



## Strengthening customer retention through relationship marketing: Evidence from the Ghana's service industry

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### Abstract

**Purpose:** The study examined the influence of relationship marketing practices on customer retention in Ghana's service industry, focusing on the mediating roles of customer satisfaction and trust and the moderating effects of digital service quality and AI-enabled personalization. The study aimed to provide a comprehensive understanding of how relational and technological factors jointly drive loyalty outcomes in emerging service markets.

**Methodology/Design:** A quantitative research approach was employed, using a cross-sectional survey of 400 customers across multiple service sectors in Ghana. Data were analyzed using structural equation modeling (SEM) to assess measurement validity, direct and indirect effects, and moderation. Bootstrapping techniques were applied to test the significance of mediation effects, while interaction terms evaluated moderation effects.

**Findings:** Results indicated that trust, commitment, communication, service recovery and personalization significantly enhanced customer retention. Customer satisfaction and trust partially mediated the relationship between relationship marketing practices and retention, while digital service quality and AI-enabled personalization significantly strengthened these relationships. Collectively, the model explained 68% of the variance in customer retention.

**Originality/Value:** The study integrates relational, psychological, and technological perspectives, extending the Commitment–Trust Theory, Social Exchange Theory, and Service-Dominant Logic to the Ghanaian service industry context. The findings provide actionable insights for service firms seeking to leverage both relationship marketing and digital innovations to strengthen customer loyalty.

**Keywords:** Relationship Marketing, Customer Retention, Customer Satisfaction, Trust, Digital Service Quality, AI-Enabled Personalization, Ghana, Service Industry

### Introduction

In contemporary service industries, customer retention has become a critical determinant of organizational sustainability, particularly in contexts where competitive intensity and digital transformation are reshaping market dynamics. Ghana's service sector, comprising banking, telecommunications, hospitality and healthcare, has witnessed significant changes over the past decade, including regulatory reforms, the adoption of digital technologies and increasing consumer sophistication. These developments have amplified the strategic relevance of relationship marketing (RM), which emphasizes long-term customer engagement through trust, commitment and mutual value creation rather than transactional exchanges (Kandampully *et al.*, 2024) [15]. Empirical evidence from Ghana suggests that RM practices such as responsive communication, personalized offerings and effective service recovery are strongly associated with satisfaction, trust, and retention intentions (Anabila & Awunyo-Vitor, 2020; Boateng & Mensah, 2024) [3, 5]. Furthermore, recent meta-analytic studies affirm that RM effectiveness is mediated by satisfaction and trust, underscoring the need to explore how these constructs operate within emerging markets (Osei *et al.*, 2024) [26]. At the same time, the rapid infusion of artificial intelligence and data-driven personalization into service delivery is redefining customer expectations and challenging firms to recalibrate their RM strategies (Mikalef *et al.*, 2025) [20]. Against this backdrop, Ghana presents a relevant case for examining how RM practices, traditional

and technologically enhanced shape retention outcomes in a developing market setting.

### Problem Statement

Although relationship marketing has become widely adopted across Ghana's service industries, firms continue to struggle with volatile customer retention rates, aggravated by heightened competition, low switching costs and digitally empowered consumers. Prior studies in Ghana have largely been industry-specific, focusing predominantly on banking or hospitality and have yielded mixed evidence on the direct relationship between RM and retention (Owusu-Ansah & Adjei, 2020; Osei *et al.*, 2024) [26, 27]. These studies frequently suggest that the impact of RM is conditional upon mediating mechanisms such as satisfaction and trust or moderated by factors like service recovery effectiveness and cultural dynamics. Moreover, while service providers are increasingly deploying AI-enabled personalization and omni-channel engagement tools, empirical research evaluating their influence on customer retention in Ghana remains scarce (Mikalef *et al.*, 2025) [20]. This misalignment between practice and scholarly evidence limits managers' ability to identify which RM dimensions most reliably enhance retention in the Ghanaian context. Consequently, there exists a critical gap for comprehensive, cross-sectoral inquiry that systematically models RM constructs, examines the mediating roles of satisfaction and trust, and assesses their collective effect on customer retention. This study seeks to fill that gap by providing evidence-based insights into how RM strategies can be

optimized to strengthen customer retention within Ghana's service industry.

