Impact of Relationship Management on Customer Loyalty of e-Wallet Users: A Study of Paytm Enterprise

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Abstract

The success of any organisation depends on customized strategies, and its dedicated team to implement the strategies, without which an organisation may fail. In order to achieve increased and sustainable results, organizations need to execute strategies and engage customers to retain them. The focus of relationship management is to keep and retain existing customers and not focusing on new ones. Retained customers many times work as the catalyst for the new customers as they share their experiences with them.

This study is all about the effects of relationship management strategies being implemented by Paytm Enterprise to retain the e-wallet customers. In other words the aim of the study is to check the impact of relationship marketing strategies on customer loyalty. To conduct the study four independent variables reliability, dedication, conversation and handling of customer issues were checked on one dependent variable, i.e., customer loyalty. A well-structured questionnaire was developed to collect the responses through purposive sampling from 151 respondents of Varanasi city. Data was analysed by the means, standard deviation, and multiple regression. Results of this study show the correlation between relationship management and customer's loyalty. On the basis of the results it can be concluded that the regression model is good fit. In order to have loyal customer in Paytm Enterprise, the marketer needs to build a solid relationship with the customer by focusing on these independent variables.

Keywords

Relationship Management, Paytm Enterprise, Handling Customer issues, Customer Loyalty

1. INTRODUCTION

The customer is at the centre of any business which helps in drawing the profit and generating the growth of the company. Incessant profit can be generated through ever increasing loyal customers which takes regular initiatives to purchase the products. Therefore the most important work of any company is to maximize the loyal customer (**Kotler, et. al., 2014**). Since the value of maintaining relationship with customers is understood through the researches, companies have started focusing and developing relationship strategies. In result, the interest of B-C firms, to implement relationship strategies, have grown significantly in past few decades. There are many researches, which advocates that due to intense competition in today's business environment stronger customer relationship are demanded (**Chan, et. al., 2004**). To have the effective relationship strategies, companies strengthens their MIS and collects the information of customer's immediate need and then initiates the process of serving better. Along with those, companies interacts the customers on regular basis so that the issues of grievances can be understood

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and handled. Handling the grievances of customers always helps the companies to keep the customers away from emerging competing distractions and opportunity to attract the customers of competitors. (Rapp, 1990), see the relationship marketing strategies as the method of benefitting the customers and the companies both. Relationship strategy helps the company not only in retaining the customers, but also provides the customers information through marketing intelligence so as to plan the future strategies of company. Well managed companies, always takes strong initiatives in the line of developing the relationship with customers and to gain volumes of business (**Palmatier, 2008**).

After the demonetisation, decision taken by the Government of India on Nov 08, 2016, the value of plastic money usage and e-wallet usage has increased a lot. Finding the opportunities of e-wallet usage, many new companies has emerged and at the same time those companies who took the decision of start-up earlier, but could not took the stand in the market due to less number of customer's familiarity and usage of e-wallet have started to re-stand in the market. Therefore a need was felt to understand how effective the marketing strategies of Paytm e-wallet are and at the same time in view of various relationship management initiatives how much the customers of the Paytm e-wallet are loyal towards the company. This research study investigates the impact of relationship management initiatives of Paytm in the form of reliability, dedication, conversation and handling of customer issues on customer loyalty of e-wallet users of Paytm Enterprise in Varanasi, city.

Literature Review:

The relationship concept is very old and has emerged from service marketing and industrial

marketing (**Christopher et al., 1991; Gummesson, 1991; Lindgreen et al., 2004**).Relationship concept is very helpful in developing the customer relationship (**Berry, 1983**).Other researchers like **Gummesson, (1991)**had tried to study the effects of relationship variables on the customers intention to purchase in past.

The relationship strategy helps in establishing, maintaining and developing relationships with customers and partners, further it helps in meeting the customer related objectives of the companies (**Gronroos, 1994**). (Rapp, 1990)found in their studies that the relationship strategy helps the companies and customers to maintain the relationship with each other for mutual interest. The mutual interests are fulfilled unknowingly (**Ndubisi, 2003a**). **Oliver, (1999)** in his study found that relationship variables are helpful in developing loyal customers for the company. (**Peppers and Rogers, 1999**) argued that organization considers CR method as an important tool, which helps in one-to-one customer communications, focused to enhance sales.

