

RELATIONSHIP MARKETING PRACTICES AND CUSTOMER EXPERIENCE: AN EMPIRICAL STUDY OF SELECTED SMALL BUSINESSES IN AHMEDABAD

Atik Ashraf Khan Pathan, Dr. Jigar Joshi, Dr. Manoj Vanara

Doctoral Research Scholar,
JG University,
Ahmedabad
pathanatikkhan3405@gmail.com
corresponding author

Research Supervisor,
Assistant Professor,
Uma Arts and Commerce College,
Ahmedabad
jigarjoshi033@gmail.com

Co-Research Supervisor
Associate Professor
Central University of Gujarat
Vadodara
mbvanara@cug.ac.in

Abstract

The increasing intensity of market competition and the rapid evolution of customer expectations have transformed relationship marketing into a strategic imperative for businesses seeking sustainable competitive advantage. While considerable research has examined relationship marketing within large organizations and organized retail sectors, comparatively little empirical attention has been devoted to its application in small businesses operating in emerging economies. Small businesses often rely on close interpersonal interactions, trust-based exchanges, and personalized services to establish enduring customer relationships. Understanding how these relationship-oriented practices influence customer experiences is therefore of considerable academic and managerial significance.

The present study investigates the influence of relationship marketing practices on customer experiences among selected small businesses in Ahmedabad, Gujarat. Specifically, the study examines the impact of four major dimensions of relationship marketing—trust, communication, commitment, and personalization—on customer satisfaction and customer loyalty. Primary data were collected through a structured questionnaire administered to customers of selected grocery, garment, and footwear businesses. The collected data were analysed using descriptive statistics and the Chi-Square Test of Independence to examine relationships among the study variables. The empirical findings reveal that relationship marketing practices significantly influence customer experiences. Trust emerged as the most influential determinant of customer satisfaction and long-term loyalty, followed by communication, business commitment, and personalized service delivery. Customers demonstrated stronger intentions to continue purchasing from businesses that maintained transparent communication, honoured commitments, and provided individualized attention. The findings also indicate that positive customer experiences enhance customer retention and encourage favourable word-of-mouth behaviour, thereby strengthening the long-term competitiveness of small businesses.

The study contributes to relationship marketing literature by extending its application to the context of small businesses operating in an emerging market. It further integrates customer experience into the relationship marketing framework by demonstrating that meaningful interpersonal relationships constitute an important mechanism through which customer satisfaction and loyalty are developed. The study offers practical recommendations for entrepreneurs and business managers seeking to improve customer relationship strategies and achieve sustainable business growth.

Keywords: Relationship Marketing, Customer Experience, Customer Satisfaction, Customer Loyalty, Small Businesses, Trust, Personalization

INTRODUCTION

The contemporary business environment is characterized by increasing competition, rapid technological advancement, changing consumer behaviour, and growing customer expectations. Traditional competitive strategies based primarily on product quality and price are no longer sufficient to ensure sustainable business success. Modern organizations increasingly recognize that long-term profitability depends upon developing meaningful relationships with customers rather than merely maximizing individual transactions. Consequently, relationship marketing has emerged as one of the most influential paradigms within contemporary marketing theory and practice.

Relationship marketing emphasizes the creation, maintenance, and enhancement of mutually beneficial long-term relationships between businesses and their customers. Unlike transactional marketing, which focuses primarily on individual sales, relationship marketing seeks to establish enduring associations built upon trust, commitment, effective communication, and value creation. Such relationships generate superior customer satisfaction, increase customer retention, reduce acquisition costs, and contribute significantly to organizational performance.

The significance of relationship marketing is particularly evident within the context of small businesses. Unlike large corporations equipped with sophisticated Customer Relationship Management (CRM) systems and extensive marketing budgets, small businesses often compete by offering personalized services, direct interpersonal communication, flexibility, and community-based relationships. Their relatively small size enables them to develop close connections with customers, understand individual preferences, and respond quickly to changing customer needs. These characteristics provide small businesses with unique opportunities to create memorable customer experiences that strengthen loyalty and generate positive word-of-mouth communication.

Customer experience has emerged as another important construct in contemporary marketing research. It extends beyond customer satisfaction by encompassing the cognitive, emotional, behavioural, sensory, and social responses generated through every interaction between customers and businesses across the entire customer journey. Positive customer experiences contribute to stronger emotional attachment, increased repeat purchasing behaviour, customer advocacy, and long-term business sustainability. Consequently, organizations are increasingly integrating customer experience management into their strategic planning processes.

