

# EFFECT OF RELATIONSHIP QUALITY DIMENSION ON CUSTOMER LOYALTY

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## ABSTRACT

Stiff competition in the service market forces service firms to look for the best approach to attract and create a group of loyal customers. Relationship marketing is a strategy used by many service providers to maintain long-term relationship. Moreover, relationship quality is the manifest of successful relationship marketing activities. Good implementation of a relationship marketing strategy can be seen from good relationship quality built between customer and service provider.

When consider about the Sri Lankan Insurance industry, life insurance policy lapses are one of major criticism that faced by Sri Lankan Insurance companies. Empirical knowledge gaps were identified regarding the relationship between relationship quality dimension and customer loyalty in the life insurance industry particularly in Nuwara Eliya City limit. In order to fill these empirical knowledge gaps, this study was conducted with four research objectives such as to determine levels of customer loyalty and relationship quality, explore the relationship between relationship quality dimension (Satisfaction, Trust, Commitment, Closeness, Communication and Special care) and customer loyalty and explore the impact of relationship quality on customer loyalty. Relationship quality consists of interpersonal factors (Closeness, Communication and Special care) and firms factors (Commitment, Trust and Satisfaction). It was used stratified sampling method to select 150 samples of life insurance policyholders who deal with life insurance companies in Nuwara Eliya City limit. Primary data were gathered through the adopted questionnaire.

The research findings revealed that there was a positive effect on the relationship quality dimensions (Trust, Satisfaction, Communication, Commitment, Closeness and Special care) on customer loyalty (adjusted R-square was 92%). Communication was the key drivers which influence on customer loyalty in the life insurance industry in Nuwara Eliya City limit.

**Keywords: Relationship Quality, Customer Loyalty**

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