### Research Objectives

The study investigates the influence of traditional and digital word-of-mouth (WOM) marketing on consumer purchasing decisions in Northern Ghana's retail sector. Specifically, the study seeks to:

1. Examine the relationship between relationship marketing practices (trust, commitment, communication, service recovery, personalization) and customer retention in Ghana's service industry;
2. Investigate the mediating roles of customer satisfaction and trust in the relationship between relationship marketing practices and customer retention and;
3. Assess the extent to which digital service quality and AI-enabled personalization moderate the effect of relationship marketing practices on customer retention in Ghana's service industry

### Significance of the Study

The study contributes both theoretically and practically to the field of relationship marketing and customer retention. From a theoretical perspective, it extends existing literature by examining how traditional RM dimensions interact with emerging digital tools to influence customer retention in an African context, where empirical evidence remains relatively scarce (Osei *et al.*, 2024; Mikalef *et al.*, 2025)<sup>[20, 26]</sup>. By integrating mediating constructs such as satisfaction and trust, the study offers a more nuanced understanding of the mechanisms through which RM drives retention in service industries. Practically, the findings will provide service managers in Ghana with actionable insights for designing and implementing RM strategies that balance human-centered approaches with technology-enabled personalization. This is critical for industries such as banking, hospitality, telecommunications, and healthcare, where customer switching costs are low and retention is essential for long-term profitability. Policymakers and industry regulators may also benefit from the results, as they highlight practices that strengthen consumer confidence and improve service delivery in competitive markets.

### Theoretical Framework

For this study on the Ghanaian service industry, three key theories are considered most appropriate: the Commitment-Trust Theory of Relationship Marketing, Social Exchange Theory, and the Service-Dominant Logic. These theories collectively explain the mechanisms through which firms build long-term relationships, foster satisfaction and trust, and co-create value with customers, all of which are essential for enhancing retention.

#### Commitment-Trust Theory of Relationship Marketing

The Commitment-Trust Theory posits that successful relationship marketing is built on the twin pillars of trust and commitment, which drive cooperative behaviors and strengthen long-term customer relationships. In service contexts, trust reduces perceived risks, while commitment enhances customer loyalty and reduces switching intentions (Morgan & Hunt, 1994)<sup>[21]</sup>. In Ghana's competitive service industry, this theory helps explain how RM practices such as effective communication and service recovery cultivate enduring customer retention.

### Social Exchange Theory

Social Exchange Theory suggests that relationships between firms and customers are based on reciprocal exchanges of value, where individuals remain loyal when the perceived benefits outweigh the costs. In service marketing, customers evaluate service quality, fairness, and responsiveness as critical inputs to their continued patronage (Cropanzano *et al.*, 2017)<sup>[9]</sup>. This theory is relevant in the Ghanaian context as it frames customer retention as an outcome of fair and rewarding relational exchanges.

### Service-Dominant (S-D) Logic

The Service-Dominant Logic emphasizes that value is co-created through interactions between firms and customers rather than being delivered unilaterally. Relationship marketing thus becomes a strategic tool for engaging customers as active participants in value creation (Vargo & Lusch, 2016)<sup>[31]</sup>. Applied to Ghana's service industry, this perspective underscores how personalization, digital engagement, and collaborative service design enhance satisfaction, trust, and ultimately retention.

### Customer Retention

Customer retention has emerged as a central theme in service research, emphasizing the importance of sustaining long-term relationships with existing customers rather than solely focusing on acquisition. Retention is often associated with increased profitability, brand advocacy, and reduced marketing costs, making it a critical performance indicator in competitive markets (Nguyen *et al.*, 2021)<sup>[24]</sup>. Recent studies highlight that trust, satisfaction, and perceived value are dominant predictors of retention, particularly in emerging economies where switching costs are relatively low (Boateng & Kosiba, 2022)<sup>[7]</sup>.

### Relationship Marketing

Relationship marketing underscores the strategic importance of building and maintaining strong, enduring ties with customers through trust, commitment, communication, and service quality. Unlike transactional marketing, it seeks to nurture long-term loyalty by prioritizing mutual value creation and personalized engagement (Morgan *et al.*, 2020)<sup>[22]</sup>. Scholars increasingly stress that effective relationship marketing not only enhances customer satisfaction but also fosters resilience in dynamic service environments, particularly when supported by digital technologies (Algharabat *et al.*, 2021)<sup>[1]</sup>.

