

## RELATIONSHIP MARKETING, COMPANY PERFORMANCE AND CONSUMER RETENTION: EVIDENCE FROM TURKISH HOSPITALITY SECTOR

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DOI : <https://www.doi.org/10.56726/IRJMETS32863>

### ABSTRACT

The purpose of the study was to determine the influence of relationship marketing on company performance with mediating effect of customer retention in Hotel sector of Turkey. Arising from this, the specific objectives of the study were to: i) establish the influence of relationship marketing on company performance, ii) examine the effect of relationship marketing on customer retention, iii) examine the mediating effect of customer retention between the relationship of marketing relationship and company performance. Quantitative research was used to collect data from customers of hotels in Turkey. Total sample size was 230 and SPSS was used for descriptive analysis while PLS-SEM was used to test the hypothesis.

The findings of this study shows that relationship marketing has a substantial and significant impact on both the performance of companies and the retention of customers in the hotel sector of Turkey. According to the findings, relationship marketing and customer retention are both key tactics for the hospitality industry. As a consequence, the hospitality sector need to design relationship marketing and customer retention programs that are coupled. According to the findings of the survey, the Turkish hospitality industry seems to be facing a problem with customer defection in the near future since the majority of consumers have stated that they do not want to remain with them for a long time.

**Keywords:** Relationship Marketing, Trust, Communication, Saftisfaction, Company Performance, Customer Retention.

### I. INTRODUCTION

#### Background of the study

Customers are the lifeblood of service businesses, and they need to be nurtured in order to thrive. Marketing in service companies can have a huge impact on how well the company performs as well as how happy consumers are with their experiences with the services they receive (Kotler, & Keller, 2006).

It is a service management approach, not a service, to assure the complexity of customer expectations after use and marketing (Gummerus et al., 2017). As Lovelock and Patterson (2015) stated, relationship marketing has been successful in establishing relationships with customers and gaining their trust in order to persuade them to continue utilising the brand and its product offerings. A marketing strategy that utilises the most efficient methods to ensure the acquisition and retention of the most profitable customers. As a result, the enormous growth of the services sector implies the importance of marketing in terms of its broad implications and opportunities, including marketing opportunities brought about by new technology, franchising's ability to take advantage of looser rules and restrictions on professionals, servicing physical goods and global markets (Alon et al., 2020). Because of the rapid rise of the service industry, the business climate has altered. Some believe that client retention is an easy and reliable way to boost productivity (Budianto, 2019). For most firms, the 80/20 rule states that 20% of customers account for more than 80% of revenue. However, a smaller percentage of clients can earn as much as 80% to 90% of a company's revenue. This is not uncommon. If a company gives each customer the same amount of resources, this is not a good idea.

There has been a lot of discussion about relationship marketing, in both marketing theory and practise. Long-term relationship exchanges between buyers and sellers have been extensively studied in literature rather than focusing solely on one-time sales transactions (Berry et al., 2002; Blattberg & Deighton, 1991; Gummesson, 1994; Hunt & Morgan, 1994; Yau, et al., 2000). It has been stated that if a business adopts a relationship marketing orientation, it would perform better (RMO). Research into RMO's comprehension has just just begun, following the pioneering works of the pioneering RMO researchers (Morgan and Hunt, 1994; and Sin et al., 2006).

It is commonly accepted that customer relationship management is best handled via relationship marketing (Morgan & Hunt, 1994). Even while some writers have shown that relationship marketing improves customer retention (Sin et al., 2002; Oly-Ndubisi, 2007; Alrubaiee & Al-Nazer, 2010), others contend that relationship marketing alone may not be sufficient to increase client retention. To provide only two examples, relationship marketing has been argued to be ineffective by Zineldin (2000) and Ryals and Payne (2001). Researchers are trying to figure out whether there are further circumstances in which relationship marketing and customer retention may not be linked (Ranaweera & Prabhu, 2003). Social performance management, for example, may have a significant impact on corporate performance metrics like customer retention (Graves & Waddock, 1997; Husted, 2000; Dahlsrud, 2008).

There was a gap in the existing marketing literature about the role of indirect variables in influencing the initial relationship, which has now been filled. For this purpose, the study developed a conceptual model that hypothesized the customer retention in influencing the link between relationship marketing and company performance, and it was hypothesized that the effect of these variables was greater than the individual effect of relationship marketing on customer retention.

