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A Study on Relationship Management Practices on Customer Retention among steel Traders in Dubai''

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Purpose

The purpose of the study is to explore relationship management antecedents in Business to Business marketing with special reference to steel trading and to describe the effect on customer retention by verifying the mediating role of customer satisfaction

Design/Methodology/Approach:

The design of study is exploratory and descriptive in nature. A hypothesized model is developed based on a literature review and validates the model through data collected through survey among 392 respondents a belonging to steel buyers like distributors and retailers in Dubai.

Findings: The result of analyzed data evident that employment of relationship management practices with respect to customer commitment has significant direct effect on customer retention and also there is a partial mediation role of customer satisfaction with respect to customer engagement and customer retention.

Originality/value: The paper attempted to evolve the major constructs on relationship management practices adopted by steel promoters and its effect on customer retention, which is tested through a developed model with the support of existing literature surveys.

Key Words: *Relationship Management Practices (CRM), Business to Business (B2B) Marketing, Customer Management Policy, Communication, Engagement, Customer Grievance Handling, Trust, Commitment, Customer Satisfaction, Customer Retention, Steel Traders*

Paper Type: Research Paper

1. Introduction

With advances in technology, the proliferation of the Internet, and the emphasis on one-to-one marketing techniques, customer relationship management (CRM) has become a key focus of business to business (B2B). It is strongly evident that strong customer relationships are important contributors to customer satisfaction and retention in recent business to business marketing. Customer focus and relationship management have become fundamental marketing and business philosophies for many companies seeking competitive advantage. Customer relationships are considered superior to transactional exchange in their ability to create a sustainable competitive advantage and superior business performance. In this background, the present paper attempted to evolve the elements of relationship management practices in the steel trading business and its consequences on customer satisfaction and retention. Customer relationship management (CRM) is still an appealing area of research due to its relative novelty and the increasing growth in adoption of CRM practices in organizations. Customers have more choice of which business they deal with today than any time in the past (Aijo, 1996). Consequently, building customer relationships, adding value throughout the relationship and improving customer service is a priority for business. Customer Relationship Management (CRM) systems has the potential to establish, cultivate and maintain long-term, mutually beneficial interactions with customers (Ling and Yen, 2001), promote loyalty (Abbott, Stone, and Buttle, 2001), increase profits (Rigby, Reichheld, and Schefter, 2002), enhance customers' relationship perceptions (Verhoef, 2003), respond directly to customer requests and provide customers with a highly interactive, customized experience (Winer, 2001)

CRM systems enable to improve customer relationships (Verhoef, 2003); and establishing 2 good customer relationships increases loyalty, improves profits and reduces churn (Sirdeshmukh, Singh, and Sabol, 2002). Yet CRM projects have a high probability of failure (Croteau and Li, 2003; Goodhue, Wixom, and Watson, 2002; Woodcock and Starkey, 2001), fail to meet fundamental business goals (Davis, 2002) and in some cases even damage existing customer relationships (Rigby et al., 2002). From

the existing research it appears that not all organizations can successfully implement CRM and it is unclear whether CRM is of value to all companies (Day, 2000).

Business-to-Business (B2B) markets are a significant part of the economy (e.g. Frauendorf et al., 2007), and the value of business transactions is double the value of consumer transactions (Gummesson, 2004; Sheth and Sharma, 2006). The concept of customer satisfaction in industrial markets has been a point of investigation and some recent research on the issue of measuring customer satisfaction in the B2B context has been undertaken (e.g. Homburg and Rudolph, 2001; Rossomme, 2003). Rossomme (2003) claims that satisfaction is an important tool in assessing the health of customer relationships and asserts the concept of customer satisfaction in a B2B setting

As the business world quickly shifts from product focus to customer focus, most companies find that treating existing customers well will be good for profitable and sustainable revenue growth. However, companies are challenged to really satisfy the customers in the age of electronic commerce. Customer relationship management is an more important subject than ever before. Brown (2000) defined CRM as 'the key competitive strategy you need to stay focused on the needs of your customers and to integrate a customer-facing approach throughout your organization.' The early stage of CRM is to collect potential customers and keep customers. The middle stage of CRM is to satisfy customers and establish loyalty.

Iron and steel is one of the most important industries in any nation, and specialty steels occupy a uniquely critical place in the iron and steel industry. The quality of life and level of industrial development are directly related to the availability of specialty steels in many ways. Specialty steels are essential to many industries, including motor vehicles, electrical and electronic equipment and parts, machinery, chemical equipment, energy production, aviation and aerospace and others. While the total amount of specialty steels is somewhat limited, they are used in a wide variety of forms and applications and involve very high levels of technology.

