Relationship Marketing: Understanding Customer Satisfaction in Online Retailing of Chase Value Center

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Abstract

In the concentrated, forceful and swift change of marketplace, the key factors for companies and businesses are being studied by the researchers so that they could stay alive in the market. In the new global economy, customer satisfaction has become a basic central issue for business survival, profitability and growth. Impact of relationship marketing in customer satisfaction in online retailing has been a key factor for these kinds of researches. The study is an attempt to revisit customer satisfaction in context of online retailer through Relationship Marketing. In today’s competitive business world, the relationship marketing has the potential to be a highly effective marketing technique in which companies adopt to attain long term relationship with customers. Thus, the study reviewed the marketing literature on the customer satisfaction which is the independent variable and the dependent variables are convenience, security, service quality, trust and perceived value which were formulated and the generated outcomes were; Relationship Marketing helps the customers in satisfying them by making convenience for them to purchase without any difficulty, Relationship Marketing helps in maintaining and retaining good relationship with consumers by keeping customers personal information secured, Relationship Marketing has been effectively adopted in providing the quality service to customers 24 hours and 7 in order to build strong and long-term relation with customers, Relationship Marketing adopted by online firms enable them to attract customer and then satisfy them which builds trust between customer and online retailer, Relationship Marketing enables the firm in setting the good value in customers mind and help them in satisfying the customers.

The populations used for this research include the customers of Chase Value Center online retailer. Convenience sampling technique was applied in this research and the sampling data is collected by the all type of consumers of Chase Value center through questionnaire. The sample
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size comprised of 200 customers of online Chase Value Centre. The statistical tool which was used in this research is Correlation, Multi Linear Regression and ANOVA by using SPSS software. The results suggest all five variables have a constructive impact as far as consumer fulfillment is concerned while consumer fulfillment has a constructive impact on online retailing and hence there is a constructive association between the relationship marketing and consumer fulfillment. The study recommended that the firms need to improve more in their practice of relationship marketing on order to deliver better customer satisfaction. Furthermore, the results may change if different chain stores of multiple cities are considered.

**Keywords:** Customer Satisfaction, Relationship Marketing, Long Term Relationship, Online Retailer, Perceived Value.

**Introduction**

Customer satisfaction is the most important tool in marketing because this concept helps us to attract and retain the customers in our organization. In modern business world the focus of marketing has been moved away from transactional marketing to relationship marketing. Relationship marketing matters a lot in business because it is determined by trust, commitment, empathy, power and cooperation. (Velnampy & Sivesan, 2012)

From the year 2000 the percentage of internet users are increasing. Internet vendors ambitioned to capture the growing international market with the help of online vending through the positive shopping experience that will motivate the customers to re-purchase and become loyal to them. To make customers loyal a firm must create strong customer relation so that the customer become satisfied and loyal to them and will return to their website for re-purchase. (Cyr, 2008)
Effective relationship between company and firm provides advantages which are beneficial in many ways. That is why relationship marketing is important in online retailing. In relationship marketing customers are the key factors, because due to the loyal customers the company gets benefits and advantages. Therefore, it is imperative to improve the communication between the consumers with the firm to keep hold of the customer. (Shien & Yazdanifard, 2014)

It is the aim of every company to achieve competitive strategy and for this purpose one should enhance the business performance. To gain the in the relationship marketing in online retailing the relationship marketing is designed to attract and develop customer segments. With the help of relationship marketing resource allocations made more effective. Due to good relationship marketing the firm gets good position in relationship with its customers. (Kanagal, 2009)

Relationship marketing is a prevalent theory in present marketing study and practice. It contains the power and possibility to augment consumer retention by creating enduring relationship. Relationship marketing is important for any business because it increases effectiveness and efficiency by lowering cost, price sensitivity of market. It also helps in increase marketing by the reduction of creating opportunities for up-selling and cross-selling. That is why relationship marketing plays a vital role in gaining competitive advantage. (Wang & Head, 2005)

Online retail has increased since 2000. People nowadays is more focused on purchasing from online websites. Today’s consumers are literate and sophisticated; they look up, evaluate, decide, and look for alternatives about the information of the online markets. So, it is very
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important to build relationship marketing because if one will not build strong RM (relationship marketing) so the customer will easily switch to other websites.(Verma, Sharma, & Sheth, 2015)

In today’s world the companies tend to use the internet for business purpose so that the whole world can see them and can purchase from them and be their customer by sitting any wherein the world. For the satisfaction of customers, to win their trust and making them loyal most of the companies provide e-commerce sites, portals, and modern corporate websites to provide a wide assortment of information about themselves, their products and the services related to the customers. Nowadays online presence becomes the most important and effective communication in overall web page that is why people are more moving forward to the online purchase rather than offline purchase.(Schafer & Kummer, 2014).

