MODERATING ROLE OF COMPETITIVE INTENSITY AND BRANDS IMAGE ON CUSTOMER RELATIONSHIP MANAGEMENT IN THE TELECOM SECTOR OF PAKISTAN

Rab Nawaz Lodhi¹, Muhammad Waqar Rana² and Zahid Mehmood³

Abstract

The current study scrutinizes the intervening impact of customer’s relationship management quality (CRM) to better understand the effect of customer’s satisfaction and customer value occurring on the loyalty of customers. Moreover, we examine the brand image and competitive intensity as moderating variables on CRM quality and loyalty of customer. Further, we analyzed the intervening impact of CRM quality towards customer’s loyalty and observed that the consequential outcome of customer’s satisfactions and value towards loyalty by means of CRM quality is moderated through the role of competitive intensity and brand image. By investigating 208 survey responses, the outcome of the research figure out some useful implications regarding industry professionals like company development executives, customer relationship managers, marketing managers, and scholars who correlate customer satisfaction and value with customer loyalty.

Keywords: Customer Satisfaction, Competitive Intensity, Customer Loyalty, CRM Quality, Brand Image, Customer Value.

JEL Classification: M000

Introduction

The competitive environment in telecom sector of Pakistan is intensifying due to the launch of 4G in recent years. It is becoming one on of the biggest task for the companies to keep the customers loyal and keeping the brand image or grab the market (Rahaman et al., 2017) by keeping the bonding strong.

1 Assistant Professor, Institute of Business & Management, University of Engineering and Technology, Lahore, Pakistan. Email: rbnawazlodhi@uet.edu.pk
2 Research Scholar, MS Marketing, Institute of Business & Management, University of Engineering and Technology, Lahore, Pakistan. Email: muhammadwaqarrana@gmail.com
3 Professor, Department of Management, College of Business Administration, King Saud University, Riyadh, Kingdom of Saudi Arabia. Email: zmahmood@ksu.edu.sa
Prior literature emphasizes the value of customer loyalty as the most worthy strategic objective in every service industry (Reichheld & Teal, 1996). Loyalty may be manifested as in multiple ways; like, by preferring one company over others, by showing repeat behavior of purchasing from a company, or by keep on availing its services in future as well. Prior research has highlighted these variables that effect loyalty (Zeithaml et al., 1996). In this paper, we will analyze the moderating role of brand image and competitive intensity in the telecom sector in the context of Pakistan being the neglected area in prior literature.

Customer loyalty is a key contributor to a firm’s competitive advantage. However, despite practitioner’s highlight the importance of customer loyalty, it is still a number one challenge observed by most of the enterprises in the current business era. Although, more attention has been focused on the predecessors of loyalty of customer, the present literature is unable to elucidate the solid reasons on the area under discussion as what are those components that are responsible towards loyalty of customer (Kumar et al., 2013). Hence, it is being crucial for the investigation of other variables having the role of mediation and moderation to know their impact on the loyalty of customer (Kumar et al., 2013). By considering this acumen, the basic goal is to explore a range of factors which effects towards customer’s loyalty by considering their moderating and mediating role in the telecom sector of Pakistan.

The existing literature supports the concurrent research of the variables customer satisfaction and customer value towards customer loyalty as an outcome variable (Cronin et al., 2000; Ostrom & Iacobucci, 1995) and these mentioned variables are specified as the leading antecedent towards loyalty (Nyadzayo & Khajehzadeh, 2016). Few researches have focused just the direct effect amongst the relationship of these variables to the loyalty of customer which may ignore in determine the other factors affecting this relationship (Lai et al., 2009). This research suggests that there are other factors for determining customer loyalty that signifying the customer relationship management as an essential factor (Chen & Hu, 2013; Fullerton, 2005; Wilson et al., 2012). In addition to this, competitive intensity and brand image are the marketplace-oriented elements which have not given considerable attention as a moderating variable despite of its relevance towards the loyalty of customer (Martin & Javalgi, 2016; Wang & Yang, 2010). The attitude of customer towards brand image is vital in directing trust and commitment ultimately resulting in building the loyalty of customer.