(**Palmatier, 2008**) in his study concluded that the customers who are associated with the company since long always take the decision to pay higher amount. The relationship concept gives many benefits to customers and to the company (**Parvatyar et al, 2001**).Despite the several relationship efforts of marketing the existing and potential customer switches and sometimes remains less loyal. (**Blomqvist et al.,1993**) said that every existing customer is valuable hence company directs the relationship strategy to existing customers only. The relationship strategy can be said successful if the customer churn is reduced, which very much depends on dialogue and conversation.

(Dwyer et al., 1987) focused his study on very important variable i.e., conflict handling and found that conflicts and approach to resolve conflicts helps in avoiding future conflicts. This approach is very helpful in retaining the customer loyalty towards the company. **(Rusbult et al., 1988)** in the study found that the customer are loyal with the company if are satisfied with relationship management. **(Ndubisi and Chan, 2005)** found that a significant relationship exist between conflict handling and customer loyalty. There are many researches, which were conducted to test the impact of similar type of independent variables on customer loyalty of Indian and foreign bank customers.

Based on existing gap in the scope of researches, variables used in the researches and the cases of researches (not studied in e-wallet companies), and no such study was found in the context of Paytm Enterprise. This study endeavours to study the impact of relationship management initiatives on customer loyalty.

Statement of the Problem:

Paytm is ashort form for "Pay Through Mobile" with Android, Windows and iOS apps. It was found and nurtured by One97 Communications in 2010 as a prepaid mobile recharge website having their corporate office in Noida, India **(Sharma, 2016)**. In 2014, the company launched Paytm e-Wallet. Presently the e-wallet of Paytm has highest number of customers. Largest number of mobile payments is being done through Paytm only. In 2015 Paytm received a license from Reserve Bank of India for starting India's first payments bank **(Ghosh M, 2016)**. The bank intends to use Paytm's existing user base for offering new services, including debit cards, savings accounts, online banking and transfers, to enable a cashless economy.

After demonetization decision on 8th Nov, 2016, the discussion on various TV news channel is talking about the increased usage of e-wallet like Paytm and others in coming time. It can be said on the basis of discussion results that demonetisation decision has created the huge opportunity of increasing customer base for Paytm and similar type of e-wallet companies.

Further after browsing the issues of relationship management on internet, researchers could find that the Paytm has failed in maintaining the relationship with existing customers, as the customers are very much annoyed with the services **(Agarwal, 2015)**. The annoyance of existing customers are putting the issue of loyal customer in question and is providing the opportunity to other companies of e-wallet to grab the customers of Paytm Enterprise. Though the cases given on different websites are talking about the customer annoyance, but after raising the issue with Paytm customers, it is difficult to say that, whether these customer will shift to some other e-wallet companies or will remain loyal? Considering the question of customer loyalty in the form of research problem due to poor relationship strategy of Paytm, this research tries to evaluate the impact of Relationship Management on Customer Loyalty of Paytm e-Wallet Users

Objective of the study:

In view of the statement of the problem, the only objective of the study is to assess the impact of relationship management of Paytm on the customer loyalty of Paytm e-wallet users. Hence on the basis of research objective, the researchers have considered below mentioned research proposition for the study:

There is a significant positive relationship between

Customer Loyalty of Paytm e-wallet users and (a) reliability, (b) dedication, (c) conversation, (d) handling of customer issues.

Research Methodology:

This study is exploratory cum descriptive in nature. The study focuses on four independent variable i.e. Reliability, Dedication, Conversation, Handling customer issues and one dependent variable i.e. Customer Loyalty. To collect the data a questionnaire was structured with certain items to fulfil the requirements of independent and dependent variables. The items were adapted and modified from previous studies to measure the undertaken dimensions: (**Churchill and Surprenant, 1982; Morgan and Hunt, 1994; Bloemer et al., 1999; Ndubisi, N.O., 2007; Parvatyar et al, 2001; Chakiso, Cherinet Boke, 2015**).The total of 16 items related to the five dimensions is as follows:

Reliability:
· The money in Paytm e-wallet is secure;
· The Paytm owner fulfils his promises hence reliable for me;
· The transactions done through Paytm app are reliable;
· Paytme-wallet services are trustable;
· I have confidence on Paytm;

Dedication:
· The Paytm fulfils my needs as assured;
· The Paytm offer special services to meet my needs;
· The Paytm is devoted in serving my needs;

Conversation:
· The Paytm provides timely and trustworthy information about the changes;
· The Paytm makes and fulfils promises;

· The Information provided by Paytm is always accurate;

Handling Customer issues:
· The Paytm tries to avoid potential conflict;
· The Paytm tries to solve noticeable conflicts before they create problems;
· The Paytm has ability to discuss solutions when problem arises;

Customer loyalty:
· I always consider the Paytm as first choice among other e-wallet;
· The Paytm comes to my mind when making payment decision;

Though there is a list of Paytm e-wallet users in Varanasi, but after requesting for the same from Paytm, researchers could not get any list. Hence the researchers focused on purposive sampling technique of non-probability sampling. Data was collected through a field survey of 151 Paytm users of Varanasi City on a five point Likert scale from Strongly Agree '5', Agree '4', Neutral '3', Disagree '2', Strongly disagree '1'.

