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An integrated model in customer loyalty context: relationship quality and relationship marketing view

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ABSTRACT

The concept of customer loyalty has received much consideration and attention from both academics and practitioners in different industries. In increasingly competitive markets, being able to build consumer loyalty is seen as the key factor in winning market share and developing a sustainable competitive advantage. Banking industry is no exception as it has high interaction with the customers, so managers must understand the factors which influence the loyalty of the customers towards their respective banks. The purpose of this research is twofold: 1. examine the impact of competency, ability to establish communication, commitment, ability to solve customers' problems, trust and quality of relationship on customer loyalty. 2. Presenting an integrated model for bank customers. Data obtained from 178 survey questionnaire were analyzed using the structural equation modeling (SEM). The results revealed that competency has a significant positive effect on customer loyalty. Ability to establish communication has a significant positive effect on customer loyalty. Commitment has a significant positive effect on customer loyalty. Ability to solve customers' problems has a significant positive effect on customer loyalty. Trust has a significant positive effect on customer loyalty and quality of relationship has a significant positive effect on customer loyalty. In addition results show that Ability to solve customers' problems was the best predictor of their loyalty.

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Introduction

Nowadays, there is a global trend to loyalty marketing. Many institutions in most industries are studying, evaluating and performing loyalty solutions and programs in order to foster strong relationship with their customers. Customer loyalty to organization is an approach that is influenced by many factors and conditions inside and outside of the organization and the degree of their effectiveness vary regarding type of organization, from an organization to the other. Accurate recognition of these factors and how each one affects is very important to help managers making proper decisions. On the other hand, organization resources are limited and if management tries to design programs keeping their customers, should allocate its resources according to effective factors on loyalty and the importance of each. The nature of banking industry requires keep moving to keep customers and being customer-oriented; because their durability and survival depend on customers and the more they keep their current customers, the more the success (Jones and Taylor, 2007).

In intense competing, complex and dynamic environment in the banking system, a small difference in services along with customer demand lead to huge transactions with industry. Traditional banks to a large extent become customer-center banks, of course on the basis of relation marketing which are concentrating on customer loyalty as their main purpose (Beerli et al, 2004). The importance of customer loyalty emanates from that results obtained from customers loyalty have vast applications in management area; because thousands studies and researches have examined the relationship between customers

loyalty and other organizational variables. Although customers loyalty have attracted so many attentions recently, but there are no serious researches in this field. Most of the studies are performed on behavioral contexts. Additionally, cases like relationship between customer loyalty, quality, customers' satisfaction and profitability were in the center of attentions. Hence, the existence of a comprehensive source that includes all the above cases is necessary, and is one of the purposes of this study.

Today, attracting and keeping customer in banking industry of country has become more difficult regarding activation of private banks and international information and communication development which make it possible to compare services among various banks around the world. Therefore, it should be accepted that implementing and innovating appropriate solutions and strategies to attract and preserve customer in banking industry, can ensure their long-term survival and profitability (Williams & Soutar 2000).. To these reasons, this study aims to investigate customers' loyalty in Melli Bank according to variables including competency, communication establishment ability, commitment, problem solving ability, quality of relationship and trust. The main aims of this study is: Determining relation between competency, commitment, ability to establish communication and ability to solve problems, trust and quality of relations with the loyalty of Melli Bank's customers of Semnan city.

Literature review and research hypotheses

Today, the subject "preserving and fostering customers' loyalty" is strategic issue for the firms attempt to preserve and

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develop their competing position in markets and they spend much costs to understand this concept and to achieve applied solutions to reinforce it; because by increasing competition and getting close to qualitative and quantitative services which are in optional field of customers, providing services which can attract customers and make them permanent customer of organization services, is a vital (Gronoos, 2007). Creating loyalty in customer is a concept that is considered than before in today's businesses, for loyal customers became the main component of making success. Loyal customers buy more and usually are considered as a suitable tool for advertizing. Consequently, today's organizations are trying to identify and manage methods and patterns that are effective on creating loyalty. On the other side, due to this fact that customers expectations are growing, organizations had to provide customers expectations, beyond satisfying the basic needs and focus their attention to create loyalty through long-term, bilateral and profitable relationship for both sides (Dick & Basu, 1994).

