

## **Relationship of Ethical Sales Behaviour with Customer Loyalty, Trust and Commitment: A Study with Special Reference to Retail Store in Mysore City**

**M. Kethan<sup>1</sup>, Mahabub Basha S<sup>2</sup>**

<sup>1</sup>Associate Professor, IIBS, Bangalore

<sup>2</sup>Assistant Professor, IIBS, Bangalore

**ABSTRACT :** The customer is a king in the market. The mobility of the customer takes place when they don't get favourable services from any firms. The customer can change their preference and buying decision due to many reasons, it could be because of poor services, poor quality of products, insufficient information about the product which is being purchased from sales person etc. The sale is one of the important aspects in the marketing. The effective marketing can attract huge customers, but efficiency of sales person can retain customers for a longer period of time. Hence ethical sales behaviour of salesperson and retailer plays a significant role in increasing sales volume of a firm, simultaneously, increasing customer satisfaction, loyalty and commitment. This study made an attempt to reveal the significance relationship between ethical sales behaviour with customer trust, loyalty and commitment of bank employees towards concerned retail shop in Mysore City. The structured questionnaire was prepared and distributed among fifty respondents. Questionnaire will be given to the bank employees those who regular customer of a retail shop.

**Keywords:** Sales, Customers, Retail, Bank employees, Ethical Sales, Retail Shop.

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**\*Corresponding Author :**

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## **INTRODUCTION**

Retention of actual customers is much important than attracting new customers to the firm. Attracting new customers cause four percent additional expenses than retention of old customer. In the recent years customer satisfaction has created its own importance in the market. In the present trend Top leading companies try to increase their profitability not only by increasing volume of sales or service but by satisfying the required need of the customers. All the organisations have found that preserving actual customers is very necessary for the smooth running of the products in the market. (Tuan minhnguy 2015) in a research titled "the impact of ethical sales behaviour on customer's loyalty: A case from Vietnam reached revealed that ethical sales behaviour indirectly influence on customer's loyalty through mediating variables: trust and customer's commitment. Customer's trust is also effective on customer's loyalty through customer's commitment. Salesperson's sale of products through ethical way helps to build up a relationship between salesperson and customer. Customers rely on salespersons to provide correct information and proper guidance. Customer trust is a key component for every businessman. Creating trust in customer's point of view is not a easy task. The only way to build up trust is by following ethical practice. Customers have a wide range of choices but firms have a very less choice to preserve current customers.(Nebo Gerald Nworol, Dr.Moguluwa Shed Chinwuba 2017) from their study revealed that allocation of different sales targets, social ties between salespeople and customers will have significant effect on their ethical behaviours.

### *Customer trust*

The customer trust is a belief and confidence that, customer have on any organization or shops. The strong belief over any organization can be built when organization maintains good relationship with customer. The customer trust will increase when sales person provides services with utmost honest, fair and reposonsible way during all the repeated transaction. The customer trust is associated with services provided are expressed through communication or promotion and is supported by the product offers (SorayantiUtami 2015).

### *Customer loyalty*

The term customer loyalty is a commitment of customer towards any particular product or services. The loyal customers are going to purchase firms products and services exclusively and they are not ready to change their preference to other products and services. The customer loyalty can be enhanced in the mind of customer through the quality services and offers provided during various vocations of purchases. For example a coupon for a free pizza after the purchase of five pizza, cash discounts offers, and some other programs will

attract customer to become a consistent customer. The process of customer loyalty will begins from customer acquisition and ends with customer retention. The following are the process of customer loyalty.

1. Customer acquisition: this step is focuses on acquiring s new customer by offering product and services which satisfies the customer needs. If customer is satisfied then he or she become a regular customer to any particular shop
2. Customer development: In this process customer is educated about all the benefits of being a customer.
3. Customer commitment: the customer commitment is a process where the company is committed to offering the benefits and value that the customer seeks. This help to create a strong confidence, trust with company and its product.
4. Customer retention: the customer retention is a main step in the present competitive market. The customer retention can be broadly done through facilitating different sets of offers and benefits to the customer.

These above process which will help company to get more customer as well as retain existing customer.

#### *Customer commitment*

Some of the firms want to raise their profit margin through satisfying their customer shortly without intends to maintain long term relationship with them. The company can expect continuous cash flow from customer when customers design good trust in their mind. The customer commitment is an attitude or behavioural characteristic of any individual those who have addicted or committed to anything because of trust, beliefs. The affective commitment is formed when a customer has positive feeling over the product or services provided. Alternatively, forced commitment can be formed when customers don't recognize an alternative to sticking with a company. Totally the customer commitment is depending upon how does customer is satisfied. The customer commitment will come to the picture when customers are allowed to get good, transparent product and services from the company.

