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# Relationship Marketing and Supply Chain policy in Enhancing the Customer Value in the Telecommunication Sector

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**Abstract**— **The purpose of this study was to investigate the effect of alignment of marketing strategies on the supply chain and organizational performance in the Telecommunication Sector. The purpose of this research is practical, and in terms of nature and method, it is a descriptive-survey research of correlation type. The communication creations became one of the huge projects in Iraq during the last few years, yet at the year 2005 these projects was manipulated by one or two firms, yet , there are now more than five firms working in this field ,we can notice that the Iraqi customer has no loyalty  toward any  specific  company or  firm  because  of their reputation, moreover he/she is ready to abandon  any firm in order to obtain  low price services, which led to intense the marketing efforts by other firms win and keep the current customers in the Iraqi market .  This situation forced the firms to reform working strategies to improve the competition advantage, From the above discussion, it will be clear that the research proposal for this study is to identify and verify the relationship between marketing and quality in the process of creating and delivering value to customers. And this was made through the use of the questionnaire, followed by analysis of the collected data and a conceptual framework based on the results .The researchers used questionnaires, and the total sample reached 1257 among the involved customers in the communication company in Iraq, and more specific in Baghdad the involved ages where between (18-40) years, %43 females, and %57 males. The authors have used 5 point Likert scale. The proposed hypothesis of the study: relationship marketing (perceived service quality, trust, customer satisfaction, the Corporate Image) has a positive effect on customer value.The result was a (perceived service quality, trust, customer satisfaction) has a positive effect on customer value, while the Corporate Image. Does not has a positive effect on customer value.**

## 1. Introduction

Many researchers have dealt with relation marketing and variable changes, four of them have been chosen to be the core of the current study; they are, the acquired service quality, trust, customer satisfaction, and corporate image, and working on evaluate the above changes and their relations to the customer within the communications firms working in Iraq.

Such study might encourage the communication services' providers to adopt the proper work path for the sake of create loyal customers base. The communication creations became one of the huge projects in Iraq during the last few years, yet at the year 2005 these projects was manipulated by one or two firms, yet , there are now more than five firms working in this field, and the competition becomes more strong by using the internet information technology and the free communication for the sake of attracting the customers whom using the free communication means, here we can notice that the Iraqi customer has no loyalty toward any specific company or firm because of their reputation, moreover he/she is ready to abandon any firm in order to obtain  low price services, which led to intense the marketing efforts by other firms win and keep the current customers in the Iraqi market. This situation forced the firms to reform working strategies to improve the competition advantage' therefore, the mobile service providers should realize the importance of study and understand the precedence of relations marketing. (In other words; the services quality, trust, customer satisfaction, and the Corporate image)  in order to

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create the customer value which enable them to develop the loyal customer base.

In the matter of fact, the customers' value has become the main concern of both manufacturing and service for the organizations in the increasingly competitive environment of what [10], As reported in the relevant deeds of the high quality service helps to obtain customer satisfaction and customer loyalty and growth of market share by soliciting new customers, and improve its productivity and financial performance [17]. Organizations have been transforming their business models to enhance their ability to create value for their customers

The concept of "value" has been of great interest in the management literature in recent years. Among the diverse range of issues associated with the concept, the role of customer value as a source of sustainable competitive advantage has received particular attention [18].

## 2.    Literature Review

### 2.1    Marketing Relationship

In the increasingly competitive global financial world, relationship marketing has been advocated as an excellent way for banks to establish a unique long-term relationship with their customers. Most of the core product/service in commercial banking is fairly generic, and it is difficult for most banks to compete purely on this core service. Thus, recognition of the importance of relationship marketing, especially in financial services sector [1].

As noted above, new ideas and concepts have led to a paradigm shift in marketing theory and practice – from a focus on the traditional 4Ps (product, price, place, and promotion) to an emphasis on relationship, networks, and interaction [9].

In response to ever-increasing competitive pressures in the business environment, marketers are aggressive to attract customers and to get to know them in order to better meet their customers' needs, offer them new range of products/services, and strive to set up long-term relationships with them. Relationships have been considered to be the backbone of business activities and marketing by several researchers and practitioners over the last two decades and relationship marketing recently has become "the fashionable new topic" [5].

Berry and Gresham (1986) noted that the practice of a relationship approach is most appropriate when 'the consumers require personal services and/or selling'. This is certainly the case for a range of the more complex products in financial services sector, where the majority of customers still prefer to make buying decisions supported by the expertise of staff with appropriate knowledge [4].

Gordon (1998) defines relationship marketing as the ongoing process of identifying and creating new value with individual customers and then sharing the benefits over a lifetime of association with Recent studies on so-called "relationship marketing" reflect this fundamental change from transaction to relationship, which has had the effect of blurring the traditional dichotomy between goods and services [13].

According to relationship marketing is the process of identifying and establishing, maintaining, enhancing and when necessary terminating relationships with customers and the other stakeholders, at a profit so that the objectives of all parties involved are met where this is done by a 'mutual exchange and fulfillment of promises'. describe relationship marketing as to identify, establish, maintain, and enhance relationships with customers and other stakeholders at a profit, so that the objectives of all parties involved are met; this is achieved by a mutual exchange and fulfillment of promises.