Reliability Analysis:

Demographic data show that a slight majority of respondents were female: 80 respondents and 71 respondents were male. 86 respondents holds the postgraduate degree or above whereas 66 respondent were holding graduate degree.

Table 1

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.755	0.755	5

The internal consistency of the research instrument was tested by reliability analysis. The descriptive statistics of the variables and reliability estimates are shown in Table 1 below, which is 0.755.

Data Analysis and Findings:

Regression Model:

The data was analysed using multiple regression model. The value of 'R' i.e. 0.929, which shows the good level of prediction for the customer loyalty. R square column shows the R^2 value (also called as the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the considered independent variables. The value of R^2=0.862, that means that the considered independent variable explains 86.2% of the variability of the dependent variable i.e., customer loyalty.

Table 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929[a]	.862	.858	.319

a. Predictors: (Constant), Handling of Customer issues, Conversation, Dedication, Reliabilityb. Dependent Variable: Customer Loyalty

Statistical Significance:

The F-ratio in the Table 3 (ANOVA table) test, checks the overall regression model is a good fit for the data. The below mentioned table, illustrates that the considered independent variables (statistically significantly) predict the dependent variable i.e. Customer loyalty, $F(4, 146) = 228.30$, $p< 0.05$. Therefore we can conclude that the regression model is a good fit for the data).

Table 3

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	92.931	4	23.233	228.300	.000
Residual	14.857	146	.102		
Total	107.788	150			

a. Dependent Variable: Customer Loyaltyb. Predictors: (Constant), Handling of Customer issues, Conversation, Dedication, Reliability

Estimated Model Coefficient:

The general equation of coefficients predicts Customer Loyalty from Reliability, Dedication, Conversation, Handling of customers issues.

Customer Loyalty= -0.098 + (0.295*reliability) + (0.128*dedication) + (0.279*conversation) + (0.318*handling of customer issues). This un-standardized coefficient shows that how much the dependent variable varies with a change in independent variable.

Table 4

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.098	.151		-.645	.520
Reliability	.295	.050	.312	5.889	.000
Dedication	.128	.054	.125	2.378	.019
Conversation	.279	.047	.276	5.910	.000
Handling of Customer issues	.318	.060	.336	5.265	.000

a. Dependent Variable: Customer Loyalty

Statistical Significance of Independent Variables:

If we test the independent variables separately, it shows the statistical significance relationship of each independent variable. If $p<0.05$, we could say that the coefficients are statistically significant. The t value and p value is denoted in 't'column and 'Sig' column of table 4.

The above table shows that the four independent variable i.e., Reliability, Dedication and Conversation are significantly defining the dependent variable i.e., Customer Loyalty.

The result shows a significant relationship between Customer Loyalty and considered independent variables i.e. reliability, dedication, conversation, handling customer issues at 5 percent significance level. Therefore it is fair to conclude that Paytm customer's loyalty significantly depends on how Paytm is improving on these variables. The customer would have been fully loyal if the extent of all independent variables would have been significant at 5 percent level. The result is supporting all the elements of research propositions.

Customer loyalty for Paytm e-wallet would be high, if the independent variables i.e. Reliability, dedication, conversation, handling of customers issues would be significant. The results are showing that all the independent variables are significantly explaining the Customer Loyalty. Hence it can be concluded that greater the importance given by Paytm to these factors i.e. reliability, dedication, conversation, handling customer issues, the more loyal will be your customers.

Implications:

The result of this research gives empirical evidences that there is an influence of underpinning relationship management variables of Paytm Enterprise: Reliability, Dedication, Conversation, and Handling Customer issues on Customer Loyalty of e-wallet users. This piece of work adds value to the body of literature by empirically linking the list of factors (independent variables) with the dependent variable. The initiatives of different researchers have tried to define independent variables through different studies in past, but could not focus accurately as the present research has done, because either the case of the study/ area or the dependent variables were different. The researchers conducted in banking have tried to assess the influence of relationship management variables on relationship quality, customer satisfaction or the purchase intention.