In past 5 years it has been observed that there is a great increase towards the interest in RM (relationship marketing).Due to RM (relationship marketing) the probability of customer retention increases which enables RM (relationship marketing) to be capable of providing larger profits and benefits to the business with the help of retained customers. It is easier for a firm to gain profits and benefits with retained customers as compared to recruiting new customers .Many of the huge companies nowadays tend to focus more on RM (relationship marketing) because is the key having competitive advantage.(Kanwal & Rajput, 2014).

RM (relationship marketing) is acting like a recommended strategy as it helps the firm in having competitive advantage which results in having greater commitment with customers and winning their trust. Many professionals and financing coupons are now performing this strategy.(Crosby & Stephens, 1987).
The fame of internet had made people active and knowledgeable about everything. With the occurrence of electronic commerce, the web offers great potential in building RM (relationship marketing). By the help of strong RM customer will desire to shop more and more. Effective RM (relationship marketing) is basically long terms which focuses on building, developing, and maintain effective relation with the firm. The growing market on the web is offering numerous products and services to its customers. So here RM (relationship marketing) plays a vital role in gaining competitive advantage among the competitors and makes the customers to stick with its website. (Lin & Chung, 2013).

Marketing is one of the important factor which creates and devices the value to the customers. A successful marketing strategy is to make strong RM (relation marketing) with customers. A good customer relationship boosts the buyer-seller relationship. Websites should provide good experience to the customers so that will make them to re-purchase their product and prefer their website among others. (Lo, 2012).

RM (relationship marketing) makes good buyer-seller relation due to which firms expands their view if different kind of need and wants of its customers. RM (relationship marketing) was introduced 20 years ago and from last 15 years means from 2000 RM (relationship marketing) is acting actively in business institutions. (Antioco & Lindgreen, 2014)

Problem Statement

It is imperative for a business to satisfy the customer through different marketing techniques in order to build enduring association with the customer. This is to understand the
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outcome of relationship marketing on consumer fulfillment and to discuss the correlation between impacts of online retailing on customer satisfaction.

**Significance of the Study**

Satisfying customers is a huge achievement for every company. Once you have satisfied the customer so it creates the long-term relation. The study on customer satisfaction matter in online retailing will be of benefits not only to online retailers in Pakistan but for other service sectors in Pakistan as a whole. The importance of this research is that it tells the aspects that how Relationship Marketing helps the online retailers in satisfying their customer requirements by helping them to know the variables on which satisfaction of the customers rely.

**Scope of Research**

Relationship marketing helps us to know the factors which will satisfy the customers. The research explores all the factors which are considerable for understanding customer satisfaction by providing a detail study of Relationship Marketing adopted by chase value center online retailer. This will allow the researcher to specify and uphold how Relationship Marketing has been able to stay in online retailing.

**Overview of Industry**

The chase brand was established in 1984 and it opened its doors in 2009. Chase Value Center has created most efficient supply chain in the country.

Chase Value Center is a department store offering an impressive assortment of goods to its customers at wholesale prices. Here they each and every thing from minor to bigger. They sell products to wholesale price for the comfort of their customers.
Chase Value Center started online retailing which got registered 6 years 9 months ago. Through online retailing Chase Value Center is facilitating its customers by providing all the products which are same as in their department store so that it can be easier for its customers to purchase products from them by sitting at home.

Chase Value Center sell food, non-food items, cosmetics, ladies fabric, artificial jewelry, ladies bags, watches, crockery, household goods, toys, home textiles, leather goods, electronics and more at wholesale rates in a comfortable retail environment moreover Chase Value Center also facilitate its customers by providing them money back service guarantee for all products. Chase Value Center online retailer has 140 employees working under them for building a good state among their customers. Over the next one year Chase Value Center are planning to open two new modern stores with an addition of 250 employees.

**Objectives:**

The primary objective of this research is to examine that Relationship Marketing is establishing significant relation between the customer satisfaction and the service provided by online retailer.

To estimate the extent of association relative to amount, elements that affect customer satisfaction through relationship marketing in online retailing.

