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ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE DEPARTMENT OF MARKETING MANAGEMENT

The Effect of Relationship Marketing on Customer Loyalty: The Case of SAS Pharmacies

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May, 2023

Addis Ababa, Ethiopia

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DEPARTMENT OF MARKETING MANAGEMENT

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Approval

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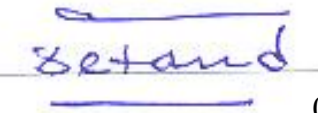
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Declaration

I, Mintesnot Gashaw, declare that the thesis entitled " The Effect of Relationship Marketing on Customer Loyalty: The Case of SAS Pharmacies " submitted in partial fulfilment of the requirements for the degree of Master in Marketing Management is my own original work, except where due acknowledgment is made for all the sources and materials used. I have not used any other person's work without due acknowledgement or citation. I have not submitted this thesis for any other degree or award.

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List of Abbreviations and Acronyms

RM.....	Relationship Marketing
VIF.....	Variance Inflation Factor
SPSS.....	Statistical Package for the Social Sciences
ANOVA.....	Analysis of Variance
Sig.....	Significance
CRM.....	Customer Relationship Management
R.....	Overall correlation

Abstract

This study aimed to investigate the influence of relationship marketing on customer loyalty in the context of SAS Pharmacy. Using a quantitative approach with a deductive and descriptive research design, the four dimensions of relationship marketing (trust, commitment, communication, and satisfaction) were chosen as independent variables, while customer loyalty was examined as the dependent variable. Statistical analysis was performed using SPSS version 26, utilizing correlation and multiple linear regression techniques. A total of 384 questionnaires were distributed, resulting in a high response rate of 97.65% with 375 completed questionnaires returned. The findings indicated that trust and satisfaction exhibited a significant and positive relationship with customer loyalty. However, the relationship between commitment and communication with customer loyalty was found to be insignificant. Consequently, two hypotheses were accepted while two hypotheses were rejected. The results revealed that relationship marketing accounts for approximately 41.6% of the observed loyalty among customers at SAS Pharmacy. These findings provide valuable insights into the importance of trust and satisfaction in fostering customer loyalty within the pharmaceutical retail industry and contribute to a better understanding of relationship marketing strategies that can potentially enhance customer loyalty and drive business growth.

Keywords: Relationship marketing, customer loyalty, trust, commitment, communication, satisfaction, SAS Pharmacy

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

The concept of relationship marketing has its roots in the traditional marketing model, which focused solely on selling products and services to customers in exchange for payment. (Gronroos, 1994)

However, as competition has become more intense and customers have become more discerning, businesses have had to adapt by developing relationships with their customers that are more personalized, engaging, and long-term. (Sheth & Parvatiyar, 1995)

In 1983, Leonard L. Berry coined the term "relationship marketing" in the field of services marketing and defined it as the process of attracting, maintaining, and improving customer relationships, particularly in multi-service organizations (Berry 1983).

As of Kotler's "Marketing Management" (15th edition, 2016), his definition of Relationship Marketing is: "Relationship marketing involves creating, maintaining and enhancing long-term relationships with customers and other stakeholders that result in mutual exchange of value. It involves understanding and tracking customers' needs and preferences over time and customizing the company's offerings to meet those needs more effectively than competitors." This definition stresses the importance of understanding customers' needs and preferences in order to build and maintain valuable long-term relationships.

During the 20th century, the most popular approach to marketing was transactional marketing, where the focus was on increasing sales and acquiring new customers. This type of marketing typically had a short-term focus and placed little emphasis on customer service (Šonková, T. and Grabowska, M., 2015). So, its focus on the relationship with the customer is very poor which leads to low customer commitment.

Marketing has gone beyond the mere developing, selling, and delivering of products and services; it is now more focused on cultivating and sustaining profitable, mutually beneficial relationships with customers over an extended period (Buttle, 1996). This is where relationship marketing becomes more important in the marketing area.

In the last two decades, relationship marketing and customer relationship management have been increasingly important in marketing strategy (Palmatier 2008). The effect of relationship

marketing on customer loyalty has been widely studied in the literature. A study by Morgan and Hunt (1994) found that relationship marketing practices, such as personalized communication and tailored offerings, lead to increased customer loyalty. Similarly, a study by (Rust, Lemon, and Zeithaml 2004) found that companies that engage in relationship marketing are more likely to retain customers and experience a higher level of customer loyalty.

In order to thrive and remain competitive, all business organizations, including those in the pharmaceutical industry, must adapt to the changing business environment. One marketing tactic used in both developed and emerging economies is relationship marketing. Building cooperative connections with patients, doctors, and other stakeholders is essential to sustaining demand for pharmacy services over the long term as pharmaceutical industry competition becomes fiercer (Kanyan, A. et al. 2015).

In this world of competition relationship marketing is evolving from creating a relationship between the seller and the consumer to developing a degree of empathy and comprehension that leads to interactions with patients (Robinson, R. 2019). Even if the new drug is more effective and has less side effect (this is the pivotal element of drugs' quality) than the other ones available in the market that is not the only factor which determines its success (Govindaraj, Kumar and Prabhu 2020). Typically, pharmacists don't have time for conventional marketing. Print advertisements, TV spots, and email advertisements all require time and money that you do not have. Relationship marketing is ideal for independent and neighbourhood pharmacies because of this (Haddock, R. 2020).

According to Kotler et al. (2016), the cost of acquiring a new customer may be five times greater than the cost of retaining an existing customer. So, retaining the current customers is way better and cost effective than acquiring new ones.

The World Health Organization (1997) report suggests that it is unsurprising that community pharmacies have a high number of regular customers, as they are usually the initial point of contact for people with health issues. This is particularly true for people with chronic conditions, as community pharmacies are readily accessible and provide an array of services that cater to a wide range of health needs. The convenience and the level of service provided by community pharmacies make them the go-to destination for many individuals seeking health-related solutions. Thus, community pharmacies are considered as the primary healthcare providers for many people. This shows the trust the people have on the community pharmacies.

Relationship marketing focuses on building long-term relationships with customers rather than just making one-off sales. Some of the components of relationship marketing that have been shown to affect customer loyalty include trust, commitment, satisfaction, and communication.

Overall, it is clear that relationship marketing strategies can play an important role in increasing customer loyalty in community pharmacies. By establishing trusting relationships between staff members and customers, providing high-quality service, creating a sense of community between them, and customer satisfaction, pharmacists can ensure their customers remain loyal over time while also increasing patient satisfaction levels.

1.2. Statement of the Problem

In today's market-based economies, where competition is so prevalent, relationship marketing is essential for firms in order to remain competitive. This involves entering into relationships with other firms and consumers, which can help firms to gain an advantage over their competitors (Hunt, S.D., Arnett, D.B. and Madhavaram, S. 2006).

In relationship marketing focusing on the customers is as much as essential on focusing on the products (Kotler, P. and Keller, K.L. 2016). A limitation on the service quality in community pharmacies is due to poor communication with the customers and being less personally connected according to the customers' perspective (White, L. and Klinner, C. (2012).

Morgan and Hunt's (1994) research assert that trust and commitment are integral components in predicting the exchange performance of customers. While some scholars such as Doney and Cannon (1997) as well as Sirdeshmukh, Singh, and Sabol (2002) have argued that trust plays a significant role in determining the relational construct, others, for example Anderson and Weitz (1992), Gruen, Summers, and Acito (2000), and Jap and Ganesan (2000), have identified commitment as critical to the relational construct.

However different studies done on this subject comes up with different results, like the study done in Malaysia (Kanyan, A. et al. 2015) suggested that trust is the most important component in the relationship marketing within the pharmaceutical industry while other study done in Jordan (Q. Bataineh, A. et al. 2015) majorly emphasizes on satisfaction being the most determinant factor in relationship marketing among the pharmaceutical sector and yet another study by (Z. Szalkai 2004) done on the Hungarian pharmaceutical sector makes communication to be the major factor in relationship marketing and most of the above cited studies shows the effect on the general pharmacy sector as a whole including suppliers and wholesalers.

Although the main focus of business firms should be to satisfy their customers, many local firms are more interested in carrying out transactions and selling their products to customers. As customers expect more than just simple transactions and markets become more competitive, business companies are recognizing the increasing importance of creating long-term collaborative relationships with their target audiences, in order to secure a stable business future. Meeting customer needs and developing strong relationships creates opportunities that lead to sustained and prosperous partnerships (Rust and Chug 2006).

Relationship marketing is a strategy used by companies to build strong relationships with customers, and it is becoming increasingly important in today's competitive business environment. The problem is as there is no research found to be done on the effect of relationship marketing on customer loyalty in the case of community pharmacy in Ethiopia. Since the retail pharmacy industry is a bit different than the other sectors concerning the marketing activities especially in our country as it is prohibited to advertise medications whether on billboard or on Television so one of the few ways to do marketing is through relationship activities.

This study aimed to bridge the research gaps as the selected four elements of relationship marketing were not adequately covered by the past literature in the context of pharmaceutical industry in Ethiopia. The factors concerning with relationship marketing such as effective communication, trust, satisfaction and commitment in relation to relationship marketing strategies towards customer loyalty and tried to identify which factor is the prominent one and what strategies can be used to increase customer loyalty through relationship marketing. The specific pharmacy called SAS pharmacy has been selected due to its rigorous marketing activities in all over the marketing platforms, so their activities were found to be catchy at being explored.

1.3. Research Questions

- What is the effect of relationship marketing on customer loyalty in the case of SAS pharmacies?
- How communication affects customer loyalty in community pharmacy?
- How commitment in relation affects customer loyalty in community pharmacy?
- How does trust affects customer loyalty in community pharmacy?
- How customer satisfaction affects customer loyalty in community pharmacy?

The above stated factors are not the only components of relationship marketing, but they are the ones that are chosen randomly. So, the study has tried to assess the effect in which each component has on the customer loyalty.

1.4. Objectives of the Study

Objectives of a study are specific, measurable goals that a researcher aims to achieve through their research. They are used to guide the design, data collection, and analysis of a study. One important reference for understanding the role of objectives in research is the book "Research Methodology: Methods and Techniques" by C.R. Kothari. In this book, the author explains that objectives are essential for defining the scope of a study and for determining the methods and techniques that will be used to collect and analyse data.

1.4.1. General Objective

The main objective of this study is to investigate the effect of relationship marketing on customer loyalty in the case of community pharmacies.

1.4.2. Specific Objectives

The specific objectives of this research seek to

- ◆ To assess how communication affects customer loyalty in community pharmacy.
- ◆ To assess the effect of commitment on customer loyalty in community pharmacy.
- ◆ To investigate the effect of trust on customer loyalty in community pharmacy.
- ◆ To investigate the effect of customer satisfaction on customer loyalty in community pharmacy

1.5. Definition of Terms

1.5.1. Conceptual definition

Trust—Morgan & Hunt, 1994 conceptualized trust as existing when one party has confidence in an exchange partners reliability and integrity. Within the context of relationship marketing, building trust is essential if consumers are to develop strong, long-term relationships with the brand (Moorman, Zaltman, & Deshpandé, 1993).

Commitment—According to Morgan and Hunt (1994) being committed in a relationship means that one partner believes that the relationship is very important and is willing to put in a lot of effort to make sure it lasts. They see the relationship as worth investing time and energy into

to keep it going long-term. According to Gummeson (2008) in his book "Total Relationship Marketing", commitment is considered a key component of building and maintaining successful customer relationships, as it leads to increased customer retention and can ultimately drive business growth.

Satisfaction - Satisfaction in a relationship marketing context is defined as a customer's perception that they have received a set of desired outcomes from a product or service. Satisfaction with relationship marketing can be measured by customer loyalty, increased repeat purchases, customer value, and customer retention (Ravald and Grönroos, 1996).

Communication- In marketing relationships, communication is fundamental in creating an understanding of the goals and abilities of each party involved in the exchange, and it works to lay the foundation for the continuation of the relationship. Communication is also a major factor in creating trust among those exchanging (Anderson and Narus, 1990).

1.5.2. Operational Definition

Relationship marketing – in this study Relationship marketing refers to the strategy of building long-term, meaningful connections with customers by providing high quality personalized service and engaging in tailored communications to increase loyalty and boost sales. This can involve building relationships with individual customers as well as higher-level relationships with physicians and other stakeholders in the healthcare industry. This type of marketing emphasizes convenience and personalized care to ensure customers remain loyal to the pharmacy.

Customers' loyalty - Customers' loyalty in retail in this study defined as the degree to which customers value their relationship with a pharmacy and demonstrate loyalty to it by continuing to shop there. It is a measure of customers' trust in the pharmacy, quality of their shopping experience, and ultimately their satisfaction. Pharmacy loyalty is based on the quality of customer service, stores' knowledge, variety of products, the speed and accuracy of their processes, and the overall convenience in shopping. It's essential that the customer's needs are met in the most efficient and timely manner in order to build loyalty. Effective communications play a vital role in driving customer engagement and loyalty, particularly for pharmacies when it comes to customer service. In addition, customer loyalty can be built through special promotions, discounts, and loyalty programs.

1.6. Significance of the Study

The findings from this research expected provide valuable insights into how relationship marketing can be used to foster customer loyalty towards community pharmacies. It is expected that this study has identified key strategies for improving customer relationships with community pharmacies and that it can provide useful information for pharmacy owners, pharmacists, and other stakeholders involved in the healthcare industry. Furthermore, the findings from this research can also be used to inform future studies regarding the effects of relationship marketing on consumer behaviour in different industries.

The Effect of Relationship Marketing on Customer Loyalty in the Case of Community Pharmacy is an important study as it examines how relationship marketing can be used to increase customer loyalty in the community pharmacy setting. By understanding the effects of relationship marketing on customer loyalty, community pharmacies can better tailor their strategies to increase customer loyalty, thereby increasing sales and improving business operations. It investigates the influence of relationship marketing on customer loyalty within the context of a specific industry, the pharmaceutical retail industry, which adds to the existing body of knowledge on relationship marketing

The study is expected also to be beneficial for other businesses in the health care industry that wish to increase customer loyalty. Through this research, other businesses can be able to understand how relationship marketing can be used to form stronger relationships with customers and create greater customer loyalty. This information can then be applied to their own practices, allowing them to improve their engagement with customers and gain a better understanding of what drives customer loyalty.

1.7. Scope of the Study

Since this research idea is broad and wide range, it is impossible to address all components of relationship marketing due to time and money constraints. So as different authors on different studies used different components this research focused on |communication, commitment, trust and satisfaction as a base components.

The delimitations of this study are the following:

- **Geographical scope:** The study has took place on SAS pharmacies located in Addis Ababa, Ethiopia

- **Population scope:** The study has focused on a sample of customers that visits SAS pharmacy at the time of the data collection.
- **Time scope:** The study focused on the current effect of relationship between relationship marketing and customer loyalty at SAS pharmacies in Addis Ababa.
- **Research methods:** The study has used a quantitative research methodology, with a structured questionnaire as the main data collection method.

