THE ANALYSIS OF FRO MODEL EFFICIENCY ON MAINTAINING THE LOYALTY LEVEL OF COMMERCIAL BANKS, CUSTOMERS

Nazar Heidari[1]*, yasanallah pour Ashraf[2], Esfandyar mohammadi[2].
[1]Department of Business Management of M.Sc, Branch, Islamic Azad University, Sanandaj, Iran.
[2]Department of Business Management, faculty Ilam Branch University members, Ilam, Iran.
*(corresponding Author: Nazar Heidari) www.y_haid@yahoo.com

ABSTRACT

Nowdays, for applying all the purposes, strategies and surfaces, the banks used the absorption and saving the customers. The preservation and promoting the customers' loyalty is considered to be a strategic challenge for some firms that search the preservation and development of their own competitive state in the market. The analysis and recognition of customers' loyalty indexes are of high concern in which the loyalty or its fail is the appointment for success or the fail of institute and the economic organizations. Therefore, in this study, the recognition of customers' loyalty factors of these markets are analyzed by using the model of fast Response organization (FRO).
The statistical society is Tehran Refah Bank. The statistical sample is determined by the random categorical bunching method by it volume of 240 people. First, the considered branches are selected by using the categorical sampling method and then, the members sample by using the simple random sampling. The data gatering tool includes the FRO model factors. Factors and indexes are provided based on Likert. Multiple specturrm. The factors, validity are calculated by using cronbach- alph test in the contextual and consistency validities. The descriptive statistics includes frequency distribution table, frequency percentage, column diagrams are used for analyzing the social demographic variables and also, the respondent's frequency distribution for every questionnaires' questions. Also, the appreciation statistics includes pearsonthest is used for analyzing the relation between factors and also, Friedman test is used for ranking the concerned factors by applying Excel and spss soft wares. The obtained results have shown that each of the six factors of the fast Response organization (FROs) is effective for the range of loyalty of Refah Bank's customers. Also, the range of the effect of the mentioned model on Refah Bank's customers is different.

KEYWORDS: Customers' loyalty, Fast Response organizations (FROs), Refah Bank.

INTRODUCTION

In such an environment, with the increasingly fierce competition, attract new customers and retain existing customers and at the same time very difficult for financial institutions is vital. High levels of satisfaction lead to loyalty to him. (Lovelock Variety, 175, 2003). Many organizations have a customer loyalty program as part of the development activities has expanded relations. Consumer loyalty is a complex concept and the willingness of consumers will buy again and price analysis. Future revenue growth, customer loyalty with existing customers is safe, based on the company's ultimate goal is customer loyalty. (Evans and all. 439.2009)

Describe and explain the research problem

Maintain and strengthen customer loyalty concern for companies that maintain and develop their competitive position in the market, seen as a strategic challenge. Many organizations, customer loyalty programs as part of the development activities have expanded relations. Customer loyalty is a complex concept. Oxford Dictionary of steadfast loyalty to the state of being defined in homage. (Palmer, 2001); (Dennis, 1998). The rapid response of the model (FRO), six of which the cost, quality, time, service, reliability and flexibility, leading to satisfaction and ultimately impact on customer loyalty. Therefore, the effect of each factor on customer loyalty FRO bank is being investigated in Tehran. In this study, focusing on the rapid response component of the FRO, the relative importance of each one, from the point of view of customers and their impact on the use of bank services will be determined well in Tehran, according to customers' needs and priorities in to satisfy our customers and take steps to strengthen its competitiveness.

The importance and necessity of research

According to the customer as one of the vital resources needed by enterprises, improving the quality of services tailored to the wants and needs of customers should be to permanently in the agenda of banks. In other words, all of the software and hardware equipment, to express and represent the expected customer demand by strengthening these

factors in the organization of their negative effects can be reduced. So it is essential that the six factors that determine the level of customer loyalty model FRO banks being investigated in Tehran.