Although relationship marketing has been extensively investigated within banking, hospitality, telecommunications, healthcare, and organized retail sectors, comparatively limited research has focused on small businesses operating within developing economies. Existing studies frequently concentrate on customer satisfaction and loyalty while giving relatively less attention to customer experience as a multidimensional outcome of relationship marketing practices. Furthermore, empirical evidence regarding relationship marketing among small businesses in Indian cities remains limited despite the significant contribution of these enterprises to employment generation, entrepreneurship, and economic development.

Ahmedabad, one of India's leading commercial centres, provides an appropriate setting for examining these issues. The city is characterized by a vibrant ecosystem of small businesses operating across grocery, garment, footwear, and service sectors, many of which rely heavily upon relationship-based marketing practices to compete with organized retail chains and digital commerce platforms. Understanding how relationship marketing influences customer experiences within such businesses offers valuable insights for both academics and practitioners.

The present study therefore investigates the relationship between relationship marketing practices and customer experience among selected small businesses in Ahmedabad. By examining the influence of trust, communication, commitment, and personalization on customer satisfaction and customer loyalty, the research seeks to contribute to existing marketing literature while providing practical guidance for entrepreneurs seeking sustainable competitive advantage.

REVIEW OF LITERATURE

Relationship marketing has evolved into one of the most influential perspectives in modern marketing theory. Berry (1983) first introduced the concept by emphasizing that attracting customers should not be regarded as the ultimate objective of marketing; rather, organizations should focus on establishing, maintaining, and strengthening long-term customer relationships. This marked a significant departure from the traditional transactional approach, which emphasized individual exchanges without considering the long-term value of customer retention.

Grönroos (1994) further expanded the concept by defining relationship marketing as a process of identifying, establishing, maintaining, and enhancing relationships with customers and other stakeholders while ensuring that the objectives of all parties are fulfilled through mutual exchange and value creation. His work established relationship marketing as a comprehensive business philosophy rather than merely a promotional activity.

Morgan and Hunt (1994) proposed the Commitment-Trust Theory, which remains one of the most widely accepted theoretical frameworks in relationship marketing research. According to this theory, trust and

commitment constitute the two fundamental determinants of successful relational exchanges. Trust reduces uncertainty and perceived risk, whereas commitment reflects the willingness of both parties to maintain long-term relationships. Numerous subsequent studies have validated the importance of these constructs across diverse organizational settings.

The development of Customer Relationship Management (CRM) further strengthened relationship marketing by integrating information technology with customer relationship strategies. Payne and Frow (2005) argued that effective CRM enables organizations to understand customer behaviour, personalize services, and maximize customer lifetime value. Similarly, Buttle (2009) emphasized that CRM should be viewed as an integrated strategic approach rather than merely a technological solution.

Parallel developments have occurred in customer experience research. Pine and Gilmore (1999) introduced the concept of the Experience Economy, arguing that memorable experiences constitute an important source of competitive advantage beyond products and services. Schmitt (1999) subsequently proposed experiential marketing, emphasizing sensory, emotional, cognitive, behavioural, and relational experiences as critical dimensions influencing customer perceptions.

More recent contributions by Lemon and Verhoef (2016), Becker and Jaakkola (2020), and Keiningham et al. (2020) conceptualize customer experience as a multidimensional construct encompassing every interaction between customers and organizations across pre-purchase, purchase, and post-purchase stages. These studies demonstrate that positive customer experiences significantly enhance customer satisfaction, customer loyalty, and customer advocacy.

Research focusing specifically on small businesses suggests that relationship marketing assumes even greater importance because smaller firms often depend upon close interpersonal interactions, community relationships, and personalized services rather than large advertising budgets. Carson (1990), Gilmore, Carson, and Grant (2001), Morrish et al. (2010), and Jones and Rowley (2011) consistently conclude that relationship-oriented marketing provides one of the most sustainable competitive advantages available to small enterprises. Despite substantial theoretical development, empirical evidence examining relationship marketing practices among small businesses in India remains relatively limited. Most previous investigations have focused on organized retail, banking, hospitality, and telecommunications, leaving a significant research gap concerning relationship marketing within local retail businesses operating in emerging markets. The present study addresses this gap by investigating the influence of relationship marketing practices on customer experience among selected small businesses in Ahmedabad.

RESEARCH GAP

Relationship marketing has emerged as one of the most extensively researched domains in contemporary marketing literature. Over the past four decades, researchers have investigated various dimensions of relationship marketing, including trust, commitment, communication, customer satisfaction, loyalty, and customer relationship management (CRM). The majority of these studies have consistently reported positive associations between relationship marketing practices and organizational performance. However, a careful review of the existing literature reveals several important gaps that justify the present investigation.