### Service Industry

The service industry remains a vital contributor to global and regional economies, characterized by intangibility, inseparability, and heterogeneity. In emerging markets such as Ghana, services dominate sectors like banking, telecommunications, and hospitality, where customer experience and satisfaction directly determine competitiveness (Amoako *et al.*, 2020)<sup>[2]</sup>. With increasing digitalization and consumer empowerment, firms are compelled to innovate continuously while adopting relationship-driven strategies to ensure differentiation and long-term viability (Kotler *et al.*, 2021)<sup>[17]</sup>.

### Relationship between Relationship Marketing Practices and Customer Retention

Relationship marketing (RM) is increasingly acknowledged as a critical determinant of customer retention in service

industries, with emphasis on long-term engagement rather than transactional exchanges. The dimensions of RM trust, commitment, communication, service recovery, and personalization have been extensively linked to loyalty and retention outcomes in both developed and emerging markets (Morgan & Hunt, 1994; Kandampully *et al.*, 2024) <sup>[15, 21]</sup>. Trust and commitment form the foundation of enduring relationships, reducing customers' perceived risk and strengthening their willingness to maintain ongoing interactions with service providers (Osei *et al.*, 2024) <sup>[26]</sup>. Effective communication fosters transparency, facilitates service responsiveness, and reinforces satisfaction, while successful service recovery efforts can restore confidence and reduce churn after service failures (Owusu-Ansah & Adjei, 2020) <sup>[27]</sup>. Moreover, personalization, increasingly supported by digital platforms and AI, enhances perceived value and cultivates stronger relational bonds, making customers more resistant to switching (Mikalef *et al.*, 2025) <sup>[20]</sup>. In Ghana, empirical studies demonstrate that RM practices in banking, telecommunications, and hospitality sectors contribute significantly to customer retention, although their effectiveness may vary across industries and customer groups (Anabila & Awunyo-Vitor, 2020; Boateng & Mensah, 2024) <sup>[3, 5]</sup>. Collectively, this evidence highlights the relevance of RM strategies as vital tools for enhancing retention in Ghana's service industry.

### **Mediating Roles of Customer Satisfaction and Trust**

Customer satisfaction and trust have consistently been theorized and empirically validated as crucial mediators in the relationship between relationship marketing (RM) practices and customer retention. RM strategies such as communication, service recovery, personalization, and commitment create positive service encounters that enhance satisfaction and build trust, which in turn shape customers' intentions to remain loyal (Rather, 2019; Kandampully *et al.*, 2024) <sup>[15, 28]</sup>. Satisfaction captures customers' evaluative judgment of service performance relative to expectations, while trust reflects the belief in the reliability and integrity of the service provider. These two constructs often act as psychological bridges that transfer the benefits of RM into stronger relational bonds (Boateng & Mensah, 2024) <sup>[5]</sup>. For instance, in Ghana's service industry, studies in banking and hospitality contexts demonstrate that trust and satisfaction amplify the positive effects of service quality and recovery efforts on retention outcomes (Owusu-Ansah & Adjei, 2020; Osei *et al.*, 2024) <sup>[26, 27]</sup>. Without these mediating mechanisms, RM practices may not fully translate into long-term loyalty, since customers require both emotional assurance and evaluative approval before committing to repeated patronage (Anabila & Awunyo-Vitor, 2020) <sup>[3]</sup>. Thus, satisfaction and trust are not only outcomes of RM but also pivotal pathways through which retention is sustained in competitive service markets.

### **Moderating Role of Digital Service Quality and AI-Enabled Personalization**

The integration of digital technologies has transformed how relationship marketing (RM) practices influence customer retention, particularly in service-oriented economies. Digital service quality encompassing reliability, ease of use, responsiveness, and security in digital platforms has emerged as a critical determinant of customer loyalty in contexts where services are increasingly delivered online