The importance of CRM in the steel industry and traders needs to be studied. The scant research on variables impacting the different stakeholders in the industry needs to be explored and the present paper aims to evolve the antecedents of relationship management practices and its direct effect on customer retention in the steel trading business and also to validate the mediating role of customer satisfaction between relationship management constructs and customer retention.

2a. Relationship Management Practices

The Relationship Management Practices (CRM) is an organization's combination of people, process and technology to retain current customers by maximum customer value on one hand while targeting potential consumers on the other hand (Chen & Popovich, 2003). . Kotler and Armstrong (2004) in their book defined CRM as the comprehensive process of erecting and sustaining profitable customer relationships by delivering superfluous consumer experiences. Lawson-Body and Limayem (2004) assert that understanding customers' expectations is critical in service delivery and building profitable customer-business relationships as it exposes the imperative to identify specific needs and wants of customers so as to enable subscribing firms to supply expected products and services. Coye (2004) opined that understanding customer expectations (UCE) helps to reflect consumers' subjective feelings with regard to current and expected realities of firms' offerings. Wali and Wright (2016) defined UCE as what consumers currently expect to receive from their service providers and what they think should happen in their next service interface.

2b. Customer Satisfaction

Customer satisfaction is a major concern for all organizations. CRM applications are likely to have an effect on customer satisfaction due to the fact that CRM applications enable firms to customize and improve the reliability of their offerings, and help firms manage customer relationships more effectively across different stages of the relationship (Reinartz et al., 2004; Mithas et al., 2005). Empirical research (e.g. Teng et al., 2007; Mithas et al., 2005; Sin et al., 2005) on the implementation of CRM proclaims better customer satisfaction, increased plant revenue, reduced labor cost and engineering lead time, improved product quality, and enhanced organizational systems as consequences of CRM adoption. It is not easy to measure the positive effects of CRM as they are diverse and affect many areas; therefore, they will require a different set of effectiveness metrics depending on the type of industry, whether the relationship is B2B or B2C, and other organizational characteristics. It is nevertheless important to be able to quantify the benefits of CRM adoption since it is a strategic issue affecting the organization's competitiveness.

2c. Customer Retention

Customer relationship management (CRM) represents an activity to build accurate knowledge on customer behaviour in order to initiate strategies that encourage customers to continually enhance their business relationship with a corporate entity (Parvatiyar&Sheth, 2001). The study of Verhoef (2003) shows that customer relationship management has a positive relationship with customer retention.

Customer Relationship Management is the concept of building a strong relationship between companies. In this case, the management with customers (Sutedjo, 2011, p. 65). So, Customer Relationship Management is a customer service approach that focuses on building and maintaining long-term relationships (Ardiyhanto, 2011). Customer relationship Management (CRM) is a strategy focusing on creating customer satisfaction and long-term relationships by integrating several functional areas of the company to achieve competitive advantage (Payne and Frow, 2005; Indah and Dewi, 2013; Chang, 2007; Nguyen, Sherif, and Newby, 2007).

Parasuraman in Lupiyoadi (Lupiyoadi, 2011, p. 182) states that it is the feeling of satisfaction after evaluating the product experience. Lupiyoadi also added that satisfied customers have the great potential to become loyal, so it will be a loyal customer who will use products. Basically, the sense of satisfaction and dissatisfaction of customers is the difference between expectations and perceived performance. Thus, understanding customer satisfaction means that the performance of the goods or services received by consumers is at least equal to their expectations. To create customer satisfaction, the companies that engage in the service should be able to offer value to gain more customers and also have the ability to maintain customer loyalty. Then, through a customer relationship management program that is good and right, it is expected customers will be loyal, of course, when customers are quite satisfied. In other words, customer relationship management will have an effect on customer loyalty only when such customers can be satisfied. Therefore, the customer relationship management program has an indirect effect on customer retention through customer satisfaction.

