Influence of Relationship & Behavioural Aspects on Customer Retention & Loyalty in B2B Flexible Packaging Industry in Bangladesh

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ABSTRACT

Business is not all about dealing in products and services. It's sustainability largely depends on many humane factors involved in managing & maintaining the business relations with customers, vendors and employees especially in case of international business operations. There are many researches, which prove that relationship and behavioural aspects have direct impact on winning customer retention and loyalty. The present study intends to determine the influence of relationship and behavioural aspects on retaining customers and winning loyalty in B2B flexible packaging industry in Bangladesh. The study supports the strong backing of literature review and clear need of such study in Bangladesh with respect to flexible packaging industry in Bangladesh. Theories related to trust, commitment, Salesperson-Customer bonding, loyalty and Cooperation of Salesperson support the research effort with sufficient literature in hand. The research is an attempt to analyse the interdependency between loyalty and the variables of trust, commitment, Salesperson-Customer bonding and cooperation of salesperson and their contribution in loyalty intentions. The study objectives are: (A) to identify the factors that build trust, commitment, cooperation, bonding and loyalty. (B) to study the influence of identified factors on customer loyalty. (C) to develop a model based on factors identified affecting loyalty of customer in B2B segment. The study includes eight hypotheses to be tested. It is a qualitative study, which involves interview in depth with 22 units for B2B flexible packaging as census study in Bangladesh. The study is limited to single main product (Polyester/BOPP Films) sourcing from their suppliers. The expected outcome of the research will be determining the trust, commitment, salesperson-customer bonding and cooperation of sales person and influence on the loyalty consequences chain. The study would help proving the importance of relationship aspect on customer retention & loyalty in B2B industry.

Keywords: International Business, relationship marketing, Trust, salesperson-customer bonding, loyalty, Commitment of Salesperson, B2B industry.

1. INTRODUCTION

Bangladesh is a country where almost all the inputs for the flexible packaging industries are imported. The inputs are imported very frequently (usually monthly basis) and most of the inputs are regarded as commodity by the Customers. The study will first try to understand general B2B marketing theory and the relevant knowledge will be applied to our field of interest.

Since the organisations came into being, the B2B commerce had started.. The studies of B2B marketing had started since 1890, though it was in the level of individualised and experimental basis. The significant scientific contribution of B2B marketing theory have been made since last 30-35 years. Since then B2B relationship marketing has undergone a vast change and gained significant focus from researchers. It has become an important branch of general marketing theory. B2B marketing has undergone change from merely economic transaction to a behavioural theories. Behavioural science has contributed a lot to B2B marketing theory to understand Inter-organisational buying situations.

According to Lynn Daniel B2B marketing has following realities. B2B marketing needs great services.

(a) In B2B marketing there are much fewer customers and the value of each transaction is much higher than the B2C situations. Even if one customer is lost in B2B, it impacts the company very hard than in B2C where the marketer can afford to lose few customers, without much impact in their balance sheet Hence in B2B, customer service is very crucial to earn the loyalty of their customers

(b) In B2B 80/20 rule applies i.e. 80% revenue is earned from 20% of the customers. Due to merger and acquisitions number of customers are becoming less and post merger & acquisition, the company chooses the vendors for their services.

(c) In B2B marketer needs to evaluate their relations with each customers continuously and design and provide the great services to each customers continuously. The long term relationship with the customer should not give rise to any complacency to the marketer as the customer may switch over to competitors even without informing the existing supplier

(d) By assessing the issues and needs of customer the marketer needs to fix their internal problem.

(e) In B2B, the change in the product features is very small over years and Innovations are also very small, hence services and word of mouth becomes very crucial factor.

(f) Referreal and Word of mouth plays a very important role in locating new customers.

The market environment has become very competitive dynamic and complex the customers are well informed and have many choices .The customers have become more demanding due to the increase and fiereced competitions. The marketer cannot afford having attitude of giaining new customers or making forey in different new markets. Under the circumstances the marketer has to understand that the key factors to succeed in the market is to develop and nurture long term sustainable relationship with the existing customers to gain loyalty and retention. They have to transform and gain loyalty from indifferent customers. Marketer has found difficulties to enjoy sustainable advantage in competitions by adding value

features through superior technology, as this tangible value features can be copied by competitors Hence relationship based marketing has become absolutely necessary as it is intangible and stronger and provide long term and sustainable competitive advantage.