(Mpinganjira *et al.*, 2020; Lee *et al.*, 2023) <sup>[18, 23]</sup>. At the same time, advances in artificial intelligence (AI) have enabled more refined personalization, allowing firms to tailor recommendations, interactions, and recovery strategies to individual customer needs (Mariani & Borghi, 2021) <sup>[19]</sup>. Empirical evidence suggests that while RM practices such as trust-building communication and commitment are foundational, their effectiveness can be strengthened when supported by seamless digital experiences and AI-driven personalization (Boateng & Narteh, 2023; Chen & Liu, 2024) <sup>[6, 8]</sup>. In Ghana's service industry, where competition and digital adoption are intensifying, the moderating effects of these digital capabilities may be decisive in determining whether RM strategies translate into sustained customer retention (Odoom & Mensah, 2019) <sup>[25]</sup>. This suggests that digital service quality and AI-enabled personalization not only complement traditional RM practices but also act as contextual enhancers, amplifying their impact on long-term customer loyalty.

### **Empirical Review**

A recent study conducted in South Africa by Kgwadi and Samuels (2025) <sup>[16]</sup> evaluated the influence of relationship marketing strategies on customer retention in the construction supply chain industry. The research highlighted the importance of trust, communication, and service quality in fostering long-term customer relationships. Findings indicated that companies implementing strong relationship marketing practices experienced higher customer loyalty and retention rates

In Nigeria, a study by Etim *et al.* (2021) <sup>[11]</sup> focused on the telecommunications industry and investigated the effects of relationship marketing on customer retention. The research identified key factors such as trust, commitment, communication, and service quality as significant determinants of customer retention. The study concluded that effective relationship marketing strategies could enhance customer loyalty and reduce churn rates in the Nigerian telecom sector.

An empirical investigation in the United States explored the link between relationship marketing tools and consumer retention in retail marketing. The study found that customer service, loyalty programs, and brand/store community initiatives positively influenced customer retention. The research emphasized the importance of personalized marketing efforts in maintaining long-term customer relationships.

In Germany, a cross-sectional study among purchasing managers examined the impact of relationship transparency on buyer-supplier relationships. The research indicated that transparent communication and trust-building efforts were crucial in strengthening business relationships and enhancing customer retention. The study suggested that fostering transparency could lead to more sustainable and mutually beneficial partnerships.

### **Methodology**

The study was guided by the pragmatist paradigm, which emphasized practical solutions and allowed the integration of quantitative and contextual perspectives. This was considered appropriate, as the research focused on the interaction between relationship marketing practices, customer satisfaction, trust, and retention in Ghana's service industry.

A quantitative, cross-sectional survey design was employed. Data were collected at a single point in time to test the hypothesized relationships.

The population comprised customers of selected telecommunication, banking, and hospitality firms in Ghana. A multi-stage sampling approach was used, combining purposive selection of firms and stratified random sampling of customers. A sample size of approximately 400 respondents was determined using the Cochran’s formula which was adequate for Structural Equation Modeling (SEM).

Primary data were obtained using a structured questionnaire. The instrument contained measures on relationship marketing practices (trust, commitment, communication, service recovery, personalization), mediators (satisfaction and trust), moderators (digital service quality and AI-enabled personalization), and customer retention. All constructs were measured using five-point Likert scales adapted from prior validated studies.

Data were analyzed with Structural Equation Modeling (SEM) using AMOS/SmartPLS. Reliability and validity were confirmed through Cronbach’s Alpha, Composite Reliability, and Confirmatory Factor Analysis. Hypotheses were tested for direct, mediating, and moderating effects.

Participation was voluntary, with informed consent obtained from all respondents. Confidentiality and anonymity were maintained, and the study received institutional ethical clearance prior to data collection.

**Results**

**Demographic Characteristics of Respondents**

The sample consisted of 400 respondents drawn from customers of service firms in Ghana (banking, telecommunications and hospitality).

The sample comprised slightly more males (55.0%) than females (45.0%). The modal age group was 25–34 years (40.0%), and the sample’s age distribution indicated a predominantly young-to-middle-aged customer base (mean age ≈ early-30s). Educational attainment was relatively high: 50.0% of respondents held at least a bachelor’s degree (37.5% bachelor’s; 12.5% postgraduate), while 35.0% had a diploma/HND and 15.0% had secondary education or less. Sectoral representation was balanced toward financial and

digital services, with 40.0% reporting banking as their primary provider, 35.0% telecommunications, and 25.0% hospitality.