3. Proposed Model

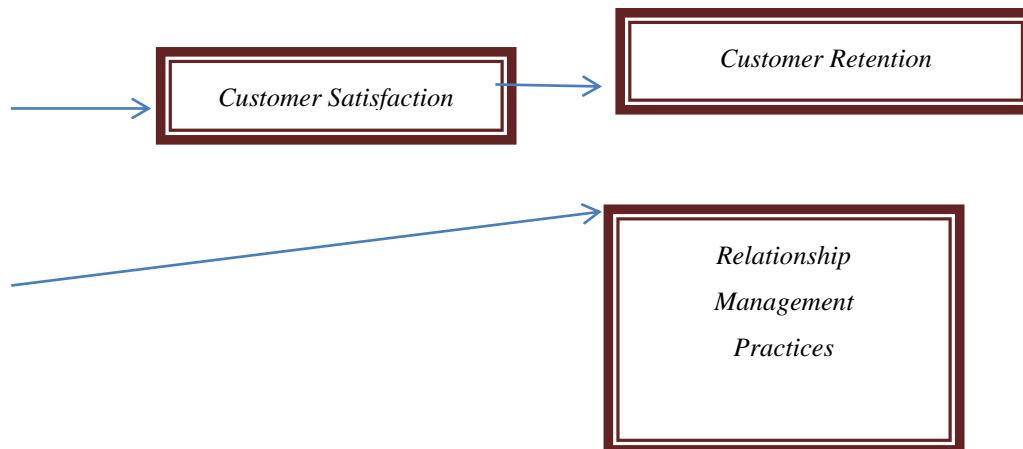
There are different approaches to evolving the aspects of relationship management practices attributed in business to business marketing. In this present work, it is attempted to evolve the relationship management practices related to constructs by considering the views of existing buyers with respect to the steel business in Dubai. The model attempted to explore RM constructs which constitute customer satisfaction and, subsequently, on customer retention with practical paradigm. Customer relationship management is comparatively a new concept which arose in the 1980s. According to Reinartz & Kumar (2012) and Hollensen (2015), CRM has two central dimensions; human and business dimensions. The human dimension concerns responding to and recognizing human needs, whereas the business dimensions are the core components of CRM adoption aiming at enhanced customer satisfaction, and without doubt demands implementation of customer-centric business strategies. Zablah et al. (2004) posit customer centricity as “one of the key organizational inputs ... that firms need to build a profit-maximizing portfolio of customer relationships.” Galka & Baran (2013) determine the basic dimensions of CRM as maintenance and the

formation of long-loyalty between the firm and its customers, marketing direct techniques, constructing customer interaction and personalizing customer relationship.

Customers' satisfaction denotes the extent to which meeting or surpassing the customer's expectation leads to repeat purchases by the customer (Jacka & Keller, 2013; Rehman, 2012; Abduh, 2012). Kaur et al., 2012, Gazor et al. 2012, Suki et al. 2012 define customer satisfaction as the customer's judgment following their experience with consuming the product or service; or the client's judgment that the service or product provided is what they expected. Additionally, customers' satisfaction increases the customers' lifetime value; it determines the money amount generated by the customer for business firms customers, whereas retaining the existing customers' costs is lower than acquiring new customers (Sanjuq, 2014; Saad, 2012; Sun & Kim, 2013). Moreover, satisfaction reduces the possibility of negative word of mouth (Kaura, 2013; Hill et al., 2013; Rego et al., 2013). Customer satisfaction is identified by various dimensions mentioned in literature including perceived value (Hsu et al., 2012; Rego et al., 2013), important needs fulfillment (Steven et al., 2012), effective response (Grissemann & Stokburger-Sauer; 2012; Kärnä, 2014) and expectations or beliefs confirmation (Dehgan et al., 2012).

Customer Relationship Management (CRM) is a method to attract, to maintain and to improve customer satisfaction and strengthen relationships with customers (Tung, 1997). Furthermore, Customer Relationship Management (CRM) provides data and information relating to customers, such as shopping behavior, habits in consuming products, and others (Agrawal, 2004). This data and information are used to improve understanding of how to communicate with customers in order to create value and customer satisfaction (Agrawal, 2004). To create customer satisfaction, the companies that engaged in the service should be able to offer value to gain more customers and also have the ability to maintain customer loyalty. Then, through a customer relationship management program that is good and right, it is expected customers will be loyal; of course, when customers are quite satisfied. In other words, customer relationship management will have an effect on customer loyalty only when such customers can be satisfied. Therefore, the customer relationship management program has an indirect effect on loyalty through customer satisfaction.

By keeping these views and previous related research outcomes, the hypothesized model is proposed to test and validate.

Fig -1 – Conceptual Model

CRM stands for Customer Relationship Management i.e. it's a strategy which is used to learn more about customers' needs/wants and behaviors so as to build a strong relationship with them. An efficient CRM policy is required in order for an organization to retain, acquire and gain profit from customers. The technical and functional quality of their service is also one major contributing factor which can influence the overall perception of the quality of service that the customer expects (Grönroos, 1984) and (Gounaris S., 2005).

A CRM system facilitates the development of better and effective communication channels. Technological integrations like websites and interactive voice response systems can make work easier for the sales representatives as well as the organization. Consequently, businesses with a CRM have a chance to provide their customers with various ways of communication. Such strategies ensure appropriate delivery of communication and quick response to inquiries and feedback from customers.

