THE MEDIATING ROLE OF CUSTOMER PERCEIVED VALUE IN THE RELATIONSHIP BETWEEN CUSTOMER RELATIONSHIP MANAGEMENT AND PREMIUM CUSTOMER LOYALTY: AN EMERGING MARKET PERSPECTIVE

George Cudjoe Agbemabiese, University of Professional Studies, Accra, Ghana
Haslinda Hashim, University Putra Malaysia, Malaysia
Nathan Austin, University of the Virgin Islands, U.S.A.
Henry Boateng, D'Youville University, Western New York, U.S.A

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ABSTRACT

Purpose: *As scholars continue to question the perceived direct effect of CRM on customer loyalty, given the high rate of attrition in many firms, this paper develops a comprehensive model that explains the mediating role of Customer Perceived Value (CPV) in the relationship between key CRM dimensions (key customer focus, CRM organization, customer knowledge management and technology-based CRM) and premium customer loyalty in the Ghanaian banking sector.*
Design/methodology/approach: *To achieve our major objective, data was collected from 403 prestige customers using purposive survey, from branches of three selected top ranked banks in Ghana. Data was analysed using Partial Least Squares structural equation modelling (PLS-SEM).*
Findings: *The study found support for the mediating effect of CPV in the link between CRM dimensions and customer loyalty with key CRM dimensions including key customer focus, CRM organization, customer knowledge management and technology-based CRM also significantly influencing CPV.*
Originality*: This study empirically investigated largely unexplored mediating effect of CPV in the CRM and customer loyalty link and therefore makes substantial contribution to the existing body of knowledge on CRM and loyalty. Specifically, the important insights on the potential integration of the Equity and Resource Based View theories to reinforce customer loyalty in the banking sector.*
Research limitations/implications: *Caution is given on the generalisation of findings as study was limited to only prestige customers of three major banks in Ghana which is also an emerging country.*
Practical implications: *While emphasising the need for managers to devote resources towards strengthening CRM strategies, it admonishes managers to deploy these CRM resources equitably and in a fair manner so as to enhance CPV and ultimately, customer loyalty.*

Keywords: *CRM, Customer Perceived Value, Customer Loyalty, Equity Theory, Resource Based View Theory, Customer Knowledge.*

1. INTRODUCTION

The liberalization of the banking sector in Ghana has led to intense rivalry amongst players where customer loyalty has become critical to long-term profitability and developmentwithin the sector (Narteh & Koduah, 2014). Furthermore, the fast developing technological innovations, improved access to technology, and social media growth continue to compound the challenges of banking firms as bank customers have become 'polygamous' and less loyal, and less forgiving of organisational failures (Cusin & Flacandji, 2022; Ghana Banking Survey, 2021). The turbulence in the banking sector is not expected to ease but rather projected to continue globally (Çallı, 2022) considering the alarming rate at which consumer preferences and tastes keep changing (Yousuf, Bose, Kotagama, & Boughanmi, 2019). Losing loyal customers however, can have dire consequences for banks (You et al., 2020). Goodman et al. (2000), report that, it is 15 times more economical to maintain loyal customers than acquiring new customers. Material evidence also suggest that, banks could increase profitability by 8% and 95% by reducing defection rates by 5% and increasing loyalty rates by 5% respectively (Forbes.com, 2022; Reichheld & Sasser, 1990). Aside these, improving customer loyalty reduces customer switching behaviours and increases consumer referrals and overall profitability (Anshu, Gaur & Singh, 2022; Evanschitzky et al., 2012; Slack, Singh & Sharma, 2020). Reaping the benefits of customer loyalty however depends mostly on how banks deploy marketing