Despite the absence of a unique definition of what relationship banking is, there is general consensus among authors that it is a great deal more than a way of selling; relationship banking represents a strategic choice with serious managerial implication. This means that its establishment requires the implementation of several elements (mission, policies, programs, strategies, organizational changes) that foster a customer-oriented culture, encourage mutual and continuous investment in the relationship and create a climate of trust and loyalty [6].

### 2.2    Service Quality

Service quality by early researchers has been described as a form of attitude that is formed due to the difference between customer expectations regarding a service to be received and perceptions of the service being received. The fact that the perceived quality of the product is becoming the most important competition factor in business world has been the reason of naming the present business era as "Quality Era" [5], has been referred as the extent to which a service meets customers' needs or expectations,  service quality is comprised of two components – technical quality ("what" is delivered) and functional quality ("how" is delivered). According to this perspective, quality is

the element that focuses the attention and commitment of the whole firm on customer satisfaction to maximize the creation and diffusion of value by and for a network of actors [4].

In SERVQUAL, identified five dimensions of service quality (viz. reliability, responsiveness, assurance, empathy, and tangibles) that link specific service characteristics to consumers" expectations. However, an alternative instrument called SERVPERF relies on customer"s perception of service provider's performance while delivering service adequately and competently.

Service quality is determined by calculating the difference between two scores where better service quality results in a smaller gap [12].

Aydin and Ozer tried to conceptualize quality of mobile services (especially in GSM sector) by incorporating the dimensions or base services typically found to be most pertinent or relevant to the subscribers (namely, coverage of network or calling area, value-added services, customer support services, the suppliers" services of the operator, and services in campaigns) [2]. This paper has chosen the conceptualization of Aydin and Ozer [2].

Some researchers identified five dimensions of service quality (viz. reliability, responsiveness, assurance, empathy, and tangibles) that link specific service characteristics to consumers' expectations. (a) Tangibles - physical facilities, equipment and appearance of personnel; (b) Empathy - caring, individualized attention; (c) Assurance - knowledge and courtesy of employees and their ability to convey trust and confidence; (d) Reliability - ability to perform the promised service dependably and accurately; and (e) Responsiveness - willingness to help customers and provide prompt service. After a comprehensive review of service quality studies

## 2.3 Trust

In business trust is viewed as one of the most relevant antecedents of stable and collaborative relationships. Researchers had established that trust is essential for building and maintaining long-term relationships [19]. defining trust referred to the willingness to rely on an exchange partner in whom one has confidence, Trust increases the probability of a trading partner's willingness to expand the amount of information shared and explore new mutually beneficial arrangements.in business trust is viewed as one of the most relevant antecedents of stable and collaborative relationships. Researchers had established that trust is essential for building and maintaining long-term relationships [19].

## 2.4 Customer Satisfaction

The word "satisfaction" is significant by itself; as psychologists debate our overall "life" satisfaction so management seeks to provide job satisfaction and consumer satisfaction. Consumers demand satisfaction. Consumer behavior researchers seek to understand and explain consumer satisfaction [22]. On the other hand, satisfaction can be considered as a process, emphasizing the perceptual, evaluative and psychological
processes that contribute to satisfaction Customer satisfaction is a key factor in formation of customer's desires for future purchase, Although satisfaction has been defined as the difference between expectation and performance, but there are differences between quality and satisfaction.

## 2.5 Corporate Image

Kandampully and Hu stated that corporate image consisted of two main components; the first is functional such as the tangible characteristics that can be measured and evaluated easily [11]. The second is emotional such as feelings, attitudes and beliefs the one have towards the organization. These emotional components are consequences from accumulative experiences the customer have with the passage of time with the organization.

Nguyen and Leblanc claimed that corporate image is related to the physical and behavioral attributes of the firm, such as business name, architecture, variety of products/services, and to the impression of quality communicated by each person interacting with the form's clients [15]. A seller's reputation effects the perceptions of the quality of the products sold by that seller [3], According to Keller corporate image is „the perception of a firm reflected in the associations held in consumer memory". A firm's various attributes eventually settle in the minds of people or customers resulting in certain mental image(s) relatable to the firm intuitively [15].

Kennedy said corporate image has two dimensions; functional (tangible characteristics) and emotional (feelings and attitude towards a firm).Thus, corporate image is a result of communication process in which the organizations create and spread a specific message that constitutes their strategic intent; mission, vision, goals and identity that reflects their core values that they cherish [8].

## 2.6    Customer Value

The concept of customer value is becoming increasingly prominent as a crucial strategic factor in gaining a competitive advantage [20], As Payne has noted, a central tenet of this logic is the proposition that the customer is a co-creator of value [16].

## 3.    Methodology

### 3.1    Sample

The researchers used the quota sampling and total 1257 questionnaires were distributed among the customers/subscribers of a major private telecommunication company in Iraq who had been receiving its services for last one year or more. These participants live in Baghdad area. The mode of participation was voluntary. The number of usable questionnaires was 1185. The average age of the respondents was) 18 - 40( years. 43 % respondents were male and 57 % were female.