The study has focused on the effect of relationship marketing on customer loyalty in the context of SAS Pharmacies. The study is limited to customers of SAS Pharmacies who have been using the pharmacy for the past four years since its opening. The study used a structured questionnaire to collect data on communication, commitment, trust, customer satisfaction and customer loyalty. Quantitative data analysis is used to analyse the data.

The following are some of the reasons for the delimitations:

- Limiting the study to customers of SAS Pharmacies could help to ensure that the findings are relevant to the specific context of the study.
- Limiting the study to customers who have been using the pharmacy for the past four years could help to ensure that the customers have had enough time to develop relationships with the pharmacy.
- Using a structured questionnaire helped to ensure that the data is collected in a consistent and reliable manner.
- Using quantitative data analysis helped to identify the relationships between the variables of interest.

Constraints

- The study is limited by the availability of resources, such as time and money.
- The study is also limited by the willingness of customers to participate in the study.
- The study is also limited by the accuracy of the data collected.

Here are some additional delimitations observed in this study:

- The study was conducted in a specific industry or market, and the results may not be generalizable to other industries or markets.
- The study used a specific methodology, and the results may not be generalizable to other methodologies.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Introduction

The concept of relationship marketing has been studied extensively in the past few decades. According to Gummesson (2008), relationship marketing is “a marketing strategy that focuses on building long-term relationships with customers, rather than simply focusing on short-term transactions”. This strategy is based on the idea that customers are more likely to remain loyal to a company if they have a strong relationship with it. Companies use various strategies to build relationships with customers, such as providing personalized services, offering discounts and rewards, and engaging in customer feedback.

The literature review explored the effect of relationship marketing on customer loyalty and provide an understanding of how effective relationship marketing strategies are being used by the marketing industry around the world, as well as what factors contribute to successful implementations.

Definition and Scope of Relationship Marketing

Berry's 1983 definition of Relationship marketing lays the foundation for other scholars, defined it on the basis of his definition like the very known big names in marketing Kotler and Keller in 2009 described relationship marketing as the process of acquiring, establishing a relationship, and keeping consumers is known as customer relationship marketing. It is based on creating an emotional connection between companies and customers, which results in strong customer loyalty (Aberle, L. 2019). These connections are essential in keeping the relationship for much longer and for the objectives to be met and trust through personal interactions and commitment are vital in building successful relationship marketing (Morgan and Hunt. 1994).

The scope of relationship marketing includes various activities such as customer acquisition, customer retention, brand loyalty, and customer lifetime value optimization (Sheth et al 1995). Relationship marketing also involves understanding and meeting customers' needs, preferences and expectations (Morgan and Hunt 1994). Relationship marketing also involves creating a culture of continuous improvement, where organizations are always striving to exceed customers' expectations (Brady, M.K. and Cronin Jr, J.J., 2001).

The scope of relationship marketing also includes analysing and segmenting customers to create targeted marketing campaigns (Harker, M.J. and Egan, J., 2006). In order to build

relationships with customers, organizations must have a customer-centric culture that values customer feedback and continuously improves services and products (Gounaris, S.P., 2005).

By building strong relationships with customers, organizations can increase customer loyalty, reduce customer churn, and improve customer lifetime value (Kumar, V. and Shah, D., 2004). Building strong relationships with customers can also benefit the organizations in reducing marketing costs and increase profitability (Grönroos, C., 2011) and results in positive word-of-mouth advertising (Lovelock, C. and Gummesson, E., 2004). Relationship marketing also focuses on personalized communication with customers to maintain a dialogue and strengthen relationships (Payne, A., & Frow, P. 2005)

The use of technology has become increasingly important in relationship marketing, as it enables businesses to gather, store, and analyse customer data more effectively. (Martin, 2015) Technologies such as CRM (customer relationship management) platforms, marketing automation tools, and social media management solutions have become critical components of successful relationship marketing strategies. (Payne & Frow, 2005)

The future of relationship marketing is bright, as businesses continue to seek ways to differentiate themselves in competitive markets and build deeper, more meaningful relationships with their customers (Payne & Frow, 2005).

Overall, the scope of relationship marketing includes building strong, long-lasting relationships with customers by understanding their needs, preferences and expectations; creating personalized communication; providing exceptional customer service and support; utilizing technology to manage customer relationships; developing a customer-centric culture; and continuously improving products and services to exceed customers' expectations.

2.2. Theoretical Review

The concept of relationship marketing has taken on an increasingly important role in the modern business world. It has been used to help create and maintain relationships between customers and companies, as well as to improve customer loyalty (Jobber, D. and Ellis-Chadwick, F. 2013). This is especially true in the case of community pharmacy, where customers often have a close relationship with their local pharmacist and expect a personalized, high-quality experience (Knox, K. et al. 2014).

As the global and local competitive landscape becomes more challenging, customers' needs, wants, expectations, and demands have changed, putting pressure on businesses to innovate and take different steps to gain a competitive edge and meet customer needs. Companies have had to focus on keeping their current customers loyal rather than trying to acquire new ones in their marketing efforts (Durmaz, Y., Güvenç, H. and Kaymaz, S. 2020).

Kotler and Keller (2016) highlighted that businesses must transition from short-term, transaction-focused objectives to long-term, relationship-building objectives. Relationship marketing provides companies with the chance to accomplish this goal and to form lasting connections with their stakeholders (e.g. customers, suppliers). Both scholars and professionals have suggested that RM is beneficial for business and leads to improved business performance (Arnett and Madhavaram 2006).

There exists a clear and consistent relationship between the practice of Relationship Marketing (RM) and customer loyalty within community pharmacies. As the pharmacies work to improve their RM practices, they will see an increase in customer loyalty. The long-term success of community pharmacies will depend on their ability to effectively implement and utilize the principles of RM as a strategic business practice. This requires a systematic and measurable approach, which includes marketing efforts that focus on maximizing key components of RM, such as trust, commitment, competence, communication, conflict handling, and accessibility. This approach must be coordinated in order to ensure that the overall goals of the pharmacy are being met (Osemene, K.P. and Ihekoronye, R.M. 2019).

Relationship marketing offers tools to build and sustain relationships with the pharmacy's existing patients. One of them is proper monitoring of the follow up visits of the patients. Follow-up visits allow the pharmacist to assess and monitor the patient's progress and are an important component of pharmacy-based patient care services that are promoted through relationship marketing (Kocev, D. 2022).

The significance of a robust, compassionate and dependable connection between a pharmacist and a patient in the pharmaceutical care is widely acknowledged as being crucial. However, it is not as commonly acknowledged that such a relationship is also vital in effectively promoting and marketing pharmacy-based clinical services. Building and maintaining close working relationships with patients, physicians, and other potential collaborators is essential in order to generate and maintain long-term interest in pharmacy services (Kocev, D. 2022).

The principles of relationship marketing assume that through interactions and strategies with customers, a company can gain and maintain their loyalty (Berry, 1995). According to Gronroos (2000), relationship marketing involves directing all marketing efforts towards creating, building, and maintaining successful long-term relationships with customers.

Customer loyalty has become a key strategic goal for firms because loyal customers tend to have a higher lifetime customer value, are less price-sensitive, and are more likely to seek relationship-building opportunities with the firm (Homburg and Giering, 2003). Customer loyalty refers to the intention of customers to repurchase products from the same supplier (Oliver, 1999). It is a multidimensional construct that captures aspects such as attitudinal and behavioural loyalty (Oliver, 1999).

2.2.1. Communication

Relationship marketing is a strategy that focuses on building long-term relationships with customers by providing them with personalized experiences and addressing their needs and concerns. Communication is one of the key elements of relationship marketing, as it enables businesses to establish a dialogue with their customers and create a sense of trust and loyalty. According to a study by Gummeson (2008), effective communication is essential for building strong relationships with customers, as it helps businesses understand their needs and preferences, and respond to them in a timely manner.

One of the main effects of communication on customer loyalty is that it enhances customer satisfaction. When businesses communicate effectively with their customers, they are able to provide them with relevant information about products or services, address their concerns or complaints, and offer personalized solutions. This creates a positive experience for customers, which in turn increases their satisfaction levels and makes them more likely to remain loyal to the brand (Kotler et al., 2017).

Another effect of communication on customer loyalty is that it fosters trust between businesses and their customers. When businesses communicate openly and honestly with their customers, they demonstrate that they value their opinions and are committed to meeting their needs. This creates a sense of trust between the two parties, which can lead to increased loyalty over time (Gronroos, 2011)

The topic of communication within the context of relationship marketing has been studied intensively and researchers such as Ndubisi and Madu (2009) have defined it as a multifaceted

process. According to these researchers, communication involves keeping in touch with customers over time, providing accurate and timely information that can be trusted, and proactively communicating problems that may arise during delivery. Another study has confirmed that communication is critical to the success of a relationship marketing strategy as demonstrated by the work of Lambert and Cashwell (2004).

Moreover, communication can also help businesses create emotional connections with their customers. By communicating in a way that resonates with customers' values or interests, businesses can create an emotional bond that goes beyond the transactional relationship. This emotional connection can lead to increased loyalty over time as customers feel more connected to the brand on a personal level (Kumar et al., 2010).

Effective communication with customers is also a key aspect of relationship marketing. This can include providing personalized attention, addressing customer concerns, and providing clear and timely information (Gronroos, 2000). According to Morgan & Hunt, 1994 building and maintaining strong, long-term relationships with customers through effective communication can lead to increased customer loyalty. The Communication Accommodation Theory by (Gudykunst, 2003) proposes that effective communication can lead to increased customer loyalty by reducing communication barriers and promoting understanding and cooperation between the customer and the organization.

Effective communication also helps businesses build stronger relationships with customers by enabling them to tailor their offerings to meet specific needs or preferences. By listening carefully to customer feedback and engaging in two-way communication, businesses can gain valuable insights into what their customers want and need from them. This allows them to develop customized solutions that are tailored specifically to each individual customer's needs (Peppers & Rogers Group, 2016)

Thus, different communication modes to interact with customers can be used as they are the channel for the salesperson to transmit the message to the consumers (Mohr J, and Nevin JR 1990). These interactions could be done in person or over the phone but most of the modern time relationship marketing has been taken to the web (Johanesová, V. and Vaňová, J. 2020). Ramayah and Leen (2017) assert that trust and satisfaction (e.g. personal interaction, reliability) are the key ingredients of relationship marketing.

Communication-based theory, as proposed by Duncan and Moriarty in 1998, suggests that relationship marketing has a positive effect on customer loyalty. According to this theory,

effective communication between a company and its customers is crucial for building and maintaining strong relationships, which in turn leads to increased customer loyalty. The authors argue that customers are more likely to be loyal to a company that they perceive as being responsive, trustworthy, and open to communication. Additionally, they also believe that communication-based theory also emphasizes that the long-term relationship and trust development is key to customer loyalty.

Maintaining communication with customers is an essential part of relationship marketing. It is the communicator's responsibility to ensure that customers are kept up to date with any changes in service, as well as to proactively inform them of any delivery issues that may arise. Furthermore, it is important to build awareness of the organization and its products, promote the value, performance and other features of the product, and convince interested buyers to make the purchase decision (Ndubisi and Chan, 2005). Additionally, it is important to communicate with dissatisfied customers to let them know what the organization is doing to rectify the causes of their dissatisfaction. When there is effective communication between an organization and its customers, it can lead to a better relationship and increased customer loyalty (Ndubisi, 2005).

However, ineffective communication can have negative effects on customer loyalty as well. Poorly timed or irrelevant messages can annoy or frustrate customers, leading them to seek out other brands that better meet their needs (Gronroos & Ravald, 2011). Therefore, it is important for businesses to ensure that they are communicating effectively with their customers at all times.

In conclusion, effective communication is an essential element of relationship marketing that has significant effects on customer loyalty. By providing personalized experiences through open dialogue and tailored offerings based on customer feedbacks; fostering trust; creating emotional connections; enhancing satisfaction levels; companies can build strong relationships with loyal consumers who will continue doing business with them over time.

2.2.2. Commitment

Affective commitment is another dimension of relationship marketing that may lead to customer loyalty. Affective commitment is when customers develop an attachment to the brand and feel that the brand represents an important part of their self-identity (Brodie et al., 2013).

Customers who are committed to a brand are more likely to continue doing business with that brand, even in the face of competition (Morgan & Hunt, 1994).

Commitment is a crucial element of relationship marketing that has a significant impact on customer loyalty. According to Morgan and Hunt (1994), Commitment refers to the degree to which customers intend to maintain a relationship with a particular company; they are more likely to continue doing business with it, even when faced with competitive offers. This commitment can be fostered through various relationship marketing strategies such as personalized communication, loyalty programs, and excellent customer service. Relationship marketing has been identified as an effective means of increasing customer commitment, which leads to higher levels of loyalty (Bhattacharya and Sen, 2003). Firms that invest in relationship marketing programs are more likely to foster higher levels of customer commitment and loyalty (Morgan and Hunt, 1994).

One way in which commitment affects customer loyalty is by creating trust between the customer and the company. When customers perceive that a company is committed to their needs and interests, they are more likely to trust the company and remain loyal over time (Morgan and Hunt, 1994). This trust can lead to positive word-of-mouth referrals, which can further enhance customer loyalty. According to the commitment-trust theory of relationship marketing by Morgan & Hunt, 1994, trust and commitment are essential components for a successful relationship between a company and its customers. To retain customers and make them loyal, companies must establish both trust and commitment.

Morgan and Hunt (1994) found that customers who perceive a high level of trust and commitment from a firm are more likely to be loyal to that firm. The study also found that trust, commitment, and satisfaction are key components of relationship marketing that lead to customer loyalty. The authors suggested that by building trust and commitment with customers, firms can increase customer loyalty and retain business over time.

Another effect of commitment on customer loyalty is that it can increase the perceived value of a company's products or services. When customers feel that a company is committed to providing high-quality products or services, they are more likely to perceive them as valuable and worth paying for (Gronroos, 1997). This perception of value can lead to increased customer satisfaction and loyalty.

Commitment can also create emotional bonds between customers and companies. When customers feel that a company is committed to their well-being and success, they are more

likely to develop an emotional attachment to the brand (Fournier, 1998). This emotional bond can lead to increased brand loyalty over time.

In conclusion, commitment is an essential element of relationship marketing that has significant effects on customer loyalty. By fostering trust, increasing perceived value, creating emotional bonds, and enhancing overall satisfaction levels among customers, commitment can help companies build strong relationships with their target audiences over time. However, it should be noted that commitment alone may not be sufficient for ensuring long-term loyalty; other factors such as product quality and price competitiveness must also be taken into account when developing effective marketing strategies.

