

Empirical Study on The Relationship Between Relationship Marketing Orientation and Customer Retention in Travel Agency Services

Suraya Akmar Binti Mokhtaruddin^{1*}, Che Aniza Binti Che Wel²
, Syed Shah Alam³ and Nor Rahimy Binti Khalid⁴

^{1*} Commerce Department, Politeknik Ungku Omar, Ipoh, Perak, Malaysia
Faculty of Economics and Business, Universiti Kebangsaan Malaysia, Malaysia
Faculty of Economics and Business, Universiti Kebangsaan Malaysia, Malaysia
Commerce Department, Politeknik Nilai, Dengkil, Selangor, Malaysia

^{1*} Corresponding author: asuraya@puo.edu.my

ABSTRACT

This study investigates the relationship between relationship marketing orientation (RMO) and customer retention. A cross-sectional research design with a sample size of 125 respondents has been utilized in this study. The survey questionnaire has been distributed among the experienced customers of the travel agency. The finding from the SmartPLS path model analysis reveals that the RMO is significantly related to customer retention. Moreover, this study also provides a discussion, implications, future research, and a conclusion.

Keywords: Relationship marketing orientation; Customer retention; Consumer behaviour

1.0 INTRODUCTION

In Malaysia, tourism industry has experience tremendous changes over the year until today (Mokhtaruddin, Che Wel, Alam, & Khalid, 2018). The tourism industry has been identified as one of the main contributors to the economy of Malaysian. Thus, in 2024, Malaysia recorded a substantial increase in international tourist arrivals, with 22.5 million foreign visitors entering the country between January and November. This figure represents a 26% growth compared to the corresponding period in the previous year (MIDA, 2025). This is due to increasing number of inbound and outbound tourist coming to Malaysia that as well leads to increase in the travel agency operator. This scenario also indirectly give impact to the current travel agency to strategize their marketing strategies to maintain in the marketplace due to increase in the competition.

Furthermore, the information technology advancement also has contributed to the changes in the tourism industry especially travel agency. Recently, due to the increasing number of travel cybermediaries such Trivago, Agoda and Airbnb have change the customer preference in booking theirs travel and holiday. Nowadays, more and more customers prefer to utilize this travel cybermediaries in booking their travel and holiday. This travel cybermediaries offers customer with do-it-yourself their holiday and provide the user-friendly technology

interface and platform. This is corroborate by Lang (2000) that internet has change the customer purchasing behavior especially in the tourism industry. Therefore, the travel agency has to fully utilize their resources in order to compete in this new challenging market and customer. This situation also happened in Malaysia, Zare and Chukwunonso (2015) stated that travel agency in Malaysia is threatened by the travel cybermediaries because of the emerge of information technology advancement that lead to online sales of travel and tourism services. Hence, he also suggested focusing on customer relationship management to stay competitive in the marketplace.

Therefore, the current study will investigate the relationship marketing orientation in relation to customer retention. The relationship marketing topic has been studies by previous researcher in several aspects especially in the business-to-business sector. There is still lacking study in business to customer sector. This current study is intending to investigate the relationship marketing orientation on customer retention from customer point of view. Thus, this study will investigate on the business to customer sector specifically on the travel agency services.

2.0 REVIEW OF THE LITERATURE

2.1 Relationship marketing orientation (RMO)

Fischer and Bristor (1994) stress that in relationship marketing concept, consumers and marketers are reflected as a marriage partner, but consumers' power still lies in their potential to withhold the business. The term RM was first coined by Berry, 1995 who define it as "attracting, maintaining and in-multi-service organizations enhancing customer relationship". Grönroos (1996) define RM as activities of identify, establish, maintain, and enhance the relationship with customers and other stakeholders through mutual exchange to achieve all party's objective and profit. In addition, RM is further defined as a marketing perceives as relationships, network, and interaction (Gummesson, 1997).

Consequently, East, Hammond and Gendall (2006) defined RM as to produce quality improvement in order to generate customer satisfaction and customer retention (East, Hammond & Gendall 2006). Furthermore, in the long term, RM is more competent to enhance the relationship with customer (Palmatier, 2008), improve the relationship quality (Vyas & Raitani, 2015), and will lead to competitive advantage (Zinkhan, 2002) and customer retention (Berry, 1995).