Though the market of e-wallet is growing very fast and only after demonetisation the Paytm has served over 45 million users by adding over 5 million new users**(Gupta S, 2016)**, but only increasing the number of new users without retaining old and loyal customers will never be a long term and healthy policy for Paytm as the loyal customers plays an important role in guiding the new person to become the customer of the particular company. Hence the Paytm is advised to retain existing customers by converting them as a loyal. The Paytm should take all initiatives for reliable and dedicated services. Further the company should converse the customers regularly and timely to handle the arising customer issues to reduce and eliminate the unexpected loss of the company and trouble to customers. It has already been proved through many researchers of banking services, that the loyal customers are the unpaid communicators of the company **(Chan, et. al., 2004)**. It spreads the

service and name of the company through constructive word of mouth. The Paytm should understand that satisfied and loyal customers are the free campaigners, which spreads the good work of the organization through word of mouth to motivate the inspiring man to become the customer of the organization. The company should also recognize that loyal customers helps an organization to position their service and image of the company differently than their competitors. Hence Paytm should focus on making loyal customers through satisfaction to use the satisfied customer as the mechanism.

The hypothesis proved through research says that the reliability is an imperative component of relationship management, which helps in strengthening the trust of the customer and finally developing the loyalty in customer. The research in question also proves that the reliability is one of the important issue which helps in developing loyalty of the customers. Hence the Paytm must be enterprising to win the trust of the customers. The Paytm on regular basis should take various initiatives by showing how Paytm maintains the promise, concern for secure and reliable transactions, propagating 4 way un-hack-able security system, providing quality and trustworthy services, building the confidence through helpline, and building the confidence of customers for their e-wallet use of hard earned money.

The dedication is taken as an independent variable and has also been proven in the present research that it is a critical factor in building the customer loyalty. To be dedicated there is a need for Paytm to be consistent in fulfilling the promises made for the customer's needs. If promised by the company, to handle the issue of customer, than it should be handled with dedication. The Paytm should realize the importance of commitment and dedication and

further should take the initiatives in the direction of maintaining and keeping loyal customers.

Another important element of relationship management is conversation, which helps both, the customer and the service provider to converse on desired issues with each other. It has already been proved through researches that effective conversation mechanism influences the customers to keep in touch with service providers. Effective conversation mechanism can help the Paytm in encouraging the loyalty. This can be done by providing desired information like transactions, benefits drawn so far, benefits from new services, reward information, cash back information, benefits of newly introduced services, transaction so far, etc. If the honest drive of Paytm in informing the customer about the plans and schemes is timely informed then the assurance of loyalty is apparent. Another component of relationship management is handling customer issues with satisfaction, which plays an important role in developing customer loyalty. Undoubtedly effective handling of customer issues is a good source of customer loyalty. The customer's remains loyal with the company, if the customer issues are handled proactively and the potential sources of differences are addresses in time. There are many issues of the customers to be resolved well in time, which arises frequently during the usage of Paytm e wallet. Hence there is a need for Paytm Enterprise to develop a fast mechanism so that the customer issues can be handled and resolved proactively. Further the same mechanism can help the customers to protect from any kind of the avoidable losses and can help in developing sustainable customer loyalty amongst the users of Paytm e-wallet.

Conclusion:

This study has revealed that the elements of relationship management can predict the customer loyalty of e-wallet users of Paytm Enterprise. The same was tested in banking and FMCG, but was not tested in e-wallet services or for any online e-retailer. This research shows that if Paytm Enterprise is able to intact the above discussed factors in their services, then they could take the advantage of 'customer loyalty' and increase customer base in a big way. After studying the independent variables i.e. reliability, dedication, conversation and handling customer issues it can be said that customer has strong loyalty for e-wallet of Paytm Enterprise. Targeting more on these variables will helps the Paytm to develop stronger customer loyalty towards the Paytm e-wallet usages.

Scope for Future Research:

Though this research has not considered any demographic variable, but the researchers conducted in the banking and FMCG sector in past have considered demographic variables like age, sex, income, education as the independent variables and have given different and considerable results for the industry. Hence on the basis of the variables considered in other studies, it can be said that, if the study conducted with different independent variables for e-wallet services, will give different results. These studies may also produce some glaring evidences which will be very useful.

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