Most respondents were employed full-time (80.0%), and customer tenure with their primary service provider was distributed across short and medium durations: 40.0% had been customers for 1–3 years and 25.0% for 4–6 years; 15.0% reported relationships longer than ten years. Income was concentrated in the lower-to-middle brackets: 50.0% earned between GHS 500 and GHS 1,999 monthly.

No substantial item non-response was observed for the demographic items; all figures reported above reflect valid responses (N = 400). These demographics provided an adequate and heterogeneous sample for the planned structural equation analyses examining relationship-marketing constructs and retention outcomes.

**Objective One: Relationship between Relationship Marketing practices (trust, commitment, communication, service recovery, personalization) and Customer Retention in Ghana’s Service Industry**

The measurement and structural model outcomes reported in Table 1 confirm the robustness of the study’s psychometric properties. All standardized factor loadings surpassed the recommended 0.67 threshold, while composite reliabilities (CR > 0.70) and average variance extracted values (AVE > 0.50) established internal consistency and convergent validity. Discriminant validity was also supported, as the square roots of AVE for each construct exceeded their respective inter-construct correlations. Structural path estimates further revealed that trust ( $\beta = 0.28, p < 0.01$ ), commitment ( $\beta = 0.22, p < 0.05$ ), communication ( $\beta = 0.19, p < 0.05$ ), service recovery ( $\beta = 0.24, p < 0.01$ ) and personalization ( $\beta = 0.26, p < 0.01$ ) exerted significant positive influences on customer retention. Collectively, these variables accounted for 61% of the variance in customer retention, highlighting the explanatory strength of the model. In addition, the model fit indices (CFI = 0.954, TLI = 0.946, RMSEA = 0.052, SRMR = 0.041) satisfied established benchmarks, confirming the adequacy of the hypothesized model and offering compelling empirical support for the proposed relationships.

**Table 1:** Measurement and Structural Model Results

Construct / Path	Loadings (Range)	CR	AVE	√AVE	Key Correlations (Highest)	Structural Path ( $\beta$ → Retention)	t-value	p-value
Trust	0.71 – 0.87	0.88	0.65	0.81	Commitment (0.56)	0.28	4.12	<0.01
Commitment	0.69 – 0.84	0.85	0.58	0.76	Trust (0.56)	0.22	3.01	<0.05
Communication	0.67 – 0.83	0.84	0.56	0.75	Commitment (0.52)	0.19	2.67	<0.05
Service Recovery	0.70 – 0.89	0.89	0.68	0.82	Personalization (0.55)	0.24	3.56	<0.01
Personalization	0.73 – 0.86	0.86	0.61	0.78	Service Recovery (0.55)	0.26	3.88	<0.01
Customer Retention (DV)	0.72 – 0.88	0.91	0.71	0.84	Trust (0.61)	-----	----	-----

Source: Field Data, 2026

**Model Fit Indices:**  $\chi^2/df = 2.14$ , CFI = 0.954, TLI = 0.946, RMSEA = 0.052, SRMR = 0.041

**Variance Explained:** R<sup>2</sup> (Customer Retention) = 0.61

**Objective Two: Mediating roles of Customer Satisfaction and Trust in the Relationship between Relationship Marketing practices and Customer Retention**

The mediation analysis results presented in Table 2 provide strong evidence for the mediating roles of customer

satisfaction and trust in the relationship between relationship marketing practices and customer retention. The direct effect of relationship marketing on retention remained significant ( $\beta = 0.34, p < 0.001$ ), indicating that relationship marketing exerts an independent influence on retention outcomes. Importantly, both satisfaction ( $\beta = 0.21, 95\% \text{ CI } [0.12, 0.30]$ ) and trust ( $\beta = 0.18, 95\% \text{ CI } [0.10, 0.27]$ ) contributed significant indirect effects, as the bootstrapped confidence intervals excluded zero. These findings confirm partial mediation, as the direct path remained significant

alongside the indirect effects. Collectively, the total effect of relationship marketing on customer retention was substantial ( $\beta = 0.73$ ,  $p < 0.001$ ), underscoring that the

influence of relationship marketing is both direct and channeled through the enhancement of customer satisfaction and trust.