## II. LITERATURE REVIEW

### Effect of relationship marketing on firm performance

If you want to change consumers' behaviour via word-of-mouth advertising, there's just one strategy that works, and that's relationship marketing. According to the taxonomy of referral types established by Rayal and Payne (2002), there are two basic categories: referrals from satisfied customers and recommendations from satisfied non-customers. A satisfied client or customer might be the springboard for a referral of you or your company. Word-of-mouth advertising from satisfied consumers is the most effective kind of promotion (Bennett and Barkensjo, 2005). Keeping in touch with existing clients is one of the finest ways to advertise your brand, according to Kotler (2003). Customers' positive impressions of your firm might rise if you use relationship marketing techniques. If your present customers have a better experience with your company, you will see an increase in the amount of high-quality leads created for your company. The ramifications of the change in marketing strategy from pursuing short-term gains in market share to pursuing stable, mutually beneficial relationships with a core set of consumers, or "stakeholders," may be examined more fully if the scope of the research is broadened. To be successful, most service firms need to maintain consistent repeat business from their clientele (Reinartz, et.al., 2005).

Therefore, it is of utmost importance to investigate the reasons for a client's loyalty to a certain service provider. Repeat purchases may be triggered by a number of causes, including the favourable impression that an organization's relationship marketing operations have on clients. Customers in this category have benefited most from the advice given by the company. Even if customer loyalty is at an all-time high and customers are more receptive than ever to the recommendations of competitors, it is crucial for companies to continue focusing on customer retention (Kotler, 2003). Several studies have shown that relationship marketing (i.e. financial linkages, social bonds, and structural links) increases customer loyalty. Financial ties may be utilised to establish relationships with customers by rewarding them financially for their loyalty, for as by offering discounts or other monetary incentives for recurrent purchases (Hsieh, Chiu, & Chiang, 2005).

According to Das (2009), RM has been defined in terms like as market share, customer retention, customer loyalty, and customer satisfaction. Trust, dedication, cooperation, closeness, and quality of relationships are all relevant to this discussion. According to Das (2009), RM is more high-level and strategic, whereas CRM is more tactical. Customer relationship management is not just about managing relationships with customers, but also with other people, via the use of data and automated processes (Ryals and Payne, 2001). Second, relationship management (RM) broadens its scope to include not only customers and vendors, but all stakeholders (Gummesson, 1994). RM has a focus on a number of emotional and behavioural elements, including bonding, empathy, reciprocity, and trust. In order to treat consumers fairly, businesses should follow the "return on relationship model" proposed by Gummesson (1999). High quality is achieved when working relationships among workers are fostered. As you get to know your consumers better and better match their individual needs and ambitions, their satisfaction with your services will increase. Profits and customer loyalty rise when product quality is improved and people are satisfied.

One of the main objectives of relationship marketing is to foster the development of genuine relationships between brands and their target audiences. "Communication" is "exchanging and sharing information that has relevance and is supplied at the appropriate time," whether such information is exchanged officially or informally. To effectively communicate in RM, it is important to provide information, talk about quality, and follow through on promises made. An effective marketer will spread the word about a product's superior qualities in order to boost sales (Bennett and Barkensjo, 2005). Bennett and Barkensjo (2005) argue that two-way communication encourages customer participation in a business's operations via the dissemination of information such as newsletters, brochures, information on upcoming events, email, and websites. After then, clients may initiate contact by asking for further information or direction. Relational marketing is the sole method of increasing customer loyalty via communication. Customer retention has more importance when a company's level of competition rises. It is for this reason that a marketer should study RM and its methods.

Salespeople nowadays strive not only to win the satisfaction of their clients with high-quality goods and services, but also to maintain their patronage for as long as feasible (Day, 2000). Managers who want to put RM principles into practice in the real world need a deep understanding of a wide range of contextual factors, such as market conditions, information technology, databases, and customers' familiarity with information systems, among others, because the significance of any given strategy shifts over time and across contexts. It is well known that face-to-face meetings between a customer and a seller may considerably improve the quality of the relationship between the two parties involved (Weitz and Bradford, 1999). Instead than trying to influence customers to change their behaviour, personal selling focuses on calming the inevitable tensions that develop while trying to close a deal. Conflict resolution strategies include, but are not limited to, the following: avoidance, accommodation, confrontation, compromise, and collaboration. Each method, from the least transparent to the most open, uses its actions to convey a message about the degree to which its users are committed to the task at hand. The tactics fluctuate in how aggressive they are and how cooperative they are with one another (Weitz and Bradford, 1999).