2.2.3. Trust

Trust is a crucial element in relationship marketing that has a significant impact on customer loyalty. Customers are more likely to remain loyal to a brand if they trust the company and its products or services. Trust is built over time through consistent delivery of quality products, excellent customer service, and transparent communication. According to a study by Ganesan (1994), trust is positively related to customer loyalty, and customers who trust a company are more likely to repurchase from the same company. The Self-Verification Theory by (Swann, 1995) suggests that trust leads to customer loyalty because it allows customers to verify their own self-concept and values through their interactions with a trusted business.

In addition, trust can also lead to positive word-of-mouth marketing, which can further enhance customer loyalty. When customers trust a brand, they are more likely to recommend it to their friends and family. This can lead to increased sales and revenue for the company. According to a study by Morgan and Hunt (1994), trust has a positive impact on customer satisfaction, which in turn leads to positive word-of-mouth marketing.

However, building trust with customers can be challenging for companies. It requires consistent effort and investment in building relationships with customers over time. Companies must be transparent in their communication with customers and deliver on their promises consistently. According to a study by Doney and Cannon (1997), companies that invest in building relationships with their customers through trust-building activities are more likely to retain those customers over time.

Past studies (Singh and Sirdeshmukh, 2000; Ramaseshan et al., 2013) have provided evidence that trust has a favourable impact on customers' loyalty towards a business. This is because

trust in stills in customers the confidence to make repeat purchases based on the assurance that the firm has demonstrated consistency in delivering the expected value over an extended period of time (Sirdeshmukh et al., 2002).

Trust has been identified as a concept that consists of two distinct components - cognitive and affective (Johnson and Grayson, 2005). Cognitive trust is based on a rational perspective, which is the willingness of the partner to rely on the service provider's competence and reliability; on the other hand, affective trust is based on an emotional view, which is the perception of the partner's actions that intrinsically motivate the other to remain in the relationship (Ramaseshan et al., 2012). The researchers believe that trust in the pharmacy context involves both cognitive and affective dimensions. Consumer trust is of great importance as pharmacies need to build trust with their patients (i.e. customers) through sincerity and competence (Singleton, 2013) so that the patients can depend on the pharmacists' advice, feel encouraged and confident to return in the future.

Moreover, trust can also act as a buffer against negative experiences that may occur during the customer journey. When customers have established trust with a brand, they are more likely to forgive mistakes or errors made by the company. This forgiveness can lead to increased loyalty as the customer feels valued by the company despite any negative experiences they may have had. According to a study by Garbarino and Johnson (1999), trust acts as an insurance policy against negative experiences that may occur during the customer journey.

However, losing trust with customers can have severe consequences for companies. Once lost, it can be challenging for companies to regain that trust back from their customers. According to a study by Ganesan (1994), when companies break their promises or fail to deliver on expectations consistently, it leads to decreased levels of trust among customers.

In conclusion, building and maintaining trust is crucial for companies looking to establish long-term relationships with their customers. Trust has been shown in numerous studies cited above as having a positive impact on customer loyalty through increased repurchase behaviour, positive word-of-mouth marketing, forgiveness of negative experiences and acting as an insurance policy against future negative experiences while losing it has severe consequences for businesses looking for long-term success in relationship marketing strategies.

2.2.4. Satisfaction

Customer satisfaction is the result of meeting or exceeding customer expectations. When customers are satisfied with a company's products or services, they are more likely to have positive attitudes towards the company, which can lead to increased loyalty. In fact, research has shown that customer satisfaction is positively related to customer loyalty (Oliver, 1999). Therefore, companies that focus on satisfying their customers are more likely to retain them in the long run.

Satisfaction is also a crucial component of relationship marketing, as satisfied customers are more likely to remain loyal to a brand (Oliver, 1997). According to (Morgan & Hunt, 1994) satisfaction is a key component in the development of long-term relationships between customers and a company. The Cumulative Advantage Theory suggests that customer satisfaction can lead to a positive feedback loop of repeat purchases, positive word-of-mouth, and increased brand loyalty (Gustafsson, Johnson, & Roos, 2005).

Customer satisfaction has been identified as a crucial predictor of customer loyalty (Palmatier et al., 2007). Relationship marketing programs aim to enhance customer satisfaction through personalized communication and value creation (Jones and Suh, 2000). Research has indicated that customers who participate in relationship marketing programs are more satisfied, leading to higher levels of loyalty (Bhattacharya and Sen, 2003). Satisfied customers are also more likely to recommend a company to others through positive word-of-mouth, which can lead to increased customer acquisition and, ultimately, increased customer loyalty. (Reichheld, 2003)

Moreover, satisfied customers tend to be less price-sensitive than dissatisfied ones. They are willing to pay higher prices for products or services that meet their needs and expectations (Anderson et al., 1994). This means that companies that provide high levels of satisfaction can charge premium prices for their offerings without losing customers. This can lead to increased profitability and sustainability for the company.

The Satisfaction-Profit Chain theory by (Rust, Zahorik, & Keiningham, 1995) states that satisfied customers are more likely to remain loyal to a brand and make repeat purchases. This ultimately leads to increased profitability for the company. Ultimately, customer satisfaction is the key to promoting customer loyalty. Relationship marketing tactics that help improve customer satisfaction, such as personalized communication and reliable delivery of expected value; have been found to increase customer loyalty. (Jones and Sasser Jr, 1995)

Bastos and Gallego (2008) stated that, in today's competitive business environment, companies are constantly striving to improve the quality of their products and improve customer satisfaction in order to increase customer satisfaction and loyalty. By understanding what motivates customers to remain loyal to a particular brand or firm, companies can gain a significant advantage in the marketplace and be better positioned to lead their respective industries. In short, the key to success in the business world is a deep understanding of what drives customer loyalty.

In addition, satisfied customers are more likely to forgive a company's mistakes or shortcomings. When a company makes an error or fails to meet a customer's expectations, satisfied customers are more forgiving than dissatisfied ones (Fornell et al., 1996). This means that companies that have built strong relationships with their customers through high levels of satisfaction are less likely to lose them due to occasional mistakes.

There have been numerous studies conducted on the effect of relationship marketing on customer loyalty. One study, published in the *Journal of Marketing* in 1990 by Anderson and Narus, found that relationship marketing strategies, such as personalized communication and tailored services, can lead to increased customer loyalty.

Furthermore, satisfied customers are more likely to engage in positive word-of-mouth communication about a company. They are more willing to recommend the company's products or services to others and share their positive experiences with friends and family (Reichheld & Sasser, 1990). This can lead to increased brand awareness and new customer acquisition for the company.

Finally, satisfied customers are less likely to switch to competitors. When customers are satisfied with a company's offerings and have built strong relationships with it over time, they are less likely to consider switching to competitors even if they offer similar products or services at lower prices (Oliver & Swan, 1989). This means that companies that focus on satisfying their customers can achieve higher levels of customer retention and reduce churn rates.

2.2.5. Loyalty

Relationship marketing is a strategy that focuses on building long-term relationships with customers by providing them with personalized experiences and addressing their needs and concerns. This approach has been shown to have a significant impact on customer loyalty, as it

fosters trust and loyalty between the customer and the brand. According to a study by Gummeson (2008), relationship marketing can lead to increased customer satisfaction, loyalty, and retention rates.

One of the key benefits of relationship marketing is that it allows companies to better understand their customers' needs and preferences. By collecting data on customer behaviour and preferences, companies can tailor their marketing efforts to better meet the needs of their customers. This personalized approach has been shown to increase customer satisfaction and loyalty (Kumar & Reinartz, 2016).

Another way that relationship marketing can impact customer loyalty is through the use of loyalty programs. These programs offer rewards or incentives for repeat business, which can encourage customers to continue doing business with a particular brand. According to a study by Reichheld & Teal (2006), companies that implement effective loyalty programs can see significant increases in customer retention rates.

In addition to improving customer retention rates, relationship marketing can also lead to increased word-of-mouth referrals. When customers feel valued and appreciated by a brand, they are more likely to recommend that brand to others. This can lead to increased sales and revenue for the company (Berry & Parasuraman, 2008).

However, it is important for companies to remember that relationship marketing requires ongoing effort and investment. According to a study by Grönroos (2011), companies must be willing to invest in building long-term relationships with their customers through ongoing communication, personalized experiences, and exceptional service.

Finally, it is worth noting that relationship marketing is not without its challenges. One potential drawback is that it can be difficult for companies to maintain consistency across all touchpoints with their customers. Additionally, some customers may not be interested in building long-term relationships with brands and may prefer more transactional interactions (Payne & Frow, 2013)

Overall, however, there is strong evidence supporting the idea that relationship marketing can have a positive impact on customer loyalty. By focusing on building long-term relationships with customers through personalized experiences and effective communication strategies, companies can improve retention rates, increase word-of-mouth referrals, and ultimately drive revenue growth.

In conclusion, the literatures on relationship marketing and customer loyalty suggests that relationship marketing strategies can be effective in increasing customer loyalty and retaining business over time. Building trust, commitment, communication and personalization with customers can be important relationship marketing strategies for community pharmacies to increase customer loyalty. Additionally, cited studies propose that retailers should strive to implement relationship marketing strategies to increase customer loyalty in order to achieve a sustainable competitive advantage.

2.3. Empirical Review

The findings of Mamusung et al 2021 have confirmed and expanded the commitment trust theory of Relationship Marketing, proposed by Morgan and Hunt (1994). This theory suggests that all marketing activities should be focused on creating, developing and sustaining successful relational exchanges. Furthermore, the research findings of Ndubisi and Madu (2009) have been confirmed, which suggest that Relationship Marketing has a positive and significant impact on Customer Loyalty. This study has also proposed the relational benefit approach in the Relationship Marketing literature as a framework for understanding and explaining customer relationships with service companies. Therefore, it can be concluded that any improvement or increase in Relationship Marketing will result in an increase in Customer Loyalty.

The results of Alrubaiee and Al-Nazer (2010) suggest that commitment does not have an effect on customer loyalty in Jordanian banking services, which is contrary to the findings of Florentina K. (2015) which stated that customer satisfaction has the biggest effect on building customer trust. Both satisfaction and trust, along with customer commitment, contribute to a positive relationship between customers and the organization, ultimately leading to strong customer loyalty.

The results of a research conducted by Adoyo et al. (2012) showed that trust, service quality, satisfaction and commitment, which are all dimensions of relationship quality, has a positive influence on the ultimate outcome of customer loyalty. This study confirms the importance of all the components of relationship quality in relation to customer loyalty.

Another important factor to consider when evaluating the effectiveness of relationship marketing is the role of customer feedback and communication. A study by Homburg, Giering,

and Menon (2003) found that firms that used customer feedback to improve their products or services were more likely to generate long-term loyalty.

A study done in Jordanian pharmaceutical sector concludes that relationship qualities like satisfaction and commitment exhibited positive and significant effect on customer retention, satisfaction being the highest followed by commitment. On the other hand, another relationship quality, trust is found to be insignificant but has a positive effect on customer retention (Q. Bataineh, A. et al. 2015).

When people are not satisfied with a service, they are very likely to switch to another one, regardless of whether it's in the health or another industry. However, when people are satisfied, the likelihood of them switching is much lower for health services, at 38%. It's important to note that even if people are very satisfied, there is still a chance they will switch, with as many as 19.5% of people in the health care industry still willing to do so (Mittal, B. and Lassar, W.M. 1998).

A study by Bahri Ammari (2016) in Tunisia has indicated that CRM has a direct and significant impact on customer satisfaction, as it enhances the overall customer experience through more targeted marketing, personalized communication, and improved customer service. By offering a more customized experience, businesses can create stronger emotional ties with their customers and increase the likelihood of ongoing loyalty. In sum, CRM is a powerful tool that can help businesses establish and nurture profitable long-term relationships with their customers by providing a more individualized experience and a deeper understanding of their needs and preferences.

Research conducted in Kuching, Malaysia revealed that trust is the most important aspect of relationship marketing. The findings indicate that pharmacies can increase trust by making an effort to understand the needs of employees and pharmacists, leading to more loyal customers (Kanyan, A. et al. 2015). Additionally, managers must implement strategies to gain the trust and confidence of customers (Q. Bataineh, A. et al. 2015).

A study done in south-western Nigeria describes there is 57% respondents agree with that customers who consider pharmacist's communication as timely and reliable will be loyal that means pharmacies that establish a positive and reliable relationship with their customers through open and timely communication will likely gain their loyalty. Other 46% of the respondents replied that customers who consider the pharmacist as trustworthy will be loyal and 46% of the respondents think that customers who perceive pharmacist/pharmacy as

committed to the relationship will be loyal (Osemene, K.P. and Ihekoronye, R.M. 2019). The research found that utilizing relationship marketing strategies greatly improves customer loyalty. The most commonly used techniques were offering loyalty rewards, using personalized phone communication, addressing customers by name, and providing special codes for greetings. Additionally, some customers were given special discounts and credit to strengthen relationships. Effective and reliable communication was found to be the most impactful factor in building loyalty, followed by convenient access to the pharmacy and its staff. Other factors that contributed to customer loyalty included effectively managing conflicts, demonstrating competence, fostering trust, and showing commitment (Osemene, K.P. and Ihekoronye, R.M. 2019).

A study done by Van Vuuren, Roberts-Lombard, and Van Tonder (2012) indicates that there is a strong correlation between customer trust, commitment and satisfaction and customer loyalty. Specifically, it was determined that customer satisfaction has the most significant effect on customer loyalty, followed by trust, and then commitment. In other words, when customers are satisfied with a company's products or services, they are more likely to remain loyal to that company. Trust in the company also plays a significant role in customer loyalty, as customers who trust a company are more likely to continue doing business with them. Lastly, commitment, which refers to the level of investment customers have in the company, also contributes to customer loyalty, although to a lesser degree than satisfaction and trust.

As the study conducted by M. Rizan, A. Warokka, and D. Listyawati in 2014 has demonstrated, customer satisfaction and trust are the primary factors that drive customer loyalty. To achieve this, companies must ensure that their services are of high quality and meet the needs of their customers. Additionally, companies should use active listening to understand the needs of their customers and act accordingly. It is also crucial for companies to effectively manage their corporate brand reputation and use social networks in an effective manner. By meeting these basic requirements, companies can optimize customer satisfaction and trust, which in turn will lead to increased customer loyalty.

The effectiveness of RM (Relationship Marketing) strategies or antecedents can vary considerably in their ability to create robust business relationships. However, it appears that certain strategies may be more effective in strengthening specific dimensions of such relationships. In general, expertise and communication are the most successful strategies for cultivating a relationship across all its aspects. Nevertheless, other relationship-building

strategies may have varying degrees of impact on different components of the relationship. For e.g. certain approaches such as creating relationship benefits, stimulating customer reliance, and enhancing similarity with customers are more efficient in enhancing customer commitment compared to building trust. On the other hand, investing in the relationship and increasing the frequency of interactions have the opposite effect (Palmatier, R.W., Dant, R.P., Grewal, D. and Evans, K.R., 2006).