This research inspects the integrated-model regarding customer value and their satisfaction on customer’s loyalty. Moreover, we also investigate the interceding role of CRM quality (trust and commitment) and the role of competitive intensity and brand image towards loyalty of customer as moderators. While, the rest of the paper describe the theoretical framework, succeeded by exploring the literature regarding the core variables followed by the development of hypotheses. The research approach and results are discussed followed by the theoretical and managerial implication along with limitation and directions of future study gaps.
Theoretical Model, Theoretical Assessment and Development of Hypotheses

Some researchers have similar views regarding satisfaction and customer value (Cronin et al., 2000; Zeithaml et al., 1996). Contrarily, some researchers recommend that the customer loyalty should not exclusively be dependent on customer satisfaction as a direct driver (Rust et al., 1995). Indeed, fact suggests that the repeat purchase behavior of customer only comprises of below 25 percent of customer satisfaction (Szymanski & Henard, 2001).

Various researchers have concentrated on circumstances in which the loyalty of customer is analyzed as a stronger or feeble correlation (Fullerton, 2005; X. Wang & Yang, 2010; Wang. & Yang, 2010). Therefore, CRM quality comprises of commitment as well as trust is vital in establishing everlasting bonding while building loyalty towards customer (Gwinner et al., 1998). Mostly, the relationship among the satisfaction and value of customer, brand image, competitive intensity, CRM quality and outcome variable are still indistinct (Cronin et al., 2000; Lai et al., 2009).

The research also recognize, the direct effects of customer’s satisfaction and value on customers loyalty in consistent with the research above. In contrary, to influence the efficiency of the said variables towards loyalty of customer, we formulate the conceptual model which assume that CRM quality act as an intervening role on these interaction of variables and conversely the link among customer satisfaction as well as customer value towards loyalty of customer by CRM quality is moderated with competitive intensity and brands image. Consequently, moderated mediation correlation model is grounded amongst the constructs (note Fig. 1). The proposed hypotheses are illustrated as mentioned in the following segment.

![Diagram](https://via.placeholder.com/150)

*Figure 1: Conceptual model.*
Customers Relationship Management (CRM) Quality

The model of CRM is established on the foundation of maintaining better liaison with customer to facilitate and retain them which ultimately resulting in generating loyalty to enhance profitability in business (Athanasopoulou, 2012; Zeithaml et al., 1996). The CRM technology usage is anticipated to enhance the capacity of a firm for sustaining cost-effective customers relationships in permitting and sharing integrated information efficiently which ultimately facilitating efficient and effective interaction of firm and customers, analyses of consumer data, and customization of feedbacks (Day, 2003). CRM is narrated as a process of a firm the entire affiliation among firm and clients, with all its various range of contacts, associated practice as well as communication components (Grönroos, 2007). Generally, the key objectives of CRM are retaining, engaging and implementing productive customer bonding with the passage of time and upholding customer profitability and loyalty as the time passes. (Berry, 1995; Grönroos, 2007).

The two dimensions (commitment and trust) of CRM quality play a significant job in keeping relationship with the customer for a longer period of time (Athanasopoulou, 2009; Garbarino & Johnson, 1999; Javed & Cheema, 2017). According to the prior research, it is evident that the trust and commitment are directly related to behavioural intention (Chaudhuri & Holbrook, 2001). The current research paper evaluates trust as adherence and customer assertion by considering the services provided by the organization. Moreover, the study uses the attitudinal and emotional elements of commitment in order to access the level of customer commitment (Chaudhuri & Holbrook, 2001). These two dimensions of CRM are vital as it leads directly to customer behavior and these are the key measures for relationship marketing advancement with the customers ((Morgan & Hunt, 1994). Morgan and Hunt (1994), enact the leading intervening variable form of relationship promotion by the commitment & trust theory. Likewise, trust as well as commitment together are accepted the same as intervening variable for customers satisfaction and customer value towards loyalty of customer (Hennig-Thurau et al., 2002).