Customer loyalty programs follow two goals. First goal is to increase sales returns through increased purchases, and to increase profit through increasing purchases domain from one supplier. Second goal is to establish a close relationship between brand and current customers which lead to keeping and preserving current key customers. The reason of popularity of these programs is that profit could rise considerably through reaching these goals (Uncles et al, 2003).

Loyalty

In recent years, performed studies on recognizing factors affecting customers' loyalty are expanded. In most cases, customers' loyalty is critical for organizations success, because attracting new customers cost more than keeping existing customers and in most studies it is suggested that loyal customers should be preserved as a competition asset. One way to reinforce customers' loyalty is through creating sincere, proper and strong correlation between sellers and buyers. Loyalty means creating commitment in customer, to transact with special organization and to buy products and services frequently (Paterson & Spreng, 1997). Oliver defines loyalty as follow: loyalty is defined as a strong commitment to second purchase of a superior product or service in future, such that same mark or product would be purchased despite potential effects and active marketing of competitors. Therefore, loyalty occurs when customers completely feel that organization response to their need in a best way, compare to competitors.

Tam, j, (2004) believe that "loyalty is to establish commitment in customer to trade special organization and to buy products and services frequently" (Bal et al, 2006). Tan and Pawitra, (2001) defines loyalty as a behavior about brand. Thus, this case leads to continuous purchasing from that brand (Wang et al, 2004).

Relationship marketing

According to this thought which is said in today's competing world, that "the cost of attracting new customer is as many times as preserving current customers", researchers suggest that following the principles of relation marketing could contribute significantly in preserving current customers, and as a result, keeping profitability of firm, and could be accounted as a competitive advantage.

Studying and investigating performed research have showed that today firms are implementing strategies through which they can preserve their current customers, and by using appropriate technology they attempt to achieve information about their

customers simultaneously in order to satisfy their customers and make them loyal through durable and long-term relationship with them. Relationship marketing and management of customer with relationship are of strategies that successful firms use to reach mentioned goals, and using them could be a final durable competitive advantage in today's world of commerce. Many firms use relation marketing programs as loyalty establishment programs in order to encourage customer loyalty to products and services.

Factors affecting relationship marketing program

Key variables of relationship marketing are including unity, commitment, communication, and handling conflicts on customer loyalty. Findings show that the four above variables predict the degree of customer loyalty very good and these four variables affect each other considerably. In an organization, customers are loyal to that if the organization be reliable, obligated to perform its services, establish durable and suitable communication to customers, and can handle conflicts and issues occur for its customer.

1. Unity: Matzler and Hinter Huber (1998) stated that unity is essential for transaction and there is an intense tendency to establish and preserve trades and transactions with organization with trust, as a relationship which establishes with trust, has a high value.

2. Commitment: it explains the extent that person intends to keep a valuable relationship, and it is essential, similar to trust in studying customers' loyalty. In marketing literature, commitment is a strong tendency in order to keep and preserve a relationship which is valuable for them.

3. Communication: communication in relationship marketing means keeping up with valuable customers, providing well-timed and precious data in services.

4. Handling conflict: handling conflict is the ability of a supplier to prevent possible contradictions, resolving declarations and invoices contradictions before they make problems for customers, and discussing issues publicly as they occur and discuss about the solution with the others. When this has done well, will lead to customers' loyalty (Dick & Basu, 1994).

Relationship between loyalty and relationship marketing program

While it was the main policy of organizations to attract new customers until some time ago, today, strategic and commercial policies are focused on preserving and improving loyalty and increasing customers trust to the organization. Constant customers mainly develop their purchases and sales cost for these customers are lower than new or potential customers, and constant customers recommend organization constantly to the others. It seems that in today's world of commerce, attention and applying relationship marketing principles and customer relationship management can strongly contribute in preserving current customers, and subsequently on firm's profitability, and can be considered as a stable competitive advantage for the firm. Customers' loyalty or continuous relation of customers with banks is very important. Studying patterns of customers' loyalty is considerable for it results in banks to achieve better servicing according to their customers' needs. Practitioners in servicing to bank customers mainly agree that solving customers' problems is the main factor in preserving loyalty. Unsolved problems have negative effect on constant relation of customer with bank and using its services. Unsatisfied customers talk more than satisfied ones about their experience. Unsatisfied customers can destroy a business (Walter, 2000).