### **Relationship Marketing and Customer Retention**

The advent of relationship marketing can be traced back to the 1980s, when it became clear that many industries, particularly those related to providing a service to the public, relied heavily on interpersonal connections (Berry, 1995; Dwyer, 1987; Sheth & Parvatiyar, 2000). After it became clear that many commercial ties, especially in the service sector, were intrinsically intertwined, a new perspective on marketing arose in the 1980s: marketing as a set of relationships as opposed to a collection of transactions (Berry, 1983; Dwyer, 1987; Sheth & Parvatiyar, 2000). Attraction, development, and retention of consumer connections are at the heart of relationship marketing (Parasuraman, Berry, & Zeithaml, 1991; Shrestha, 2020; Storbacka et al., 1994). Commitment is defined as the outcome of the parties' willingness to take action and their optimistic outlook on the future (Storbacka et al., 1994). There is an implication or a statement that the parties to the trade will continue to interact. It's the single most crucial element in building strong relationships with clients (Morgan & Hunt, 1994; Wetzels et al., 1998).

Relationships are built on commitment, thus having it is crucial (Knapp et al., 1994). Without commitment, the partnership cannot continue (Grossman, 1999). It's a state of mind that influences one's decision to stick with a certain business partner (Grossman, 1999). Dependable confidence in a reliable trading partner (Armstrong & Seng, 2000). Having faith that a partner will live up to their end of the partnership agreement and keep their word is essential (Schurr & Ozanne, 1985). Since a customer's level of trust in a business increases with the number of interactions it has had with that business, it follows that a business's ability to consistently deliver on its promises increases as well (Grossman, 1999).

The ability to trust one another is crucial to keeping partnerships healthy (Butler, 1986). Predictability, dependability, and faith were proposed as the three pillars of trust by Rempel et al. (1985). Predictability, dependability, and faith are the three components of confidence, according to Rempel et al. (1985). Personal, face-to-face connection between buyers and sellers strengthens the social relationship (Wilson, 2000). It's the part of cooperation that relies on the mind and heart to be successful. Friendship, familiarity, and trust are all components of this social phenomenon. When this happens, you form a close relationship (Rodriguez & Wilson,

2002). True loyalty comes from a structural tie, in which companies provide essential infrastructure to their clientele.

An organization's adoption of a marketing mindset that emphasises on the requirements of its clientele is an example of customer orientation (Wiele et al., 2002; Williams & Naumann, 2011). The theory postulates that happy customers will bring in more money (Carson et al., 2004). To this end, marketing tactics take into account the demands and requirements of consumers (Williams & Naumann, 2011). The key to happy customers is providing them with a space where they can relax and feel safe (Pizam & Ellis, 1999). It might range from a single transaction to the development of a lasting friendship. Satisfied customers are a long-term asset to both companies in B2B marketing (Moller & Wilson, 1995; Tikkanen & Alajoutsijarvi, 2002). Customer happiness may be seen as a tipping point in the development of merchant-client relationships (Hennig et al., 2002).

Long-term relationships with consumers are what we mean when we talk about retaining them. O'Connell and Keenan (1990) and Reichheld and Kenny (1990) both find that retaining an existing client is more cost-effective than acquiring a new one. As proposed by Lu and Seock (2008), marketing is meant to establish, maintain, and enhance mutually beneficial relationships between businesses and their customers. Enhancements in customer trust, loyalty, and involvement can lead to collaboration and other non-monetary rewards (Shantanu, 2005). Bhandari (2017) looked at how relationship marketing in Nepalese commercial banks affected client loyalty. Trust, dedication, conflict management, and communication were all shown to positively correlate with customer loyalty. According to HennigThurau (2004), the degree to which service workers are focused on the needs of their clients is often seen as a crucial factor in the success of service businesses. Employees' focus on customers affects both satisfaction and loyalty (Hennig-Thurau, 2004).

Banking client retention may be influenced through relationship marketing, according to research by Rootman et al. (2011). According to Bruno-Britz (2008), tailoring banking goods and services to individual clients is one way to keep them around. As a result of their research, Datta et al. (2018) created a customer retention strategy and conceptual framework for the Bangla food retailing industry. Positive client loyalty and retention are built on the foundation of service quality, trust, bond, and customer pleasure (Datta et al., 2018).