### 3.2    Hypotheses of the study

H1: There is a positive relationship between service quality offered by the organization and Cust omer Value.

H2: There is a positive relationship between Trust and Customer Value.

H3: There is a positive relationship between Custo mer satisfaction and Customer Value

H4: There is a positive relationship between Corpo rate image and Customer Value

### 3.2    Supply chain performance

Supply chain performance can be measured using efficiency and effectiveness [7]. There are two indicators for supply chain performance, first, cost containment indicator such as warehousing cost, cost inbound and outbound activities and increasing asset turnover. Second, reliability indicator which include inventory turns, safety stocks and order fulfilment (Lee, Kwon, & Severance, 2007). Veerat et al argues that supply chain performance measure long term goal which increase market share and short term goal which include reduce cost (Sundram et al., 2011). Supply chain performance is important for company to compete in global market. Previous literature shows that supply chain performance has a positive

relationship with supply chain management practice in different industry, country and context.

## 4.    Analysis and Results

Table No. 1 showed that there is no relation bind of a statistical clue between quality services and customer value (r=0.14, P>0.5, this result assures to the weakness of the services submitted by the communication companies working in Iraq, where the customer has a feeling of no value of the company services for his money he pays for them, and this result considered very realistic because of some companies monopoly on the communication services, and the weakness of the state monitoring on these companies , moreover there is no organizations to protect the customer in Iraq and this is for all industrial and services sectors, the services weakness will result for sure to the trust weakness, and this is what showed by the result. Table No. 1 showed no relation of a statistical clue between trust and customer value  (r=0.09, P>0.5), and this means there is no trust between the communication companies and what offered of falls promises and the customers, this real truth cannot be concealed in the Iraqi market amongst the communication services consumers.
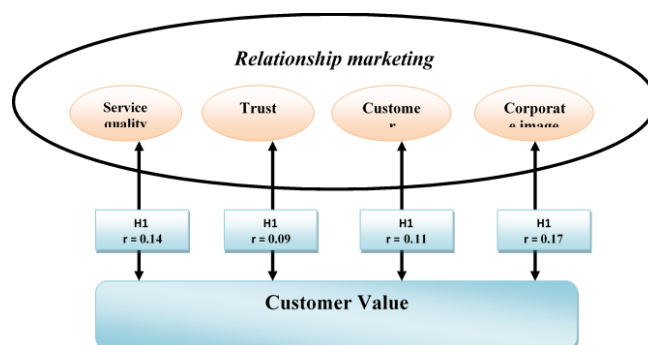


**Figure 1.** Relatinship Marketing and Customer Value

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**Table 1**. relationship coefficient between dimensions Relationship marketing and Customer Value

| Variables | Service quality | Trust | Customer satisfaction | Corporate image |
|---|---|---|---|---|
| Customer Value | 0.14 | 0.09 | 0.11 | 0.17 |
| **Correlation is significant at the 0.01 level | | | | |
| *Correlation is significant at the 0.05 level | | | | |

The mean scores of all the variables found to have a range of (2.16 to 2.71) and the corresponding standard deviations were ranging from (0.46 to 0.62) ,These mean scores, reflect that the subscribers" perceived Customer Value, service quality, trust towards the service provider, Customer satisfaction and corporate image is Low, This means that customers are dissatisfied with the services of telecommunications companies, and weakness in trust, and are not interested in corporate image, did not get customers on the value of the companies they deal with them

**Table 2**. Descriptive Statistics of Research variables

| Variables | Number of items | mean | St. deviations |
|---|---|---|---|
| Customer Value | 6 | 2.71 | 0.51 |
| Service quality | 5 | 2.34 | 0.46 |
| Trust | 6 | 2.31 | 0.55 |
| Customer satisfaction | 7 | 2.16 | 0.62 |
| Corporate image | 5 | 2.52 | 0.49 |
| **n= 1185** | | | |

## 5.     Discussion and Conclusion

Increase in the competitive environment in Telecommunication industry, customer demand for more cheap product with better quality service.

Hence, Telecommunication companies need to operate efficiency for their supply chain management in order to perform the best performance. The supply chain management practice has mostly been analyzed as a strategy that to gain competitive advantage in business performance. Therefore, the purpose of this paper is to propose the structural relationship between the supply chain management practice and supply chain performance and whether this relationship is mediated by the logistics integration in the Telecommunication industry. Using Pearson correlation and multiple linear regressions provide unique insight results as illustrated into number of areas that will be illustrated. The unique quality of this study lies in providing evidence to make helpful recommendations for future practices.

This research associates in helping the communication companies working in Iraq, and to identify how near or far they are from the consumers, and through the research results we discover there is no customer loyalty for to the companies, but just mere consumers jumping from company to another one searching for the value they are seeking for, it was rather clear that the range of the answers of the sample was weak what concerning the customer value, which gives indicate of how he customers are upset because of the bad services they are obtain and the false promises of the services do not exist, the hi cost of the communication, in return the result was the weakness of the trust between the customer and the company because of the plenty of false promises and the absence of the commitments by the communication companies

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