According to the research conducted by Gaurav et al 2008, the analysis showed that the three factors associated with relationship marketing, namely trust, customer focus, and communication, have a noteworthy contribution to improving customer loyalty. Additionally, they also discovered that there was a significant correlation between the three relationship marketing variables and customer loyalty. This finding suggests that businesses should prioritize these factors when implementing relationship marketing strategies to foster customer loyalty.

A study in 2018 by Edelman's Trust Barometer shows that, when it comes to the healthcare sector, while it is generally considered to be trustworthy worldwide, there has been a slight decrease in trust by two points. While this decline may appear to be small, upon further examination, it is revealed that in 17 out of 28 markets, there was a decline in trust. This decline in trust in certain regions is an indication that there are certain issues or concerns that are impacting the way the healthcare sector is perceived by the public in those areas. According to WHO report on the role of the pharmacist in the health care system it's important to note that while the overall trend of trust in the healthcare sector is positive, it's crucial to understand that there are certain areas where improvements need to be made to maintain and improve trust among the population.

The research conducted by (Too, L.H., Souchon, A.L. and Thirkell, P.C., 2001) has uncovered an inconsistency between the actual execution of relationship marketing and how customers perceive the stores' efforts in relationship marketing. This suggests that there may be a gap in understanding between the store's intentions for relationship marketing and how their actions are being perceived by their customers. However, the study has shown that the implementation of relationship marketing may not be as critical in creating long-lasting customer loyalty as customers' perceptions of the store's relationship marketing endeavours. These perceptions were discovered to contribute to improving customer trust in the stores and their commitment to the relationship with the store, consequently resulting in stronger customer loyalty.

Therefore, it is essential for businesses to prioritize their customers' perceptions of their relationship marketing strategies, as this has a more significant impact on developing customer loyalty than the actual implementation.

The results of the data analysis by Castaldo, S. et al. (2016) demonstrate the significant role that the connections between interpersonal trust, satisfaction, and store trust have in the retail pharmacy environment, which is in line with the initial hypotheses. The most noteworthy outcome of this analysis is that trust in a community pharmacist has the most powerful effect on satisfaction. Additionally, trust in a community pharmacist and customer satisfaction both have a positive influence on trust in a community pharmacy, which in turn leads to loyalty.

A study by K.P. Osemene and R.M. Ihekoronye done in South-Western Nigeria indicates that individuals who have chronic medical conditions are more likely to continue returning to the same community pharmacy over time. This is because they are more likely to find the services and products, they need to manage their condition, and also establish a trusting relationship with the pharmacist and the staff. This long-term relationship is built upon trust, reliability, and the continuity of care that the community pharmacy provides. As time goes on, these patients will continue to visit the same pharmacy and form a trusting relationship with it. This can be beneficial for the patients as they can have a better understanding of the medications they are taking, and it can also be beneficial for the pharmacy as it can retain a loyal customer base.

While these studies provide insight into the potential effect of relationship marketing on customer loyalty in different industries, there is limited research on the specific topic of the effect of relationship marketing on customer loyalty in the case of pharmacies in Addis Ababa, Ethiopia. This research aims to fill this gap by exploring the relationship between relationship marketing and customer loyalty in SAS pharmacies in Addis Ababa, through the use of structured questionnaire and quantitative methodology.

2.4. Conceptual framework and research hypothesis

2.4.1. Conceptual framework

According to Najm et al 2019 proposed the conceptual framework of the document is based on the five dimensions of relationship marketing: trust, communication, conflict handling, empathy, and perceived service quality. These dimensions are used to examine their impact on customer satisfaction and loyalty in Jordanian pharmaceutical companies. Which indicates that the dimensions of relationship marketing that impact customer loyalty include trust,

communication, conflict handling, empathy, and perceived service quality. These dimensions play a crucial role in determining the strength and effectiveness of relationships with customers, thereby influencing customer satisfaction and loyalty.

Research by Al Dmour, H. and Sweidan 2013, is concerned with advancing our understanding of the long-term relationships, focusing on how marketing department in the pharmaceutical manufacture can create and maintain loyal customer by adapting the concept of relationship marketing. This research focused on the linkages between relationship marketing dimensions with customer attitude and behaviour loyalty and how much each dimension affect on the customer loyalty. The Independent variables are: commitment, trust, satisfaction, communication, financial bond and social bond) while the depended variables are attitude and behaviour loyalty. In the context of the Indian automobile industry, Gaurav (2016) looked into how relationship marketing frameworks affected consumer loyalty. Customer centricity, commitment, trust, and communication are relationship marketing characteristics that significantly contribute to customer loyalty and predict a sizable percentage of the variation in customer loyalty, according to multiple regression research.

According to a study by Limo, Nehemiah, Noah, Dennis, and Joel (2014) conducted in Petrol Service Stations in Uasin-Gishu, Kenya, the four factors had a positive correlation and were statistically significant. The correlation coefficient measured the relationship between the respondents' level of customer loyalty and their commitment, trust, effectiveness of their communication, and ability to handle conflict. Customer loyalty refers to a customer's commitment, preference, and repeat patronage towards a specific brand, product, or service. Loyal customers exhibit higher levels of satisfaction, trust, and advocacy, leading to increased customer retention and profitability for the organization (Keiningham et al., 2019).

After assessing the above-mentioned models, the chart below shows the proposed conceptual framework for the purpose of this study to assess the different relationship marketing components (commitment, trust, satisfaction and communication) effect on customer loyalty. This framework is adopted from Bataineh et al. (2015) and has been used with a minimal modification. The above-mentioned relationship marketing components has been assessed individually about their effect on customer loyalty.

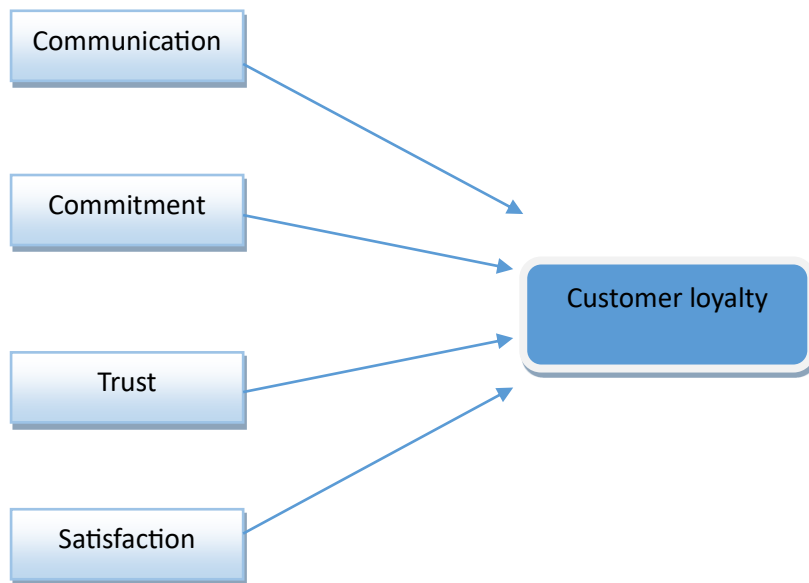


Figure 1. The conceptual framework of the study adapted from Bataineh et al. (2015)

2.4.2. Research hypothesis

H1: Good communication with customers has a positive effect on customer loyalty.

H2: Trust has a positive effect on customers to be loyal.

H3: Customer satisfaction has a positive effect on customer loyalty.

H4: Commitment has positive effect to make customers loyal.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

This research aims to examine the effect of relationship marketing on customer loyalty in the case of SAS pharmacies. In particular, this study tried to explore the various ways in which relationship marketing activities can impact customers' perceptions of loyalty and also tried to assess how these perceptions translate into actual loyalty behaviours and attitudes. To that end, this study involved the collection of quantitative data. Quantitative techniques such as cross-sectional analysis and regression models has been used to quantify the extent of any relationships. The results of this study expected to provide valuable insights and implications related to relationship marketing and customer loyalty in the retail pharmacy industry.

3.2. Research Approach

This study used quantitative research method to analyse the effect of relationship marketing on customers' loyalty using deductive approach as it is the appropriate approach to give an answer to the research questions and to test the research hypotheses.

3.3. Research Design

The term "research design" refers to the overarching strategy and analytical technique you have selected to integrate, in a coherent and logical way, the many study components, so guaranteeing a full investigation of the research subject. It serves as the guide for gathering, evaluating, and interpreting information and data (De Vaus, 2001).

Descriptive and Explanatory types of research design are implemented on this research as it is effective in meeting the objectives of this study. Since the study aims to identify the relationship between two variables and the study aims to assess the cause-and-effect relationship of relationship marketing on customer loyalty in SAS pharmacies, descriptive and explanatory research designs respectively preferred as research designs.

3.4. Sampling Design

3.4.1. Target Population

The target population selected for this research are consumers who are above the age 18 and who are found on the scene at the time of data collection for the purpose of any inquiry or to purchase medications from the selected three branches of SAS pharmacies.

3.4.2. Sampling Frame

With population size and population proportion is unknown; the Cochran Formula (Cochran, 1977) has been used so the study is conducted on 384 respondents.

3.4.3. Sampling Technique

Due to the proximity of the places to the working and living area of the researcher specific three pharmacies got selected from the seven branches of SAS pharmacies and the selected branches which are Figa branch, 22 branch and Kazanchis branch have been taken and the sample size allocated equally between them. When choosing the respondents convenience sampling method is used due to the respondent's availability at the time of data collection and their willingness to participate in the study.

3.4.4. Sample Size

Since the population size and population proportion is unknown, the Cochran Formula (Cochran, 1977) is used as follows;

$$n = \frac{z^2}{4e^2}$$

$$n = \frac{(1.96)^2}{4(0.05)^2} = 384.16 \approx 384 \quad \text{Respondents selected}$$

n = sample size

p = the population proportions,

e = acceptable sampling error ($e = 0.05$)

z = z value at reliability level or significance level.

Reliability level 95% or significance level 0.05; $z = 1.96$

3.4.5. Sampling Procedure

The same number of questionnaires which is 384 has been printed and the printed out formulated questionnaires get distributed to the selected three branches which are Figa branch, 22 area branch and Kazanchis branch equally in number which is 128 respondents for each selected 3 branches of the SAS pharmacy's location and gets filled out with a great care and responsibility, then the collected data was ready for analysis.

3.5. Sources of Data

3.5.1. Primary Source

The primary sources of data for this study is structured questionnaires that is driven from the previous study by Lewis & Thornhill in 2009, which is administered to the respondents by the researcher. The structured questionnaire is designed and modified within the context of this study to be able to address the research questions, the study objectives and to prove the hypotheses. No Secondary Source has been used in this study.

3.6. Data Collection Methodology

According to a definition by Saunders, Lewis, and Thornhill (2009), methodology is "the philosophy and procedures used in research, including the theoretical perspective, research design, and methods of data collection and analysis." The primary choice of data collection method used in this study is a structured questionnaire which is adapted from other researches and become modified to answer the research objectives.

3.7. Data Collection Instrument

A structured questionnaire with a Likert scale 5-point answers is the instrument that has been used to collect data from the target population. A Likert scale is a type of questionnaire that uses a 5-point scale to measure a person's level of agreement or disagreement with a particular statement or question. This type of instrument is often used to collect data from a target population and is considered to be a structured questionnaire because it follows a specific format and structure. The constructs in the questionnaire are adapted from Ndubisi & Wah (2005).

3.8. Data Analysis Methods

Quantitative data analysis technique is used to analyse the data gathered from the dispensed structured questionnaires. This means that the collected data is numerical and gets analysed using Statistical Package for the Social Sciences (SPSS 26). This type of analysis allows for the examination of patterns and trends in the data and can be used to make inferences about the population from which the data was collected. In this study regression analysis is used to determine the effect of independent variable which is relationship marketing on the dependent variable which is customer loyalty and correlational analysis is used to determine the relationship between the selected components of relationship marketing which are: communication, commitment, trust and satisfaction as well as descriptive statistics is used for the purpose of demographical data analysis. The results of the analysis are presented in various forms, such as tables and charts in the results section, to make it easy to understand and interpret.

3.9. Validity and Reliability

Reliability and validity are important concepts in research, as they pertain to the trustworthiness and meaningfulness of the results, respectively.

3.9.1. Validity

Validity is defined as the extent to which a concept is accurately measured in a quantitative study. In other words, the extent to which a research instrument consistently has the same results if it is used in the same situation on repeated occasions (Heale, R. and Twycross, A. 2015). The content validity test involved conducting a pre-test on potential participants and utilizing expert opinions.

3.9.2. Reliability

Reliability relates to the consistency of a measure. There are several types of reliability, including test-retest reliability (the extent to which a measure produces consistent results over time), inter-rater reliability (the extent to which different raters or evaluators agree on the results of a measure), and internal consistency reliability (the extent to which items on a measure are related to one another) (Heale, R. and Twycross, A. 2015). In this case internal consistency reliability has been used typically Cronbach's alpha.

3.10. Research Ethics

3.10.1. Right to Choose

A right to choose whether or not to participate in the research has been given to every candidate who is considered to become the participant. They have the right to know the purpose of the research, has been informed of any expected risks if there is, their data has been handled ethically, and an option has given to withdraw from the research at any point. It has been ensured that the potential participant has enough information in order to make a considered decision about participation without feeling any undue pressure.

3.10.2. Right to Safety

It refers to the right of individuals to have their physical and psychological safety protected in all environments. This includes being free from harm, exploitation, negligence, and discrimination. Every participant/respondent has been kept safely from encountering any physical or psychological damage during the data collection process.

3.10.3. Right to be informed

Every candidate participant has been informed on the details of the study in every aspect starting from enlightening them the purpose of the study and how the collected data be stored before getting their consent. They received a full explanation of how the data collected during the research project be used, as well as any potential risks, benefits, and consequences of their participation. Participants have gained an adequate time and opportunity to ask questions and receive accurate, realistic responses. They got informed of their right to withdraw from the research project at any time, and they got informed of the procedures for doing so.

3.10.4. Right to Privacy

The participants right to privacy is respected, meaning that the anonymity of every participant in this study got respected as there has not been a name or any identification of an individual that got used or filled during data collection or after that in this research. any collection and use of personal information should only be done with the consent of the person concerned.

3.10.5. Confidentiality

The data collected in this study on the effect of relationship marketing on customer loyalty has been kept confidential. Participants remains anonymous in all reports and publications resulting

from the study. Any identifying information collected during the study has been kept secure. Participants given the right to withdraw from the study at any time without any negative consequences.

CHAPTER FOUR

4. DATA ANALYSIS, FINDINGS, AND DISCUSSION

4.1. Introduction

The data analysis, findings, and discussion section of this thesis will present the results of a study that investigated the effect of relationship marketing components on customer loyalty. The study used a quantitative research design and collected data from a sample of 384 customers from which 375 correctly filled and returned sample questionnaires. The data was analyzed using SPSS Version 26.0.