A CRM strategy is effective in building up effective communication within the company. Different departments can share customer data remotely, hence enhancing team work. Such a strategy is better than working individually with no links between the different business departments. It increases the business's profitability since staff no longer has to move physically while in search of critical customer data from other departments. Facilitates optimized marketing

Customer engagement strategy is an association between consumers and organizations by means of various communication endeavors, incorporated by the organization. Customer engagement is basic for the survival of firms in today's technologically connected society. Good customer relationship management (CRM) in the company also has a stronger have for customer engagement, exactly. Good relationships between companies and consumers can be used for advertising, sales promotion, public relations, and direct marketing to create more efficient and effective ways to get consumers (Copulsky and

Wolf 1990). Customer relationship management (CRM) was able to empower with a strength of customer desires by the pressure of information technology to provide satisfaction (Too, Souchon, and Thirkell 2001).

A distinction is made between two types of commitment: affective and continuance commitment (calculative commitment). Affective commitment is the desire to maintain a relationship and is based on loyalty and affiliation (Gundlach et al.1995). Continuance commitment is based more on rational motives, focusing on termination, or switching costs (Kumar, 1996). Morgan and Hunt (1994) argued that commitment was important in understanding customer-company relationships. Verhoef (2003) reported a positive effect of commitment on customer retention, and several studies found a positive relationship between commitment and customer loyalty. If a customer is affectively committed to a supplier, they are likely to buy additional services from that supplier in preference to their competitors. However, since calculative commitment is based on economic considerations, a customer with calculative commitment will not necessarily purchase additional services. It is therefore proposed that an affective commitment will positively influence cross-buying, whereas calculative commitment will have no influence on cross-buying.

A lot of research studies have been done to identify the importance of trust in relationship development between a buyer and a seller (Anderson & Narus, 1990; Doney & Cannon, 1997; Ganesan, 1994; Morgan & Hunt, 1994). Generally speaking, trust has been thought as produced mainly by strong ties, especially those with high intimacy and emotional support, rather than from arm-length business relationships. Researchers have found a strong positive correlation between trust and relationship commitment (Mukherjee and Nath, 2007). The necessity of gaining trust has consequently led to a growing interest in customer retention, which has demonstrated positive financial profits for organizations. Since relationships work both ways between two or more parties, it is obvious that consumers also gain from close relationships. For instance, physiological benefits such as familiarity, personal recognition, predicted and supported friendships etc. and financial benefits via discounts and personalized offers provided by an organization (Colgate and Danaher, 2000).

Loyal customers account for a valuable amount of company profits; therefore, a company should not risk losing a customer by ignoring their complaints. The best thing a company can do is to make it easy for the customer to complain. Complaint management is the process of dissemination of information aimed at identifying and correcting various causes of customer dissatisfaction (Fornell & Westbrook, 1984).

By viewing all these essential elements in business to business relationship management practices in the steel trading business, the following hypotheses are framed and validated.

H1: There is a significant influence of customer management policy on customer retention.

H2: There is a significant influence of customer communication on customer retention.

H3 : There is a significant influence of customer commitment on customer retention.

H4: There is a significant influence of customer engagement on customer retention.

H5: There is a significant influence of customer trust on customer retention.

H6: There is a significant influence of customer grievance handling on customer retention.

The dominant paradigm of these initiatives, from both an academic and practitioner standpoint, is that customer satisfaction is positively linked to customer loyalty. A large amount of research on customer satisfaction has investigated customer-related outcomes including: customer loyalty, customers' behavioural intentions, positive word of mouth, customers' share-of-wallet, customer defection, and other behaviours. One of the most common findings, in existing research, is a direct and strong link between customer satisfaction and customer loyalty behaviour (Bolton 1998; Chandrashekar, Rotte, Tax and Grewal 2007; Cooil, Keiningham, Aksoy and Hsu 2007; Fornell 1992; Jones and Sasser 1995; Keiningham, Perkins-Munn, Aksoy and Estrin 2005; Mittal and Kamakura 2001; Rust and Zahorik 1993.

Based on these outcome it is proposed to test the below hypothesis

H7: There is a significant influence of customer satisfaction on customer retention.

Customer relationship management will help companies make transactions faster, as well as determine segmentation and increase customer satisfaction. To preserve existing customer loyalty, the company certainly needs to maintain customer satisfaction. Based on empirical studies, it is hypothesized that customer policy, communication, commitment, engagement, trust and customer grievance handling influence customer retention through customer satisfaction.

H8: There is a significant mediating role of customer satisfaction between relationship management elements (customer policy, communication, commitment, engagement, trust and customer grievance handling) and customer retention.

