

## **Impact of Interactive Marketing on Customer Loyalty and the Moderation Effect of Customer Satisfaction**

Muhammad Jahanzaib<sup>\*</sup>, Abdul Aziz Khan Niazi<sup>†</sup>, Kashif Hamid<sup>‡</sup>, Wasim Ghaffar<sup>§</sup>

### **Abstract**

*This aim of this study is to identify the impact of interactive marketing on customer loyalty. The concept of branchless banking is new in the context of Pakistan, This research focused on few components of interactive marketing; trust, commitment, service quality, relationship marketing and service personalization which effect customer satisfaction and customer loyalty. Customer responses were collected through survey questionnaire and personal interviews from customer. The survey was conducted through convenience sampling. Eighty Respondent evaluations have been taken to determine the impact and relationship. This result of this study revealed many important aspects about branchless banking. It is concluded that customer satisfaction has a significant positive role in making loyal customer and retaining them. However this study also showed the positive relationship among interactive marketing, customer loyalty and customer satisfaction.*

**Keywords:** Consumer Satisfaction, Consumer Loyalty, Branchless Banking, Interactive Marketing

### **Introduction**

In services sector relationship marketing is on growing stage, so now a day's customer relationship marketing is the important concept in marketing to retain the customers and developing customer loyalty. There is joint composition of two elements to establish the concepts of Interactive marketing. Firstly it includes service marketing; secondly, it includes relationship marketing. Here it is dire need to examine the impact of interactive marketing in the dimensions named as; (relationship commitment, quality of information, trust, service quality,

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<sup>\*</sup> Muhammad Jahanzaib, MS-Marketing (Scholar), Institute of Business and Management, University of Engineering and Technology, Lahore, [Email: jehanzeb@yahoo.com](mailto:jehanzeb@yahoo.com)

<sup>†</sup> Dr. Abdul Aziz Khan Niazi, Assistant Professor, Institute of Business and Management, University of Engineering and Technology, Lahore.

<sup>‡</sup> Kashif Hamid, Institute of Business Management Sciences, University of Agriculture Faisalabad - Pakistan

<sup>§</sup> Wasim Ghaffar, LSCS, University of Agriculture Faisalabad- Pakistan.

familiarity, self-personalization) on customer loyalty and customer satisfaction in branchless banking services in Pakistan.

Now a day the most important thing is customer satisfaction for the marketers from both practical and theoretical aspects (Rakhsha, 2011). Thus the importance of relationship marketing is increased from the last few years. Research proved the fact that cost to attract a new customer is fifty to sixty percent more than to hold the existing customer loyalty (Ndubisi, 2003). The main objective of marketing orientation was to retain the customer and development of the strong relationship with them. (Ward, T., 2007)

Satisfaction is defined as “a mindset which creates when customer’s compare performances with their expectations” (Keller, 2007). Satisfaction in easy words is the good and bad feelings produced through among expectation and imagination. To retain and enhance the consumer is the main purpose of relationship marketing. (Philipson, 2007).

Branchless banking is basically the mobile banking or e-banking which financial institution offers outside the premises of bank through retailers which act as agents, mobile phone etc. In the context of Pakistan about a large portion of population does not have the access to financial services and most of them have mobile phones. This issue is particularly faced by rural or poor people who live in backward areas where banking services are not available due to lack of banking infrastructure. The first part of this study briefly introduces the introduction of interactive marketing dynamics and the second part of this critically justifies the literature review. Third part of study is theoretical framework and methodology, However fourth part is related to results and discussion. Last segment of this study conclude and indicates the major implications of the study.

### **Literature Review**

Lawrence Observed that relationship marketing is the key to attract new customers and retain them. (Berry, 1995)He explained relationship marketing as a strategy which overcomes service intangibility. Consumers become charmed with the interactive marketing in the field of services (Lehtinen, 1985). The most important key components to discuss in Interactive marketing are follows as; Trust, Familiarity, Service quality, Quality of Information, Commitment, Complaint handling, Communication.

*Interactive marketing*

(Kendrick, 1999) explained the concept of interactive marketing as the combination of marketing plans and process of creating relations with consumers, which attracts new consumers. (Gronroos, 1984) Define interactive marketing, “the process of interaction between consumer and supplier”. It is basically the never ending process or continuing process in which customer’s dreams, needs are identified, described and satisfied. (Blattberg, 1991) Describe that interactive marketing is a mutual exchange of information between buyer and supplier.