Descriptive analysis was used to describe the sample and to summarize the data. Correlation and regression analysis was used to investigate the relationships between the independent variables (trust, commitment, communication, and satisfaction) and the dependent variable (customer loyalty).

4.2. Response rate

From the distributed 384 questionnaires, 375 were filled correctly and returned while the remaining 9 were not returned so the analysis has been done on the 375 samples collected.

Table 4.1. Distribution of questionnaires and response rate of selected branches

Stratum	Dispensed Questionnaires	Returned Questionnaires	Unreturned Questionnaires
Figa branch	128	123	5
22 branch	128	126	2
Kazanchis branch	128	126	2

The above table 4.1. shows that the distribution and response rate of the distributed questionnaires shows that 375 questionnaires out of 384 were filled properly and returned which means it shows 97.65 % response rate which is used for the data analysis.

4.3. Descriptive Analysis

The results displayed in the table 4.2. below represent the descriptive statistics obtained from a survey conducted on customers of SAS Pharmacy. These statistics provide valuable insights

into various aspects of customer experiences, including commitment, communication, satisfaction, and loyalty.

Firstly, looking at the commitment scores, the mean value of 3.6151 indicates that, on average, customers have a moderate level of commitment towards SAS Pharmacy. The skewness value of -0.710 suggests that the distribution of commitment scores is negatively skewed, meaning that there may be some customers with lower commitment levels pulling the distribution towards the left.

Secondly, the mean communication score of 3.6920 suggests that customers generally perceive the communication from SAS Pharmacy to be satisfactory. The standard deviation of 0.98712 indicates a relatively high dispersion in the communication scores, implying that there might be a wide variation in customer experiences in this area.

For the variable trust the mean is 3.5533, which means on average the customers have somewhat close to moderate level of trust on the SAS pharmacies. The standard deviation is 0.82705, indicating the spread of the data to be a bit high. The skewness is negative (-0.554), suggesting a slight leftward asymmetry in the distribution.

Moving on to customer satisfaction, the mean score of 3.5984 reflects a moderate level of satisfaction among customers. The skewness value of -0.574 indicates a slight negative skew in the distribution, suggesting that there may be a small group of customers with lower satisfaction levels.

Lastly, in terms of customer loyalty, the mean score of 3.7317 suggests that customers have a relatively high level of loyalty towards SAS Pharmacy. The low standard deviation of 0.51067 signifies a narrow dispersion of scores, indicating that customer experiences regarding loyalty are fairly consistent.

Overall, SAS Pharmacy seems to have fairly positive customer experiences, with moderate commitment, satisfactory communication, and satisfaction levels, and a high level of loyalty. However, it is important to note that these results represent a single snapshot in time and may vary over different periods or customer segments.

Table 4.2. Descriptive Statistics of Dependent & Independent Variables

	N	Min.	Max.	Mean	Std. Deviation	Skewness		Kurtosis	
	Stat	Stat	Stat	Stat	Stat	Stat	Std. Error	Stat	Std. Error
Trust	375	1.50	5.00	3.5533	.82705	-.554	.126	-.477	.251
Commitment	375	1.00	5.00	3.6151	.92452	-.710	.126	-.273	.251
Communication	375	1.00	5.00	3.6920	.98712	-.903	.126	.091	.251
Satisfaction	375	1.60	5.00	3.5984	.84682	-.574	.126	-.522	.251
Loyalty	375	2.00	5.00	3.7317	.51067	-.465	.126	-.083	.251
Valid N (listwise)	375								

4.3.1. Respondent's Gender

The following descriptive analysis on the respondent's gender profile shows that the majority of respondents in this study were female, accounting for 56.0% of the total sample (210 out of 375). The remaining 44.0% of the sample was male (165 out of 375).

Table 4.3. Respondent's Gender

		Frequency	Percent
Valid	Male	165	44.0
	Female	210	56.0
Total		375	100.0

Source: Survey Result, SPSS (2023)

Table 4.4. presents descriptive statistics for different variables based on the responses of male and female individuals. The variables included in the table are trust, commitment, communication, satisfaction, and loyalty.

The table 4.4. indicates that for the trust variable, the mean score for males is 3.3869, indicating a neutral level of trust, while for females, the mean score is 3.6841, suggesting a slightly higher level of trust. In terms of commitment, males have a mean score of 3.4061, while females have

a higher mean score of 3.7794, indicating a relatively higher level of commitment among females compared to males.

Furthermore, for communication, the mean score is 3.5197 for males and 3.8274 for females. This suggests that females, on average, perceive better communication compared to males. Regarding satisfaction, males have a mean score of 3.4582, while females have a higher mean score of 3.7086. This indicates that females, on average, are more satisfied compared to males.

Overall, based on this table, females tend to have higher mean scores on trust, commitment, communication and satisfaction compared to males, suggesting that females may generally perceive these aspects more positively than males. Trust, however, shows a relatively minor difference between the genders.

Table 4.4. Descriptive statistics based on respondents' gender

		N	Mean	Std. Deviation	Std. Error
Trust	Male	165	3.3869	.83191	.06476
	Female	210	3.6841	.80119	.05529
	Total	375	3.5533	.82705	.04271
Commitment	Male	165	3.4061	1.03140	.08029
	Female	210	3.7794	.79572	.05491
	Total	375	3.6151	.92452	.04774
Communication	Male	165	3.5197	1.09217	.08502
	Female	210	3.8274	.87511	.06039
	Total	375	3.6920	.98712	.05097
Satisfaction	Male	165	3.4582	.85226	.06635
	Female	210	3.7086	.82799	.05714
	Total	375	3.5984	.84682	.04373

Source: Survey Result, SPSS (2023)

4.3.2. Respondent's Age

The table 4.5. below shows the results of the descriptive statistics about the respondents age, respondents age from 18-29 accounts for 9.3% out of 375 total respondents which is 35, the respondents age from 30-39 accounts for 45.1% out of 375 total respondents which is 169, the respondents age from 40-49 accounts for 28.0% out of 375 which is 105, the respondents age

from 50-59 accounts for 14.4% out of 375 which is 54 and the respondents age above 60 accounts for 3.2% out of 375 which is 12.

Table 4.5. Respondent's Age

		Frequency	Percent
Valid	18-29	35	9.3
	30-39	169	45.1
	40-49	105	28.0
	50-59	54	14.4
	60+	12	3.2
Total		375	100.0

Source: Survey Result, SPSS (2023)

The table 4.6. provides descriptive statistics on four variables (trust, commitment, communication, and satisfaction) and loyalty for different age groups (18-29, 30-39, 40-49, 50-59, and 60+).

For the variable trust, the mean scores across all age groups range from 3.4561 to 4.0455, with the highest mean score observed in the 60+ age group. Which indicates elderly people with the age of 60 and above tend to have positive response towards their trust level on the pharmacy. The standard deviation ranges from 0.72773 to 1.04457, indicating some variation in responses within each age group. In terms of commitment, the mean scores vary from 3.5483 to 4.0606, with the highest mean score observed again in the 60+ age group. The standard deviation ranges from 0.82756 to 0.98000.

For communication, the mean scores across age groups range from 3.6169 to 4.2727, with the highest mean score observed in the 60+ age group with the mean score of 4.2727. This also indicates respondents with the age 60+ agreed to have a great communication level with the pharmacy. Regarding satisfaction, the mean scores range from 3.5905 to 4.0545, with the highest mean score observed in the 60+ age group. This also indicates elderly people whose age is 60 and above tend to have a good satisfaction level in the services and products provided by the SAS pharmacy.

Overall, the descriptive statistics suggest that the 60+ age group tends to have higher mean scores for all variables, indicating a relatively higher level of agreement or positive perceptions compared to other age groups.

Table 4.6. Descriptive statistics based on respondents' age

		N	Mean	Std. Deviation	Std. Error
Trust	18-29	38	3.4561	1.04457	.16945
	30-39	169	3.4970	.83580	.06429
	40-49	105	3.6746	.72773	.07102
	50-59	52	3.4583	.76900	.10664
	60+	11	4.0455	.85339	.25731
	Total	375	3.5533	.82705	.04271
Commitment	18-29	38	3.5702	.98000	.15898
	30-39	169	3.5483	.97817	.07524
	40-49	105	3.7397	.85981	.08391
	50-59	52	3.5192	.82291	.11412
	60+	11	4.0606	.82756	.24952
	Total	375	3.6151	.92452	.04774
Communication	18-29	38	3.8882	.78132	.12675
	30-39	169	3.6169	1.10634	.08510
	40-49	105	3.7190	.90185	.08801
	50-59	52	3.6154	.90405	.12537
	60+	11	4.2727	.58582	.17663
	Total	375	3.6920	.98712	.05097
Satisfaction	18-29	38	3.5211	.89990	.14598
	30-39	169	3.5905	.82745	.06365
	40-49	105	3.5924	.83984	.08196
	50-59	52	3.5962	.89222	.12373
	60+	11	4.0545	.82020	.24730
	Total	375	3.5984	.84682	.04373

Source: Survey Result, SPSS (2023)

4.3.3. Respondent's Occupation

In terms of the respondent's occupation Table 4.7. shows that the majority of the respondents were found to be working in a private companies with the total number of 120 out of 375 which is 32.0% followed by Governmental employees occupying 104 out of 375 respondents which

is 27.7% the on the third place Business owners comes up with the total number of 92 respondents out of the 375 which accounts for 24.5%, on the fourth place others (the likes of retirees or jobless) followed by 33 out of 375 respondents which is 8.8% and at last students accounts for 26 respondents out of 375 which holds the least 6.9%.

Table 4.7. Respondent's Occupation

		Frequency	Percent
Valid	Governmental	104	27.7
	Private	120	32.0
	Business Owner	92	24.5
	Student	26	6.9
	Other (retirees and housewives)	33	8.8
Total		375	100.0

Source: Survey Result, SPSS (2023)

The table 4.8. presents the descriptive statistics for different occupations in terms of several variables, including trust, commitment, communication and satisfaction.

In terms of trust, the occupation with the highest mean value is Other (M=3.7083), followed closely by business owners (M=3.6594) and private employees (M=3.5972). The occupation with the lowest mean trust score is students (M=3.2840). This suggests that individuals in the other (retirees and housewives) category tend to have a higher level of trust compared to other occupation categories. Regarding commitment, participants in the business owner category (M=3.8406) demonstrate the highest mean commitment score, followed by students (M=3.5185) and other occupations (M=3.7500). On the other hand, governmental employees (M=3.4295) tend to have a lower level of commitment compared to the other categories.

In terms of communication, individuals in the Other occupation (M=4.0078) have the highest mean score, indicating a higher level of satisfaction with communication. Business owners (M=3.9728) also show a relatively high level of satisfaction in this regard. Students (M=3.8611) have the lowest mean communication score, suggesting a lower level of satisfaction with communication. Regarding satisfaction, individuals in the business owner category (M=3.8478) report the highest satisfaction level, followed by the Other occupation (M=3.7563). Students (M=3.4444) have the lowest mean satisfaction score, indicating a comparatively lower level of satisfaction.

In summary, individuals in the Other occupation tend to have higher levels of trust and communication. On the other hand, Business owners generally exhibit higher levels of commitment and satisfaction. Students tend to have lower levels of trust, commitment, communication and satisfaction compared to other occupations. These results suggest that the occupation of an individual can influence their attitudes and perceptions across different variables measured in the study.

Table 4.8. Descriptive statistics based on the respondent's occupation

		N	Mean	Std. Deviation	Std. Error
Trust	Governmental	104	3.4311	.73940	.07250
	Private	120	3.5972	.77562	.07080
	Business Owner	92	3.6594	.86934	.09063
	Student	27	3.2840	1.06299	.20457
	Other	32	3.7083	.88395	.15626
	Total	375	3.5533	.82705	.04271
Commitment	Governmental	104	3.4295	.98388	.09648
	Private	120	3.5889	.93058	.08495
	Business Owner	92	3.8406	.86370	.09005
	Student	27	3.5185	.85901	.16532
	Other	32	3.7500	.81650	.14434
	Total	375	3.6151	.92452	.04774
Communication	Governmental	104	3.3341	1.14039	.11182
	Private	120	3.6646	.95349	.08704
	Business Owner	92	3.9728	.86797	.09049
	Student	27	3.8611	.65901	.12683
	Other	32	4.0078	.75798	.13399
	Total	375	3.6920	.98712	.05097
Satisfaction	Governmental	104	3.3308	.90426	.08867

	Private	120	3.6317	.80084	.07311
	Business Owner	92	3.8478	.73012	.07612
	Student	27	3.4444	.83082	.15989
	Other	32	3.7563	.92386	.16332
	Total	375	3.5984	.84682	.04373

Source: Survey Result, SPSS (2023)

4.3.4. Respondent's Educational Status

Under this section the educational status of the respondents participated in this study has been stated for the purpose of descriptive and demographic data. The following Table 4.9. shows that most of the respondents involved in this study found to be undergraduate degree holders which accounts for 58.4% of the total 375 respondents which is 219. These respondents followed by both diploma and postgraduate degree holders in which each responsible for the 19.2% of 375 respondents while both are having a frequency of 72. On the third place there are respondents who are on the secondary level education accounts for 3.2% of the 375 total respondents which is 12.

Table 4.9. Respondent's Educational Status

		Frequency	Percent
Valid	Secondary	12	3.2
	Diploma	72	19.2
	Undergraduate degree	219	58.4
	Postgraduate degree	72	19.2
Total		375.00	100.0

Source: Survey Result, SPSS (2023)

The below table 4.10. provides statistical information on the responses obtained from different educational statuses regarding trust, commitment, communication, and satisfaction. The mean, standard deviation, standard error, and sample size are presented for each category.

In terms of trust, individuals with secondary education had the highest mean score of 4.2639, indicating a relatively strong agreement. On the other hand, respondents with an undergraduate degree had a slightly lower mean score of 3.5213, suggesting a moderate level of agreement. For commitment, respondents with secondary education again had the highest mean score of

4.3056, indicating a high level of agreement. Those with a postgraduate degree had a slightly lower mean score of 3.6620, suggesting a relatively lower level of agreement.

Regarding communication, individuals with secondary education had a mean score of 4.1667, indicating a high level of agreement. Respondents with an undergraduate degree had a slightly lower mean score of 3.6290, suggesting a moderate level of agreement. Finally, in terms of satisfaction, respondents with secondary education had a mean score of 4.1333, indicating a high level of agreement. Those with a postgraduate degree had a slightly lower mean score of 3.6500, suggesting a moderate level of agreement.

Based on these results, respondents with secondary education consistently had the highest mean scores across all categories, indicating a generally higher level of agreement compared to other educational statuses. On the other hand, respondents with postgraduate degrees tended to have relatively lower mean scores, suggesting a slightly lower level of agreement.