4. Methodology and Research Findings

The study was undertaken among the steel buyers in the category of wholesalers, distributors and retailers in the market of Dubai. The instrument employed for data collection from the respondents is a structured and pre-tested questionnaire. The preliminary version of the questionnaire was framed by verifying the depth of existing literature reviews about relationship management between business to business marketing, and experience surveys with steel traders and buyers. Subsequently, after the generation of the

preliminary surface of the questionnaire, a pilot form of questionnaire was discussed with academicians in the field of marketing and industrial consultants for reviews and further suggestions, corrections and additions. Based on the outcome of reviews, necessary inputs are added in the questionnaire and an in-depth interview was arranged with selected traders and buyers for finalize the questionnaire. The ultimate structured questionnaire was administered among 70 respondents for pre-testing of the questionnaire and to verify the internal consistency of the items. By employing test – retest method for reliability checking, it is observed that internal consistency of correlation exists more than 70 percent (0.7) for all the items validated in the questionnaire.

In order to collect the responses from the study population, the required sample size was estimated through sampling by proportion. A five-statement questionnaire which covers the aspects of relationship management elements, customer satisfaction and retention with five point Likert Scale was by 50 respondents. The collected responses were estimated for its mean and standard deviation. The below-mentioned sampling size formula was employed

$$\text{Sample Size (n)} = Z^2 * \Sigma^2 / (SE)^2 = (1.96)^2 * (0.52)^2 / (0.05)^2 = 3.846 * 0.255 / 0.0025 = 392$$

The required data from 392 respondents was collected through hard copy and through Google form sent through mail. The collected data was verified for its missing values and normality checking by using one sample K-S test (Kolmogorov-Smirnov Test) by assuming the null hypothesis that set of data is normally distributed. The obtained p value is more than 0.05 and the stated null hypothesis was accepted and concludes that the data is normally distributed.

Table -1 – Demographic Profile of the Respondents

Sl.No	Category	Attributes	No. of Respondents	Percentage to Total
1	Type of Business	Wholesaler	132	33.7
		Distributors	52	13.3
		Retailers	208	53.1
2	Nature of Business	Sole proprietor	89	22.7
		Partnership	213	54.3
		Others	90	23.0
3	Possession of Business Units	One	65	16.6
		More than One	327	83.4
4	Method of Dealing Steel Business	Exclusive	56	14.3
		Inclusive	336	85.7
5	Experience in the Business	Less than 10 Years	48	12.2
		11 to 15 Years	152	38.8
		More than 16 Years	192	49.0
6	Mode of Dealing Suppliers	Single Source	76	19.4
		Multi Source	316	80.6
7	Buying Option	Local Materials	102	26.0
		Imported	48	12.2
		Both	242	61.7
Total			392	100

Source: Primary Data

Further to that, business profiles of respondents were analyzed through a percentage frequency table and it is revealed that out of 392 respondents in terms of their type of business, 33.7 percentage are wholesalers and 53.1 percentage are distributors. With respect to their nature of business, 54.3 percentage are running as partnership firms. 83.4 percentage are promoting more than one unit of business and 85.7 percentage are doing inclusive business of steel along with other hardware components. Among 392 responding units, 49 percentage have more than 16 years of business experience in steel trading and it is also revealed that 61.7 percentage of responding units prefer to buy from local and imported categories according to their business and customer requirements.

The descriptive statistics and interrelations among the items taken for the hypothesized model. According to Hair et.al (2006), it is understood that an item correlation of more than 0.90 among items exhibits multicollinearity and any item with that between-correlation need to be removed before going for further analysis. But in the present study, the 30 items constructed (variables) have inter correlation well below the suggested value of 0.7 and around and the items constructed proven the non-existence of multicollinearity considered for subsequent analysis.

The application of reliability analysis is evident that all the 28 variables have standardized cronbach alpha values of more than 0.7 and above exhibit the internal consistency for the proposed measurement instrument (Exhibited in Table 3).

The cronbach alpha value measuring relationship management practices comprise 21 items and which represent the aspects of policy (3 items), customer communication (3 items), customer trust (3 items), customer commitment (5 items), customer engagement (4 items), customer complaint management (3 items). Customer satisfaction (4 items) and customer retention (3 items), which all meet the required internal consistency and are permitted to employ exploratory factor analysis (EFA). The intra-item correlation under each construct exhibits more than 0.7 consistency, proving the required convergence and inter-item correlation below 0.4 reveals the discrimination required.