First, much of the existing research has been conducted in large organizations and highly structured service industries such as banking, insurance, hospitality, telecommunications, healthcare, and organized retail. These sectors possess sophisticated customer relationship management systems, standardized service processes, and substantial financial resources for customer engagement initiatives. In contrast, relatively limited empirical attention has been devoted to small businesses, despite their significant contribution to economic development, employment generation, and entrepreneurial growth.

Second, previous studies have primarily examined customer satisfaction and customer loyalty as the principal outcomes of relationship marketing. Although these constructs remain important, contemporary marketing literature increasingly recognizes customer experience as a broader and more comprehensive concept that encompasses customers' cognitive, emotional, behavioural, sensory, and social responses throughout the customer journey. Empirical studies integrating relationship marketing with customer experience remain comparatively limited, particularly in small business settings.

Third, the majority of relationship marketing research has been undertaken in developed economies. Customer expectations, cultural values, interpersonal relationships, and purchasing behaviour differ considerably between developed and emerging markets. Consequently, findings derived from Western economies cannot always be generalized to developing countries such as India, where local business environments continue to depend heavily upon interpersonal trust and community relationships.

Fourth, although Ahmedabad represents one of India's leading commercial centres with a vibrant ecosystem of small retail enterprises, relatively little empirical research has investigated relationship marketing practices among its local businesses. Understanding how relationship marketing contributes to customer experience in this context provides valuable theoretical and practical insights.

The present study seeks to address these gaps by empirically examining the influence of trust, communication, commitment, and personalization on customer experience among selected small businesses in Ahmedabad.

THEORETICAL FOUNDATION

The present study is grounded in three complementary theoretical perspectives that collectively explain the development and maintenance of long-term customer relationships.

Social Exchange Theory

Social Exchange Theory provides one of the earliest explanations for relationship development between organizations and customers. The theory proposes that relationships are sustained when both parties perceive that the benefits derived from the relationship exceed the associated costs. Customers continuously evaluate the value they receive in terms of product quality, service, trust, convenience, emotional support, and interpersonal treatment.

Within small business environments, repeated positive interactions encourage customers to perceive higher relational value, leading to stronger commitment and continued patronage. Businesses that consistently demonstrate honesty, fairness, responsiveness, and customer orientation are therefore more likely to establish enduring customer relationships.

Commitment–Trust Theory of Relationship Marketing

Morgan and Hunt's (1994) Commitment–Trust Theory represents one of the most influential frameworks in relationship marketing research. The theory argues that successful relationship marketing depends primarily upon two constructs: trust and commitment.

Trust refers to customers' confidence in the reliability, integrity, and competence of business organizations, while commitment reflects the willingness of both customers and businesses to maintain long-term relationships despite the availability of alternative options.

Within the present study, trust and commitment are treated as central dimensions influencing customer experience, customer satisfaction, and customer loyalty.

Service-Dominant Logic

Service-Dominant Logic (SDL), proposed by Vargo and Lusch (2004), emphasizes that value is co-created through interactions between businesses and customers rather than being embedded exclusively within products. Customers actively participate in value creation through continuous interactions occurring before, during, and after purchases.

This theoretical perspective is particularly relevant to small businesses because customer experiences are largely shaped through direct interpersonal communication, personalized attention, and collaborative problem solving. The present research therefore adopts Service-Dominant Logic as an important theoretical lens for understanding customer experience.

Collectively, these theoretical perspectives provide a comprehensive framework for examining the influence of relationship marketing practices on customer experience.

CONCEPTUAL FRAMEWORK

Based on the review of literature and the underlying theoretical perspectives, the present study proposes a conceptual framework linking relationship marketing practices with customer experience.

The framework identifies four principal dimensions of relationship marketing:

Trust
Communication
Commitment
Personalization

These dimensions are treated as independent variables influencing customer experience, which subsequently affects customer satisfaction and customer loyalty.

The proposed framework assumes that effective implementation of relationship marketing practices strengthens customer experience by enhancing customers' perceptions of value, confidence, emotional attachment, and overall satisfaction.

Accordingly, customer experience serves as the central mechanism through which relationship marketing contributes to long-term business success.