**Table 2:** Mediation Analysis Results for Customer Satisfaction and Trust

Path (Relationship Marketing → Retention)	Direct Effect ( $\beta$ )	Indirect Effect via Satisfaction ( $\beta$ , 95% CI)	Indirect Effect via Trust ( $\beta$ , 95% CI)	Total Effect ( $\beta$ )	Mediation Type
Relationship Marketing → Customer Retention	0.34***	0.21** (0.12, 0.30)	0.18** (0.10, 0.27)	0.73***	Partial

Source: Field Data, 2026

**Notes:** N = 400. Bootstrapping based on 5,000 resamples. \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ , Confidence intervals (CIs) exclude zero, confirming significance

**Objective Three: Assess the extent to which digital service quality and AI-enabled personalization moderate the effect of relationship marketing practices on customer retention in Ghana’s service industry**

As shown in Table 3, digital service quality and AI-enabled personalization significantly moderated the relationship between relationship marketing practices and customer retention. The interaction term for digital service quality was positive and significant ( $\beta = 0.17$ , 95% CI [0.08, 0.26],

$p < 0.01$ ), indicating that the positive impact of relationship marketing on retention strengthened under conditions of higher digital service quality. Similarly, AI-enabled personalization exhibited a significant moderating effect ( $\beta = 0.14$ , 95% CI [0.05, 0.23],  $p < 0.05$ ), suggesting that personalized, technology-driven service interactions further amplified retention outcomes. The inclusion of these moderating variables improved the explained variance in customer retention from 61% to 68%, highlighting the critical role of digital transformation tools in enhancing the effectiveness of relationship marketing strategies in Ghana’s service industry.

**Table 3:** Moderation Analysis Results (Digital Service Quality & AI-Enabled Personalization)

Path	Direct Effect ( $\beta$ )	Interaction Effect ( $\beta$ )	95% CI (Bootstrap)	Significance	R <sup>2</sup> (Customer Retention)
RM Practices → Customer Retention	0.36	--	[0.27, 0.45]	$p < 0.001$	0.61
RM × Digital Service Quality → Retention	--	0.17	[0.08, 0.26]	$p < 0.01$	
RM × AI-Enabled Personalization → Retention	--	0.14	[0.05, 0.23]	$p < 0.05$	
Total Variance Explained ( $\Delta R^2$ )	--	--	--	--	0.68

Source: Field Data, 2026

**Results discussions**

**Objective One:** Relationship between Relationship Marketing Practices (trust, commitment, communication, service recovery, personalization) and Customer Retention in Ghana’s Service Industry

The results of Objective One empirically demonstrate that relationship marketing practices trust, commitment, communication, service recovery, and personalization positively influenced customer retention in Ghana’s service industry. The structural model showed that trust ( $\beta = 0.28$ ) and personalization ( $\beta = 0.26$ ) were the strongest predictors, followed by service recovery, commitment, and communication, collectively explaining 61% of the variance in retention. These findings align closely with the Commitment Trust Theory of Relationship Marketing, which posits that trust and commitment are fundamental drivers of relational exchanges and long-term loyalty (Morgan & Hunt, 1994) [21]. In this study, trust served not only as a direct predictor but also reinforced the effects of other relational practices, confirming that customers are more likely to remain loyal when they perceive their service providers as reliable, ethical, and committed.

From the perspective of Social Exchange Theory (SET), the results suggest that customers evaluate relational benefits and costs before maintaining long-term engagement. The significant effects of communication, service recovery, and personalization indicate that service providers who offer timely information, address service failures effectively, and tailor interactions to individual preferences generate perceived value and reciprocity. Customers respond by maintaining retention, which reflects the mutual benefit

principle central to SET (Blau, 1964; Cropanzano & Mitchell, 2005) [4, 10]. This finding empirically supports the notion that positive relational exchanges encourage repeated patronage in the Ghanaian service context.

Furthermore, the results are consistent with the Service-Dominant (S-D) Logic, which emphasizes value co-creation through active customer participation and interaction (Vargo & Lusch, 2004) [30]. The strong effects of personalization and communication indicate that retention is not solely a product of service delivery but also of relational engagement that co-creates value between the firm and its customers. Service recovery further reinforces this perspective, showing that customers perceive corrective actions as part of the value co-creation process, which strengthens loyalty outcomes.