*Customer satisfaction*

Customer satisfaction is basically the evaluation of customer about specific product or service. (Churchill, 1982) Describe “expectations reflect performances”. (Giese, 2000) Conduct a research to identify the concept of customer satisfaction; they describe it as “A response of consumer within limited duration towards product and its consumption”. The mixed assessment of customer’s expectation, experiences, excitements, reaction and brand image is known as customer satisfaction towards specific product or service after consuming it. Expectations of consumer represent service which provider offer (Zeithaml, 1993).

*Customer loyalty*

Customer loyalty is simply defines as “the most often purchases of a household items of particular brand” (Cunningham, 1956). (Day, 1969) He described that “brand loyalty is not just a consistent or repeated buying of the brand; it’s basically the attitudes towards that brand”. The degree to which a customer exhibits repeat purchasing, develop a positive attitude, prefer that particular supplier when they needs (Gremler, 1996).

Many researcher through their research came to know that loyalty is the major components for any corporate to finding those key factors thorough which performance is affecting. For a corporate business growth in future, corporate progress must have a strong relationship with customer loyalty.

*Hypothesis*

To build the relationship on long term basis with customer for attaining their loyalty with services of that particular provider. The next step of customer satisfaction was the customer loyalty. In our research, I have investigated the loyalty of the customer as customers’ interactive objective to continuously use the specific bank services in the field of branchless banking after showing their satisfaction and refer to their friends and family members also. On the basis of above discussion I have proposed following three hypotheses;

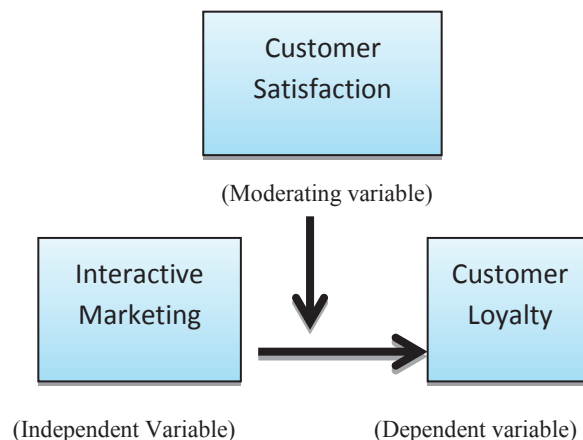
H1: Interactive marketing and customer satisfaction have a positive relationship.

H2: Customer loyalty and satisfaction have a positive relationship.

H3: Customer satisfaction moderates the relationship among interactive marketing and loyalty of customer.

*Theoretical Framework of this Study*

As shown in below figure; Interactive marketing is an independent variable which impacts on customer loyalty (dependent variable) and customer satisfaction is a moderating variable which creates a strong relationship between dependent and independent variable.



**Methodology**

The study was developed to check the impact of Interactive marketing customer loyalty and moderation effect of customer satisfaction in Pakistan. Interactive marketing measures such as compliant handling, quality of information provided by operators or employees and service quality are also used to develop the questionnaire. Data was collected through a pretested instrument in past researches. A represented sample size of 80 respondents was selected from particularly the consumers of branchless banking which includes 45 male members and 35 female members respectively. Items which used for measuring our theory are followed as; service quality, quality of information, familiarity, trust, commitment, service personalization, complaint handling, customer satisfaction and customer loyalty. Reliability analysis was performed to check the validity of instrument and calculate the value Cronbach's Alpha, it also shows the factor loading values of every single item so can

we exclude or include any item according to threshold values. Correlation was applied to check the relationship of our variables among each other; similarly regression was applied for hypothesis testing.

## Data Analysis

### Demographic

Data was collected from 45 male respondents and 35 female respondents. Majority of respondents are businessman and students. UBL and JSBL both of banks come on the top because respondent prefer these banks in the field of branchless banking. All the tables and figures are shown below respectively.

Table 1: No. of Respondents

Sr No.	Gender	No.
1	Male	45
2	Female	35

The below Table 2 indicates the occupation of the respondents.

Table 2: Occupation of the respondents

Occupation	No.
Student	27
Teaching	11
Advocates	11
Business	29
Doctor	2

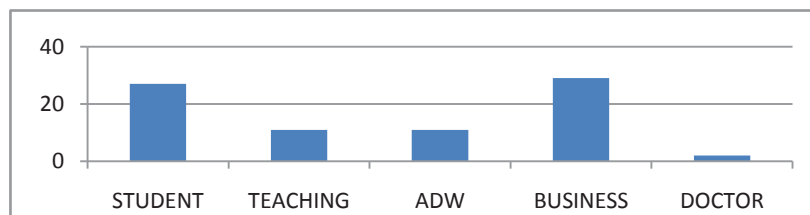


Fig:2 Occupations of the Respondents

Figure 2 indicates the bar graph position of each category of the respondents from occupation wise.