2.2 Customer retention

According to Kotler & Armstrong (2013) customer retention can be define as an company activity in converting the new customer to be regular customer through offering excellent customer service which leads to customer satisfaction. Further, Jeng & Bailey (2012) refer customer retention as a process of customer involvement with the firm either formal or non-formal in a long basis and this reflect as re-patronizing the firm's product and services.

Many previous studies investigated various predictors on customer retention. This predictor included relationship marketing (Asif Ur Rahman & Masoom, 2012), relationship marketing tools (Bojei, Julian, Aniza, Che, & Ahmed, 2013), loyalty program membership (Bolton, Kannan, & Bramlett, 2000), CRM (Ghahfarokhi & Zakaria, 2009) and customer satisfaction (Hennig-Thurau & Klee, 1997).

2.3 Relationship marketing orientation and customer retention

There are previous studies has proven that RM elements as a predictor of customer retention. These elements are online RM (financial bonding, social bonding, structural bonding) (Liang, Chen, & Wang, 2008), RM factors (communication, expertise of seller, comparison level of alternatives, cooperation and dependence on seller) (Bataineh, Al-Abdallah, Salhab, & Shoter, 2015), and RM (Asif Ur Rahman & Masoom, 2012) (Rootman, Tait, & Sharp, 2011).

Moreover, Sin et al. (2002) develop measurement scale for RMO dimension in the service context. Further, Sin et al. (2005) investigates the influence of RMO on business

performance from various companies in China and Hong Kong. The result from this study indicates that RMO has direct relationship on business performance (sales growth, market share, and customer retention). Recently, Wongsansukcharoen et al. (2015) and Kwan & Carlson (2016) adapted the scale from Sin et al. (2002) also prove that RMO influence customer retention. Consequently, based on the evidence, it can be hypothesized that:

H1: There is a positive relationship between relationship marketing orientation and customer retention.

3.0 CONCEPTUAL FRAMEWORK

As shown in Figure 1 below is the conceptual framework of this study. This conceptual framework is based on the previous literature.



Figure 1 Conceptual framework

4.0 METHODOLOGY

The cross-sectional research design was employed in this study. The travel agency was the context of this study due to the problem faces by this service in Malaysia. The survey questionnaire of this study is based on the related literature review. Thus, the purposive sampling is chosen for this study because the respondent should have experience in using travel agency services. In which, a purposive sampling is usually employed for the study that

the respondent is selected based on the knowledge of population and the purpose of the study. Furthermore, purposive sampling is also under convenience sampling that allows the researcher to gather information easily and quickly.

4.1 Measure

The survey questionnaire consists of three sections. The first section is on respondent background questions. Secondly, the measurement items for relationship marketing orientation. The measurement for RMO was adapted from Sin et al. (2005). This relationship marketing orientation items are divided into 6 sections comprises of trust, bonding, empathy, communication, shared values and reciprocity. All together comprise of 21 measurement items in relationship marketing orientation. Lastly, the measurement items of customer retention was adapted from Bojei, Julian, Aniza, Che, & Ahmed (2013). There are 11 measurement items for customer retention. For this study, a 6likert scale ranging from “strongly disagree” (1) to “strongly agree” (6) was using to measure the survey questionnaires.

4.2 Sample

In data collection process, researcher seeks permission from Malaysian Airport Holding Berhad (MHSB) to collect the data in the KLIA1 and KLIA 2 departure hall. After the researcher obtained an official approval to conduct study in KLIA 1 and KLIA 2, within 5 days the researcher manages to collect 180 respondents due to constraints of the rules, regulation and restriction in the KLIA 1 and KLIA 2. Therefore, only 125 usable questionnaires will be used to analyze in this study.

4.3 Data Analysis

In this study, the Smart PLS 3.0 was employed. The Smart PLS 3.0 was used to analyze this data because of no issues with small sample sizes, manage to achieves high level of statistical power in small sample sizes, nonparametric method, easily incorporates with reflective and formative measurement and able to handle complex models (Hair, Hult, Ringle, & Sarstedt, 2014). There are three analysis that has been carry out in this Smart PLS 3.0. The first analysis is confirmatory factor analysis. This is used to assess the validity and reliability of the instrument. Secondly, in order to estimate the validity and reliability of the construct,

Pearson correlation analysis and descriptive statistics were employed. Lastly, SmartPLS path model analysis was employed to test the hypotheses in this study.