#### **LITERATURE REVIEW**

**Nguyen,T.M (2015)**The study made an attempt to investigate the effect of ethical sales behaviour on customer loyalty in the context of sales representatives of proctor and Gamble in supermarkets. The study revealed that there is only indirect impact of ethical sales behaviour on customers trust. The study proved that customer commitments has direct effect on loyalty, but customer trust only

influences customer loyalty through customer commitments. This study suggests that businesses should have appropriate policies to recruit salespersons to encourage customer confidence.

**Nebo, G.N. (2017)**The study examined salesforce-customer relationship and ethical behaviour in Nigerian banking Industry. The study recommends that the bank management should adopt discretionary measures in approaching ethical issues. The study proved that there is a significant difference in ethical practices of banks. The study further revealed that allocation of different sales targets, strong social ties between salespeople and customers have significant effect on their ethical behaviours.

**Roman S (2003)**The study was initiated to analyse the role of ethical sales behaviour as perceived by bank customers. The study revealed that salesperson's ethical behaviour leads to higher customer satisfaction, trust and loyalty towards bank. The study also, proved that customer satisfaction, trust and loyalty play a vital role in the smooth running, growth and survival of business.

**Mohammad mahroo, A.S. (2015)**The study analysed the relationship between ethical sales behaviour, relationship and customer's loyalty in the branches of Sanandaj township. The study proved that role of relationship acts as a mediator between ethical sales behaviour and customer's loyalty. The study revealed that if ethical sales behaviour is maintained with the customers then the customer's loyalty towards those organisations will also increase.

**James L Thomasa, Scott J Vitell, S.J.(2002)**The study examined the effect of ethical and unethical cues on customer satisfaction. The study proved that, ethical cues and honest services will lead to satisfaction, while unethical cues will create dissatisfaction.

**Hassan, Z. (2015)**The study analysed the effect of employee's ethical behaviour on customer satisfaction and retention based on Malaysian fast food restaurants. The study proved that, there is a positive and significant influence of employees ethical behaviour on customer satisfaction, customer retention, as well as customer attitude. The study proved that, customer attitude towards brand will improve if employees engage in more ethical practices. The study also concluded that, if customers attitude is positive towards its brand then customer satisfaction and retention will improve.

**ChanakaJayawardana, A.M (2011)**The paper evaluates the effects of customer and service orientation behaviours of retail employees on individual customers perception of service quality. Study revealed that service and customer orientation behaviours are positively related to service quality. Service quality is positively related to value perception and customer satisfaction. Retail managers need to train or select retail personnel who are able to perform their roles in a service-oriented mind set to enhance customer satisfaction.

**Saeed SaghaHazrati, M.Z. (2012)** The study examines the impacts of salesperson's ethical behaviour on customer's satisfaction, trust and commitment. This study found that, salesperson's ethical behaviour has significant influence on customer's satisfaction, trust and commitment to the salesperson. The study proved that, role of salespersons ethical behaviour helps in increasing sale of products. Marketing managers should control and manage ethical behaviour to examine the positive effects on the business.

### OBJECTIVES

1. To understand concept of customer loyalty, trust and commitments.
2. To examine relationship of ethical sales behaviour with customer loyalty, customer commitment and trust.

### HYPOTHESIS

1. H<sub>0</sub>: There is no correlation between employee's ethical sales behavior and customer trust.  
H<sub>1</sub>: There is correlation between employee's ethical sales behavior and customer trust.
2. H<sub>0</sub> : There is no significant relationship between employee's ethical sales behaviour and customer commitment.  
H<sub>1</sub> : There is significant relationship between employee's ethical sales behavior and customer commitment.
3. H<sub>0</sub> : There is no significant relationship between employee's ethical sales behavior and customer loyalty.  
H<sub>1</sub> : There is significant relationship between employee's ethical sales behavior and customer loyalty.

### RESEARCH METHODOLOGY

The study examines the relationship of customer loyalty, trust and commitment with ethical sales behaviour. The employees of the selected public sector banks which operating in Mysore City were chosen as population for the study. The convenient sample method was adopted and questionnaire was distributed among the employees of the selected public sector banks in Mysore City

- **Procedures:** The self reporting questionnaire was administered to collect the data from the employees of banks to measure their perceived customer loyalty, trust and commitment in response to ethical sales behaviour of sales person.

- **Research tools and statistical approach:** Primary data was collected administering self reporting questionnaire including customer loyalty, trust, commitment and ethical sales behaviour.
- **Instrument and measures:** Ethical sales behaviour was measured using 5 item scale from with appropriate modification. An example of item is *“Sales person never lies about availability of product in order to make a sales”*. Customer trust was measured using 5 item scale from with slide modification. An example item is *“I believe that retailer has my interest in mind”*. Customer commitment was measured using 4 item scale from with appropriate modification. An example item is *“I feel a strong sense of belonging to my regular retail shops”*. Customer loyalty was measured using 3 item scale from an example item is *“I will recommend my retailer shop to my friend and relatives”*.
- **Analysis:** Collected data was analyzed using Statistical Package for Social Science as the data were in the ordinal scale, data set were transformed into standardized t value and further Pearson’s product movement coefficient of correlation tested to estimate the relationship between employees ethical sales behaviour ,customer trust, loyalty and commitment.