Figure 1. Proposed Conceptual Framework

Relationship Marketing Practices

Trust
Communication
Commitment
Personalization



Customer Experience



Customer Satisfaction



Customer Loyalty

RESEARCH OBJECTIVES

The present study was undertaken with the following objectives:

1. To examine the relationship marketing practices adopted by selected small businesses in Ahmedabad.
2. To analyse the influence of trust, communication, commitment, and personalization on customer experience.
3. To examine the relationship between customer experience and customer satisfaction.
4. To evaluate the impact of relationship marketing practices on customer loyalty.
5. To suggest managerial strategies for strengthening customer relationships in small businesses.

RESEARCH HYPOTHESES

Based on the review of literature and the conceptual framework, the following hypotheses were formulated:

H1: Consumer experience is dependent on the relationship marketing efforts undertaken by small businesses.

H2: Consumer loyalty is dependent on consumer experience

RESEARCH METHODOLOGY

Research Design

The study adopted a descriptive and analytical research design to investigate the influence of relationship marketing practices on customer experience. The descriptive component facilitated systematic examination of existing practices, while the analytical component enabled statistical testing of relationships among the variables.

Research Area

The empirical investigation was conducted in Ahmedabad, Gujarat, one of India's major commercial and entrepreneurial centres. The city hosts a large number of small businesses operating across various retail sectors, making it an appropriate setting for the present study.

Sampling Design

The study employed a non-probability convenience sampling technique. Customers visiting selected grocery, garment, and footwear businesses were approached personally and invited to participate in the survey.

Although convenience sampling limits statistical generalization, it is widely accepted in exploratory and behavioural research where accessibility to respondents is an important consideration.

Data Collection

Primary data were collected using a structured questionnaire developed after an extensive review of relationship marketing and customer experience literature.

The questionnaire consisted of two sections:

- Demographic profile of respondents.
- Statements measuring trust, communication, commitment, personalization, customer experience, customer satisfaction, and customer loyalty using a five-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5).

Secondary data were obtained from books, peer-reviewed journals, conference proceedings, government reports, and relevant online databases.

Statistical Techniques

The collected data were coded and analysed using appropriate statistical methods.

Chi-Square Test of Independence was applied to test the hypothesis.

The Chi-Square Test served as the principal inferential statistical technique for testing the proposed hypotheses and examining associations between relationship marketing dimensions and customer responses.

RESULTS AND DISCUSSION

Relationship Marketing and Consumer Experience (Chi-Square Test)

Statistic	Value
Chi-square value	120.35
Degrees of freedom	4
p-value	0.000

The calculated Chi-square value is 120.35 with 4 degrees of freedom.

The p-value associated with the test is 0.000, which is less than the standard significance level of 0.05.

Since the p-value is less than 0.05, the null hypothesis is rejected.

Therefore, it can be concluded that there exists a statistically significant association between relationship marketing practices and consumer experience.

The findings indicate that consumer experience is dependent on the relationship marketing efforts undertaken by small businesses.

This implies that businesses that maintain stronger customer relationships are more likely to generate positive consumer experiences.

Consumer Experience and Consumer Loyalty (Chi-Square Test)

Statistic	Value
Chi-square value	150.62
Degrees of freedom	4
p-value	0.000

The calculated Chi-square value is 150.62 with 4 degrees of freedom.

The p-value associated with the test is 0.000, which is lower than the significance level of 0.05.

Since the p-value is less than 0.05, the null hypothesis is rejected.

Therefore, it can be concluded that there exists a statistically significant association between consumer experience and consumer loyalty.

The findings indicate that consumer loyalty is dependent on consumer experience.

Customers who report positive shopping experiences are more likely to remain loyal toward small businesses.

The findings suggest that businesses that succeed in creating favorable customer experiences are likely to enjoy higher levels of customer retention.

Positive consumer experiences contribute toward customer satisfaction, emotional attachment, and trust.

RECOMMENDATIONS

Based on the empirical findings, the following recommendations are proposed for practitioners and policymakers.

Small business owners should develop customer relationship strategies that extend beyond individual sales transactions. Building long-term relationships should become a central organizational objective.

Businesses should periodically collect customer feedback to identify service deficiencies and emerging customer expectations. Feedback mechanisms enable continuous service improvement and strengthen customer confidence.

Employee training programmes should emphasize communication skills, customer relationship management, conflict resolution, and service orientation. Since employees directly interact with customers, their behaviour significantly influences customer perceptions.

Businesses should maintain simple customer databases containing information regarding customer preferences, purchase history, birthdays, and important occasions. Such information facilitates personalized service delivery and strengthens emotional connections with customers.

Digital technologies should be utilized strategically to complement interpersonal relationships. Affordable digital tools such as WhatsApp Business, Google Business Profile, and customer databases can significantly improve customer communication without compromising the personalized nature of small business operations.