5.0 FINDINGS

5.1 Sample Profile

As shown in the table 1, its indicates that the majority of respondent in this study were female (76.8 %), ages between 20-29 years old (92.2 %), married customers (54.4 %), Malay customers (95.2 %), PhD/ Master's degree holder (50.4 %), income >6,000 (26.4 %) and professional (39.2 %).

Table 1

Respondent characteristics (n=125)

Respondent	Sub Profile	Percentage
Gender	Male	23.2
	Female	76.8
Age	20-29	92.2
	30-39	3.2
	40-49	0.8
	50-59	4.8
	60-69	8.8
Marital status	Single	45.6
	Married	54.4
Race	Malay	95.2
	Chinese	4.0
	Indian	0.8
Education	Secondary school	5.6
	Diploma/ Certificate	10.4
	Bachelor degree	32.8
	PhD/ Master's degree	50.4
	Other	0.8
Income	< RM1,000	24.8
	RM1,000-RM2,000	4.8
	RM2,000-RM3,000	7.2
	RM3,000-RM4,000	4.8
	RM4,000- RM5,000	11.2
	RM5,000-RM6,000	20.8
	> RM6,000	26.4
Occupation	Top management	3.2
	Middle management	10.4
	Professional	39.2
	Technical and support staff	3.2
	Business owner	31.2
	Student	12.0
	Other	0.8

5.2 Validity and Reliability of the Measurement Scale

Table 2 shows the result of convergent and discriminant validity analyses, composite reliability and Cronbach's Alpha. It is indicate that RMO and CR had the value of AVE larger than 0.5, indicating that they met the acceptable standard of convergent validity (Hair et al., 2014). This table also shows the result of reliability analysis for the instrument. It is indicates that the value of Composite Reliability and Cronbach's Alpha were greater than 0.8, indicating that the instrument used in this study had high internal consistency (Hair et al., 2014) and (Nunnally, 1978).

Table 2

The result of convergent and discriminant validity analyses, composite reliability and Cronbach's Alpha

Variable	Average Variance Extracted (AVE)	Composite Reliability	Cronbach's Alpha
Customer Retention	0.750	0.971	0.967
Relationship Marketing Orientation	0.584	0.952	0.945

Table 3 shows the factor loadings and cross loadings from different constructs. Thus, the table also indicates the loadings of variables were greater than 0.7 in their own constructs in the model are considered adequate (Henseler, Ringle, & Sinkovics, 2009). Therefore, the validity of measurement model met the criteria.

Table 3

The result of factor loadings and cross loadings for different constructs

Construct/Item	Customer Retention	Relationship Marketing Orientation
CR11	0.803	
CR2	0.867	
CR3	0.865	
CR4	0.894	
CR5	0.899	
CR6	0.897	
CR7	0.868	

CR8	0.899
CR9	0.859
RMO1	0.745
RMO11	0.727
RMO15	0.786
RMO16	0.796
RMO17	0.805
RMO18	0.802
RMO19	0.745
RMO2	0.745
RMO20	0.788
RMO21	0.784
RMO3	0.743
RMO5	0.729
RMO6	0.741
RMO7	0.759

The Figure 2 and Table 4 present the result of path analysis to test the hypotheses generated. The R2 value was 0.497 suggesting that 49% of the variance in extent of collaboration can be explained by relationship marketing orientation. Further, it indicates that relationship marketing orientation was positively related ($b = 0.705$, $p < 0.01$) to customer retention. Thus, the H1 of this study was supported.