Table 4.10. Descriptive statistics based on the respondent's educational level

		N	Mean	Std. Deviation	Std. Error
Trust	Secondary	12	4.2639	.38572	.11135
	Diploma	72	3.5370	.82613	.09736
	Undergraduate degree	219	3.5213	.81121	.05482
	Postgraduate degree	72	3.5486	.88786	.10464
	Total	375	3.5533	.82705	.04271
Commitment	Secondary	12	4.3056	.45965	.13269
	Diploma	72	3.6343	.91272	.10756
	Undergraduate degree	219	3.5556	.95481	.06452
	Postgraduate degree	72	3.6620	.86216	.10161
	Total	375	3.6151	.92452	.04774
Communication	Secondary	12	4.1667	.60616	.17498
	Diploma	72	3.8750	.94385	.11123

	Undergraduate degree	219	3.6290	1.03032	.06962
	Postgraduate degree	72	3.6215	.91447	.10777
	Total	375	3.6920	.98712	.05097
Satisfaction	Secondary	12	4.1333	.34466	.09949
	Diploma	72	3.4778	.96155	.11332
	Undergraduate degree	219	3.5918	.81844	.05530
	Postgraduate degree	72	3.6500	.84370	.09943
	Total	375	3.5984	.84682	.04373

Source: Survey Result, SPSS (2023)

4.3.5. Respondent's Length of time on the usage of the Pharmacy's services

The table 4.11. shows the distribution of customer tenure at SAS pharmacy. The table shows that 78 customers (20.8%) have been customers for greater than 4 years, 128 customers (34.1%) have been customers for 1-3 years, and 169 customers (45.1%) have been customers for less than a year.

Table 4.11. Respondent's Length of time on the usage of the Pharmacy's services

		Frequency	Percent
Valid	Greater than 4 years	78	20.8
	1-year up to 3 years	128	34.1
	Less than a Year	169	45.1
Total		375	100.0

Source: Survey Result, SPSS (2023)

The table 4.12. provides an overview of ratings given by respondents who have been using a pharmacy's service for different durations (greater than 4 years, 1-year up to 3 years, and less than a year) in terms of trust, commitment, communication, and satisfaction. The mean, standard deviation, standard error, and total number of respondents are shown for each category.

In terms of trust, respondents who have been using the service for greater than 4 years had the highest mean (3.8397), indicating a relatively high level of agreement or trust in the pharmacy. On the other hand, respondents who have been using the service for less than a year had the lowest mean (3.3225), suggesting a comparatively lower level of trust. For commitment, a similar pattern emerges. Respondents with greater than 4 years of experience had the highest mean rating (3.9701), implying a strong commitment to the pharmacy's services. On the other hand, those with less than a year of experience had the lowest mean rating (3.3728), indicating a relatively lower level of commitment.

When it comes to communication, respondents using the service for greater than 4 years had the highest mean rating (4.1218), indicating effective communication from the pharmacy. Conversely, those with less than a year of experience had the lowest mean rating (3.4630), suggesting a relatively lower level of satisfaction with communication. Lastly, in terms of satisfaction, respondents with greater than 4 years of experience had the highest mean rating (4.0385), reflecting a high level of satisfaction with the pharmacy's services. Conversely, those with less than a year of experience had the lowest mean rating (3.4000), indicating a relatively lower level of satisfaction.

Overall, the findings suggest that respondents with greater than 4 years of experience consistently reported higher levels of trust, commitment, communication, and satisfaction compared to those with less experience. This may indicate that as customers develop longer-term relationships with the pharmacy and become more familiar with its services, their perception of trust, commitment, communication, and satisfaction generally improves. On the other hand, customers who are relatively new to the service may have lower expectations or have not yet experienced the full benefits of the pharmacy's offerings, resulting in lower ratings.

Table 4.12. Descriptive statistics based on the respondent's longevity

		N	Mean	Std. Deviation	Std. Error
Trust	Greater than 4 years	78	3.8397	.84833	.09605
	1-year up to 3 years	128	3.6836	.74736	.06606
	Less than a Year	169	3.3225	.81612	.06278
	Total	375	3.5533	.82705	.04271

Commitment	Greater than 4 years	78	3.9701	.74861	.08476
	1-year up to 3 years	128	3.7187	.96974	.08571
	Less than a Year	169	3.3728	.89960	.06920
	Total	375	3.6151	.92452	.04774
Communication	Greater than 4 years	78	4.1218	.72271	.08183
	1-year up to 3 years	128	3.7324	1.04673	.09252
	Less than a Year	169	3.4630	.98071	.07544
	Total	375	3.6920	.98712	.05097
Satisfaction	Greater than 4 years	78	4.0385	.59265	.06710
	1-year up to 3 years	128	3.5922	.84047	.07429
	Less than a Year	169	3.4000	.87858	.06758
	Total	375	3.5984	.84682	.04373

Source: Survey Result, SPSS (2023)

4.4. Reliability test

The reliability test results showed that the scales were reliable, with Cronbach's alpha scores ranging from 0.771 to 0.920. This means that the results of the scales were consistent over time. The scales were also valid, as they measured the constructs that they were designed to measure. The implications of these results are that the scales can be used to measure the constructs reliably and validly.

The trust scale had a Cronbach's alpha of 0.866. This is considered to be a good level of reliability. The commitment scale had a Cronbach's alpha of 0.859. This is also considered to be a good level of reliability. The communication scale had a Cronbach's alpha of 0.877. This is considered to be a very good level of reliability. The satisfaction scale had a Cronbach's alpha of 0.862. This is also considered to be a very good level of reliability. The loyalty scale had a Cronbach's alpha of 0.630. This is considered to be a somewhat good level of reliability.

The fact that all of the scales had Cronbach's alpha scores above 0.60 suggests that they are all reliable measures of the constructs that they were designed to measure. This is important because it means that the results of the scales can be trusted. The high levels of reliability also suggest that the scales can be used to measure the constructs reliably and validly over time.

The implications of these results are that the scales can be used to measure the constructs of trust, commitment, communication, satisfaction, and loyalty reliably and validly.

Table 4.13. Results of Cronbach's Alpha for reliability test

Variables	No. of Items	Cronbach's Alpha
Trust	6	.866
Commitment	3	.859
Communication	4	.877
Satisfaction	5	.862
Loyalty	5	.630
Overall Reliability	23	.819

Source: Survey Result, SPSS (2023)

4.5. Correlation Analysis

4.5.1. Correlation analysis between customers' loyalty and trust

According to the below shown table 4.14. there is a positive correlation between loyalty and trust, with a correlation coefficient of 0.543 which means there is a moderate positive correlation. This means that as trust increases, so does loyalty. This is likely because customers who trust the services and products the pharmacy provides are more likely to be loyal to that pharmacy.

Table 4.14. Correlation between customers loyalty and trust

		Loyalty	Trust
Loyalty	Pearson Correlation	1	.543
	Sig. (2-tailed)		.000
	N	375	375
Trust	Pearson Correlation	.543	1
	Sig. (2-tailed)	.000	
	N	375	375
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Survey Result, SPSS (2023)

4.5.2. Correlation analysis between customers' loyalty and commitment

There is a moderate positive correlation between loyalty and commitment according to the table 4.15., which shows a correlation coefficient of 0.492 which shows low positive correlation. This means that as loyalty increases, so does commitment. This is likely because customers who are committed to the pharmacy are more likely to be loyal to the pharmacy.

Table 4.15. Correlation between customers loyalty and commitment

		Loyalty	Commitment
Loyalty	Pearson Correlation	1	.492
	Sig. (2-tailed)		.000
	N	375	375

Commitment	Pearson Correlation	.492	1
	Sig. (2-tailed)	.000	
	N	375	375

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Result, SPSS (2023)

4.5.3. Correlation analysis between customers' loyalty and communication

There is a moderate positive correlation between loyalty and communication, with a correlation coefficient of 0.497 according to table 4.16. The results showed that there is a low positive correlation between customer loyalty and communication, meaning that customers who are more satisfied with the communication they receive from the pharmacy are more likely to be loyal with that pharmacy.

Table 4.16. Correlation between customers loyalty and communication

		Loyalty	Communication
Loyalty	Pearson Correlation	1	.497
	Sig. (2-tailed)		.000
	N	375	375
Communication	Pearson Correlation	.497	1
	Sig. (2-tailed)	.000	
	N	375	375

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Result, SPSS (2023)

4.5.4. Correlation analysis between customers' loyalty and satisfaction

There is a strong positive correlation between loyalty and satisfaction, with a correlation coefficient of 0.620. This means that as loyalty increases, so does satisfaction. This is likely because customers who are satisfied with the pharmacy are more likely to be loyal the pharmacy.

Table 4.17. Correlation between customers loyalty and satisfaction

		Loyalty	Satisfaction
Loyalty	Pearson Correlation	1	.620
	Sig. (2-tailed)		.000
	N	375	375
Satisfaction	Pearson Correlation	.620	1
	Sig. (2-tailed)	.000	
	N	375	375

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Result, SPSS (2023)

4.6. Assumptions of regression analysis

These assumptions are important because they ensure that the results of the regression analysis are accurate and reliable. If any of these assumptions are violated, the results of the analysis may be biased or unreliable.

4.6.1. Multicollinearity test

In multiple regression analysis, independent variables are used to predict a dependent variable. Multicollinearity occurs when two or more independent variables are highly correlated with each other. This means that they are linearly related, or that they can be predicted from each other (Shrestha et al 2020). Multicollinearity can be detected by analysing the Variance Inflation Factors (VIF) and Tolerance. These are the two most common collinearity diagnostics. According to (Ringle et al., 2015) the VIF score of 5 considered as the maximum level of VIF. The findings of this study on table 4.18. reveals that the VIF values range from 2.234 – 2.471 which indicates there is little to no concern about multicollinearity.

Table 4.18. Multicollinearity test

Coefficients^a

Model	Tolerance	VIF
Trust	.439	2.275

Commitment	.408	2.454
Communication	.448	2.234
Satisfaction	.405	2.471

Source: Survey Result, SPSS (2023)

4.6.2. Normality test

Field (2013) states that a normal distribution is one in which the skewness and kurtosis statistics are both within the range of plus or minus 2.58. As shown in table 4.19. skewness and kurtosis statistics falls in to the acceptable range, this implies that the data for this study is normal.

Table 4.19. Normality test

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Loyalty	375	-.465	.126	-.083	.251
Trust	375	-.554	.126	-.477	.251
Commitment	375	-.710	.126	-.273	.251
Communication	375	-.903	.126	.091	.251
Satisfaction	375	-.574	.126	-.522	.251
Valid N (listwise)	375				

Source: Survey Result, SPSS (2023)

4.6.3. Checking for Linearity

The relationship between two variables can be described as linear if the values of one variable change in a consistent way as the values of the other variable change. This can be checked by plotting the values of the two variables on a scatter plot. If the points on the scatter plot form a straight line, then the relationship between the two variables is linear. On the Annex 2.2. putted scatter plot shows that there is a linear relationship between the dependent variable; customer loyalty and the independent variables; trust, commitment, communication and satisfaction.

4.7. Regression Analysis

According to (Golberg & Cho, 2010) Regression analysis is a collection of statistical techniques that serve as a basis for drawing inferences about relationships among interrelated variables. In order to understand the impact of certain factors such as trust, commitment,

communication, and satisfaction on customers' loyalty, a regression analysis was performed. This analysis aimed to determine the extent to which each of these independent variables contributes to explaining the dependent variable, which is customers' loyalty. In simpler terms, the purpose was to measure how much each of these factors influences whether customers remain loyal or not.

4.7.1. Regression analysis of relationship marketing and customers' loyalty

Table 4.20. shows the results of a multiple regression analysis that was conducted to determine how much each of the four independent variables (satisfaction, communication, trust, and commitment) which represents RM can explain the dependent variable of customer loyalty. The results showed that the R-squared value is .416, which indicates that the four independent variables together explain 41.6% of the variance in customer loyalty. This means all the four independent variables which are the components of relationship marketing has a significant role on customers loyalty. This result is supported by Ndubisi and Madu (2009) study which suggested the same thing that RM has a significant impact on customer loyalty. The adjusted R-squared value, which is a more accurate measure of the fit of the model, taking into account the number of independent variables in the model. The adjusted R-squared value of 0.409 indicates that the model is not overfit, meaning that the number of independent variables is not too high. The standard error of the estimate is 0.39250 which is relatively low. This indicates that the model is relatively precise and that the predicted values of customer loyalty are close to the observed values of customer loyalty. The Durbin-Watson statistic of 1.969 indicates that there is no significant autocorrelation in the residuals. This means that the model is not biased and that the results are reliable.

Table 4.20. Model summary^b

<i>Model</i>	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
<i>1</i>	.645 ^a	.416	.409	.39250	1.969

a. Predictors: (Constant), Satisfaction, Communication, Commitment, Trust

b. Dependent Variable: Loyalty

Source: Survey Result, SPSS (2023)

Table 4.21. ANOVA for RM and Customers loyalty

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.533	4	10.113	65.778	.000 ^b
	Residual	56.999	370	.154		
	Total	97.532	374			

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Satisfaction, Communication, Commitment, Trust

Source: Survey Result, SPSS (2023)

According to table 4.22. the results of a multiple regression analysis of relationship marketing and customer loyalty presented. Which was helpful to understand which of the four independent variables are significant and more important in explaining the variance in customer loyalty. The unstandardized coefficients (b) give the estimated change in the dependent variable for a one-unit increase in each independent variable. The standardized coefficients (beta) show the relative importance of each independent variable in explaining the variance in the dependent variable. Each independent variable has been explained in the order of their significance.

The coefficient for satisfaction is 0.254, with a standard error of 0.038. It has the highest standardized coefficient (beta) of 0.422, indicating that satisfaction plays a significant role in explaining loyalty. The t-value of 6.754 and the very low p-value of 0.00 suggest that this relationship is highly statistically significant.

The coefficient for trust is 0.118, with a standard error of 0.037. It has a standardized coefficient (beta) of 0.192, indicating that trust plays a moderately important role in explaining loyalty. The t-value of 3.198 and the significance level of 0.02 suggest that this relationship is statistically significant.

The coefficient for communication is 0.041, with a standard error of 0.031. It has a standardized coefficient (beta) of 0.079, indicating that communication has a small influence on loyalty. The t-value of 1.328 and the significance level of 0.185 suggest that this relationship is not statistically significant.

The coefficient for commitment is 0.012, with a standard error of 0.034. It has a very low standardized coefficient (beta) of 0.022, indicating that commitment has a weak influence on loyalty. The t-value of 0.351 and the high p-value of 0.726 suggest that this relationship is not statistically significant.