Research hypotheses

The main hypothesis:

The six factors that determine the level of customer loyalty model FRO significant relationship Refah Bank in Tehran.
 Alternative hypothesis:

1. the quality and loyalty of customers, there is a significant relationship Refah Bank in Tehran.
2. The relationship between time and the significant customer loyalty Refah Bank in Tehran.
3. The relationship between the service and the level of customer loyalty significant Refah Bank in Tehran.
4. Prosperity Bank in Tehran between reliability and customer loyalty, there was a significant relationship.
5. Prosperity Bank in Tehran between flexibility and customer loyalty, there was a significant relationship.
6. The relationship between the cost and the significant customer loyalty Refah Bank in Tehran.

**The objectives of the research**

Main objectives:

Understanding the relationship between the six factors that determine the level of customer loyalty model FRO Prosperity Bank in Tehran.
 Secondary objectives:

1. Recognize the relationship between quality and customer loyalty Prosperity Bank in Tehran.
2. Understanding the relationship between customer loyalty and Prosperity Bank in Tehran.
3. Understanding the relationship between customer loyalty services and welfare Bank in Tehran.
4. Understand the relationship between reliability and customer loyalty Prosperity Bank in Tehran.
5. Understand the relationship between flexibility and customer loyalty Prosperity Bank in Tehran.
6. Understand the relationship between cost and customer loyalty Prosperity Bank in Tehran.

Conceptual model of research:
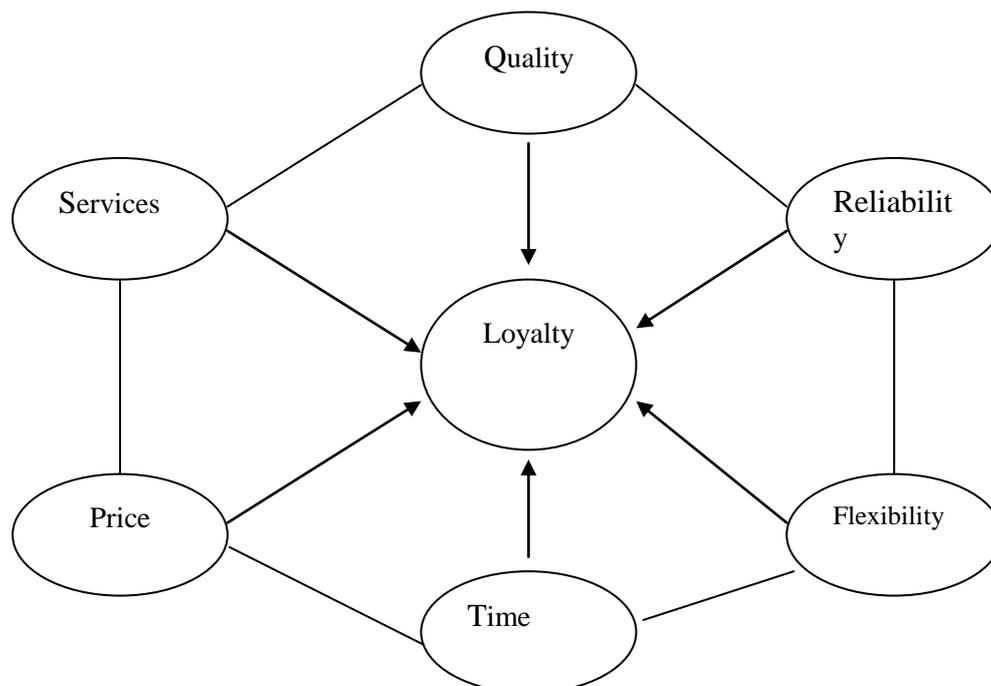
Model FRO (fast responding agencies): due to new circumstances, the client is the market rule. Previously, customers, suppliers and the choice were limited. Now, because of the increased number of suppliers and increasing the proportion of supply to demand, customers can choose their supplier. The market today is owned by the customer. (Ali Allahyari, 2003: 64)

Organizations to respond quickly to changes are effective response properties that can make optimal use of opportunities and threats into opportunities to. Fast Response, strategic approach to be successful, the terms and conditions of business are considered to be new and different. (Shyfy Vzhang, 1999). Ability to respond quickly to the market knowledge to exploit beneficial opportunities in a fickle market has been interpreted. (Gvnaskaran, 1999).