## DATA ANALYSIS AND INTERPRETATION

**Table 1:** Demographic profile

Particulars	Criteria	No of respondents	Percentage
Gender	Male	19	38%
	Female	31	62%
Income	20000-50000	45	90%
	50000-100000	4	8%
	100000-200000	1	2%
	200000-500000	0	0%
Age	18-25	24	48%
	25-30	7	14%
	30-40	7	14%
	40-60	12	24%

Demographic profile of the respondents revealed that 62 per cent of the respondents are female and 38 per cent of the respondents are male, and 48 per cent of the respondents are aged between 18-25, and majority (90%) of the respondent income falls between the 20000-50000 per month income bracket.

**Table 2:** Ethical sales behaviour and Customer trust

<b>Correlations</b>			
		Customer trust	Ethical sales behaviour
Customer trust:	Pearson Correlation	1	.269
	Sig. (2-tailed)		.059
	N	50	50
Ethical sales behavior	Pearson Correlation	.269	1
	Sig. (2-tailed)	.059	
	N	50	50

The above table 2 shows that a correlation coefficient of 0.269(  $r=0.269$ ) is observed between employee's ethical sales behavior and customer trust. The result suggest that the relationship between employees ethical sales behavior and customer trust is not significant at 0.05 level ( $p>0.05$ ). Thus null hypothesis is accepted. Therefore it is summarized that there is no relationship between employee's ethical sales behavior and customer trust. This result is contradictory to the findings of different research studies (Roman S-2019, Mohammad Mahroo-2015, Alrubaiee L-2012) that those studies have identified significant relation between ethical sales behavior and customer trust.

**Table 3:** Ethical sales behavior and customer commitment

<b>Correlations</b>			
		Ethical sales behaviour	Customer commitment
Ethical sales behaviour	Pearson Correlation	1	.273
	Sig. (2-tailed)		.055
	N	50	50
Customer commitment	Pearson Correlation	.273	1
	Sig. (2-tailed)	.055	
	N	50	50

The Pearson correlation is calculated to determine a significant relationship between ethical sales behavior and customer commitment. A correlation of 0.273 ( $r = 0.273$ ) is found between variables at the level of 0.05. The results reveal that there is no relationship between customer commitment and ethical sales behavior. The calculated variables ( $p = 0.273$ ) is greater than 0.05 level. Thus null hypothesis is accepted and alternative hypothesis is rejected. This results also contradictory to the findings of other research studies (Roman S-2019, Mohammad Mahroo-2015, Alrubaiee L-2012) that their study found particular relationship between ethical sales behavior and customer commitment.

**Table 4:** Ethical sales behavior and customer loyalty

Correlations			
		Ethical sales behaviour	Customer loyalty
Ethical sales behavior	Pearson Correlation	1	.076
	Sig. (2-tailed)		.598
	N	50	50
Customer loyalty	Pearson Correlation	.076	1
	Sig. (2-tailed)	.598	
	N	50	50

The above table shows that, correlation coefficient of 0.076 ( $r = 0.076$ ) is observed between employees ethical sales behavior and customer loyalty. The results suggest that the relationship between employees ethical sales behavior and customer loyalty is not significant at 0.05 level ( $p > 0.05$ ). Thus, null hypothesis is accepted. Therefore it is summarized that there is no relationship between ethical sales behavior and customer loyalty. This result is contradictory to the findings of other related research studies (Roman S-2019, Mohammad Mahroo-2015, Alrubaiee L-2012) that those studies have identified significant relationship between ethical sales behavior and customer loyalty.

**FINDINGS**

Above results have indicated a contradictory findings against the previous studies and the findings of the study can be justified with other research findings that could be influenced by many other factors other than studied variables. (Jiao Li-2013, Dr. Nischay K-2015, Qais.A, Mohammed.A, 2017). Therefore it can be

inferred that the customer trust, commitment, and loyalty can be influenced by many other factors like perceived value of customer, image, price, perceived quality, reliability, assurance, CSR policy etc. in addition to identified variables for the study. Hence, further study can be focused on identifying other factors influencing customer trust, loyalty and commitment.

## **CONCLUSION**

An attracting new customer and retaining existing customer is not an easy task in present emerging market. The marketer needs to develop a different kind of marketing strategies to catch the attention of customer. The superior advertisement, direct marketing, digital marketing, Corporate Social Responsibility and sales discount offer might help the organization to directly catch the attention and attract the customer towards particular product and services. The ethical performance of sales person or any company can also contribute in the way of maintaining good relationship with customer. According to different research studies, ethical sales behavior is an approach to attract customer towards the product and services. But this present study revealed that there is no significant relationship between ethical sales behavior and customer trust, loyalty and commitment due to some other reason. Considering findings of other research studies the ethical conduct will be a new innovative approach to increase a customer trust, loyalty and commitment in the market.

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