Definitions of research variables

Competency: it is the perception and the image of buyer from commercial power and technology of service provider (Anderson & Weits, 1989). Following variables are suggested as competency variables in banks: the ability of staff to perform customers' requests, high speed of services, superior quality of services, staff understanding about the customer, patience and helping customer, staff interest to their work, bank performance in loans, no delay in queues, new banking services (e.g. ATM, telephone bank, Internet bank, etc.), level of accountability to customers (Churchill, 1999), well-dispersed branches, appropriate inter-banks relations, appropriate facilities, stating exact time of service providing and being as short as possible, the appropriateness of hours of service providing, and having modern equipments are competency variables.

Ability to establish communication: it is defined as the ability of providing useful and reliable data. Communications in provider-customer relationship means providing data which can be trust in (Anderson & Narus, 1990). Variables representing the bank's ability to establish communication are including: correct and on-time informing, informing about new banking services, having smiling face in dealing with customers, establishing personal and sincere relationship of staff with customer, staff honesty in dealing with customers, changing the process of providing service on customer's demand, bank focus on customer attraction and preservation, establishing long-term relations, using modern and effective solutions for providing services, and official informing.

Commitment: it explains the extent that person intends to keep a valuable relationship, and it is essential, similar to trust in studying customers' loyalty. In marketing literature, commitment is a strong tendency in order to keep and preserve a relationship which is valuable for them. Stable and continuous tendency to keep the valuable relationship. Commitment variables representing Melli bank's commitment are including: degree and extent of unity and coordination, customers' sense of belonging to bank, and customer does not feel losses up when coming to bank, prioritizing customers profits as high, and considering customers' interests and wants (Anderson & Narus, 1990).

Ability to solve customers' problems: is the ability of a supplier to prevent possible contradictions, resolving declarations and invoices contradictions before they make problems for customers, and discussing issues publicly as they occur and discuss about the solution with the others. When this has done well, leads to customers' loyalty (Reichheld, 1994). It is the ability of provider to minimize negative consequences and potential disputes. Variables representing bank's ability to solve problems are including: no conflicts between staff and customers, bank helps customer to choose correct way, accepting mistakes by bank, performing corrections by bank as fast as possible in time of problems, and accepting comments from customers in order to modify organization processes.

Quality of relationship: many researchers believe that customer's perspective about quality is on the basis of logical long-term evaluations from the service delivery time (Parasuraman, 1991). Variables representing quality of relationship are including: facilities to exchange loans, meeting customers' expectations in their relation with bank, personnel being friendly with customers, staff's empathy with customers in their relationship with them, acceptable level of quality in

service providing, proper environment of bank for customers, and simple and unequivocal banking services .

Trust: it is defined as expected values, mutual goals, opportunistic behavior, promising and keeping the promise, uncertainty and actions with positive consequences (Anderson & Narus, 1984). Variables representing trust to bank are including: security of transactions, performing promises, stabilized procedures in service providing, customers trust to bank, customers' data secrecy, customers trust to bank's solutions, keeping privacies in customers relations, accuracy in keeping customer's document.

Customers' loyalty: customers' loyalty is a kind of internal and deep commitment which leads to second purchase or second use of a special product or service despite of positional effects and marketing offers that may loaded on customer's behavior changing, potentially. He believes that loyalty is defined as a strong commitment for second purchasing of a product or service in the future, such that despite marketing attempts of other competitors, the same mark or product will be bought (Oliver, 1999).

Research hypotheses

H1: Competency has a significant positive effect on customer loyalty.

H2: Ability to establish communication has a significant positive effect on customer loyalty.