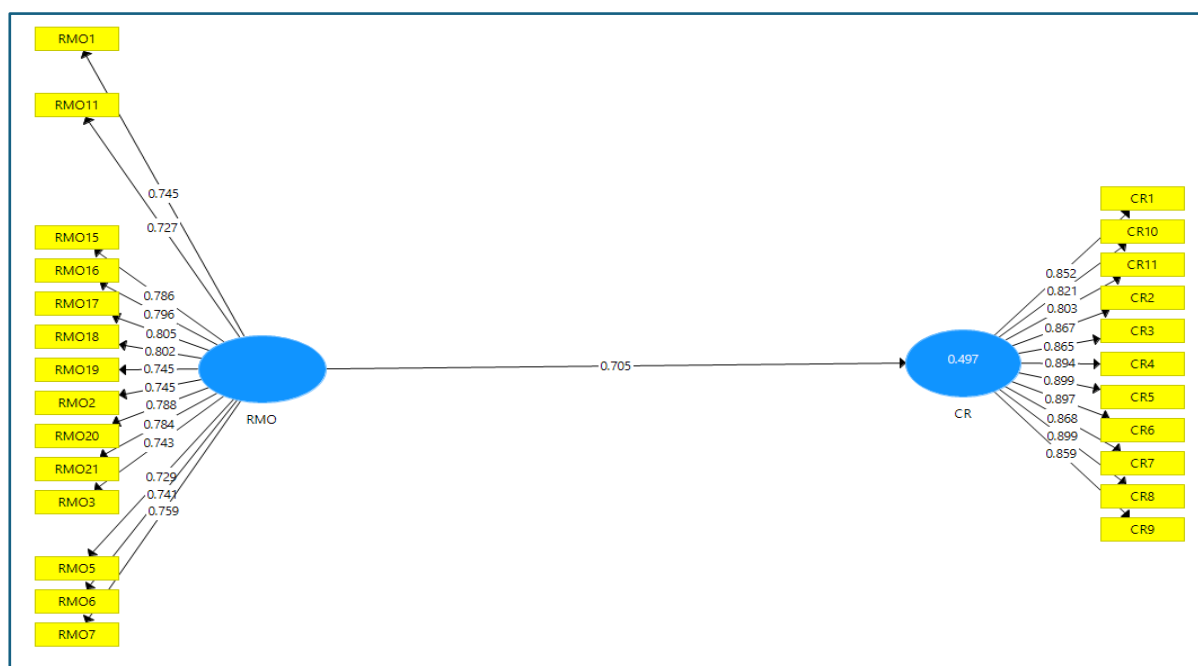


Figure 2 The Result of Path Analysis

Table 4

The Path Coefficients and Hypothesis Testing

Hypothesis	Relationship	Coefficient	T value	P value	Supported
H1	Relationship Marketing Orientation $\square$ Customer Retention	0.705	11.814	0.000	YES

6.0 DISCUSSION AND IMPLICATION

This study supported the past empirical evidence on the relationship marketing orientation and customer retention. Previously, Sin, Tse, Chan, Heung, & Yim (2006) investigates the relationship between RMO and company performance in which this company performance consists of market share, ROI, customer retention and sales growth in Hong Kong. The finding indicates that RMO influence the company performance for hotel industry. Further, Kucukkancabas, Akyol, & Ataman, (2009) as well demonstrated that RMO influence the company performance of Turkish beverage companies. Recently, Kwan & Carlson (2016) also proven that RMO influence the firm performance in Hong Kong Information System Outsourcing Services sector. Thus, this study proved that RMO influence the customer retention in travel agency services specifically in Malaysia.

Even though, most of previous study conducted the investigation from business-to-business contexts, this study corroborates that RMO influence the customer retention from business-to-customer context and from customer point of view.

7.0 CONCLUSION

This study investigates on the influence of RMO on customer retention in the travel agency services from customer point of view. The measurement item used in this study met the

acceptable standards of validity and reliability analysis. Based on the outcome of Smart PLS path model disclose that RMO is a strong predictor on customer retention.

Therefore, it is proven that RMO is one of the success factors in retaining the customer especially for travel agency. This study provides guideline to the travel agency to manage effectively RMO in order to achieve competitive advantage. Hence, the travel agency should aware the power of RMO in their day-to-day business activities to be competitive in the industry. As a consequence, the travel agency should plan and strategize their strategy especially in staff training and development. In which, they need to provide training and development course specifically in RMO (trust, bonding, communication, shared value and reciprocity). Accordingly, this will ensure their staffs are equipped with the necessary relationship management skills in dealing with the customer in the business operation to be sustains in the marketplace.