### **Customer Retention and Company Performance**

Gupta and Zeithaml (2006) found that organizations place a premium on acquiring new customers (Ang and Buttle, 2006). Customers are essential to a company's survival and growth (Gupta and Zeithaml, 2006). The absence of buyers renders a company's stock worthless and prevents it from breaking even (Ang and Buttle, 2006). In addition, according to a worldwide survey done by The Economist, 65% of senior executives from multinational organizations rank customer satisfaction as their top aim for the next three years (Gupta and Zeithaml, 2006). Several earlier studies agreed that a company's top priority should be to nurture long-term, mutually beneficial partnerships with its most profitable customers (Ang and Buttle, 2006; Ryals and Knox, 2005) In light of this, companies have placed a premium on customer retention strategies in recent years (Gupta and Zeithaml, 2006; Larivie're and Poel (2005); Terblanche and Hofmeyr 2005).

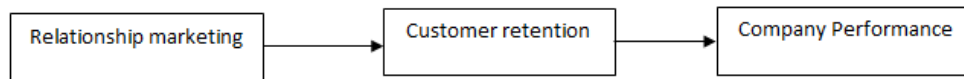
Since businesses need to face fierce competition from both new entrants and established players in their respective fields, they often employ customer retention strategies (Singh, 2006; Honts and Hanson, 2011). Furthermore, studies have shown that it costs more to attract new customers than it does to retain existing ones (Woo and Fock, 2004; Trasorras et al., 2009; Ghavami and Olyaei, 2006). In light of the aforementioned fierce competition, it is believed that this approach will help companies not only survive, but thrive, by retaining their present customers and expanding their customer base. This theory has been bolstered by studies that find a connection between satisfied customers and higher earnings (Ryals and Knox, 2005; Singh, 2006; Trasorras et al., 2009; Stengel, 2003). It has been estimated that a 25%-95% boost in profits is possible with a 5% improvement in client retention rates. If a firm can increase its rate of keeping current clients, it will see a significant boost to its bottom line (Ryals and Knox, 2005; Reichheld and Scheffer, 2000).

A survey of related literature reveals that profit, operating expenses, and market share are among the most often used metrics for gauging a company's FP (Larivie're and Poel, 2005; Kaplan and Norton, 2001; Gupta and Zeithaml, 2006; Ryals and Knox, 2005). But experts and academics alike have argued that money can't tell the whole story of a company's performance (Kaplan and Norton, 2001; Reichel and Haber, 2005). Therefore, non-



financial performance (NFP) metrics are crucial for gauging a company's success, particularly in the service sector (Ryals and Knox, 2005; Kaplan and Norton, 2001). Therefore, this study aims to empirically evaluate the impact of customer retention practises on the success of businesses in the Malaysian retail sector generally and AEON (major retailer) particularly, with a focus on the latter's non-financial qualities. Therefore, both academics and professionals may profit from the presented consequences.

**Conceptual Model**



**Figure:** Model of the Study

**Hypothesis**

H1: There is e significant relationship between relationship marketing and customer retention.

H2: There is a significant relationship between customer retention and company performance.

H3: Customer retention significantly mediate the relationship of relationship marketing and company performance.

**III. RESEARCH METHODOLOGY**

This research uses a quantitative approach to answer the research questions posed in an effort to get a better understanding of the state of the hotel industry in terms of relationship marketing and the retention of existing customers. In addition to that, a survey methodology called a cross sectional survey will be used for the research. According to Zikmund (2000), a cross sectional survey design is a sort of survey design that is used to gather essential data at one moment in time from a specific group of people. This type of survey design may be used to collect information from a sample of a population. Because of constraints imposed by both resources and time, this study design will employ a longitudinal survey as its data collection method.

Quantitative research is conducted with the intention of quantifying the degree to which a phenomena or circumstance varies by using a technique that is both organised and predefined, and then analysing the results of this research using various statistical processes. As a result, the researcher will be using quantitative types of data in order to evaluate and interpret the data that may be collected via the use of a questionnaire.