We have chosen Bangladesh as a country of our study. The researcher is already working in this market since last 23 years, hence it is felt that this research should be undertaken for both the customers in Bangladesh and the suppliers. The literature review also suggests that cross cultural marketing theories must be studied to validate the relationship marketing theory. So on the basis of the researcher experience in Bangladesh and differences in culture Bangladesh has been chosen as a country for the study.

2. RELATED LITERATURE

Evans (1994), developed the model for effective relationship marketing. It has three components Input, output and assessment.

The input consists of understanding customer expectations, building service partnerships, empowering employees, and total quality management/

The output consists of customer satisfaction, customer loyalty, product quality, and profitability and assessment consists of customer feedback and integration/

Annika Ravald (1996), has developed conceptual framework for value concept. Added value can extract the Loyalty from the customer but the value addition should should fulfill nedds of customer. More important factor is to reduce sacrifice as perceived by customers so that the cost of relation is minimised.

SoÈderlund (2001), examines the relationship of customers' subsequent overt purchasing behaviour with the variables of customers' repurchase intentions and overt past purchasing behaviour.

Eli Jones (2003), studies firm's market orientation and salesperson customer orientation and its impact on relationship of customer -Vendor.

Firm's market orientation and its salesperson customer orientation is influenced by sales managers' perceptions on salesperson attitudes.

Venkatesh Shankar (2004) studies customer value and its role in Loyalty. The customer value comprises of variables customer satisfaction, and switching costs, the study also encompasses the interrelationship among the variables.

Eggert (2006), used quasi-longitudinal research method to understand the value creation at different stages of relationship life cycle.

Palmatier (2007), has developed model to assess the RO (Relational orientation) of Customer.

Relationship marketing effectiveness is dictated by RO (Relational orientation) of Customer.

The author has studied variables like "Industry relational norms", "Relational–centric reward systems", "Salesperson competence", "Product dependence" and "buyer exchange inefficiency".

Rauyruen (2007), studies relationship quality which comprises the variable trust, commitment, satisfaction and service quality and how it impacts customer loyalty. In his studies, he uses composite loyalty which is combination of both behavioural and attitudinal loyalty. His study was in courier industry in Australia in a B2B setting.

Saura (2009) has developed model to examine Loyalty with the variables relationship Value, trust, commitment and satisfaction. He also examined the relationship amongst the variables. The study was done in manufacturing companies.

Alrubaiee (2010) examined Loyalty by studying relationship marketing orientation.

Relationship marketing orientation comprises of five variables Trust, Commitment, Communications, Bonding, and Satisfaction.

The study also covers other demographic variables like sex, income and education.

Vivek (2012), developed a model where customer engagement (CE) is crucial to the output of Relationship marketing.

CE has the variables participation and involvement of customers, and outputs are value, trust, affective commitment, word of mouth, loyalty, and brand community involvement.

Akman & Yörür (2012) identified that effective business to business (b2b) relationships are of core importance. He studies effect of customer satisfaction on loyalty. The customer satisfaction consists of variables Trust, Communication Cooperation and commitment. The study has been undertaken in developing country -Turkey.

Hadjikhani (2013) has studied how B2B Marketing theory has gone in evolution path since at the end of 1800.The journey from economic nature to application of behavioural sciences to Marketing theory what stands today.

The different phases are:

- B2B marketing and exchange theory development;
- Behavioural theory and industrial marketing;
- B2B marketing theory and network analysis.

Bricci, Fragata, Antunes (2016) studies Loyalty in distribution sector in Portugal with the variable trust, commitment and customer satisfaction and the interdependancy amongst the variables.

Gap Identification: Need of the Study

The gap clearly defines the need of research in identifying the influence of relationship and behavioural aspects on customer loyalty in case of Flexible Packaging industry at Bangladesh. The study will be specific to Polyester/BOPP films product category in Bangladesh in order to understand the importance of various aspects of relationship building and behaviour in case of Business-to-Business Market. The study will be important in identifying the importance of relationship and behavioural aspects in establishing and maintaining customer loyalty for range of other products in B2B segment especially in emerging markets for various other products also.