8.0 Limitation and Future Research

This study also has some limitation, in which this study only focusing in the RMO variables and used a cross-sectional research design. Therefore, further study is suggested to employ other variables such as learning orientation, market orientation, entrepreneurial orientation, customer orientation to the customer retention. Further, longitudinal study also is suggested to collect the data over a period of time that will enhance the finding in customer retention.

Since most of previous studies in RMO based on employee perspectives, therefore this study focused on the customer point of view in investigating the relationship between RMO and customer retention. Hence, for future research, it is suggested to concentrate more on business-to-customer aspect. Moreover, this study also can be used as a platform for future study to carried out in the difference service providers.

REFERENCES

- Asif Ur Rahman, S. M., & Masoom, M. R. (2012). Effects of relationship marketing on customer retention and competitive advantage: A case Sstudy on Grameen Phone Ltd. *Asian Business Review*, 1(1), 97–102.

- Bataineh, A. Q., Al-Abdallah, G. M., Salhab, H. A., & Shoter, A. M. (2015). The effect of relationship marketing on customer retention in the Jordanian's pharmaceutical sector. *International Journal of Business and Management*, 10(3), 117–131.
<https://doi.org/10.5539/ijbm.v10n3p117>
- Berry, L. L. (1995). Relationship marketing of services growing interest emerging perspectives. *Journal of the Academy of Marketing Science*, 23(4), 236–245.
- Bojei, J., Julian, C. C., Aniza, C. H. E., Che, B., & Ahmed, Z. U. (2013). The empirical link between relationship marketing tools and consumer retention in retail marketing. *Journal of Consumer Behaviour*, 12, 171–181. <https://doi.org/10.1002/cb>
- Bolton, R. N., Kannan, P. K., & Bramlett, M. D. (2000). Implications of loyalty program membership and service experiences for customer retention and value. *Journal of the Academy of Marketing Science*, 28(1), 95–108.
<https://doi.org/10.1177/0092070300281009>
- East, R., Hammond, K., & Gendall, P. (2006). Fact and Fallacy in Retention Marketing. *Journal of Marketing Management*, 22(March 2015), 5–23.
<https://doi.org/10.1362/026725706776022245>
- Fischer, E., & Bristor, J. (1994). A Feminist Poststructuralist Analysis of The Rhetoric of Marketing Relationships. *International Journal of Research in Marketing*, 11(4), 317–331. [https://doi.org/10.1016/0167-8116\(94\)90010-8](https://doi.org/10.1016/0167-8116(94)90010-8)
- Ghahfarokhi, A. D., & Zakaria, M. S. (2009). The impact of CRM on customer retention in Malaysia. In *International Conference on Electrical Engineering and Infirematics* (pp. 309–313).
- Grönroos, C. (1996). Relationship marketing: Strategic and tactical implications. *Management Decision*, 34(3), 5–14. <https://doi.org/10.1108/00251749610113613>
- Gummesson, E. (1997). Relationship marketing as a paradigm shift: Some conclusions from the 30R approach. *Management Decision*, 35(4), 267–272.
<https://doi.org/10.1108/00251749710169648>
- Hair, J. F. J., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2014). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. *Long Range Planning* (Vol. 46).
<https://doi.org/10.1016/j.lrp.2013.01.002>
- Hennig-Thurau, T., & Klee, A. (1997). The impact of customer satisfaction and relationship quality on customer retention: A critical reassessment and model