Fast Response, strategic approach to be successful, the terms and conditions of business are considered to be new and different. (Shyfy Vzhang, 1999). Loyalty is a strong commitment to repurchase a product or service may be called the best in the future, so that the brand or product and marketing efforts, despite the impact of potential competitors, are purchased. (Caroline, 2002)

MATERIALS AND METHODS

Consistent with the theoretical framework informed by research topic, research questions and hypotheses in this study used a survey method. The responses to the survey data collection form. (Hejazi, Sarmad, Merchant, 2000). Survey, a method of social research is to provide a structured and regular feature of the original data. Survey than to discover the cause Vmlvl Vmstndsazy hypotheses that are formulated to be used in place of Vmlvly. Prsshnamh, easiest and most common techniques used in this type of research. To develop the theoretical basis of studies, library books, monthly magazines, publications, research centers, academic theses and articles, the Internet, etc. Most of these resources are the basis for the theory and literature has been prepared. (Dewas, 1997). Thus, in the present study is the primary means of questionnaire survey of common tools and direct way to obtain the data. After data collection, data analysis using computer software (spss) was performed according to the requirements of descriptive and inferential statistics were used.

The sample Consists of three communities: Office staff - academics - experts and customers.

Volume samples

Since the size of the target population is infinite, so the following formula is used to determine the sample size:

$$n = \frac{Z^2_{1-\frac{\alpha}{2}^{*p*q}}}{\Sigma^2} = \frac{(1.96)^2(0.5*0.5)}{(0.07)^2} = 196$$

Since the objective of this study was to evaluate the quality is variable. We use the following equation:

$$N = \frac{z^2 pq}{d^2}$$

Research shows that if the method of data collection for the survey estimate of p is determined by the distance d 04/0 to 07/0 acceptable. (Azar, A., 2008: 239)

$$n = \frac{Z^2_{1-\frac{\alpha}{2}^{*p*q}}}{\Sigma^2} = \frac{(1.96)^2(0.5*0.5)}{(0.07)^2} = 196$$

The research hypotheses using regression model:

These six factors (hypotheses) as 6 independent variables and the dependent variable we consider customer loyalty and see every six factors have a positive impact on loyalty or not?

Table 1-14- six regression influences on loyalty

Significant level.	F-value	Mean square	Degrees of freedom	The sum of squares	
0.000	10.58	11.84	6	71.76	Regression
		1.11	233	260.657	The remaining
			239	331.733	Total

Due to the significance level that is equal to 0.000 (less than 05/0) will be between six and loyalty of a significant relationship exists.

Jdvl4-15- coefficients of six models FRO

Significant level	The value of T	Standard error	Coefficient	
0.130	-1.520	0.707	-1.075	Intercept
0.007	2.745	0.110	0.302	Quality
0.000	3.908	0.083	0.326	Services
0/014	2/487	0/129	0/320	Time
0/036	2/111	0/108	0/227	Flexibility
0/004	2/941	0/140	0/411	Reliability
0/038	2/088	0/076	0/158	Cost

Loyalty = 302/0 (quality) + 326/0 (services) + 320/0 (time) + 227/0 (flexibility) + 411/0 (reliability) + 158/0 (cost)

Table 1-16- approved model FRO

Model	The correlation coefficient	The coefficient of determination	Adjusted coefficient of determination	Estimation error
1	A0.463	0.214	0.194	0.05769

Table 1-17-evaluate the importance of the six models FRO

Average rating	Factor
4.87	Time
3.90	Quality
3.79	Flexibility
3.50	Services
3.43	Reliability
1.51	Cost