Table 1

Evans (1994)	1. The application presented in this article is especially relevant for firms in industries where the basic product offerings have taken on commodity like status and it is hard to differentiate products in terms of tangible features. Further research can be done for different setting. 2. Although the model has proven quite applicable for the automated immunochemistry diagnostic testing industry, it should be studied in more settings.
Annika Ravald (1996)	1. The research applicability is for ongoing relationship basis; Further research can be made for the lifecycle of relationship and for new customers. 2. Further research can be pursued to identify the factors or determinants which maximize customer-perceived value of each episode and the important determinants when considering the relationship as a whole.
SoÈderlund (2001)	1. The data reported in the paper has come from a context which is characterised by frequently purchased products of a commodity type. Clearly, different associations between behaviour and repurchase intentions may be at hand in a different setting. 2. Additional research can be done with factors related to the decision-maker's organisational and interorganizational context have not been addressed 3. Additional research scope to examine the level of consciousness, or perhaps the mental time devoted to a task, as a possible correlate of intentions related to repetitive behaviour.
Eli Jones (2003)	1. The authors have examined data of a sales force from a single company at a single time. Therefore, generalizations beyond the specific context of this research (i.e., business- to-business salespeople employed at a particular firm) must be guarded. 2. The analysis has been made at the individual level, not the organisational level. 3. More studies can be done for various industries.
Venkatesh Shankar (2004)	1. The interaction effect of customer satisfaction and switching costs and the quadratic effect of customer satisfaction on customer loyalty were not significant in the researched data. Further investigation can be done. 2. Future research may attempt to more rigorously examine the relationships of trust with customer satisfaction, loyalty, and value.
Eggert (2006)	1. The paper limited approach to the assessment of relationship benefits. Relationship costs were not considered in the research. Future research should include both aspects to provide a more encompassing picture of the dynamic nature of value creation in business relationships. 2. The paper focused on the sourcing of key components. It would be interesting to enlarge the scope of research to include a variety of business products and services in the investigation of relationship value. 3. The author investigated the dynamic process solely from the customer perspective. However, as we are interested in understanding value creation in the dyad, further research could explore the dynamic nature of value creation from the vendor's perspective. 4. Variables such as strength of competition, product type, and industrial sector may moderate the impact of the value dimensions on overall relationship value. Future studies could include these variables to shed more light on the contingencies of value creation in business relationships. 5. More research is needed to fully understand how buyers and sellers view value creation in the different stages of the relationship life cycle.
Palmatier (2007)	1. Additional research can be done with other key performance drivers (e.g., economic, industry, pricing, competitive factors). 2. The study tests the relationships between individual buyers and salespeople. additional research scope is to examine it at the customer firm–seller firm level. 3. There is scope to investigate how a customer's or buying firm's RO varies over the lifecycle of an exchange interaction.