In order to employ exploratory factor analysis for the purpose of data reduction and factor identification, the 28 items with required internal consistency were considered. Factor analysis is a technique that is used to reduce a large number of variables into fewer numbers of factors. The number of factors is determined by Eigenvalues. If Eigenvalues is greater than one, we should consider that a factor and if Eigenvalues is less than one, then we should not consider that a factor. According to the variance extraction rule, it should be more than 0.7. If variance is less than 0.7, then we should not consider that a factor. First of all, KMO and Bartlett's tests were used to check the appropriateness of factor analysis for the purpose of research. The results of reliability should be greater than 0.7. Also, the results of Bartlett's Test of Sphericity should be less than 0.05. According to results obtained from table 6, KMO is .836, which is above the acceptable level, which approves the appropriateness of this analysis for the study. The outcome of total variance explained is 78.425, which is more than 70 percentage of the explained variance by eight factors loaded with 28 variables.

Table – 2 - Exploratory Factor Analysis

Factor	Factor Label	Factor Loading	Reliability	Convergent Validity	Discriminant Validity	AVE
Customer Satisfaction	CS4	.831	.824	0.8	0.849	0.720
	CS3	.807	.826			
	CS2	.801	.825			
	CS1	.761	.825			
Commitment	SCOMT1	.888	.833	0.8135	0.743	0.552
	SCOMT2	.874	.836			
	SCOMT5	.750	.836			
	SCOMT3	.742	.839			
	SCOMT4	.703	.839			
Communication	CC1	.886	.827	0.858	0.916	0.840
	CC3	.869	.829			
	CC2	.819	.830			
Engagement	CE1	.798	.840	0.7665	0.799	0.638
	CE2	.784	.831			
	CE3	.780	.829			
	CE4	.704	.829			
Policy	SPO2	.909	.842	0.874667	0.851	0.724
	SPO3	.890	.841			
	SPO1	.825	.839			

Grievance Handling	CGH3	.893	.841	0.851	0.816	0.741
	CGH2	.892	.841			
	CGH1	.768	.840			
Customer Retention	CR2	.916	.839	0.867	0.826	0.682
	CR3	.886	.841			
	CR1	.799	.840			
Trust	TRS1	.840	.840	0.840333	0.750	0.563
	TRS3	.806	.842			
	TRS2	.796	.839			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.				.799		
Bartlett's Test of Sphericity		Approx. Chi-Square		8959.728	Total Variance Explained (%) 81.584	
		df		378		
		Sig.		.000		

** *CSTT- Customer Satisfaction, COMMT – Customer Commitment, COMU – Customer Communication, ENGT –Customer Engagement, POLICY – Relationship Management Policy, GRHAN- Customer Grievance Handling, RETN- Customer Retention and TRST- Customer Trust*

From the above table 2 , it is clear that, by employing a rotated component matrix, by suppressing the internal consistency value of more than 0.7, the 28 variables are grouped as eight factors with the total variance explained at 81.584 percentage. Further to that, it is learnt that there are four items which describe the aspects of customer satisfaction regarding relationship management practices adopted by steel traders. It is termed as “Customer Satisfaction” with the convergent validity of 0.8 (which is more than 0.7). The factor “Customer Commitment” is formed by the convergence of five variables with the validity of 0.8135. There are three measured items which insist the importance of communication to customer in

relationship management practices is termed as “Customer Communication” with the convergent validity of 0.858. The factor “Customer Engagement” is constituted by the convergence of four items with a validity measure of 0.7665. The relationship management policy is the next factor which comprises the convergence of three items with the validity of 0.874. There are three items with the convergence validity of 0.851 that constitute the factor “Customer Grievance Handling”. The “Customer Trust” is another evolving important factor for relationship management is formed by the convergence of three variables with the validity of 0.840. The customer retention is the outcome factor grouped by the convergence of three variables with the validity of 0.867. It is also understood from the above table that the required discriminatory validity (more than 0.7) and the Average Variance Extracted is obtained (more than 0.5). The outcome of the exploratory factor analysis involved six important factors, namely customer commitment, engagement, communication, trust, policy and grievance handling, prominent for customer relationship management practices in business to business marketing with reference to steel traders. It is also informs about the important variables required for customer satisfaction and customer retention with respect to customer relationship management practices employed by steel traders.

After evolving, the factors lead to relationship management practices and important items relevant for customer satisfaction and retention. The confirmatory factor analysis was employed in order to test and validate the hypothesized model that customer relationship management and its relevant constructs have a significant direct effect on customer retention and to verify the significant mediation role of customer satisfaction between relationship management constructs and customer retention.

As process of employing confirmatory factor analysis, initially the measurement fit was constructed and verified the goodness of fit of constructs to the model. In this process, the eight constructs namely customer commitment, communication, trust, engagement, policy, grievance handling, customer satisfaction and retention and its respective converged items are tested for model fit through measurement fit.