Customers Loyalty

Consumer’s loyalty is consider to be the foremost measures for the achievement of any firm eventually effect in lowering marketing costs, willing to pay premium price and increase market share (Aaker, 1996; Reichheld & Teal, 1996). Customer loyalty is defined as intense commitment to reconsider any goods or services accordingly which consequently resulting in repeat consideration of the same goods or services (Oliver, 1999). Enhancing customer loyalty is the main focus of many scholars (Wilson et al., 2012).

The Loyalty is perceived as customer loyalty and brand loyalty (Chaudhuri & Holbrook, 2001). Basically, Loyalty is the affection of customer on both attitudinal and behavioral dimensions (Aaker, 1991).
Commitment and trust both influence customer loyalty as supported by the existing literature. For instance, research illustrates that commitment results in maintaining customer loyalty (Hur et al., 2013) and trust establishes in maintaining even longer relationship with the firm (Yu et al., 2015). In supporting to this, we expect CRM quality affects loyalty and hypothesized that:  

**H1:** There is a positive connection between CRM quality and customers loyalty.

**Customers Satisfaction**

As this is the era of customer-orientation, all firms observe customer satisfaction as an essential factor in achieving competitive advantage and alternate growth in any sector of industry (Deng et al., 2010; Lee, 2013). Customers satisfaction is the overall expectation of customers in view of satisfying a need. Previous analyses describe the positive response of satisfaction towards attitudinal and behavioral loyalty issues for instance customer purchase intentions, referrals generation, service availing and length of relationship (Pizam et al., 2016; Zeithaml et al., 1996). Oliver (1999) conducted research on customer loyalty and argue that loyalty is conditional in certain factors and is not accountable for exclusively measure of loyalty (Reichheld & Teal, 1996). Customer satisfaction depends on customer’s former experience with the firm and the connection amongst customers satisfaction along with loyalty can be mediated by CRM quality therefore we hypothesized that:  

**H2:** There is a positive relationship between customer satisfactions and customers loyalty intervening by the behavior of CRM quality.

**Customer’s Value**

Customer value is described as a perception among the advantages after utilizing products or services relative to the costs paid by its end user (Slater & Narver, 1994). Customer value is used as a vital tool during engaging and retaining customers and is responsible for the success of both service providers and manufacturing concerns (Kumar & Reinartz, 2016; Parasuraman, 1997; Zeithaml et al., 1996). Hence, the more customer value offered to the customer, trust and commitment enhanced that ultimately establish greater customer loyalty. Y. Wang et al. (2004) conducted research on customer value and CRM performance and finds that the better the service the stronger will be in maintaining competitive advantage. Customer value has an indirect and affirmative effect on behavioral intentions of customers (Cronin et al., 2000). Along these lines, we considered that customer value has indirect bonding with loyalty through establishing CRM practices that's why we hypothesized that:  

**H3:** There is a positive relationship between customer value and customer loyalty mediated by CRM quality.
**Moderating aspect of brands image**

Promising image of trade name help the firm in maintaining market positioning as well as safeguard the firm from its competitiveness (Aaker, 1996). According to Aaker (1996), brands image is narrated as how the trademarks are professed by the customers in his own mind. This perception may be positive or negative determined by benefits or consequences of various factors i.e. brand personality, usage of brand and product attribute which ultimately affect the decision making of the consumer (Bian & Moutinho, 2011). Brand image is the key element in order to retain customer for a company which result in maintaining loyalty amongst customers. Research illustrated, brands image as an intervening role in affecting buying intention and ultimately customers loyalty (Lai et al., 2009; X. Wang & Yang, 2010). The higher the satisfaction of the customer, the higher will be the loyalty while determining brand value and trade name (Lai et al., 2009). Promising brands result in using a good relationship tool (CRM) with the customer since brand credibility impact customer behavior. Previous research supports that CRM practices depends on integration of resources that are cross-functional like retailing capabilities (Payne & Frow, 2005), which specify that CRM rules design on brand image. The affirmative band image results in effecting to reinforce the aftermath of satisfaction as well as customer value towards customer loyalty by CRM quality for this reason we posit that:

