

Chapter 7

Relationship Marketing as a Mediating Role Between Brand Image and Customer Loyalty in B2B Markets: Evidence From a Manufacturing Company

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ABSTRACT

The purpose of this paper is to examine how brand image, value equity (conceptualized as relationship value), and relationship equity (conceptualized as relationship quality) and customer loyalty play a vital role in the Egyptian business to business market-and to test it empirically in agricultural business customers of chemical manufacturer with respect to their main supplier. A structured questionnaire was developed. The hypotheses were simultaneously tested on a sample of 328 customer-supplier relationships out of 603 distributed, giving a response rate of 54.4 per cent. The structural equation modelling technique was used to empirically test the proposed hypotheses. The findings of this study show significant positive relationships and impacts among the factors under investigation. Also, relationship equity and value equity act as mediators in the link between brand image and customer loyalty.

INTRODUCTION

Over the past years, many marketing scholars realized the dramatic change in the ways that business organizations deal with each other, and with suppliers (Abdelsalam, 2015; Caceres and Paparoidamis, 2007; Christopher et al., 1991; Ellram, 1995; Han et al., 1993; O'Neal, 1989). This change occurred because of the agreement that coordination between buyer and seller represent a source of competitive advantage (Berry & Terry, 2008; Caceres & Paparoidamis, 2007; Chen & Myagmarsuren, 2011; Ganesan, 1994; Morgan & Hunt, 1994; Ulaga, 2003; Ulaga & Eggert, 2006 a, b; Vandenbosch & Dawar, 2002). Conse-

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quently, many organizations understood the importance of customer relationship marketing management as an exciting area that can create and deliver value in business-to-business relationship by focusing on establishing, attracting, maintaining and enhancing long-term relationships with customers beyond merely selling products (Abdelsalam, 2015; Caceres & Paparoidamis, 2007; Cater & Cater, 2009 a, b; Chen and Myagmarsuren, 2011; Holmlund & Kock, 1996; Hutt & Speh, 2004; Jayachandran et al., 2005; Lacey & Morgan, 2009; Ross et al., 2009; Sheth & Parvatiyar, 1995; Ulaga & Eggert, 2006 a, b; Verhoef, 2003; Zablah et al., 2004). There is no doubt that customer relationship marketing management was already a hot topic in services by the mid-1980s – and is still – a topic of high interest for both academics and practitioners. Only recently has the concept achieved widespread attention in business practice under the rubrics of “1-to-1 marketing” and “CRM” (Crosby, 2002; Dimitriadis & Stevens, 2008). The objectives in relationship marketing are to establish, attract, maintain and enhance customer relationships (Sheth & Parvatiyar, 1995). Establishing a relationship involves giving promises; maintaining a relationship is based on fulfilment of promises, and enhancing a relationship means a new set of promises are given with the fulfilment of earlier promise as a prerequisite (Owusu-Frimpong, 2001). Caceres and Paparoidamis, (2007, p. 836) stated that “establishing a relationship with customers is divided into two parts. The first part is to attract the customer and the second is to build the relationship with that customer so that the economic goals of that relationship are achieved”. The major basic principles upon which relationship marketing is build are value, trust and commitment; the greater the level of customer satisfaction with the relationship-not only the product and the service offered by the organization-the greater the level of customer loyalty to that organization (Chen & Myagmarsuren, 2011; Izquierdo et al., 2005; Rigby et al., 2002). The major thrust of relationship marketing is to create high levels of value that can be mutually beneficial by which they can achieve high level of satisfaction through collaboration and coordination of the parties involved (Caceres & Paparoidamis, 2007; Chen & Myagmarsuren, 2011; Eggert et al., 2006; Johnson et al., 2006; Leone et al., 2006; Low and Johnston, 2006; Payne et al., 1995; Raimondo et al., 2008; Ryssel et al., 2004; Saura et al., 2009; Ulaga and Eggert, 2002, 2006; Walter et al., 2001). In Particular, Ulaga and Eggert (2006b, p. 313) point out that “relationship value must be included as a key element in models that analyze the buyer-seller relationship in the industrial context”. Furthermore, relationship value should be included as a key constituent when modelling business relationships. Indeed, “value creation and value sharing can be regarded as the *raison d’être* of collaborative customer-supplier relationships” (Anderson, 1995, p. 349; Ulaga & Eggert, 2006a, 2006b).

Although both academic and practitioners recognize the importance of relationship marketing and customer loyalty in developing long-term profitable relationships, still there is a gap in both the marketing literature and the empirical evidence regarding the mediating role of relationship marketing practices between brand image and customer loyalty in the business to business context (Berry, 1995; Chen & Myagmarsuren, 2011; Caceres & Paparoidamis, 2007; Dimitriadis & Stevens, 2008; Eggert et al., 2006; Goff et al., 1997; Gronroos, 1990; Opoku et al., 2008; Owusu-Frimpong, 1999; Paulins, 2008; Payne et al., 1995; Ryssel et al., 2004; Saura et al., 2009; Sheth & Parvatiyar, 1995; Slatten, 2008; Solent, 2006; Ulaga and Eggert, 2002, 2006; Vasconcelos, 2008; Walter et al., 2001). Most of the existing research papers have focused on end-consumer, rather than business customers (Caceres & Paparoidamis, 2004, 2007; Gwinner et al., 1998; Woo & Ennew, 2004, 2005). Since business to business contexts remain undefined and relatively unexplored, to address these interesting but unanswered questions, the researcher was motivated to conduct the present study to shed some light specifically in the issue of “relationship marketing as a mediating role between brand image and customer loyalty” in B2B contexts. The

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