salesman.
- Trust in insurance companies is considerably more important than customer satisfaction, because they present any benefits for companies.
- Insurance companies understand the advantages of relationship marketing and are shifting their attention from the single-minded acquisition of new customers to greater focus on the retention of current customers.

- Insurance companies organizational structure did not include administrative units of customer relationship.
- The insurance companies administrator associated with customer acquisition comes from the customer relationship of the company providing an effective and accessible service to customers' will strengthen the relationship between existing company customers thus reducing customer turnover rates and decreasing customer acquisition costs.

## **Recommendations**

### **General Recommendations**

- Customer relationship variables communication and knowledge are important determinates for building trust.
- The loyalty of efforts for building relationship quality in earlier stage of relationship is an important factor to enhance a quality exchange relationship.
- Technology, communication and knowledge and conflict handling, appeared to be the most important factors in developing relationship quality.
- Relationship marketing performance in general recognizes the importance of managing buyer – seller relationship.
- Customer should always desire to solve conflicts, regardless to the nature of the conflict.
- Building relationship quality in insurance companies' relationship should depend on awareness consideration of the information exchange satisfactory service quality, and ability to conflict handling.
- The insurance companies should support the direct significant that affect technology, communication, and knowledge and handle conflict and customer retention.

## **Special Recommendations**

- Managers should invest resources in improving weak relationship with customer relationships dimensions with significant impact on relationship quality, satisfaction and trust.
- Managers should establish and develop relationship quality with insurance companies' customers to a large extent for the progress of effective communication and knowledge.
- Managers should determine service in insurance companies factors are significant in affecting the customers return visits make using of the repurchase frequency.
- Managers should create customers awareness understanding, and knowledge about insurance and the measures taking for enhance relationship with customers.
- Managers should always assess their performance and to ensure their customer retention and customer acquisition
- Managers and their employees should focus on enhancing customer's relation of social benefits in particular, as well as psychological benefits in order to cultivate customer commitment.
- Development of communication and knowledge need some patience which means that to give efforts educate the customers, encouraging, cooperate, share information and displaying friendship towards customer are necessary to achieve such benefits.
- Managers should do every thing possible to avoid disappointing important customers in terms of service outcomes.
- Insurance companies should redesign their organization structure to include other functions like customer relationship, total quality and excellence performance.
- Insurance companies should increase the satisfaction and trust level of their employees.

- Insurance companies should look for adopting new technologies in the field of insurance business in order to analyze the available customer information.
- Insurance companies should establish intensive training programs for increasing knowledge of their employees and customers'.
- Insurance companies should create methods of enhancing durable customer relationship with company.
- Insurance companies should adopt intensive promotion programs for acquiring and convincing new customers to join the companies for life insurance, property insurance...etc.
- Insurance companies should provide incentives to acquire more customers.



**Recommendation for Future Researches:**

- Impact of globalization on future development of insurance companies in developing countries.
- Role of internal finance abilities of insurance companies for developing Micro firm in Sudan.
- Role of intensive training programmes on customer relationship in developing insurance companies' cadres.

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