**H4 (a):** Brand Image moderates the effect of customers satisfaction on customers relationship quality.

**H4 (b):** Brands Image moderates the effect of customer value on customer relationship quality.

**Moderating aspect of Competitive Intensity**

A competitive intensity is basically the degree of competition prevailing in a market. In non-competitive environment, the firms accomplished goals well as customers have no other option. But on the other hand, in the endurance of stiff competition customers tends to opt for more options available with him/her in order to cater his/her need or wants (Kohli & Jaworski, 1990). Competitive forces affect the repurchase behavior of the customer and resulting in maintaining strong or weak relationship in satisfying customer (Seiders et al., 2012).

Institutional theory (DiMaggio & Powell, 1983) guides that the ecological variables (e.g., competitive intensity; environmental dynamism; the variability of customer needs; the extent of rivalry in same industry and its technology) leverage the operation of organization. Competitive force strengthen firms to establish relational awareness procedures by means of accentuating obligation in securing consumers, and therefore undermine consumers bonding ability by receding consumers engagement. Antecedents of customer loyalty suggest that it is important to consider the components that assist to customer loyalty (Zeithaml et al., 1996). Apart from implication regarding cutomers loyalty, it’s the most provoking problems of intense competition for firms in this current modern era. The affirmative competitive intensity results in effecting to intensify the consequence of consumers satisfaction and value in respecting customers loyalty by customers relationship quality, therefore, we
deduce as:

$H5\ (a)$: Competitive intensity moderates effect on the relationship of customers satisfaction on CRM quality.

$H5\ (b)$: Competitive intensity moderates the effect on the relationship of customer value on CRM quality.

**Research Method**

*Data collection & sample (n)*

The research is designed as cross sectional descriptive research and simple random sampling was used as sampling technique. The respondents of this research were those who were using the telecommunication services in three major different cities Sahiwal, Gujranwala and Lahore of Pakistan to test the research model of this study. According to Pakistan telecommunication authority (PTA), telecommunication industry revenue Jul-Dec 2014-15 was Rs.299.0 billion which made this sector very attractive for further investment, therefore, it is very charming to choose this sector of industry. Instrument used for this research was adopted via already established scales. In total, 300 questionnaires were distributed using survey, 208 were picked for further analysis of customers using telecommunication services in Pakistan. The response rate was 69% approximately out of which 73% were male and 27% were female.

*Measures*

Customer satisfaction measure was adopted from Cronin and Taylor (1992) and Lam et al. (2004). Measure of customers value was adopted from Eggert and Ulaga (2002) and Wang et al. (2004). CRM’s quality measure was adopted from the items used by Morgan and Hunt (1994). Customers loyalty measure was adopted from Sirdehsmukh et al. (2002) and Zeithaml et al. (1996). Since, commitment being an attitudinal aspect was adopted from Loyalty is measured as together behavioral and attitudinal aspect and it was adopted from Evanschitzky et al. (2006). This way it can segregates among the both mentioned dimensions of customers’ feedback to CRM methods originated via a services provider. Brands image is adopted from Aaker (1996) and competitive intensity is adopted from Jaworski and Kohli (1993). All construct were measured on 5 - point Likert scales (1= strongly disagree; 5= strongly agree).