- development. *Psychology and Marketing*, 14(8), 737–764.
[https://doi.org/10.1002/\(SICI\)1520-6793\(199712\)14:8<737::AID-MAR2>3.3.CO;2-Z](https://doi.org/10.1002/(SICI)1520-6793(199712)14:8<737::AID-MAR2>3.3.CO;2-Z)
- Henseler, J., Ringle, C. M., & Sinkovics, R. R. (2009). The use of partial least squares path modeling in international marketing. *Advances in International Marketing*, 20, 277–319. [https://doi.org/10.1016/0167-8116\(92\)90003-4](https://doi.org/10.1016/0167-8116(92)90003-4)
- Jeng, D. J., & Bailey, T. (2012). Assessing Customer Retention strategies in Mobile Telecommunications Hybrid MCDM Approach. *Management Decision*, 50(9), 1570–1595. <https://doi.org/10.1108/00251741211266697>
- Kotler, P., & Armstrong, G. (2013). *Principles of Marketing. World Wide Web Internet And Web Information Systems* (Vol. 42). <https://doi.org/10.2307/1250103>
- Kucukkancabas, S., Akyol, A., & Ataman, B. M. (2009). Examination of the effects of the relationship marketing orientation on the company performance. *Quality & Quantity*, 43, 441–450. <https://doi.org/10.1007/s11135-007-9119-x>
- Kwan, R., & Carlson, J. L. (2016). The ties that bind us: Examining relationship marketing orientation and its impact on firm performance in the information systems outsourcing services sector. *Journal of Strategic Marketing*. Retrieved from <http://www.tandfonline.com/doi/full/10.1080/0965254X.2016.1150323>
- Lang, T. C. (2000). The Effect of the Internet on Travel Consumer Purchasing Behaviour and Implications for Travel Agencies. *Journal of Vacation Marketing*, 6(4), 368–385. <https://doi.org/10.1177/135676670000600407>
- Liang, C.-J., Chen, H.-J., & Wang, W.-H. (2008). Does online relationship marketing enhance customer retention and cross-buying? *Service Industries Journal*, 28(6), 769–787. <https://doi.org/10.1080/02642060801988910>
- MIDA. (2025). Malaysian Investment Development Authority. Retrieved from <https://www.mida.gov.my/industries/services/hospitality-hotels-and-tourism/>
- Mokhtaruddin, S. A., Che Wel, C. A., Alam, S. S., & Khalid, N. R. (2018). The influence of relationship marketing orientation (RMO) on customer retention in travel agency services. *International Journal of Academic Research in Business and Social Sciences*, 8(2), 713–724. <https://doi.org/10.6007/IJARBS/v8-i2/3979>
- Nunnally, J. C. (1978). *Psychometric Theory*. New York: McGraw-Hill.
<https://doi.org/10.1037/018882>
- Palmatier, R. W. (2008). *Relationship Marketing*. Marketing Science Institute (Vol. 1).

https://doi.org/10.1300/J366v01n01_04

Rootman, C., Tait, M., & Sharp, G. (2011). Relationship marketing and customer retention lessons for South African banks. *Southern African Business Review*, 15(3), 184–206.

Sin, L. Y. M., Tse, A. C. B., Chan, H., Heung, V. C. S., & Yim, F. H. K. (2006). The effects of relationship marketing orientation on business performance in the hotel industry. *Journal of Hospitality & Tourism Research*, 30(4), 407–426.

<https://doi.org/10.1177/1096348006287863>

Sin, L. Y. M., Tse, A. C. B., Yau, O. H. M., Chow, R. P. M., Lee, J. S. Y., & Lau, L. B. Y. (2005). Relationship marketing orientation: Scale development and cross-cultural validation. *Journal of Business Research*. [https://doi.org/10.1016/S0148-2963\(02\)00493-9](https://doi.org/10.1016/S0148-2963(02)00493-9)

Sin, L. Y. M., Tse, A. C. B., Yau, O. H. M., Lee, J. S. Y., & Chow, R. (2002). The effect of relationship marketing orientation on business performance in a service-oriented economy. *Journal of Services Marketing*, 16(7), 656–676.

<https://doi.org/10.1108/08876040210447360>

Vyas, V., & Raitani, S. (2015). A study of the impact of relationship marketing on cross-buying. *Journal of Relationship Marketing*, 14(2), 79–108. Retrieved from <http://www.tandfonline.com/doi/full/10.1080/15332667.2015.1041352>

Wongsansukcharoen, J., Trimetsoontorn, J., & Fongsuwan, W. (2015). Social CRM, RMO and business strategies affecting banking performance effectiveness in B2B context. *Journal of Business & Industrial Marketing*, 30(6), 742–760.

<https://doi.org/10.1108/JBIM-02-2013-0039>

Zare, S., & Chukwunonso, F. (2015). How Travel Agencies can Differentiate Themselves to Compete with Online Travel Agencies in the Malaysian Context. *E-Review of Tourism Research*, 12.

Zinkhan, G. M. (2002). Relationship marketing: Theory and implementation. *Journal of Market-Focused Management*, 5, 83–89.