Count	240
Degrees of freedom	5
Significant level.	0.000

Loyalty
No business other than the state monopoly organizations cannot survive without having loyal customers. By linking long-term, mutually profitable for both sides focus. (Disk Vbasv, 1994). However, in other divisions, many researchers to develop strategies Vfadarsazyy, customer loyalty levels are based on the divide. General attitudes and behaviors of different groups of different clients. While the administrators of your organization should be in the maze of time proportional to the change in the leadership. Create a customer culture among employees of an organization's success. In today's competitive world, banks have to keep our customers need the most attention to the needs, views and objections in relation to banking services, and to know that in the banking, the voice of the customer, the sound is based on the policies of the Bank should it emerges. In this respect, such as customers, interact effectively with clients, surveys of customers, good bilateral relations with customers and handling customer problems in a timely manner to their complaints, awareness of customer satisfaction, enhancing the quality and speed of service delivery, policy implementation. A complex and multidimensional concept and complexity of loyalty, as it becomes clear that not a single definition of loyalty is not performed. (Robert shit, 2008).

Oliver (1999), loyalty is defined as follows:
(Diamond *et al*., 2004, 255-254)
And Solana Larson (2004) argue: "Loyalty to engage in a transaction with the customer for the purchase of certain

goods and services to be repeated." (Larson Vsvlana, 2004, 13)

Sayl (1992), about brand loyalty as a behavior defined. So it tends to purchase the brand is continuing. (Wang *et al.*, 2004, 173)

Schumacher and Lewis (1999), stating that:

10-1- benefits of customer loyalty

Loyal customers are the positive impacts and benefits for organizations looking for the most important ones are:

- Reduce the cost of attracting new customers
- Reduce customer sensitivity to price changes
- The benefits of customer lifetime value
- Positive performance by increasing the predictive power
- Increase barriers to entry of new competitors
- Recommend the organization to others

increase. (Robert shit, 2008)(Dennis, 2005)

- The relationship between customer loyalty and profitability

Studies show a positive relationship between customer loyalty and profitability of all loyal customers are profitable. (Andrew Lvyrn, 2005), the profitability of their purchases repeat customers (customer loyalty) is much higher than other customers. Loyalty reaction may be the brand, product or category of services or shops and activities to show. In many studies, attitudinal and behavioral loyalty in two dimensions is considered. Today, with ever more complex markets, many companies understand the importance of customer loyalty is many activities that have started to improve.
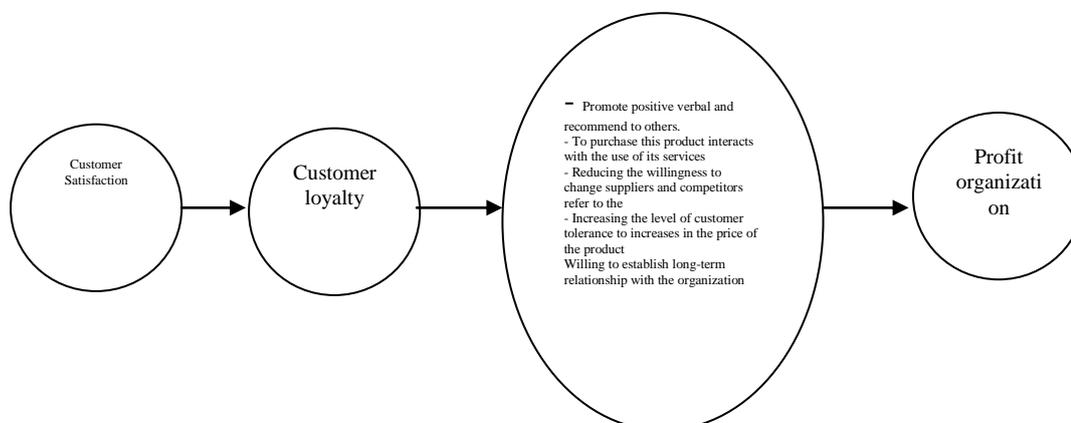

Figure 1. The relationship between customer satisfaction and customer loyalty and profitability of the organization

In a competitive environment, market forces determine who will succeed and who will fail. To be successful, companies must "buy multiple" products to encourage (Akhtar, 2001).

According to studies conducted in the United States on nine different industries, companies with only a 5% cost more to keep old customers can increase their profits by 25 to 85 percent. (Photo: 1974)

The organizations have a greater share in the success of its customers, customer collaboration and partnership with organizations, Raghbtr are, they will be followed by a longer relationship, and this is where the future is it, where the customers to be business Vafadar their work remains (A. Ahmadi and Allahyari: 2003).