H3: Commitment has a significant positive effect on customer loyalty.

H4: Ability to solve problems has a significant positive effect on customer loyalty.

H5: Quality of relationship has a significant positive effect on customer loyalty.

H6: Trust has a significant positive effect on customer loyalty.

Conceptual model

Conceptual model of this research includes factors competency, commitment, ability to establish communication, ability to solve customers' problems, quality of relationship, trust and customers' loyalty (Ndubisi and Nelson, 2007). According to mentioned model, customers' loyalty of Melli Bank of Semnan city has been investigated (Fig 1).

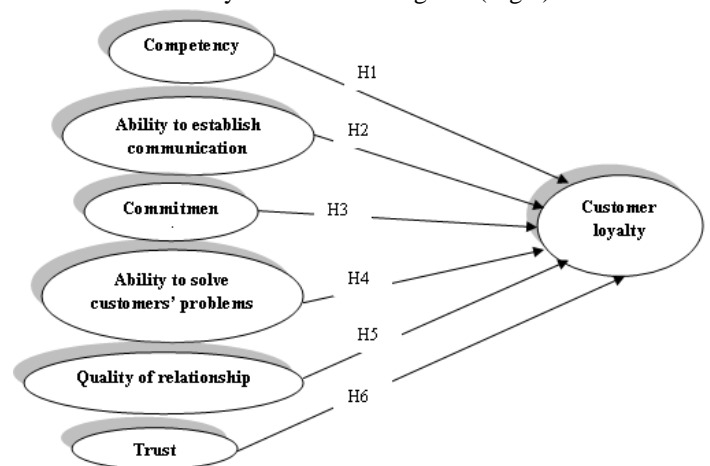


Fig.1. A proposed conceptual model

Research methodology

Measures

A self administered questionnaire survey of Melli Bank's Customers in Iran was conducted to collect empirical data for this study. The questionnaire was designed based upon a review of the related literature. All items measured on the five-point Likert scale rang from "strongly disagree" to "strongly agree".

Table 1 shows the measurement items of constructs used in this study.

Table.1 Measurement scales used in the current study, related question number and variables in the questionnaire

Variables/construct	Question number/Items	Source of the scale
Competency	1-2-3-4-5	Ndubisi and Nelson, 2007
Ability to establish communication	6-7-8-9	Ndubisi and Nelson, 2007
Commitment	10-11-12-13	Ndubisi and Nelson, 2007
Ability to solve problems	14-15-16-17	Ndubisi and Nelson, 2007
Quality of relationship	18-19-20-21-22	Ndubisi and Nelson, 2007
Trust	23-24-25-26-27-28-29	Ndubisi and Nelson, 2007
Loyalty	30-31-32	Ndubisi and Nelson, 2007

Data collection

This study could be considered as a causal and cross-sectional study. The questionnaire was distributed among all the visitors of branches and supervision branch who had a permanent account and visit bank at least once in a week in June 2012. The study used a convenience sampling method. Customers were asked about their willingness to take part in the survey and if they answered yes then they were asked to complete a pencil and paper questionnaire under the guidance of the data collector. A total of 260 questionnaires were distributed from Jun to July, 2012. After deleting unusable questionnaire, 179 useful samples were obtained, yielding a 0.76 response rate. Among the usable samples 62% respondents were female and 38% are male. Ages 20-30 (48%) and under 20 (35%) account for the biggest portion of the sample, followed by ages 30-40 (17%). In all, 78% were studying in graduate level and 22% were studying in postgraduate level.

Data analysis and results

Descriptive statistics

In order to analyze and examine the effect of independence variables on dependent variable, modeling structural equations method is used and this method is on the basis of regression analyzing, the existence of correlation between variables should be examined firstly. The following table shows mean and standard deviation of each variable.