5. Measurement Model

The composite reliability for internal consistency was first demonstrated. The values for all constructs were above the suggested threshold of 0.70, with a minimum of 0.824. In addition, the standardized factor loadings for all items were above the suggested cut-off of 0.70 (Hatcher, 1994) (with a minimum of 0.703) and all were significant with strong evidence of convergent validity.

The average variance extracted (AVE) of each construct in the model was more than 0.50, which meets the criterion that a construct's AVE should be at least higher than 50 per cent (to guarantee that more valid variance is explained than error) (Fornell and Larcker, 1981). The constructs should also show high discriminatory validity. According to Fornell and Larcker (1981), this can be demonstrated by the fact that the square root of the AVE of each construct should be generally higher than the correlations between it

and any other constructs in the model. This demonstrates that the constructs are both conceptually and empirically distinct from each other. Finally, the R2 for the endogenous variables (such as customer satisfaction and customer retention) was more than 0.7 – which indicated a strong predictive power for the structural equation model.

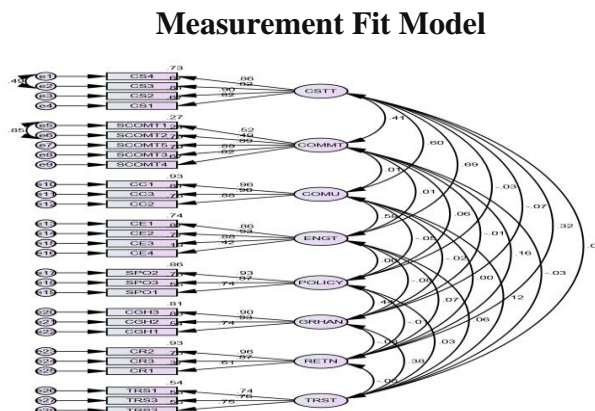
In addition to that, the required and recommended fit indices were achieved and it concludes that the constructs developed with measured items fit into the model and it also paved the further direction to develop a structural equation model

Table – 3 Measurements Fit Indices

Metric	Recommended Thresholds	Observed Value After Modification
GFI	≥ 0.90	0.825
AGFI	>0.80	0.885
CMIN/DF	2>5	4.432
NFI	≥ 0.90	0.846
RFI	≥ 0.90	0.818
CFI	≥ 0.95	0.8754
TLI	≥ 0.90	0.853
RMSEA	≤0.08	0.074
RMR	≤0.05	0.050

Source: (Davey & Savla, 2010; Hair et al. 2010; Tabachnick & Fidell, 2007)

Fig -2 – Measurement Fit Model with Modification Indices

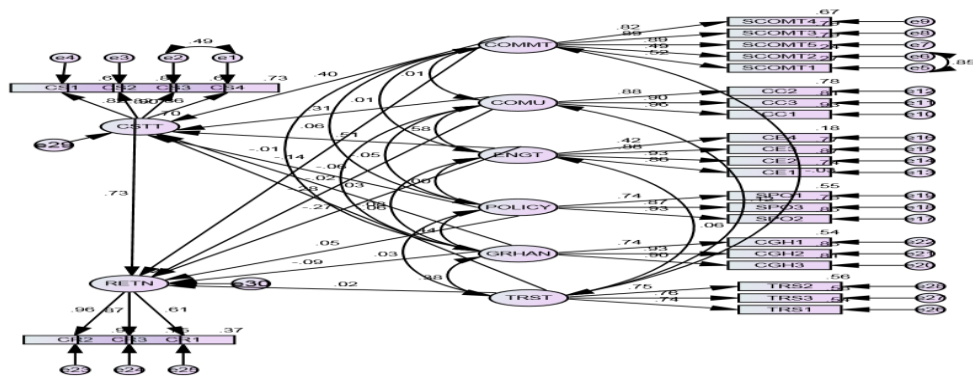


** *CSTT- Customer Satisfaction, COMMT – Customer Commitment, COMU – Customer Communication, ENGT –Customer Engagement, POLICY – Relationship Management Policy, GRHAN- Customer Grievance Handling, RETN- Customer Retention and TRST- Customer Trust*

6. Structural Equation Model

The structural equation model is employed in order to test and validate the hypotheses that there is a significant direct effect of relationship management practices on relevant constructs like commitment, communication, policy, trust, engagement and grievance handling on customer retention. There is a significant indirect effect of relationship management practices on customer retention through customer satisfaction in steel business scenarios. In these, relationship management practice, relevant constructs like communication, commitment, policy, trust, engagement and grievance handling are considered as exogenous constructs, customer satisfaction and retention are considered as endogenous constructs