- To determine the convenience that encourages the consumer to visit the website again.
- To determine the probability of security of consumer.
- To estimate the extent of service quality.
- To determine the probability of trust created by the company.
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- To determine customer perceived value from the service and product.

Hypothesis

HA$_1$: There is substantial effect of convenience on consumer fulfillment in online retailing.
H$_0$: There is no substantial effect of convenience on consumer fulfillment in online retailing.

HA$_2$: There is substantial effect of security on consumer fulfillment in online retailing.
H$_0$: There is no substantial effect of security on consumer fulfillment in online retailing.

HA$_3$: There is substantial effect of service quality on consumer fulfillment in online retailing.
H$_0$: There is no substantial effect of service quality on consumer fulfillment in online retailing.

HA$_4$: There is substantial effect of trust on consumer fulfillment in online retailing.
H$_0$: There is no substantial effect of trust on consumer fulfillment in online retailing.

HA$_5$: There is substantial effect of perceived value on consumer fulfillment in online retailing.
H$_0$: There is no substantial effect of perceived value on consumer fulfillment in online retailing.

Summary

Customer satisfaction plays a vital role in marketing. Nowadays mostly people focus towards online retailing. The customer satisfaction depends upon the trust, quality, delivery of time, services, ease, usefulness of process etc. By establishing the relationship marketing, the significant role is customer satisfaction and the services provided by online retailing.

Literature Review

Relationship Marketing, just like other aspects of human life has played crucial role in building strong relationships between organizations and their customers.

Customer Satisfaction
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Customer satisfaction can be obtained by judging the quality which is obtained through the help of relationship of purchase and cost (Ostrom & Lacobucci, Consumer Trade-Offs and the Evaluation of Services, 1995). Satisfaction plays a vital role in maintaining the customer relationship. The more customers get satisfied with the service the more customers trust builds with the service provider (Bitner, 1995). The probability of satisfied customers is higher than the dissatisfied customers (Reichheld, F., & Teal, 1996). Satisfaction is an overall evaluation based on consumers experience with the service provider compared with re-purchase expectations overtime (Fornell, 1992). A satisfied consumer will always get pleasure by purchasing goods to fulfill its need, desire and goal (Oliver, Satisfaction- A behavioral perspective on consumer, 1997)( Oliver, Whence Consumer Loyalty?, 1999).

**Convenience**

Consumers look for convenience in online shopping as it takes less time, flexibility and not as much physical exertion (Darian, 1987). Convenience acts as one of the most advantage for online shopping (Bhatnagar & Ghose, 2004). 24 hours of buying service criteria and having loads of stuff delivered at your place is the main incentive of online buying which is convenient to the consumer. (Robinson, Riley, Rettie, & Wilson, 2007). Motivated consumers from shopping are convenience shoppers (Rohm & Swaminathan, 2004). The biggest advantage of online buying is the expediency factor because customer can easily evaluate price of goods and services through online shopping and can be able to seek variety (Webcheck, 1999).

There is substantial effect of convenience on consumer fulfillment in online retailing.

**Security**
Security is the capability of a website service provider who protects the private information of its consumers from illegitimate utilization of their customer’s information during electronic business (Guo, Ling, & Liu, 2012). Security issue is a serious issue which online customers take very seriously (Eid, 2011). Security and privacy factors play a key role in developing trust which leads to satisfaction in online transaction (Chellappa, 2002). Security can be involved in protecting data of consumer during transaction and also the authentication of the user (Guo, Ling, & Liu, 2012). Newly system software’s are distributed to the vendors to keep the system safe from bugs an unauthorized people in order to protect consumer’s personal information (Schubert, Chor, HUI, Cheung, & Shigong, 1999).

There is substantial effect of security on consumer fulfillment in online retailing.

Service Quality

Customer service quality is created by giving the proper service to the consumers in proper time given which plays a key role in customer satisfaction and aid to create association with consumer (Lewis & Mitchell, 1990). Service quality is so important that it is also known as heart of relationship marketing (Berry, 1995). Offering high customer service is a very strong element as because it helps the firm in making close relationship with its customers and also helps in gaining competitive advantage (Parasuraman, Zeithaml, & Berry, 1994). Good quality of customer service helps in retaining customers (Christopher, Payne, & Ballantyne, 1991). In keeping consumer loyal and building strong association with the online sellers, service quality has a direct effect. It helps companies to know more about its consumers. (Khristianto, Suyadi, & Kertahadi, 2012).