Table 2. Descriptive-statistical indices of variables

variables	Mean	Standard deviation	Number of data
Competency	4.276	0.553	384
Ability to establish communication	4.055	0.658	384
Commitment	3.796	0.788	384
Ability to solve problems	3.719	0.811	384
Quality of relationship	3.984	0.692	384
Trust	4.190	0.583	384
Customers' loyalty	4.117	0.893	384

Assessment of measurement model

A confirmatory factor analysis (CFA) via Lisrel 8.50 was conducted to test the measurement model. Six common model-fit measure were employed to assess the models overall appropriateness, namely the ratio of chi-square to degrees-of-freedom ($\chi^2/d.f$), goodness-of-fit index (GFI), adjusted goodness-of-fit- index (AGFI), normalized fit index (NFI), comparative fit index (CFI), and root mean square error of

approximation (RMSEA), and to attain a better model fitness, 5 items, were eliminated due to cross factor loadings. As shown in table 2 all the model-fit indices exceeded their respective common acceptance level suggested by previous research (Bagozzi and Yi, 1988; Mulaik, James, Van. Alstine, Bennett, Lind and Stilwell, 1989). Therefore, the measurement model has a good fit with the data collected.

Table 3. Calculating variables correlation coefficient

correlations				
Calculating variables correlation coefficient				
		Quality of relationship	Trust	Customers' loyalty
Competency	Pearson correlation	0.559	0.580	-
	Sig. (2-tailed)	0.000	0.000	-
	N	384	384	-
Ability to establish communication	Pearson correlation	0.502	0.526	-
	Sig. (2-tailed)	0.000	0.000	-
	N	384	384	-
Commitment	Pearson correlation	0.634	0.586	-
	Sig. (2-tailed)	0.000	0.000	-
	N	384	384	-
Ability to solve problems	Pearson correlation	0.587	0.554	-
	Sig. (2-tailed)	0.000	0.000	-
	N	384	384	-
Quality of relationship	Pearson correlation	-	-	0.595
	Sig. (2-tailed)	-	-	0.000
	N	-	-	384
trust	Pearson correlation	-	-	0.585
	Sig. (2-tailed)	-	-	0.000
	N	-	-	384
** correlation is significant at the 0.01 level (2-tailed)				

The above table shows the Spearman correlation coefficient between variables, significance level and correlation of each to the others and the number of data. As it is seen, all variables have direct relation at the 99% of confidence.

Table.4 Fit indices for measurement model

Goodness-of-fit measures	Recommended value	Measurement model values
$\chi^2/d.f$	≤ 3.00	1066.70/425= 2.51
goodness-of-fit index (GFI)	≥ 0.90	0.92
adjusted goodness-of-fit- index (AGFI)	≥ 0.80	0.91
normalized fit index (NFI)	≥ 0.90	0.96
comparative fit index (CFI)	≥ 0.90	0.98
root mean square error of approximation (RMSEA)	≤ 0.10	0.053

Reliability of each constructs was calculated by Cronbach's alpha coefficients. The Cronbach's alpha of all constructs exceeded the minimum requirement for reliability of 0.70, ranging from 0.70 to 0.88. The results of the reliability test indicated that multiple measurement items were highly reliable

for measuring each construct (Table 3). Construct validity is the extent to which a set of measured variables actually reflects the latent construct they are designed to measure. Construct validity is established in this study by establishing the face validity and convergent validity. Face validity was established by adopting the measurement items used in the study from the existing literature and adapting the same to the present research context. Moreover before the questionnaire was finalized, some academic professional who are familiar with the subject of this study reviewed the questionnaire to assure face validity. Minor revisions were made based on their suggestions. Therefore, the face validity of the questionnaire was deemed as adequate.

Convergent validity was assessed by examining the factor loading and average variance extracted (AVE) of the constructs as suggested by Fornell and Larcker (1981). All the indicator had significant loading onto the respective latent construct ($p < 0.05$) with values greater than or equal to 0.50 (table 3). In addition, the average variance extracted (AVE) for each construct is greater than or equal to 0.50, which further support the convergent validity of the constructs (table 3).

Structural model

Having established a reliable and valid measurement model, a structural model is used to test the causal relationships between constructs of the proposed conceptual model. The simultaneous maximum-likelihood-estimation procedures are used to examine the hypothesized relationships among competency, ability to establish communication, commitment, ability to solve customers' problems, trust, quality of relationship and loyalty.