**Source of data**

The research makes use of both primary and secondary sources to compile its findings. The questionnaire is going to be used to gather the primary data sources. According to Saunders et al. (2009), the questionnaire is one of the most often used approaches to collect the essential data from a big sample. Because each responder answers the same set of questions, the questionnaire is an effective strategy for getting responses from a large sample. For the purposes of this research, the data will be gathered from a representative sample of repeat hotel guests who have been at the same establishment on two or more separate occasions. The main data were gathered via the use of a closed-ended questionnaire. As a result, the researcher decided that the questionnaire would be the most effective tool to employ for gathering primary data. On the other hand, secondary data is information that has been obtained through a secondary source, and for the purpose of this study, secondary data will be collected from studies that have been completed in the past, such as journals, articles, the Internet/libraries, and other references that are related to the topic. Therefore, the research will make use of the papers that the firm has produced in order to supplement the data that will be collected through a structured questionnaire.

**Sampling Method and Sampling Size**

For this study, researchers were interested in hearing from people who visit or stay at hotels in Turkey on vacation. All all, we serve 550 different consumers every day, both domestic and outside. Sample size is calculated using a straightforward method presented by Yamane (1967:886).

$$\text{Sample size } (n) = N/1+(e)^2$$

Where: n= sample size,

N= the population size, which is 550

e = level of precision (acceptable error) and its value is 0.0

Accordingly, the sample size for the study was calculated as follows.

$$n = 550 / (1 + 550(0.05)^2) = 230$$

$$n = 230$$

Convenience sampling will be used to collect information from 230 customers who have both the time and inclination to fill out the survey. The purpose of the convenience sampling method is to collect the necessary information from a representative subset of customers who are likely to be in close proximity to the sampling location within the city.

**The Questionnaire**

For big samples, this method is the most practical since it reduces the potential for error and saves time. A well-designed, structured questionnaire will be used as the primary data collection tool for this project. The questionnaire's layout and phrasing are both straightforward, with the goal of eliciting useful responses from the research subjects. In any survey where a questionnaire is to be filled out by the respondents, understanding the rationale behind the questionnaire's form and design is crucial (John A. et al., 2007). Customers were given statements and asked to indicate their level of agreement or disagreement using a five-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = highly agree). There were no open-ended questions.

**Table 1:** Measurement scale

Serial No.	Variables	Items	Source	Cronbach's Alpha
1	<b>Company Performance</b>	5	(Werlang and Rossetto 2019)	0.85
2	<b>Relationship marketing</b>		Alrubaiee and AlNazer (2010)	0.91
	➤ <b>Bonding</b>	9		
	➤ <b>Trust</b>	6		
	➤ <b>Communication</b>	4		
	➤ <b>Satisfaction</b>	5		
	➤ <b>Commitment</b>	3		
3	<b>Customer retention</b>	7	(Buil et al., 2016)	0.90

**Data Collection**

After data gathering completion, filled surveys were coded and information was entered in 'Microsoft Excel 2016, and after that entered in IBM SPSS Statistics 23'. As the information was gathered by utilizing 'survey strategy and self-consummation approach' all mentioned questionnaires were addressed appropriately.

**Data Analysis Technique**

Statistical tools such as PLS-SEM 3.0 was utilized to evaluate required data calculations. Instrument's Accuracy & validity of variables was analyzed. The validity of constructs is significantly important for close relationship among variables so, it depends on ability of researcher to measure the variables properly. For internal reliability's calculations Cronbach Alpha was used.

**IV. RESULTS**

**Respondent Characteristics, Response rate, sample size and non-response bias**

The targeted population for this specific research was Managers (middle level to bottom level) and those brand managers who were indulge in brand enhancement activities from textile sector of Faisalabad Punjab. A greater response rate may be achieved via the use of a group self-controlled technique as opposed to a postal survey approach (Goudge, 2006; Sekaran, 2009). In this study, a total of 250 questionnaires were sent out to consumers, and 235 replies were received from those customers, for an overall reply rate of 86.4%. After excluding 5 items that were left unanswered and using a data filtering approach, 230 viable surveys were produced. Because of the high response rate in this specific survey, the problem of non-response bias is not

likely to arise, since it is generally accepted that high response rates lower the likelihood of significant non-response biases (Dillman et al., 2009; Malhotra, Birks, Palmer, & Koenig-Lewis, 2003).

**Demographics of Respondents**

Table 2 depicts the demographics information of respondents which included gender, age, work experience, designation, from 230 responses 94.3% were males and 5.7% were females with no missing value. As far as age, 23.1% were under 21-25 years, 12.7% were from the age gathering of 26-30, 55.9% were from 31-35, and 8.3% were from above 35. The outcomes would demonstrate that most of individuals are in the Baby Boomer age, where small group in their 20's, 30's.