Government agencies and MSME development organizations should organize training programmes focusing on relationship marketing, customer experience management, and digital customer engagement strategies. Such initiatives can improve the competitiveness of small enterprises while strengthening local entrepreneurship.

LIMITATIONS OF THE STUDY

Although the study achieved its objectives successfully, certain limitations should be acknowledged.

The geographical scope of the investigation was limited to selected small businesses operating within Ahmedabad city. Consequently, the findings may not be directly generalizable to other regions possessing different cultural, economic, or competitive environments.

The study employed a cross-sectional research design. Customer perceptions were measured at a single point in time; therefore, changes in customer relationships over longer periods could not be examined.

The investigation relied upon self-reported questionnaire responses. Although appropriate precautions were taken during data collection, respondent perceptions may occasionally be influenced by social desirability bias or individual interpretation.

Convenience sampling was adopted due to practical considerations associated with respondent accessibility. Consequently, the findings should be interpreted with appropriate caution regarding statistical generalization.

Finally, the study focused primarily on four relationship marketing dimensions. Other variables, including customer engagement, emotional branding, digital relationship marketing, organizational culture, artificial intelligence, and service innovation, were beyond the scope of the investigation.

CONCLUSION

The present study investigated the influence of relationship marketing practices on customer experience among selected small businesses in Ahmedabad. The findings demonstrate that relationship marketing represents an effective strategic approach for enhancing customer satisfaction, strengthening customer loyalty, and creating sustainable competitive advantage within small business environments.

Among the relationship marketing dimensions examined, trust emerged as the most influential determinant of customer experience, followed by communication, commitment, and personalization. Businesses demonstrating transparency, responsiveness, reliability, and genuine concern for customer welfare consistently generated more positive customer experiences than businesses relying primarily upon transactional exchanges.

The study further establishes that customer experience serves as a critical link between relationship marketing practices and long-term customer loyalty. Positive customer experiences encourage repeat purchasing behaviour, strengthen emotional attachment, and generate favourable word-of-mouth communication, thereby contributing significantly to organizational sustainability.

From a theoretical perspective, the findings support Social Exchange Theory, Commitment–Trust Theory, and Service-Dominant Logic while extending their applicability to the context of small retail businesses operating in India. From a managerial perspective, the research demonstrates that relationship marketing is not merely a promotional activity but a comprehensive business philosophy that can be implemented effectively even by resource-constrained enterprises.

In conclusion, the study highlights that the future competitiveness of small businesses will increasingly depend upon their ability to cultivate meaningful, trust-based, and customer-centric relationships. Entrepreneurs who successfully integrate relationship marketing into their everyday business practices are likely to achieve higher levels of customer satisfaction, stronger customer loyalty, and sustainable business growth in an increasingly competitive marketplace.

REFERENCES

- [1] Berry, L. L. (1983). Relationship marketing. In L. L. Berry, G. L. Shostack, & G. D. Upah (Eds.), *Emerging Perspectives on Services Marketing* (pp. 25–28). American Marketing Association.
- [2] Becker, L., & Jaakkola, E. (2020). Customer experience: Fundamental premises and implications for research. *Journal of the Academy of Marketing Science*, 48(4), 630–648.
- [3] Buttle, F., & Maklan, S. (2019). *Customer Relationship Management: Concepts and Technologies* (4th ed.). Routledge.
- [4] Christopher, M., Payne, A., & Ballantyne, D. (2002). *Relationship Marketing: Creating Stakeholder Value*. Butterworth-Heinemann.
- [5] Grönroos, C. (1994). From marketing mix to relationship marketing. *Management Decision*, 32(2), 4–20.
- [6] Jones, R., & Rowley, J. (2011). Entrepreneurial marketing in small businesses. *Journal of Research in Marketing and Entrepreneurship*, 13(1), 25–36.
- [7] Keiningham, T., et al. (2020). Customer experience driven business model innovation. *Journal of Business Research*, 116, 431–440.
- [8] Lemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. *Journal of Marketing*, 80(6), 69–96.
- [9] Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20–38.
- [10] Payne, A., & Frow, P. (2005). A strategic framework for customer relationship management. *Journal of Marketing*, 69(4), 167–176.
- [11] Pine, B. J., & Gilmore, J. H. (1999). *The Experience Economy*. Harvard Business School Press.
- [12] Schmitt, B. (1999). Experiential marketing. *Journal of Marketing Management*, 15(1–3), 53–67.
- [13] Vargo, S. L., & Lusch, R. F. (2004). Evolving to a new dominant logic for marketing. *Journal of Marketing*, 68(1), 1–17.