*Data Analysis and Results*

*Preliminary analysis and measurement model*

In partial least square PLS-SEM, the sample-size prerequisite ought to be relatively ten (10) times, the largest number of structural paths intended by a selective construct in PLS structural model (Hair et al., 2011). Since in “Fig. 1” shows three (3) paths-from SAT, CV & CRM QL- intended at CL,
thus the sample size testing ought to be larger then 30. Thus, the sample (n) of 208 respondents in this research fulfills the minimal sample (n) requisite for PLS-SEM. The PLS path model estimation (Fig. 1) uses the SmartPLS 3 software (Ringle et al., 2015). Partial Least Square - Structural Equation Modeling technique was adept to analyze the supposition of current research. The measurement variable model showed the value of “R² = 0.324” for the loyalty endogenous latent variable. This means that the three variables (Customer satisfaction, CRM quality and customer value) moderately explain 32.4% of the variance in customer loyalty. Similarly, customers’ satisfaction and customer value both interpreted the 22.3% of the variance of CRM quality. Meanwhile, we measure the predictive relevance through cross validated redundancy model of Stone-Geisser’s Q² value (Geisser, 1974; Stone, 1974) for exploring the inner model. In our model, the Q² value is 0.163 (see Table 1) for customer loyalty which is larger than zero. Further, we checked the composite reliability (CR) as well as average variance extracted (AVEs) showed the values above 0.7 and 0.5 respectively revealing convergent reliability that Fornell and Larcker (1981) suggested as described in Table 2.

Table 1
**Inner model results**

<table>
<thead>
<tr>
<th>Latent variables</th>
<th>R-Squared (R²)</th>
<th>Adjusted (R²)</th>
<th>Q² (Predictive Validity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Loyalty</td>
<td>0.324</td>
<td>0.314</td>
<td>0.163</td>
</tr>
<tr>
<td>CRM Quality</td>
<td>0.223</td>
<td>0.216</td>
<td>0.103</td>
</tr>
</tbody>
</table>

Table 2
**Result from measurement model estimation (weights, loading, composite reliability value, and AVE value).**

<table>
<thead>
<tr>
<th>Latent Variables</th>
<th>Manifest Variables</th>
<th>Outer Weights</th>
<th>Outer Loading values</th>
<th>Composite Reliability (CR)</th>
<th>Average Variance Extracted (AVEs) values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction (SAT)</td>
<td>SAT1</td>
<td>0.343</td>
<td>0.916</td>
<td>0.920</td>
<td>0.743</td>
</tr>
<tr>
<td></td>
<td>SAT2</td>
<td>0.313</td>
<td>0.724</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SAT4</td>
<td>0.267</td>
<td>0.900</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SAT5</td>
<td>0.244</td>
<td>0.894</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Value (CV)</td>
<td>CV_1</td>
<td>0.546</td>
<td>0.750</td>
<td>0.751</td>
<td>0.502</td>
</tr>
<tr>
<td></td>
<td>CV_2</td>
<td>0.420</td>
<td>0.666</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CV_4</td>
<td>0.440</td>
<td>0.705</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRM Quality (QL)</td>
<td>CRM_CM2</td>
<td>0.300</td>
<td>0.709</td>
<td>0.805</td>
<td>0.509</td>
</tr>
<tr>
<td></td>
<td>CRM_CM3</td>
<td>0.268</td>
<td>0.652</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CRM_T3</td>
<td>0.434</td>
<td>0.804</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CRM_T4</td>
<td>0.387</td>
<td>0.679</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Loyalty (CL)</td>
<td>CL_1</td>
<td>0.298</td>
<td>0.637</td>
<td>0.790</td>
<td>0.559</td>
</tr>
<tr>
<td></td>
<td>CL_2</td>
<td>0.514</td>
<td>0.807</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CL_3</td>
<td>0.502</td>
<td>0.788</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Discriminant validity, was checked by the cross loading values of factors keeping in view the criteria as guided by Fornell and Larcker (1981) as elaborated in Table 3.

Table 3

<table>
<thead>
<tr>
<th>Discriminant validity of constructs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constructs</td>
</tr>
<tr>
<td>1. Customer Loyalty</td>
</tr>
<tr>
<td>2. CRM Quality</td>
</tr>
<tr>
<td>3. Customer Value</td>
</tr>
<tr>
<td>4. Customer Satisfaction</td>
</tr>
</tbody>
</table>

Note: Average variance extracted values (AVEs) are exhibited in bold crosswise of the table.

Mediating outcome of CRM Quality

“PLS –SEM Path Analysis”

The PLS-path model estimation (Fig. 2) was performed using the SmartPLS 3 as software (Ringle et al., 2015) for evaluating the model in which customer value as well as customer satisfaction were depicted as independent variable, customer relationship (CRM) quality as intermediary and customers loyalty as dependent latent variable.