.Fig -3- Structural Equation Model



** *CSTT- Customer Satisfaction, COMMT – Customer Commitment, COMU – Customer Communication, ENGT –Customer Engagement, POLICY – Relationship Management Policy, GRHAN- Customer Grievance Handling, RETN- Customer Retention and TRST- Customer Trust*

Table 4- Hypothesis Testing

	Retention		Customer Satisfaction		Retention	
	Direct Effect P Value	Inference	Direct Effect P Value	Inference	Indirect Effect (Mediation)	Inference
COMMT	.006	S	***	S	.048	S
COMU	.407	NS	***	S	***	S
ENGT	.156	NS	***	S	.428	NS
POLICY	.919	NS	.158	NS	.160	NS
GRHAN	.318	NS	.483	NS	.726	NS
TRST	.706	NS	.140	NS	.002	S
Satisfaction	***	S	-	-	***	S

- S- Significant at 5% level NS- Not Significant at 5% level

** *CSTT- Customer Satisfaction, COMMT – Customer Commitment, COMU – Customer Communication, ENGT –Customer Engagement, POLICY – Relationship Management Policy, GRHAN- Customer Grievance Handling, RETN- Customer Retention and TRST- Customer Trust*

The result of the structural equation model reveals that there is a significant direct effect of customer commitment on customer retention. The direct effect of customer communication, engagement, trust, policy and customer grievance handling are not significant. It is also learnt that there is a significant direct effect of customer satisfaction on customer retention. In addition to that, it is observed that the effect of customer commitment, communication and customer engagement on customer satisfaction. Further to test the mediation role of customer satisfaction between customer commitment and customer retention, it is observed that customer satisfaction partially mediates with customer retention

7. Implication for Practice

Relationship Management Practices in Business to Business marketing with special relevance to steel trading a strategic mission for the suppliers to business buyers. The outcome of the study proclaims that relationship management with customers in terms of explored constructs like customer communication, commitment, engagement, customer defined relationship policy, trust have implications for firms to extend consistent customer satisfaction and also for customer retention. The outcome of the structural model reveals that customer commitment has a direct significant positive impact on customer retention and it reveals that one unit of customer commitment leads to 33.9 percent of customer retention (the obtained standardized estimate is 0.339). Similarly, the model also describes that there is a significant positive effect of customer satisfaction on customer satisfaction. Here it is proven that one unit of customer satisfaction leads to 62.9 percent of customer retention (standardized estimate -0.629). Further to

that, the model also explains the relationship between customer commitment and customer satisfaction is positively significant and it is observed from the outcome of a standardized estimate (0.794), which means one unit of customer commitment leads to 79.4 percent of customer satisfaction. In terms of communication to customer satisfaction, which is significantly positive in its effect and which is observed from the information obtained, the standardized estimated value of 0.32 conveys the one unit of increment in customer communication information and provides 32 percent of customer satisfaction. Customer engagement and customer satisfaction have a significant positive impact and it is revealed from the standardized estimate value of 0.517 and which discloses that one unit of engagement with customers leads to 51.7 percent of customer satisfaction. But at the same time, it is also observed that the aspects like customer policy, customer grievance handling and customer trust do not have any significant effect on customer satisfaction and retention with respect to the model tested.

The study also emphasizes the importance of steel traders to consistently focus on commitment, customer communication and engagement to improve further customer satisfaction. But at the same, a special attention needs to be given to customer-oriented relationship policies, trust building and mechanisms of addressing grievances to generate effective customer satisfaction. It is also insisted to focus heavily on customer communication, policy, trust, engagement and grievance handling in order to retain the customers who prefer to do business even if they do not look for satisfaction on major dimensions.

8. Study Limitations

This study has some limitations. First, although the data was collected from business customer sources with the limited sample size of 392, causal relationships between constructs cannot be fully established. Future studies with more and adequate sample size would provide additional evidence to confirm the findings of this research. Secondly, the information obtained from the sampling unit is either the proprietor and the representative, the proprietors, and in this background, the views of relationship management practices vary in terms of experience, perception and attitude of the responding group. Since the responding bias the outcome, the causal model may not be consistent and standardized.

9. Implication for future research

The outcome of the present study pave the scope for future research related to relationship management practices in business to business marketing in general and steel oriented business in particular.

1. Relationship management practices can be attempted with further available constructs like technology, psychological bonding and human centric.
2. The outcome of relationship management practices on customer value and customer reengagement may be further probed.

3. The mediation effect of relationship management and customer value proposition can be attempted with the mediator of customer retention.
4. The further stages of customer retention to market performance and financial consistency can be attempted in future research work.
5. A comprehensive study on relationship management practices on customer retention and brand equity can be attempted.
6. A novel approach on customer relationship practices and its cause on customer disengagement may be researched in future work.

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