RESULTS AND DISCUSSION
The proposal is based on the findings:

on the day of and adapt to changes and new build. Employee behavior, in turn, can be effective in losing customers. Accountability measures that can be used as a factor in preventing the loss of customers to cover include:

B) speed of service

C) the willingness of staff to provide service and support to customers

Suggestions for future research

In order to develop this model, FRO, the researchers recommended further study and research at the following address:

B) An example of the success of organizations that are planning for all aspects of FRO model with six organizations that focuses only on some aspects of the six factors.

D) Assessment of Impediments organizations to adapt to the FRO to see senior managers of organizations
E) evaluate the effectiveness of the Bank's profitability model FRO
K) the relationship between the FRO and electronic banking

Limitations of the study
to make possible. Conflict with the concept of loyalty and the perception of the issue and all of the issues that this research will contribute to the constraints facing many.

REFERENCES
Ali A. and Allahyari A. (2003). Competitive strategy and innovation, printing, production, Tehran.
Alwan Mehdi. Quality of service in the public service sector, printing, training center, Industrial Research of Iran.
Akhtar S. H. (2001). Global marketing, translation of Esmaeelpour, M. Najafian, see Knowledge, Tehran.
Andreas L. and Veronica L. (2005). Does relationship marketing improve customer relationship satisfaction and loyalty?. *International J. Bank Marketing*. 24 (4): 232-251.
Beerii A., Martin J. D. and Quintana A. (2005). A model of customer loyalty in the retail banki market. *European J. Marketing*. 38(1/2): 253-275.**Bell R. J. (2001).** Customers in place of a translation Reza Salehi Mva, cultural services Rasa,   Tehran.
Biggs and Swailes. (2006). Relation Commitment and Satisfaction in Agency Workers and Permanent Workers ". 130-143.
Carolyn F. C. (2002). Karen Norman kenedy, from prisoners to Apostles: A typology of Repeat Buyers & loyal customers in Business, *J. Services Marketing*. 16/4.
Delaware A. (2002). Research Methods in Psychology and Education
Dennise L.D. (1995). Customer loyalty strategies. *J. Consumer Marketing*. 15(5):434-448
Devout M. (1998). Statistics and Its Application in Management (Data).
Dick Alan S. and Kunal Basu. (1994). Customer loyalty: Toward, an integrated conceptual framework. *J. The Academy Of Marketing Sci.* 22: 99-113.
Evans M. Jamal A and Foxall, G. (2009). Consumer behavior. 2nd Edition . England : John Wiley and Sons, Ltd, Publication.
James L. H. (2002). Beyond customer Loyalty, *Managing Service Quality*.12 (6): 355-357
Light H. (2004). New topics in Production and Operations Management, translated favorite Arbitration, Industrial Management Institute. Vol. I and II, 2004.
Piers L. and Martha R. (2002). Marketing rebound, translated by Ali measure, printing, trans, Tehran.
Warren J. and Keegan. (2001). Global marketing manager, translator doctor Abdul Hamid. Ebrahimi, Office of Cultural   Research,   Tehran.
Hejazi G. and Sarmad V. (2000). Research Methods in the Behavioral Sciences, publisher informed.
Lovelock C. and Variety M. (2003). Principles of Marketing, Services, Translation A. (A.) Tajzadeh namin, printing Tehran,
Hurwitz J. (2001). Seven all services strategy, translated by Mohammad Arabi and David Divine, Tehran, Cultural Research   Bureau.
Rosalind M. and Audrey G. (2007). Customer loyalty: an empirical study. *European J. Marketing*. 42(9/10): 1085-1094
Robert G. Graham C. and Mike N. (2008). Understanding and profitably managing customer loyalty. *Marketing Intelligence& Planning*. 26(4): 359-374
Shrifi H., Zhang Z. (1999). A methodology for achieving agility in manufacturing organization: An introduction. *Int. J. Production Economics*. 62(1-2): 7-22.