As far as level of education, about 27.1% of the respondents were having bachelor degree and roughly 31.4% were with master's degree. M.phil by 21.4% of respondents and the individuals who have M.S. degree were 18.8%, respondents who have P.HD degree are only 1.3%.

**Table 2: Demographic variables**

Demographic variables	Frequency	Percentage
Gender		
<b>Male</b>	216	94.3%
<b>Female</b>	14	5.7%
Age		
<b>21 - 25 Years</b>	53	23.1%
<b>26 - 30 Years</b>	29	12.7%
<b>31 - 35 Years</b>	128	55.9%
<b>Above 35</b>	19	8.3%
Work Experience		
<b>Bachelor's</b>	62	27.1%
<b>Masters</b>	72	31.4%
<b>M.phil</b>	49	21.4%
<b>MS</b>	43	18.8
<b>P.HD.</b>	3	1.3%

**Measurement Model (outer model)**

**First Order Constructs**

The item loading was determined by looking at how well the item fit the first order build. (Table 5). There were five components to the evaluation of the company's performance. Each item in question has an outer loading of between 0.778 and 0.912, and the t-values demonstrate that all of them are statistically significant at the 0.5 level. Twenty-seven different components make up the five-dimensional customer relationship marketing strategy. The t-value findings indicate that the first item is bonding, the outer loadings for the relevant items ranged from 0.781 to 0.911, and all things are statistically significant. Second, regarding trust, the t-value findings demonstrate that all components are statistically significant, with outer loadings ranging from 0.754 to 0.887. The t-values reveal that all components are statistically significant, and the third factor is the strength of the bonds formed via communication. In regard to commitment, the t-values demonstrate that all components are statistically significant, with outer loadings ranging from 0.796 to 0.872. The t-values for the items demonstrate that they are all statistically significant, with the outer loadings ranging from 0.710 to 0.892. Fourteen unmeasured factors are used to determine how loyal a company's regulars are. For the items at hand, outer loadings ranged from 0.8569 to 0.9135, and as the t-values demonstrate, all of the items were statistically significant at the 0.5 level.

**Table 3:** Measurement Statistics of Constructs

Constructs, Dimensions, Items	M	S. D	Item loading	t-value	AVE	CR	Cronbach Alpha	KMO
Firm Performance					<b>0.699</b>	<b>0.965</b>	<b>0.961</b>	<b>4.219</b>
<b>FP1</b>	3.47	1.057	0.912	39.055				
<b>FP2</b>	3.50	1.125	0.778	15.524				
<b>FP3</b>	3.86	1.155	0.784	15.624				
<b>FP4</b>	3.38	1.076	0.872	29.673				
<b>FP5</b>	3.38	1.076	0.887	37.595				
Customer relationship Marketing								
Bonding					<b>0.739</b>	<b>0.987</b>	<b>0.961</b>	<b>3.242</b>
BON1	3.88	.972	0.768	13.140				
BON2	3.71	1.087	0.799	14.545				
BON3	3.60	1.033	0.911	50.726				
BON4	3.65	1.015	0.838	19.425				
BON5	3.58	1.116	0.781	12.732				
BON6	3.63	1.043	0.843	21.000				
BON7	3.64	1.074	0.843	15.831				
BON8	4.01	.970	0.907	45.904				
Trust					<b>0.631</b>	<b>0.872</b>	<b>0.798</b>	<b>3.231</b>
TRU1	3.74	1.157	0.803	19.934				
TRU2	3.87	1.069	0.854	27.244				
TRU3	4.02	1.110	0.849	28.459				
TRU4	3.72	1.208	0.754	21.953				
TRU5	3.97	1.140	0.838	23.446				
TRU6	4.05	1.063	0.887	26.282				
Communication					<b>0.583</b>	<b>0.950</b>	<b>0.935</b>	<b>4.321</b>
CM1	4.08	1.105	0.856	20.352				
CM2	4.01	.976	0.892	43.928				
CM3	4.09	.979	0.942	47.336				
CM4	4.06	1.014	0.761	40.210				
Satisfaction					<b>0.541</b>	<b>0.783</b>	<b>0.872</b>	<b>3.422</b>
ST1	3.87	1.002	0.740	21.783				
ST2	3.42	0.892	0.831	35.092				
ST3	3.81	0.932	0.710	40.310				
ST4	4.02	0.952	0.779	38.021				
ST5	3.90	1.005	0.892	35.012				
Commitment					<b>0.673</b>	<b>0.882</b>	<b>0.821</b>	<b>2.322</b>