![Figure 2: PLS-SEM Path Analysis Result](image-url)
Empirical results show that if the other aspect persist sustained and if there is a 1 unit altered in client satisfactions there will be increase in CRM quality by 0.312. Similarly, if there is a 1 change in customer value, the CRM quality increased by 0.269. If other factors remain constant, one unit changes in customer satisfaction, customer loyalty changed by 0.370. However, hypothesized relation of customer value and loyalty is not significant as the standardized path coefficient is 0.018 which is lower than 0.1. Thus, we can conclude that CRM quality is intervening relationship of client value and loyalty but user value did not predict loyalty directly. The same applies, if associated factors remain unaffected, one unit alter in CRM quality, customer loyalty will increase by 0.30.

Table 4 describes the path analysis by showing their P – value to test the H1-H3 hypothesis, path-coefficients and T-statistic value. At the beginning, the direct effect of clients satisfaction towards customer loyalty (β=0.37, P <0.05) was significant while customer value towards customer loyalty was insignificant towards customer loyalty. The CRM quality positively effect on customers loyalty (β=0.302, P <0.05), therefore confirming H1.

Having establish this direct effects, indirect effect of customer satisfactions towards customer loyalty is tested (β = 0.095, P <0.05) is significant. But, the direct impact of customer satisfactions towards loyalty (β= 0.37, P<0.05) is still notable, which suggests that CRM quality partially mediated the loyalty effect of customer satisfactions, therefore confirming H2. Subsequently, the indirect consequence of customer’s value towards loyalty (β = 0.083 P <0.05) is significant, though as the direct outcome is insignificant (P>0.05) which shows that CRM quality fully intervenes the relationship of customer satisfactions towards customer loyalty, confirming H3.

Table 4

<table>
<thead>
<tr>
<th>Direct Relationships</th>
<th>Original Sample (O)</th>
<th>Expected Mean (M)</th>
<th>T-Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM Quality -&gt; Customer Loyalty</td>
<td>0.3</td>
<td>0.302</td>
<td>4.801</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Satisfaction -&gt; CRM Quality</td>
<td>0.312</td>
<td>0.314</td>
<td>4.559</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Satisfaction -&gt; Customer Loyalty</td>
<td>0.37</td>
<td>0.371</td>
<td>5.869</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Value -&gt; CRM Quality</td>
<td>0.269</td>
<td>0.276</td>
<td>4.347</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Value -&gt; Customer Loyalty</td>
<td>0.018</td>
<td>0.023</td>
<td>0.223</td>
<td>0.8240</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indirect Relationship effect</th>
<th>Original Sample (O)</th>
<th>Expected Mean (M)</th>
<th>T-Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfactions -&gt; CRM Quality -&gt; Customer Loyalty</td>
<td>0.094</td>
<td>0.095</td>
<td>3.071</td>
<td>0.002</td>
</tr>
<tr>
<td>Customer value -&gt; CRM Quality -&gt; Customer Loyalty</td>
<td>0.081</td>
<td>0.083</td>
<td>3.160</td>
<td>0.002</td>
</tr>
</tbody>
</table>
**Moderating effect of brands image**

We analyzed the moderation outcome of brands image of customer satisfactions as well as customer’s value towards customer loyalty by CRM’s quality (Fig. 3) moreover, we find that brand image strength the relationship of customer satisfactions towards customer loyalty by CRM quality as 0.117, supporting H4 (a) and brand image weaken the relationship of customer’s value on loyalty through CRM’s quality by 0.040, supporting H4 (b).