Table 3: Banks Names and its Number

Banks	No
Meezan Bank Limited	13
UBL	18
UBL	24
JSBL	22
Tameer Bank Limited	3

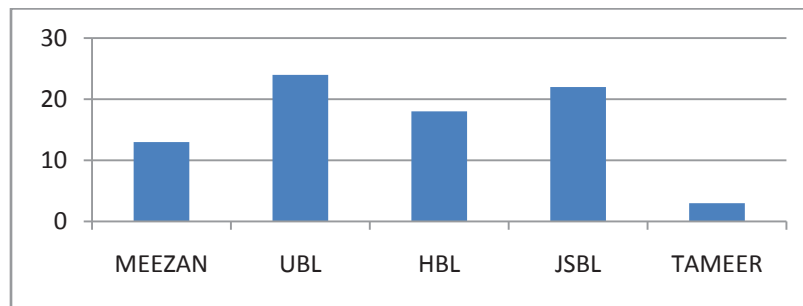


Fig 3: Banks Names and its Number

*Reliability*

In reliability analysis Cronbach's Alpha on 46 items is calculated as 0.775 and the value of every item is greater than 0.7, so it shows that my questionnaire is valid. In the threshold value of reliability analysis 0.7 is considered as good value.

Table No 4: Reliability Statistics

*Regression*

In the below table, correlation analysis indicates that interactive

## Reliability Statistics

Cronbach's Alpha	No of Items
.775	46

marketing is positively correlated to customer loyalty ( $r = .448$ ) and also positively correlated to customer satisfaction

( $r = .575$ ). Similarly, customer satisfaction is positively correlated to

customer satisfaction

( $r = .487$ ).

In regression analysis Durbin-Watson shows the value 2.126. Interactive marketing has positive relationship with customer loyalty as its b-value=0.448 and p-value=0.00. Customer satisfaction (moderator) also shows positive relationship with both dependent and independent variable as value shown in below figure.

Table No 5: Regression Analysis

Regression Analysis						
Model		Unstandardized Coefficients		Standardized Coefficients	t-value	P-value Sig.
		B	Std. Error	Beta		
1	(Constant)	1.495	.488		3.062	.003
2	IM	.592	.134	.448	4.430	.000*
	(Constant)	.984	.499		1.973	.052*
	IM	.332	.156	.251	2.126	.037*
	CS	.422	.146	.343	2.898	.005*
*Significant at p< 0.01 Level						

#### *Moderation effect*

Above table of regression analysis shows the impact of moderation. We should measure impact of moderation through Beta value. We see the impact of moderation as beta value is higher than the previous one it shows 34.4% impact while on other hand impact is just of 25.1% or 0.251 points. This shows that customer satisfaction act as a moderator between interactive marketing and customer loyalty.

#### *Hypothesis Testing*

Significant value shows confidence level is more than 95% means value is  $p < 0.05$ , t value is also more than 1.96 which is threshold value for acceptance of hypothesis. So it shows that all our hypotheses are accepted which follows as: Interactive marketing and customer satisfaction have a positive relationship, customer loyalty and satisfaction have a positive relationship and customer satisfaction moderates the relationship among interactive marketing and loyalty of customer.

#### **Discussion**

Now a day's branchless banking is growing with a good pace because it is the cheaper alternative to give services to our customers. If we provide our customers good quality services than the customers are more satisfied which further leads to customer loyalty. Branchless banking is totally based on interaction of customer and supplier and needs a strong relationship between them.

Branchless banking make easier to transfer money from one place to other, in this cash can also be transferred to that backward areas where no banking services are available. Tameer bank is the pioneer bank which introduces the concept of branchless banking in market and captures the whole market as monopoly but with the passage of time other financial and telecommunication institute enters in this field. According to 2015 survey UBL and Telenor is at the top of the list among branchless banking.

### Conclusion

It is concluded that interactive marketing has positive significant impact on customer loyalty and customer satisfaction as moderator has also positive significant impact of customer loyalty. The study reveals that the  $H_1$ ,  $H_2$  and  $H_3$  are true and we cannot reject the hypothesis.

### Limitations and Future Research

We should only focus on branchless banking which is offered by financial institution i.e. banks and ignore the telecommunication sector. So it is the opportunity for next researcher to conduct study in this sector to reveal some new points from it. We should choose limited kind of respondent to give their responses, in future research we should take people of diversified occupation, region etc. for better results. However, sample size was also small, so by increasing sample size we can get more appropriate and good results.

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