COM1	4.26	.885	0.796	18.268				
COM2	4.32	.890	0.849	29.721				
COM3	4.07	.967	0.872	44.099				
Customer retention					<b>0.791</b>	<b>0.948</b>	<b>0.947</b>	<b>3.211</b>
<b>CR1</b>	3.85	.982	0.868	18.263				
<b>CR2</b>	3.85	1.009	0.885	29.210				
<b>CR3</b>	4.02	1.003	0.913	22.908				
<b>CR4</b>	3.87	1.009	0.899	22.109				
<b>CR5</b>	3.91	.919	0.911	26.847				
<b>CR6</b>	4.06	.947	0.856	12.041				
<b>CR7</b>	4.06	.947	0.856	12.041				

**Discriminant Validity**

As appeared in Table 6, all elements are according to criteria. The specific research, in this manner demonstrates that the estimation model has built up its discriminant validity.

**Table 4: Discriminant Validity**

	Customer relationship marketing	Customer retention	Firm performance
<b>Customer relationship marketing</b>	<b>0.855</b>		
<b>Customer retention</b>	0.571	<b>0.889</b>	
<b>Firm performance</b>	0.534	0.460	<b>0.836</b>

Note. The square root of AVE' is visible on the main diagonal, Correlations are lower left of the diagonal.

**Structural Model (Inner Model)**

**Model Fit**

The SRMR of the model was 0.077, which demonstrates a sufficient model fit. A SRMR value under 0.08 was prescribed to be appropriate for PLS path models Henseler, Hubona, & Ray, (2016).

**Path Coefficient (β) and t-value**

In this study the path coefficient was led to assess the relationship of the variables as hypothesized (Mustamil, 2010). The resampling criteria of bootstrapping was run in accordance to induce statistical inference and to observe the influence of confidence intervals of path coefficients, (Tenenhaus, Vinzi, Chatelin, & Lauro, 2005). Table 7 indicates the results of 230 sample bootstrap analysis like (1) standardized path co-efficient (β), (2) corresponding t and p values results.

**Table 5: Result of Structural Model and Hypotheses Testing**

Hypothesis	β	t value ^	p value	Decision
<b>H1: CRM -&gt; CR</b>	0.352	4.021	<b>0.000</b>	accepted
<b>H2: CR -&gt; FP</b>	0.632	9.301	<b>0.000</b>	accepted

In this work, a SEM Analysis was carried out by making use of Smart-PLS 3.0. In order to verify each and every hypothesis, I put them through the PLS-algorithm, PLS-blindfolding, and PLS-bootstrapping' tests. During the study, the latent variables were included into the model, and a route was established between them, with customer relationship marketing functioning as the independent variable, customer retention serving as the mediator, and firm performance functioning as the dependent variable.

The first hypothesis shows Customer relationship marketing have positive and significant impact on customer retention. The results show customer relationship marketing has positive and significant impact on customer retention by ( $\beta= 0.352$ ;  $t = 4.021$ ,  $p < .05$ ), the results support hypothesis 1. Moreover, findings showed that customer retention have significant impact on firm performance ( $\beta= .632$ ;  $t = 9.301$ ,  $p < .05$ ) which approve the Hypothesis 2.

**Testing the mediating effects**

MacKinnon & Luecken, (2008) characterizes ‘Path Analysis’ as an unpredictable measurement of relations among constructs which contain mediating as a significant component. The mediation effect issue is essential in any ‘path analysis’ and SEM. The construct we take as mediator considered as arbitrate between the independent and dependent constructs (Preacher & Hayes, 2008) The causal advances approach created by Baron & Kenny, (1986) has turned out to be most prevalent in testing mediation impacts. They contend that in the event if, accompanying conditions are fulfilled, at that point the mediation impact is affirmed:

- 1) The independent variable has a positive impact on the dependent variable.
- 2) The independent variable has a positive impact on the mediator.
- 3) The mediator has a positive effect on the dependent variable, when controlling for the independent variable.
- 4) When controlling the mediator, the link between the independent variable and the dependent variable is non-significant then considered the full mediation, or if the link between independent and dependent variable is significant then, considered partial mediation (obviously reduced).