Overall, the Table 4.22. provides insight into the relationship between the independent variables (trust, commitment, communication, satisfaction) and their impact on loyalty. It shows that trust and satisfaction are the most influential factors in determining loyalty, while commitment and communication have relatively weaker or inconclusive effects.

Table 4.22. Coefficients of relationship marketing components

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.203	.098		22.421	.000
Trust	.118	.037	.192	3.198	.002
Commitment	.012	.034	.022	.351	.726
Communication	.041	.031	.079	1.328	.185
Satisfaction	.254	.038	.422	6.754	.000

a. Dependent Variable: Loyalty

Source: Survey Result, SPSS (2023)

4.8. Hypothesis testing

H1: Trust has a positive effect on customers to be loyal

Based on the Table 4.22., The β value for trust is 0.192, indicating that for every unit increase in trust, customer loyalty is predicted to increase by 19.2%. With a significant p-value of 0.002, which is <0.05 this suggests that trust has a positive and significant impact on customer loyalty. As trust increases, customers may be more likely to remain loyal to SAS Pharmacies. the regression model for predicting loyalty which includes a single predictor variable, which is trust. Trust has a noteworthy influence on loyalty, So, hypothesis 1 is accepted.

H2: Commitment has positive effect to make customers loyal.

As it is shown on Table 4.22. the β value for commitment is 0.22, suggesting that commitment has a very small positive effect on customer loyalty. However, with a high p-value of 0.726,

this result is not statistically significant. It appears that commitment does not play a significant role in influencing customer loyalty in the context of SAS Pharmacies. So, it results in the rejection of Hypothesis 2.

H3: Good communication with customers has a positive effect on customer loyalty.

The β value for communication is 0.079, indicating that improved communication is associated with a slight increase in customer loyalty. This suggests that while communication may have some impact on loyalty, it may not be a major driver in the relationship marketing efforts of SAS Pharmacies. However, with a p-value of 0.185, this effect is not statistically significant. So, Hypothesis 3 is rejected

H4: Customer satisfaction has a positive effect on customer loyalty.

With the β value for satisfaction being 0.422, indicating that for every unit increase in satisfaction, customer loyalty is predicted to increase by 42.2%. With a highly significant p-value of 0.000, this indicates that satisfaction is a strong and positive predictor of customer loyalty. According to this result higher satisfaction levels can lead to increased customer loyalty at SAS Pharmacies.

In summary, based on this regression analysis, trust and satisfaction appear to be the most significant factors in influencing customer loyalty at SAS Pharmacies. Building trust and ensuring customer satisfaction can contribute to increased loyalty, while commitment and communication may have a weaker or non-significant effect.

Table 4.23. Summary of hypothesis testing

Statements of the Hypothesis	Result	Reason
H1: Trust has a positive effect on customers to be loyal	Supported	$\beta = 0.192, p < 0.05$
H2: Commitment has positive effect to make customers loyal.	Rejected	$\beta = 0.022, p > 0.05$
H3: Good communication with customers has a positive effect on customer loyalty.	Rejected	$\beta = 0.079, p > 0.05$
H4: Customer satisfaction has a positive effect on customer loyalty.	Supported	$\beta = 0.422, p < 0.05$

4.7. Results Discussion

The main objective of this study conducted at SAS Pharmacy is to analyze the impact of relationship marketing (RM) on customer loyalty. Specifically, the study focuses on four essential components of RM, namely trust, commitment, communication, and satisfaction, and assesses their influence on customer loyalty based on responses collected from participants. In addition to examining these components, the study also considers various demographic factors of the respondents, including gender, age, occupation, educational status, and the duration of their association with the pharmacy's services and products. These demographic factors serve to provide a comprehensive understanding of the characteristics of the study participants. The findings of the study reveal a significant correlation between relationship marketing strategies and customer loyalty, with RM accounting for 41.6% of the observed loyalty among customers at SAS Pharmacies. Moreover, the results highlight that satisfaction and trust have a noticeably strong positive impact on fostering customer loyalty, whereas commitment and communication do not exhibit significant effects in this context.

When analysing the gender distribution among the completed respondents, it was found that out of the total 375 respondents, 44% identified as male while the remaining 56% identified as female. Using the One-way ANOVA, the data from the study reveals that males have a neutral level of trust, with a mean score of 3.3869, while females exhibit slightly higher trust levels, with a mean score of 3.6841. When it comes to commitment, males have a mean score of 3.4061, whereas females show a relatively higher level of commitment with a mean score of 3.7794. Similarly, for communication, males have an average score of 3.5197, while females have a higher average score of 3.8274, indicating better perceived communication among females. In terms of satisfaction, males have a mean score of 3.4582, while females show a higher mean score of 3.7086, indicating greater overall satisfaction among females. In summary, the data suggests that females generally perceive trust, commitment, communication, and satisfaction more positively than males, although the difference is relatively minor in the case of trust.

In terms of age demographics, the largest portion of respondents, accounting for 45.1%, fell within the age range of 30 to 39. The second-largest group, comprising 28%, belonged to the age range of 40 to 49. Following that, 14.4% of the respondents were between the ages of 50 and 59. Respondents in the age range of 18 to 29 accounted for 9.3%, and individuals aged 60 and above made up the remaining 3.2%. The results of the study using one-way ANOVA show

that across all age groups, the mean scores for trust, commitment, communication, and satisfaction vary. The highest mean scores for all variables were observed in the 60+ age group, with the mean score for trust, commitment, communication, and satisfaction being 4.0455, 4.0606, 4.2727 and 4.0545 respectively indicating that elderly individuals aged 60 and above tend to have a positive response towards their trust level, commitment, communication, and satisfaction with the pharmacy. The standard deviation within each age group suggests some variation in responses. These descriptive statistics highlight that the 60+ age group generally exhibits higher levels of agreement and positive perceptions compared to other age groups in terms of these variables.

Examining the occupation distribution, the majority of customers at the pharmacy were found to be private sector workers, representing 32% of the respondents. Governmental employees were the second highest, comprising 27.7% of the respondents. Business owners held the third position with 24.5% of the respondents. "Others" occupied the fourth place, accounting for 8.8%, while students constituted the smallest portion at 6.9%. The study findings indicate variations in trust, commitment, communication, and satisfaction levels across different occupations. Individuals in the "other" category (retirees and housewives) exhibit higher levels of trust and communication satisfaction compared to other occupation categories. Business owners demonstrate higher levels of commitment and satisfaction, while students generally have lower levels of trust, commitment, communication, and satisfaction. The results suggest that an individual's occupation can influence their attitudes and perceptions in various aspects measured in the study.

Regarding educational status, the majority, 58.9%, held undergraduate degrees. An equal percentage of 19.2% were either postgraduate degree holders or possessed diplomas. Secondary certificate holders accounted for 3.2%. The study's findings using a one-way ANOVA reveal that for trust, individuals with a secondary education had the highest mean score of 4.2639, showing a strong agreement. Respondents with an undergraduate degree had a slightly lower mean score of 3.5213, indicating a moderate level of agreement. In terms of commitment, respondents with a secondary education again had the highest mean score of 4.3056, indicating a high level of agreement. Those with a postgraduate degree had a slightly lower mean score of 3.6620, suggesting a relatively lower level of agreement. When it comes to communication, individuals with secondary education had a mean score of 4.1667, indicating a high level of agreement, while respondents with an undergraduate degree had a slightly lower mean score of 3.6290, suggesting a moderate level of agreement. Lastly, in terms

of satisfaction, respondents with secondary education had a mean score of 4.1333, indicating a high level of agreement, while those with a postgraduate degree had a slightly lower mean score of 3.6500, suggesting a moderate level of agreement. Overall, these results consistently demonstrate that individuals with a secondary education had the highest mean scores across all categories, indicating a generally higher level of agreement compared to other educational statuses. Conversely, respondents with postgraduate degrees tended to have relatively lower mean scores, suggesting a slightly lower level of agreement.

Analysing the length of time customers had been utilizing the services and products offered by the pharmacy, the majority of respondents, totalling 45.1%, had started within the past year. The second-largest group consisted of 34.1% of respondents who had been utilizing the pharmacy's services for 1 to 3 years. Lastly, 20.8% of customers had been using the pharmacy's services for more than 4 years. The study conducted a one-way ANOVA analysis to examine trust, commitment, communication, and satisfaction levels among respondents with different lengths of experience using the pharmacy service. The results revealed that respondents who had been using the service for more than four years had the highest mean scores in trust (3.8397), commitment (3.9701), communication (4.1218), and satisfaction (4.0385), indicating a relatively high level of agreement, strong commitment, effective communication, and high satisfaction with the pharmacy. In contrast, respondents with less than a year of experience had the lowest mean scores in trust (3.3225), commitment (3.3728), communication (3.4630), and satisfaction (3.4000), suggesting comparatively lower levels in all these areas. Overall, the findings suggest that longer-term customers generally reported higher levels of trust, commitment, communication, and satisfaction compared to new customers, which may imply that as customers develop longer relationships with the pharmacy and become more familiar with its services, their perception of these aspects generally improves. Conversely, new customers may have lower expectations or have not yet experienced the full benefits of the pharmacy's offerings, resulting in lower ratings.

In today's highly competitive business landscape, it is crucial for businesses to stay ahead of their competitors. One effective strategy to achieve this is by implementing relationship marketing, which aims to foster customer loyalty. This approach is equally applicable to the pharmacy industry as it is to any other business sector. Thus, pharmacies must also be proactive in ensuring customer loyalty. Numerous reasons contribute to customers remaining loyal to a specific business, but for the purpose of this study, we will focus on four key components of relationship marketing that significantly impact customers' loyalty: trust, commitment,

communications, and satisfaction. By developing and maintaining trust with their customers, pharmacies can establish a strong foundation for long-term loyalty. Furthermore, demonstrating commitment to providing superior service and meeting customers' needs reinforces this trust and encourages loyalty.

In summary, in today's fiercely competitive business environment, it is imperative for pharmacies to adopt relationship marketing strategies to cultivate loyal customers. Building trust, demonstrating commitment, fostering effective communication, and consistently satisfying customer needs are key drivers in ensuring customer loyalty within the pharmacy industry.

According to the research conducted by Adoyo et al. (2012), it has been found that trust has a positive influence on customer loyalty. Similarly, studies by Singh and Sirdeshmukh (2000) and Ramaseshan et al. (2013) have also provided evidence supporting the notion that trust has a favourable impact on customers' loyalty towards a business.

This positive impact of trust on customer loyalty can be attributed to the fact that trust instills confidence in customers, leading them to make repeat purchases based on the belief that the firm consistently delivers the expected value over an extended period of time (Sirdeshmukh et al., 2002). This study conducted using Pearson correlation reveals a value of 0.543, indicating a positive correlation between trust and customer loyalty. This implies that if customers have trust in a pharmacy, it is likely to become their preferred choice for filling prescriptions, as well as potentially recommending it to friends and family. Ultimately, this can result in increased sales and revenue for the company.

Furthermore, as highlighted by Morgan and Hunt (1994), trust also has a positive impact on customer satisfaction, which, in turn, leads to positive word-of-mouth marketing. In order to maintain trust, it is crucial for the pharmacy to consistently put effort into building relationships with customers. This includes transparent communication and consistent fulfilment of promises to encourage customers to choose their pharmacy for refills and establish a strong and lasting relationship.

On this study the regression analysis has been conducted on trust and customer loyalty reveals a standardized coefficient (beta) of 0.192, indicating that customer trust plays a significant role in explaining loyalty. This finding aligns with the study conducted by Van Vuuren, Roberts-Lombard, and Van Tonder (2012), which also emphasizes the significant role of trust in

fostering customer loyalty. It is evident that customers who trust a company are more likely to continue doing business with them.

In conclusion, trust has been proven to be a significant factor in determining customer loyalty. The research shows that trust influences customer retention, satisfaction, and positive word-of-mouth marketing. Therefore, companies must invest consistent effort into building and maintaining trust with their customers over time, delivering on promises and ensuring transparency in their communication.

Commitment serves as a crucial element in relationship marketing, and understanding its impact on customer loyalty is essential. According to the research conducted by Morgan and Hunt (1994), customers who perceive a high level of trust and commitment from a firm tend to display greater loyalty towards that particular firm. Additionally, commitment has a significant effect on customer loyalty by augmenting the perceived value of a company's products or services. When customers believe that a company is deeply committed to delivering high-quality offerings, they are more inclined to view them as valuable and worthy of investment (Gronroos, 1997).

However, the correlation analysis conducted in this study revealed a moderate positive correlation between commitment and customer loyalty, with a correlation coefficient of 0.492 indicating a relatively low positive correlation. Moreover, the regression analysis examining the relationship between commitment and customer loyalty indicated a weak influence of commitment, as evidenced by the standardized coefficient (beta) of 0.022. Furthermore, with a p-value of 0.726, the relationship between commitment and customer loyalty was found to be statistically insignificant.

In this study, the relationship between communication and customer loyalty was examined as an independent variable. Initially, a correlation analysis was conducted, revealing a correlation coefficient of 0.497. This coefficient indicates a low positive correlation between customer loyalty and communication. However, previous research within the field of relationship marketing has extensively explored the multifaceted nature of communication. Scholars like Ndubisi and Madu (2009) define communication as a dynamic process involving consistent interaction with customers, provision of accurate and timely information that can be relied upon, and proactive communication in addressing any delivery-related issues. Interestingly, other researchers such as Lambert and Cashwell (2004) emphasize the significance of

communication for the success of relationship marketing, which contradicts the findings of this particular study.

Further analysis was conducted through regression analysis to delve deeper into the relationship between communication and customer loyalty. The results indicated a standardized coefficient (beta) of 0.079, suggesting that communication has a relatively small influence on loyalty. However, the p-value associated with this relationship was calculated as 0.185, which is greater than the threshold of 0.05 generally used to establish statistical significance. Consequently, it can be concluded that the observed relationship between communication and customer loyalty is not statistically significant based on this study's findings.

In this particular study, an independent variable that was considered was satisfaction. The results revealed a strong correlation coefficient of 0.620 between customer loyalty and satisfaction. This finding aligns with a previous theory proposed by Reichheld in 2003, which suggests that customer satisfaction plays a crucial role in enhancing customer acquisition through positive word-of-mouth, ultimately leading to increased customer loyalty.

Furthermore, the regression analysis conducted in this study demonstrated that satisfaction exerts a significant influence on customer loyalty, indicated by a standardized coefficient (beta) of 0.422. The associated p-value of 0.00, which is less than the predetermined significance level of 0.05, confirms the existence of a meaningful relationship between satisfaction and customer loyalty.