The goodness-of-fit indices of the final estimated structural model include $\chi^2/d.f$ (508.85/303 =1.68), GFI (0.91), AGFI (0.83), CFI (0.97), NFI (0.93), and RMSEA (0.062), indicating that the structural model has a reasonable expiation of the observed covariance among the constructs of interest. Fig 2 shows the results of the estimated structural model.

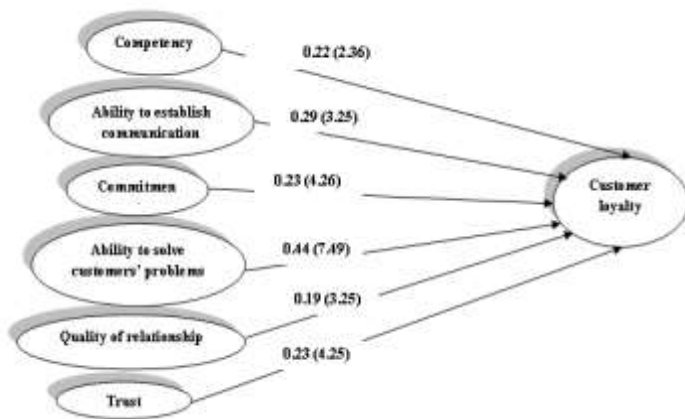


Fig.2. The estimated structural model

Hypotheses testing

H1 to H6 were examined by using the structural equation modeling (using LISREL 8.50). Regarding the hypothesis tests, as shown in table 5 and fig 2 all of the structural path estimates are statically significant ($p < 0.05$). Competency has a significantly positive effect on customer loyalty ($\gamma_1 = 0.22$, $t\text{-value} = 2.36$) thus H1 is supported. Ability to establish communication has a significantly positive effect on customer loyalty ($\gamma_2 = 0.29$, $t\text{-value} = 3.25$) thus H2 is supported. Commitment has a significantly positive effect on customer loyalty ($\gamma_3 = 0.23$, $t\text{-value} = 4.26$) thus H3 is supported. Ability to solve customers' problems has a significantly positive effect on

customer loyalty ($\gamma_4 = 0.44$, $t\text{-value} = 7.49$) thus H4 is supported. Quality of relationship has a significantly positive effect on customer loyalty ($\gamma_5 = 0.19$, $t\text{-value} = 3.25$) thus H5 is supported. Trust has a significantly positive effect on customer loyalty ($\gamma_6 = 0.23$, $t\text{-value} = 4.25$) thus H7 is supported.

Table.5 Results of hypotheses testing

Hypotheses	Hypothesized path	Standardized path	t-value	Results
H1	COMP → LOYALTY	0.22	2.36*	Supported
H2	AEC → LOYALTY	0.29	3.25*	Supported
H3	COMMITMENT → LOYALTY	0.23	4.26*	Supported
H4	ASP → LOYALTY	0.44	7.49*	Supported
H5	QR → LOYALTY	0.19	3.25*	Supported
H6	TRUST → LOYALTY	0.23	4.25*	Supported

Note: *implies significant at $p < 0.05$

Discussion and conclusion

The purpose of this study was to examine the effects of competency, ability to establish communication, commitment, ability to solve customers' problems, trust and quality of relationship on customer loyalty. In this research an integrated model was presented estimated by structural equation modeling methods. The results conclude that the proposed model is highly significant.

The results of studying the antecedents of customer loyalty show that competency has direct positive impact on customers' loyalty, which is in line with the findings of Ndubisi and Wah (2005). This indicates that with increasing the customers' perception of the technological and commercial competence of bank, their loyalty will improve respectively. Therefore, it would be essential for banks managers and marketers to plan to increase their quality, speed and accuracy in performing customers requested service and also provide and improve modern banking services (e.g. ATM, Telephone bank, Internet bank, etc.) by which they could be assure of positive consequences on their customers loyalty.