The third hypothesis represents the significant results where customer relationship marketing and firm performance relation is mediated by the customer retention with direct effect ( $\beta= 0.432$ ,  $t = 4.421$ ,  $p < .05$ ). while the indirect effect of Customer relationship marketing on firm performance through customer retention is ( $\beta=0.621$ ,  $t=5.30$ ,  $p\text{-value}=0.000$ ). As shown in Table (8) in direct effect of Customer relationship marketing on Firm performance is significant as well as indirect effect is also insignificant hat showed Partial mediation and supporting H3. In this, the variance accounted for (VAF) describes the size of the indirect effect in relation to the total effect. According to Nitzl et al., (2016) and Zhao, Lynch Jr, & Chen, (2010) a Partial mediation indicated where the direct and indirect effect are significant.

**Table 6: Direct Indirect effects Mediations**

Hypothesis	Relationship	Direct Effects	Indirect Effects	Total Effects	VAF	Mediation
H4	CRM -> CR -> FP	CRM->FP $\beta=0.432$ , $p\text{-value}=0.000$	CRM->CR $\beta=0.621$ , $p\text{-value}=0.000$	$\beta=0.871$ , $p\text{-value}=0.000$	62%	Partial

**Notes:**  $\beta$  values and P values are shown in table VAF=Variance Accounted For. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$  (two tailed)

**Explanatory Power of the Model (R<sup>2</sup>)**

Table displays the percentage of variance clarified for every variable. 65.2% of customer retention explained by relationship marketing. Also 73.2% of Firm performance was explained by customer retention.

In general, results demonstrate that values of R<sup>2</sup> endogenous variables’ fulfill the minimum criteria for the 0.10 cut off ‘value, which is the sign of a moderately ‘parsimonious’ model (Hanlon, 2001; Mustamil, (2010). Most importantly, the outputs give a significant validity of the model.

**Table 7: Predictive Relevance for Endogenous Constructs**

No	Endogenous variables	R <sup>2</sup>
1	Customer retention	0.652
2	Firm performance	0.732

**V. CONCLUSION**

The purpose of this research was to investigate the impact that relationship marketing has on business performance, with a focus on the function that repeat business plays as a moderating factor. According to the

results of the study, the researchers came to the conclusion that relationship marketing has a substantial impact on both the performance of companies and the retention of customers in the hotel sector of Turkey. According to the findings, relationship marketing and customer retention are both key tactics for the hospitality industry. As a consequence, the hospitality sector need to design relationship marketing and customer retention programmes that are coupled. According to the findings of the survey, the Turkish hospitality industry seems to be facing a problem with customer defection in the near future since the majority of consumers have stated that they do not want to remain with them for a long time.

The research revealed that, when compared to other consumers, current clients had a connection with their services that left them feeling the least happy. The fact that customers have a negative attitude toward the quality of the relationship they have with their financial services provider may be attributable to the fact that the hotel does not conduct frequent research into the level of satisfaction experienced by its customers. However, such research would reveal service quality gaps that, if addressed, would increase customer satisfaction and, as a result, customer retention. Therefore, in order for hotels to keep their customers, they should take a strategy that focuses more on relationship management. This strategy should include the development of programmes that aim to create relationships that are characterised by trust and commitment; free communication; and an effort to keep promises made to customers. The identification and maintenance of ideas that are held in high esteem by consumers, as well as the adoption of socially responsible business practises that look out for the well-being of customers, should also be emphasised. Everyone who works for the organisation need to agree with and adhere to these standards.

The purpose of this research was to investigate the factors that influence the connection between relationship marketing and the overall success of an organisation. According to the findings of the research, a positive and powerful kind of mediation occurs when relationship marketing and corporate performance are examined together. In spite of the fact that each of these factors had a sizable impact on customer retention, it was discovered that the contribution to firm success made by customer retention was far larger. The study came to the additional conclusion that the combined effect of relationship marketing and customer retention on company performance was positive and statistically significant. This finding suggests that the influence of these variables on company performance is stronger than the individual effect that relationship marketing has on company performance. As a consequence of this, relationship marketing and customer retention are excellent indicators of the success of a firm. Therefore, in order for the hotel industry to thrive in the ever-increasingly competitive field of financial services, it has to become more attuned to the requirements of its patrons. In order to effectively manage their client retention rates, they will need to place an emphasis on the quality of their relationships, act in a socially responsible manner, and make use of new technical platforms. Future studies will focus on expanding the scope of this study's model to encompass additional service types. In addition, the results show that increasing the sample size will increase the accuracy of these results, even though a sample size of 230 is adequate and theoretically acceptable.

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