When customers experience satisfaction with a company's offerings and establish strong relationships over time, they become less inclined to switch to competitors, even if these competitors provide similar products or services at lower prices (Oliver & Swan, 1989). This finding highlights the crucial role of customer satisfaction in fostering customer loyalty and reducing the likelihood of customer churn.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Summary of the findings

This study aims to analyse the impact of relationship marketing (RM) on customer loyalty at SAS Pharmacy. It focuses on four essential components of RM: trust, commitment, communication, and satisfaction. The study considers demographic factors such as gender, age, occupation, educational status, and the duration of their association with the pharmacy's services and products. The findings reveal a significant correlation between relationship marketing strategies and customer loyalty. The main results found from the study presented as follows.

The studied components of relationship marketing were trust, commitment, communication and satisfaction. These components used as explanatory variables to explain the effect they had on the dependent variable which is customer loyalty. Afterwards 384 of total number of questionnaires were prepared and distributed to the selected three branches of SAS pharmacy, in which 375 were returned with full information filled while the remaining 9 were missed. The returned questionnaires were added on to the SPSS 26 software, where the descriptive data, reliability test, demographic data were analysed and correlation and regression were analysed too. In terms of the reliability test Cronbach's alpha was used and with an overall reliability of 0.819 shows that they are reliable measures.

The descriptive analysis done on the demographic data relation towards the independent variables shows that, the data from the study using one-way ANOVA indicates that, on average, females tend to have slightly higher levels of trust, commitment, communication, and satisfaction compared to males. However, the differences between males and females in terms of trust were relatively minor. Overall, females generally perceive these factors more positively than males, with the disparities being more noticeable in commitment, communication, and satisfaction. And in terms of the respondents age category the results depicts that indicate that trust, commitment, communication, and satisfaction scores differ across all age groups. Among them, the 60+ age group had the highest mean scores for all variables, suggesting that elderly individuals tend to have a positive attitude towards their trust level, commitment, communication, and satisfaction with the pharmacy. The standard deviation within each age

group indicates some variation in responses, but overall, the 60+ age group demonstrates higher agreement and positive perceptions compared to other age groups regarding these factors.

The study shows that trust, commitment, communication, and satisfaction levels differ among occupations. Retirees and housewives in the "other" category have higher trust and communication satisfaction. Business owners display greater commitment and satisfaction, whereas students generally have lower levels of trust, commitment, communication, and satisfaction. These findings indicate that occupation can shape individuals' attitudes and perceptions across various measured aspects. On the other hand, the study's results, analyzed through a one-way ANOVA, showed that individuals with a secondary education consistently had the highest mean scores across categories of trust, commitment, communication, and satisfaction. These scores indicated a strong level of agreement. On the other hand, respondents with postgraduate degrees tended to have slightly lower mean scores, suggesting a slightly lower level of agreement compared to other educational backgrounds. Other analysis to explore trust, commitment, communication, and satisfaction levels among pharmacy service users with different lengths of experience. The results indicated that customers who had been using the service for over four years had significantly higher mean scores in all areas compared to those with less than a year of experience. Longer-term customers generally reported stronger trust, commitment, communication, and satisfaction, while new customers had comparatively lower ratings, potentially due to lower expectations or limited experience with the pharmacy's offerings.

The regression analysis done on the components of RM and customer loyalty shows that with RM accounting for 41.6% of the observed loyalty among customers at SAS Pharmacies. All the four initially formulated hypotheses were tested and only two hypothesis which are H1: Trust has a positive effect on customers to be loyal and H4: Customer satisfaction has a positive effect on customer loyalty has been proved to be right in the context of this study. On the other hand, H2: Commitment has positive effect to make customers loyal and H3: Good communication with customers has a positive effect on customer loyalty got disproved.

This study was focused on to find out the effect of relationship marketing on customers loyalty within the community pharmacy sector which is unusual and rare because not many studies have been done on this community pharmacy area and it is believed that this study has provided some new insights on how RM can be used in community pharmacies like SAS pharmacy.

5.2. Recommendations

After seeing and understanding the findings and results of this study, we have tried to point out some recommendations below as these could be helpful for community pharmacy owners and other stakeholders to understand on how RM could be helpful and improve their effort on implementing RM components;

- Community pharmacies should focus more on RM activities as they do on the availability of medications. Because in this study it is proved that to retain customers especially lifelong medications users, the dimensions of relationship marketing the likes of trust and satisfaction are really vital keeping the customers loyal not to forget commitment and communication.
- A strengthening effort should be done to improve the customers satisfaction on the service and products provided by the SAS pharmacy
- It is recommended that SAS pharmacies should strengthen their service to win customers trust in providing and meeting the expectation of customers while providing a quality care and keeping their words.
- SAS pharmacies could focus more on their female customers as they have the highest level of agreement with the pharmacy concerning on the RM dimensions studied in this study.
- The pharmacy also found to have a good perception and relationship with the elderly people age of 60 and above, so it is recommended to focus on this group of age, also

5.3. Conclusion

In conclusion, this study investigated the effect of relationship marketing (RM) on customer loyalty at SAS Pharmacy. The results of the study showed that trust and satisfaction were found to have a significant and positive relationship with customer loyalty, while commitment and communication were found to have insignificant relationship with customer loyalty. These findings suggest that RM can be an effective way to improve customer loyalty at SAS Pharmacy.

According to the demographic data analysis, it was found that on average, females demonstrate slightly higher levels of trust, commitment, communication, and satisfaction compared to males. The differences in trust between genders were relatively minor. Overall, females tend to perceive these factors more positively than males, with the disparities being more evident in

commitment, communication, and satisfaction. Furthermore, the study reveals that different age groups also have varying levels of trust, commitment, communication, and satisfaction. Specifically, individuals aged 60 and above displayed the highest mean scores in all variables, suggesting that elderly individuals generally have a positive attitude towards their relationship with the pharmacy.

The occupation of individuals was also found to influence their attitudes and perceptions regarding trust, commitment, communication, and satisfaction. Retirees and housewives in the "other" category displayed higher trust and communication satisfaction. Business owners exhibited greater commitment and satisfaction, whereas students generally had lower levels of trust, commitment, communication, and satisfaction. Additionally, the study examined the influence of educational status on trust, commitment, communication, and satisfaction levels. It was observed that individuals with a secondary education consistently had the highest mean scores across all categories, indicating a high level of agreement. Conversely, respondents with postgraduate degrees tended to have slightly lower mean scores. Furthermore, the analysis explored trust, commitment, communication, and satisfaction levels among pharmacy service users with varying lengths of experience. The results indicated that customers who had been using the service for over four years reported significantly higher mean scores in all areas compared to those with less than a year of experience. Long-term customers generally demonstrated stronger trust, commitment, communication, and satisfaction, while new customers had relatively lower ratings.

The study also found that RM accounted for 41.6% of the observed loyalty among customers at SAS Pharmacies. This suggests that there are other factors that contribute to customer loyalty, such as conflict handling, empathy, and quality customer service. However, commitment and communication couldn't be significant on the customer loyalty as expected.

The findings of this study have implications for SAS Pharmacy and other businesses. The study suggests that businesses can improve customer loyalty by focusing on building trust and satisfaction with their customers. So, the findings support the viewpoints that states RM can enhance customer loyalty.

5.4. Limitations and Directions for Future Research

This study was not without its limitations. The study was conducted on a single pharmacy organization even though it was done on three different locations, so it could only be applicable

for this area only. Future research could replicate this study with a larger sample size and in multiple retail pharmacies so it can be generalized for the majority.

Doing this study and trying to meet the objectives of this study different limitations on the study were faced like, the lack of adequate literatures done on the specific topic on the specific area which is community pharmacy both on nationwide and worldwide. Due to time and money constraints this study has been done on only the three branches of the pharmacy. The other limitation of this study is since it is done on one pharmacy it couldn't be generalized for a larger sample and also among from the many various dimensions of relationship marketing this study used only four of them which are trust, commitment, communication and satisfaction.

Future research could also investigate the relationship between RM and other factors that contribute to customer loyalty, such as empathy, conflict handling, and quality customer service and in a larger area consisting of different pharmacies.

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APPENDEX – Questionnaire on the effect of relationship marketing on customer loyalty: the case of SAS Pharmacy

ADDIS ABABA UNIVERSITY
School of Commerce
Master of Marketing Management

Dear Respondent,

The objective of this survey is to gather, analyze, and synthesize relevant, accurate, sufficient, and timely information that will provide insights about “**The Effect of Relationship Marketing on Customer Loyalty: The Case of SAS Pharmacies**”. The findings of this survey will be used to make recommendations to enhance Exporters performance level and to make them more competitive in international trade. This questionnaire consists of four sections: Section I deals with the general profile of the respondent, Section II covers Relationship Marketing affecting customer loyalty. Section III deals with customer loyalty. The information you provide in this survey will be used for the stated purpose and it will be held confidential. I appreciate your voluntary and valuable participation in this survey. We thank you in advance for sharing your valuable experience and time with us in completing the questionnaire.

Thank You.

Section-I: Personal Information of the Respondents

Direction: - Please select one of the options that best reflect you by encircling the appropriate number against each Question:

S. No.	Variables	Response	Remark
1	Sex	1. Male 2. Female	
2	Age	1. 18-29 2. 30-39	

		3. 40-49 4. 50-59 5. 60+	
3	Occupation	1. Governmental 2. Private 3. Business owner 4. Student 5. Others	
4	Educational status	1. Primary 2. Secondary 3. Diploma 4. Undergraduate degree 5. Postgraduate degree 6. Others	
5	For how long you have been purchasing/using the product/service of the Pharmacy	1. Greater than 4 years 2. 1-year up to 3 years 3. Less than a Year	

Section- 2: Dimensions of Relationship Marketing

Direction: -Please evaluate the following **Dimensions of Relationship Marketing** affecting customer loyalty: Where, 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree.

S.No.	Statements	SD A	DA	N	A	SA
I.	Trust					
1	The pharmacy is very concerned with the safety of drugs I purchase					
2	The pharmacy's words and promises on delivering products are reliable					
3	The pharmacy is consistent in providing quality services/products					
4	Employees of the Pharmacy shows respect to customer					
5	The pharmacy fulfils its obligations to customers					

6	I have confidence in the pharmacy's services.					
II.	Commitment					
7	The pharmacy offers personalised services to meet customer needs					
8	The pharmacy is committed towards following integrity and transparency					
9	The pharmacy is flexible in serving my needs					
III.	Communication					
10	The pharmacy provides timely and trustworthy medical information					
11	The pharmacy provides information if there are new products/services.					
12	The pharmacy possesses a two-way communication channel					
13	Information is provided by the pharmacy for any inquiry					
IV	Satisfaction					
14	I am completely happy with this pharmacy					
15	I am very pleased with what the pharmacy does for me.					
16	My experiences with the pharmacy have always been good					
17	Overall, I am very satisfied with this pharmacy					
18	If I had to do it all over again, I would still choose to use this pharmacy					

Section- III: Customer Loyalty:

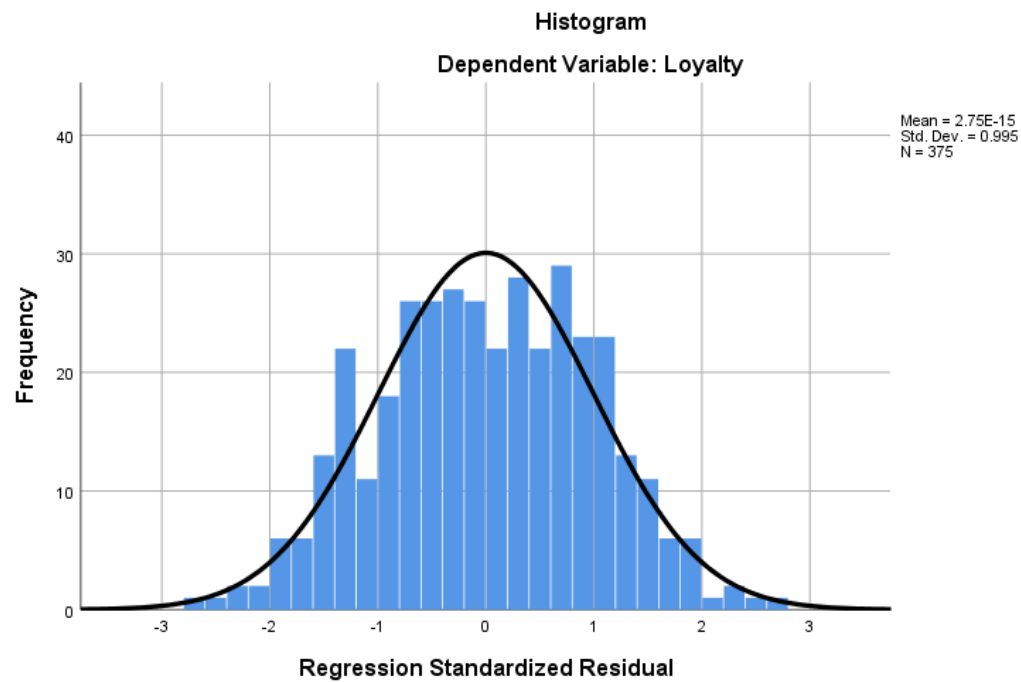
Direction: -Please evaluate the following statements in measuring customer loyalty: Where, 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree.

S.No.	Statements	SDA	DA	N	A	SDA
1.	I consider this pharmacy to be my first choice.					

2.	I will recommend this pharmacy to others.					
3.	I have a good feeling toward this pharmacy so I do not want to change.					
4.	Since this pharmacy is meeting my needs, I will continue to be a customer.					
5.	I will always use the services this pharmacy provides.					

Appendix II – SPSS Output

Figure 2. Histogram of Customer Loyalty and the selected RM components



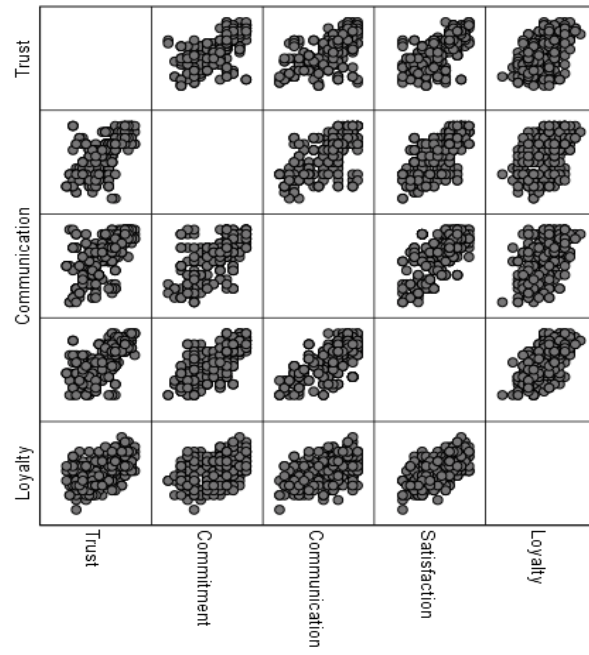


Figure 3. Scatterplot for Customer Loyalty and the independent variables