Rauyruen (2007)	1. The data in this study is from the courier service industry, which may limit the generalisation to other industries and business-to- business settings. 2. The study sampled only Australian SMEs. Because SMEs have different size and characteristics compared to larger corporate buyers, their buying behaviour and attitude cannot be generalised for the whole population of business-to-business buyers. Loyalty of larger business buyers may be different to the loyalty of SMEs.
Saura(2009)	1. We feel that future research could include other variables in the proposed model. Thus, from the relationship marketing perspective, it is useful to establish long-term exchanges. On these lines, in addition to the importance of trust and commitment in this type of exchange established by Morgan and Hunt (1994) and Ganesan (1994), among others, the role of additional variables could be investigated such as dependency, reputation, environment variables, etc. 2. This research assumes, in line with the proposal by Ulaga and Eggert (2006a) in a cross-section study, that cognitive perceptions of value interact with feelings of satisfaction, trust and commitment and finally lead towards behavioural intentions to maintain and intensify the purchase relationship, we feel that longitudinal studies could serve to enrich the results and illustrate the complexity of the direction in the links among the variables and take into account dynamics 3. The model applicability is on the ongoing relationship basis, However we feel there is scope of study for applicability on relationship cycle for attracting new customers 4. In this paper the author has adopted a customer's perspective in the perception of value. A vendor's perspective can be different and potential gaps between both parties value perception would be captured by analysing this perspective in future investigations.
Alrubaiee (2010)	1. Further research can be done for the impact of commitment as multi-attribute measure, which includes all three components of commitment: affective, calculative and normative. 2. Future research could include other variables and for new Customers.
Vivek (2012)	1. Future research scope to understand the elements of CE to help practitioners build customer-focused engagement strategies from a customer perspective.
Akman & Yörür (2012)	The study stressed upon the importance of relationship marketing to be more competitive in the marketplace especially in case of developing nations; taking case of Turkey. The dimensions proposed for maintaining B2B relationships between manufacturers and their suppliers & its effect on loyalty can be significantly used for the proposed study in case of Bangladesh.
Hadjikhani (2013)	The paper has given the journey of general marketing theory so forms the basic of B2B marketing. So there are further research scopes for applicability of different variables.
Bricci, Fragata, Antunes (2016)	The research has exhibited importance of trust, commitment and customer satisfaction on loyalty. The study importantly signified and stressed the need on improving relationship, responsibility, development of team skills, to fulfill commitments and performing the co creation of value in business.

Following variables have been identified from the related literature:

3. THEORETICAL FRAMEWORK OF VARIABLES IDENTIFIED

Based on the literature, following variables have been identified as most important to gain and sustain Loyalty from customers.

(a) Trust

(b) Commitment

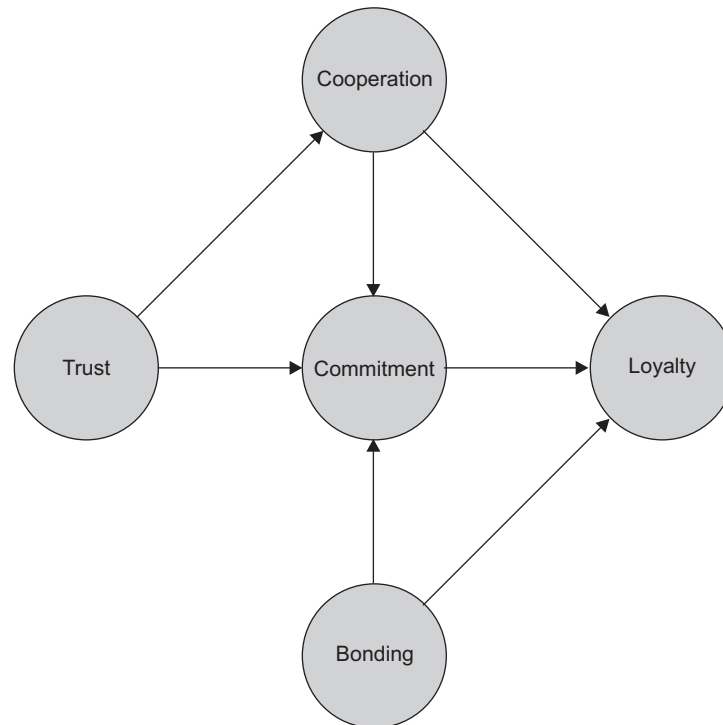(c) Salesperson-Customer bonding

(d) Cooperation of Salesperson

Figure 1: Conceptual Model developed by Author based on literature review

Trust

Trust of customer on marketer is very basic to build up the relationship. it has two dimensions i.e., Credibility and benevolence.

Credibility is that the customer feels that the supplier is competent to fulfill his promises and benovolence is that the customer feels that the supplier has good intentions.

It is a belief that the other party will not take any action which will affect negatively and will try to take all actions which will be benificial to his company.

It is also a belief that other party will keep their information confidential.

It is a feeling of reliability and Integrety of others.

It is a confidence in exchange partners.

It is a feeling of feeling safe in the relationship exchange.

Commitment

It is willingness to develop, maintain and nourish a long term relationsship. To do so, the partners are ready to sacrifice some costs and benifits in current situation.

The exchange partners give high importance to it and puts maximum efforts for the sustainability of commitment.