![Diagram](image)

**Figure 3: Moderation effect of Brands Image**

**Moderating outcome of competitive intensity**

We analyzed the moderation consequence of competitive intensity of clients satisfaction as well as clients value towards customers loyalty by CRM’s quality (Fig. 4) and deduce that competitive intensity negatively effect on CRM quality by -0.012, supporting H5 (a). For this level of competitive intensity, the relationship of customers satisfaction and CRM quality is 0.322. If the competitive intensity is higher (i.e., the competitive intensity increased by one unit), this implied that the relationship among customer satisfaction and CRM quality decreased by 0.322-0.012=0.31. Hence, when competitive intensity is higher in the market, customer satisfaction becomes less important in explaining the relationship of customer with the company (CRM quality). Similarly, the opposite kind of interpretation when competitive intensity is lower (i.e., the competitive intensity decreased by one unit). Here the customer satisfaction would increase in its importance for explaining the CRM quality. Further, we analyzed the moderating role of competitive strength on the relationship of customer’s value towards loyalty by CRM quality, resulting as -0.025, supporting H5 (b). In support of this level of competitive intensity the relationship of customer value and CRM quality is 0.256. If the competitive intensity is higher (i.e., it increased by one unit), this signified that the relationship among
customer value and CRM quality would decrease by 0.256-0.025=0.231. Hence, when competitive intensity is higher, customer value becomes less significant in describing the relationship of CRM quality. The reverse manner of interpretation while competitive intensity is lesser (i.e., the competitive intensity reduced by single unit). At this point, the consumer value would increase in its importance for describing the CRM quality.

![Diagram showing the relationship between customer satisfaction, competitive intensity, and CRM quality.]

**Figure 4: Moderation effect of Competitive Intensity**

**Conclusion**

The present research investigated the character of CRM’s quality, brands image along with competitive intensity towards the relationship among customer satisfactions, customer value and customer loyalty. This study was executed specially in the environment of Pakistan particularly in telecom sector in order to get better investigating the effect of customer relationship, brand image and competitive intensity. The finding suggested that CRM quality, brand image and competitive intensity influenced the relationship of client satisfactions and customer’s value towards client loyalty as the above-mentioned are the key variables in building more loyalty towards customers. Further, we did not find a direct relationship of customer value on customer loyalty instead it was mediated by the role of CRM quality which emphasized the role of company to managed better relationship with the customer of its domain.

**Theoretical contributions**

We introduced the competitive intensity as the moderating variable amongst client satisfactions and user value towards customers loyalty by intervening character of CRM’s quality.
This helps us in finding the indirect effects of customer satisfactions towards loyalty intervening by CRM quality along with moderated by competitive intensity.

Secondly, we tested the moderating effect of competitive intensity in a developing country which also imply that by exercising the western developed theory as well as logical interrelationship of customer satisfactions and value on rational customer’s loyalty can’t be generalized.

Managerial Implication

Our conclusion, suggested some essential implication to marketers particularly in the telecom sector. Customer loyalty being the more important element of any firm and due to the intense competition, it becomes difficult for managing customer loyalty. So it is the need of the hour to have better customer relationship with customer in terms of better customer retention. This leads to build better trust amongst customer which creates more loyalty amongst customers. Further, the role of brand image may create positive or negative perception amongst customer leading to affect the loyalty of customer, therefore, it is better to establish relationship with customer as in our study the effect of association of client satisfactions and customers loyalty by CRM quality is vigorous by intervening character of brand image. Thus, we intend to suggest to the practitioner that positive or negative brand image will generate if company forgo the importance of maintaining relationship with the customer. In more competitive intense environment, firms need to build more positive connection with consumer in order to amplify satisfaction and value which ultimately generate loyalty amongst the consumers (Yu & Tung, 2013).

Limitation and future study guidelines

This study has some obstructions that should be considered but also the point of direction for more future research. We cannot generalize the results of this study as a whole to other countries in the world. Future direction could examine this model in developed countries of the world to compare the results. Further, predecessors of CRM and their affects toward customer loyalty could be investigated for future research in different sectors. The cross sectional data is used in this study while longitudinal study can be examined for future study. The study only focuses the two moderating variables competitive intensity and brand image. Future study can be done by introduction of additional moderating variables like the extent of inter firm rivalry, its circumstantial dynamism, the variability of users needs, and skills.

Reference