There is substantial effect of service quality on consumer fulfillment in online retailing.
Trust

In online retailing, trust is the consumer readiness to be exposed to the service provider with the expectation that the service provider will perform action to its customer (Kim & Euijin, 2001). Trust is a multidimensional approach which includes trust beliefs, trust intentions, consumer’s willingness to depend upon service provider (McKnight & Chervany, 2001). Trust is one of the major factors which affect consumers online purchase intention (Shu, 2003). Advertising and word of mouth also build e-trust of consumers (Ha, 2004). Consumers trust in online retail store has the direct relation with their security of future purchase intention and loyalty to the store (Chen, 2007).

There is substantial effect of trust on consumer fulfillment in online retailing.

Perceived Value

Perceived value is evaluated after when consumers of goods and services and the experience which they get from the service provider (Zeithaml, 1998). Service companies which offer better proposals leads to satisfied customers who perceived high value from firm’s services which automatically results positive in terms of decrease in loss of customers and persuade them to re-purchase (Grönroos, 2004). Consumer has been largely scrutinized by the online service industries in order to provide more facilities to the consumer so that they become more satisfied (Woodruff, 1997). Perceived value reflects the result of consumer’s expectation to the extent of meeting its expectation with satisfaction and the customer experience (Bolton & Lemon, 1999). Perceived value is the result which is obtains from the calculation of rewards and expenses offered by the firm to its consumers in order to maintain and retain long-term relation with consumer’s (Oliver & SaRbo, Response Determinants in Satisfaction, 1988).
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There is substantial effect of perceived value on consumer fulfillment in online retailing.

Methodology

Method of Data Gathering

The implementing methodology of data gathering for the research is quantitative in which we aimed to identify the customer satisfaction in online retailing of Chase Value Center. The target population was Chase Value Center because it includes different products that purchase from Online. The primary data for this research is the responses of respondents through questionnaire. Questionnaire was used to gather the data, which was distributed to the customers of Online Chase Value Center of Karachi city in the month of April 2016. 200 questionnaires were distributed directly in hard copies on April 26th, 2016. One week later 200 copies were received. To analyze the data SPSS software are used.

The questionnaire was composed of 2 parts and 17 statements. The first part is about the respondent’s characteristics which include respondent’s gender, age, household income and qualification. The second part contains all 6 constructs from the research model with total 17 statements. All of the items were measured by using 5 point Likert-type response scale, anchored at 1 strongly agree, 2 agree, 3 neutral, 4 disagree, 5 strongly disagree with the respondent’s comment were asked at the end for their review about the experience of purchase from Online Chase Value Center.

Sampling Techniques

The sampling technique which applied in this research paper was convenience sampling and the data is collected by all types of consumer of Chase Value center through questionnaire.
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**Sample Size**

**Population:** In this research paper the target population is Online Chase value center customers.

**Sample:** The sample size of the data is comprised by 200 consumers of Online Chase Value center. The questionnaire was distributed by hand to the respondents to know their satisfaction level of purchasing from Online Chase Value Center.

**Research Model Development**

<table>
<thead>
<tr>
<th>INDEPENDENT VARIABLE</th>
<th>DEPENDENT VARIABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>CUSTOMER SATISFACTION</td>
</tr>
<tr>
<td>Security</td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td></td>
</tr>
<tr>
<td>Perceived Value</td>
<td></td>
</tr>
</tbody>
</table>

**Statistical Technique**

The statistical tool which was used in this research paper is Correlation, Multi Linear Regression and ANOVA by using SPSS software.
Assumptions

- To forecast the value of a variable derived from two or more variables.
- To know the relationship between the dependent and independent variables.

Research Analysis

The frequency of male is greater than female which indicates that male used to purchase more from Online Chase Value Center as compared to female and are more satisfied than female.
The table shows that the people from 21 to 30 who are young, most likely prefer to purchase online rather than offline. The least age frequency between 41 to 50 years is the least frequency because they do not have much know how about online services provided by companies.

This table shows that the respondents who are earning Rs.41,000 to 50,000 uses to purchase more from Online Chase Value Center and are more satisfied from the company and who are earning below Rs.41,000 and more than Rs.50,000 are not much satisfied from Online Chase Value Center.
This table shows that the bachelor’s students are frequent customers of Online Chase Value Center and are more satisfied than those who are in intermediate and masters level, metric and diploma students are less satisfied.