It is an interdependance between the partners.

Commitment may be of three types

Affective

Continued

Normative

Out of the three above, Affective commitment makes the relationship stronger.

Trust and commitment are the most important variable in Relationship marketing and has been studied most by the researchers.

Cooperation

It is basically working together to get a synergy in output. The output is benificial to both the partners.

It is an co-ordinated efforts of both the partners to get higher mutual benifits. Both the parteners deploy their resources in the relationship to get a better output and performances.

The resources may be:

- Overlapping (Both the party has), if it is useful called Supplementary other wise called Surplus.

- Non-Overlappping (either party has), if it is useful called Complementary other wise called Wasteful.

- Complementary resources based relationship becomes the stronger.

Salesperson-Customer Bonding

It is psychological phenomenon of being in the relationship.

It is more of an affectionate in nature.

It may be of two types:

- Social bonding and Structural bonding.

- Out of above social bonding gives rise to stronger relationship.

- Social bonding is charicterised by, friendship, closeness social interaction etc.

Loyalty

It is behavioural and attitudinal disposition of customer to repurchase or repatronise a particular product or services. from a particular vendor. A loyal customer some times sacrifices benifits in current situation and tolerates some inconvinience hoping that the situation will improve later. Whenever the customer decides to buy the product.he tries to purchase from the vendor he is loyal to.

There may be three types of Loyalty:

- Behavioural Loyalty where he shows positive behaviour towards the vendor to buy the product or services for his own uses.

- Attitudinal loyalty where the customer spreads positive word of mouth about the vendor.they encourage others to buy the products or services.

4. PROBLEM STATEMENT

To empirically analyse the interdependency between Customer Retention-Loyalty and the variables of trust, commitment, Salesperson-Customer bonding and Cooperation of Salesperson.

5. OBJECTIVES/RESEARCH QUESTIONS

- To identify the factors that build trust, commitment, cooperation, bonding and loyalty.
- To study the influence of identified variables on customer loyalty.
- To suggest a model based on factors identified affecting loyalty of customer in B2B.

Hypotheses to be studied

Hypotheses proposed under the study are:

1. TC = Greater the Trust (T) Greater the Commitment (C)
2. TCP = Trust (T) has positive effect on Cooperation (CP)
3. TB = Trust (T) has positive effect on Bonding (B)
4. CPC = Greater the Cooperation (CP) Greater the Commitment (C)
5. CPL = Cooperation (CP) has positive effect on Loyalty (L)
6. BC = Greater the Bonding (B) Greater the Commitment (C)
7. BL = Greater the Bonding (B) Greater the Loyalty (L)
8. CL = Greater the Commitment (C) Greater the Loyalty

6. RESEARCH METHODOLOGY

We have taken four variables Trust, Commitment, Salesperson-Customer bonding and Cooperation of Salesperson in our research study. We will undertake qualitative study interviewing in depth with customers. The companies will be contacted by self for Interview personally to the decision makers (primarily including dealers/owners/proprietors) of the organisation. We will identify the key decision makers in the organisations and descriptive Interview will be undertaken with each decision maker personally.

The scope of the study is limited to single main product (Polyester/BOPP Films) sourcing from their suppliers with Flexible Packaging manufacturers and traders in Bangladesh. It will be a almost census study.

Design of the study: Descriptive

Scope of Research: Limited to Polyester/BOPP Films – Flexible Packaging Units in Bangladesh

Survey Design: Almost Census (Almost all Units will be part of survey)

Method: Personal Interview method. All responses will be recorded for verification and analysed based on appropriate technique.

Data collection: Primary and Secondary sources

7. EXPECTED OUTCOME OF THE RESEARCH

The firm should emphasise on the importance evaluating and building of relationship with the customer. Building and nourishing relationship with customers helps to establish better communication process to understand present an future needs of customer better and this gives opportunity for growth and innovations. There are several factors marketers can use to improve their marketing efforts to build long-lasting relationships with their customers.

- To sustain in the fiercly competitive market and to enjoy advantages over their competitors, the marketer can try to gain customer loyalty by managing different behavioural aspects of customers.

- The dimensions of the behavioural aspects of customers may be useful as their internal training needs.

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