Ability to establish communication had direct positive impact on banks customers' loyalty which is in line with previous findings of studies (e.g. Ndubisi (2007)). This means that with initiating a communication in which useful and trusted information could be transferred to customers, the chance of developing their loyalty toward the bank will increase. Therefore, for developing communication following suggestions could be useful: 1- Correct and well-timed informing about new banking services to customers. 2- Smiling face of bank tellers in dealing with customers. 3- Establishing sincere and personal relation with customer. 4- Honesty of staff in dealing with customer. 5- Changing the process of service providing upon customers' demand. 6- Bank focus on preserving and establishing long-term relations.

Commitment shows to have a positive direct impact on customers' loyalty. This finding is in line with prior studies regarding the impact of commitment on quality of relation between bank staff and their customers (Ndubisi, 2007).

Table.5 Measurement model results

construct	Measurement items	Standardized factor loading	t-value	Cronbach's alpha	AVE
Competency	COMP1	0.80	10.25*	0.71	0.53
	COMP2	0.73	9.27*		
	COMP3	0.63	7.92*		
Ability to establish communication	AEC1	0.80	10.25*	0.70	0.54
	AEC2	0.62	8.22*		
	AEC3	0.71	9.63*		
	AEC4	0.81	11.13*		
Ability to solve customers' problems	ASP1	0.83	12.38*	0.74	0.54
	ASP2	0.80	11.80*		
	ASP3	0.56	7.57*		
Commitment	COMM1	0.71	9.94*	0.72	0.50
	COMM2	0.69	9.66*		
	COMM3	0.73	10.31*		
Trust	TRU1	0.71	10.22*	0.80	0.52
	TRU3	0.66	9.52*		
	TRU4	0.80	10.40*		
	TRU5	0.76	10.31*		
	TRU6	0.73	10.25*		
	TRU7	0.68	9.55*		
Quality of relationship	QR1	0.83	12.38*	0.76	0.55
	QR2	0.80	11.80*		
	QR3	0.62	8.64*		
	QR4	0.71	10.22*		
	QR5	0.73	10.31*		
Customer loyalty	LOY1	0.78	11.24*	0.88	0.70
	LOY2	0.87	14.24*		
	LOY3	0.86	13.33*		

Therefore, with increase in the level of commitment the level of customers' doubts and uncertainties will decrease and in turn their loyalty toward bank will increase. Therefore, by increasing degree of unity and coordination between bank staff and Prioritizing customers' benefits, it would be possible for banks to enjoy the benefits of their investment of increasing the level of commitment by increased number of loyal customers.

Ability to solve customers' problem have direct positive impact on their loyalty. In the study of Ndubisi (2007) this relation had been investigated for Malaysian banks and the findings showed that ability of solving problems had direct effect on increasing the level of their loyalty. Therefore, the same results in this study shows that in Iranian banks the level of conflict handling and satisfactory resolution of it, will increase the loyalty of customers. Therefore following suggestions could increase the ability of banks for good conflict resolution: 1- helping of bank tellers for customers to choose the well-suited solution for their bank-related problems. 2- Performing corrections as soon as possible. 3- Accepting comments from customers to improve organizational processes. 4- Increasing the ability of manager to solve possible problems.

Quality of relationship has direct positive impact on customers' loyalty. In the prior studies in bank industry, different effective variables which had been influential in increasing the quality of relationship had been studied (Ndubisi, 2007). However, in none of them the impact of quality of relationship on developing the loyalty of customers has been investigated, therefore, this study was the first study which shows that by increasing the quality of relationship with use of different means like: meeting customers' expectations, friendly interaction of bank tellers with customers, providing suitable facilities to exchange loans, clear and Simple banking services,

banks can expect their long term profit will increase due to improvement of the loyalty of their customers.

Trust has direct positive impact on customer's loyalty. This result is in line with previous studies (Ndubisi, 2007; Ndubisi and Wah, 2005). This means that cultivating customers trust is particularly important and it will decrease uncertainty and risk for customers and increase their loyalty consequently. Therefore, by performing promises, stabilizing policy in service providing and keeping customers' data confidential, banks managers could increase their customers' loyalty by use of increasing their trust to their bank.

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