**Regression**

<table>
<thead>
<tr>
<th>Variables Entered/Removed</th>
<th>Model</th>
<th>Variables Entered</th>
<th>Variables Removed</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>Perceivedvalue, Security, Convenience, Trust, Servicequality</td>
<td>.</td>
<td>Enter</td>
</tr>
</tbody>
</table>

a. All requested variables entered  
b. Dependent variable: Customersatisfaction

The first table of interest is the **Model Summary** table, as shown below:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.632*</td>
<td>.399</td>
<td>.384</td>
<td>.49370</td>
<td>1.758</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Perceivedvalue, Security, Convenience, Trust, Servicequality  
b. Dependent Variable: Customersatisfaction

The table shows the values of R and R square. The value of R correspond to the simple correlation and is 0.632 (the “R” column), which shows a high degree of correlation. The total variation of the independent variable is indicated by the value of R Square (the “R Square”)
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column), Perceived value, Security, Convenience, Trust, Service quality. In this case, 40% is explained which is medium.

The next table is ANOVA table; which shows the regression equation fits the data excellently (i.e. predict the dependent variable) and is given below:

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>30,944</td>
<td>5</td>
<td>6,188</td>
<td>25.786</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>46,261</td>
<td>194</td>
<td>.232</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>77,205</td>
<td>199</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ANOVA

a. Predictors: (Constant), Perceivedvalue, Security, Convenience, Trust, Servicequality
b. Dependent Variable: Customersatisfaction

Regression model predicts the dependent variable substantially well can be seen in this table. The regression points out that the regression model statistically substantially forecasts the outcome variable (i.e., it is a good fit for the data) which states the existence of relationship between perceived value, security, convenience, trust and service quality with different classes of consumer i.e. consumers of diverse gender, age groups, income and education level.

Essential information can be seen in the Coefficients table to forecast consumer fulfillment from perceived value, security, convenience, trust and service quality, as well as whether perceived value, security, convenience, trust and service quality contributes substantially to the model (by looking at “Sig.” column). Furthermore the values in the “B” column can be used under the “Unstandardized Coefficients” column given below:
The significant value of variable convenience is .002 which means we reject Ho. The significant value of variable security is .157 which means we failed to reject Ho. The significant value of variable service quality is .001 which means we reject Ho. The significant value of trust is .003 which means we reject Ho. The significant value of variable perceived value is .148 which means we failed to reject Ho.

To present the regression equation as:

\[ \text{Customer satisfaction} = 0.474 + 0.172(\text{Convenience}) + 0.072(\text{Security}) + 0.239(\text{Service quality}) + 0.205(\text{Trust}) + 0.097(\text{Perceived value}) \]

**Conclusion**

Customer satisfaction is the central to the marketing concept. This reason of conducting the research was to measure consumer fulfillment with perceived value, trust, security, convenience and service quality. Especially the aim of the research is to look at that how Relationship Marketing is establishing significant relation between the customer satisfaction and the service provided by online retailer.
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Some literature claims that Relationship marketing is a dominant theory in present marketing study and practice as it has the power and possibility to augment consumer retention by making enduring association with them. Relationship marketing is so important because it helps the firm in increase marketing by the reduction of creating opportunities for up-selling and cross-selling. That is why relationship marketing plays a vital role in gaining competitive advantage and also in customer satisfaction. (Wang & Head, 2005)

Based on customer’s experiences in online shopping, this research has been conducted from the customer’s perspectives identifying the series of linkages among the main customer satisfaction variable affecting their perceived value, trust, level of convenience, expectations of service quality and customer’s security of their personal information.

This study mainly helps us to the key drivers which have an impact on the satisfaction of consumers in the online retail store i.e. Online Chase Value Center. The findings shows that perceived value, trust, security, convenience and service quality had a major effect on consumer fulfillment in Online Chase Value Center. Focusing on our independent variables the highest share in influencing customer satisfaction in Online Chase Value Center is security. It is inferred from the results that customers are become more satisfied when their personal information keeps secured by the online retail store which leads to more satisfied buying experience.

Recommendation

This study recommended that the firms need to improve more in building their relationship marketing in order to deliver better customer satisfaction. Another recommendation is that we could have considered only those respondents who are the customers of Online Chase
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Value Center so they could give us ultimate response as we considered university students as per our convenience.

To review and carry out similar research in other districts, or states to find out dissimilarities can be a potential way forward for prospective study. Another potential way forward for prospective study could be assess the supplementary issues such as buying regularity, probability of online purchasing through comparing different online and offline retail stores which would influence the customer satisfaction in retail stores.
References


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