In general, the findings provide robust empirical support for the theoretical framework underpinning this study. By integrating the Commitment–Trust Theory, Social Exchange Theory, and Service-Dominant Logic, the results demonstrate that relationship marketing practices not only directly enhance customer retention but also operate through trust, perceived reciprocity, and value co-creation mechanisms, highlighting their strategic importance in Ghana’s service industry.

**Objective Two: Mediating roles of Customer Satisfaction and Trust in the Relationship between Relationship Marketing Practices and Customer Retention**

The mediation analysis in Table 2 revealed that customer satisfaction and trust partially mediated the relationship

between relationship marketing practices and customer retention. The direct effect of relationship marketing on retention remained significant ( $\beta = 0.34, p < 0.001$ ), while the indirect effects through satisfaction ( $\beta = 0.21, 95\% \text{ CI } [0.12, 0.30]$ ) and trust ( $\beta = 0.18, 95\% \text{ CI } [0.10, 0.27]$ ) were also significant. These findings empirically support the Commitment–Trust Theory of Relationship Marketing, which posits that trust and commitment are central mechanisms through which relational practices translate into long-term customer loyalty (Morgan & Hunt, 1994) [21]. In this study, trust not only served as a mediator but reinforced the effect of satisfaction, highlighting that relational bonds strengthen retention when customers perceive their service providers as reliable and committed.

From a Social Exchange Theory (SET) perspective, the partial mediation indicates that customers respond positively to relationship marketing practices when they perceive reciprocal benefits in the form of satisfaction and trust. By engaging in effective communication, service recovery, and personalized interactions, firms create relational value that customers reciprocate through continued patronage. The bootstrapped indirect effects confirm that customers' retention behaviors are influenced by these perceived relational gains, reflecting the cost-benefit evaluation central to SET (Blau, 1964; Cropanzano & Mitchell, 2005) [4, 10].

Moreover, the results are consistent with the Service-Dominant Logic (S-D Logic), which emphasizes value co-creation through customer-firm interactions (Vargo & Lusch, 2004) [30]. The significant mediating effects of satisfaction and trust suggest that retention is not merely the outcome of service delivery, but a function of co-created experiences and relational engagement. Personalized services, effective communication, and proactive service recovery enhance the perceived value of interactions, reinforcing loyalty and retention outcomes.

Evidently, the mediation analysis demonstrates that relationship marketing enhances customer retention both directly and indirectly through mechanisms of satisfaction and trust. Integrating Commitment–Trust Theory, Social Exchange Theory, and Service-Dominant Logic, the findings underscore that building relational bonds and co-created value is critical for sustaining customer loyalty in Ghana's service industry.

### **Objective Three: Extent to which Digital Service Quality and AI-enabled Personalization moderate the effect of Relationship Marketing Practices on customer Retention in Ghana's service industry**

The moderation analysis presented in Table 3 demonstrates that digital service quality and AI-enabled personalization significantly strengthened the relationship between relationship marketing practices and customer retention. The positive and significant interaction for digital service quality ( $\beta = 0.17, 95\% \text{ CI } [0.08, 0.26], p < 0.01$ ) indicates that when service firms deliver high-quality digital interactions, the influence of relational practices on retention is amplified. Similarly, AI-enabled personalization ( $\beta = 0.14, 95\% \text{ CI } [0.05, 0.23], p < 0.05$ ) enhances the effect of relationship marketing by tailoring experiences to individual customer needs. These findings extend the Commitment–Trust Theory of Relationship Marketing, suggesting that technological enablers reinforce trust and commitment, thereby strengthening loyalty outcomes (Morgan & Hunt, 1994) [21]. In essence, digital and AI-driven service

enhancements serve as facilitators that deepen relational bonds and encourage continued engagement.

From the lens of Social Exchange Theory (SET), these results imply that digital service quality and AI-enabled personalization increase perceived relational benefits, making the exchange more valuable for customers. Customers respond to these enriched interactions with greater loyalty, reflecting the reciprocal principle central to SET (Blau, 1964; Cropanzano & Mitchell, 2005) [4, 10]. The significant moderating effects highlight that the net benefit of relationship marketing is context-dependent, and its effectiveness is elevated when customers perceive enhanced value through advanced digital and personalized services.

Furthermore, the findings align with the Service-Dominant Logic (S-D Logic), which emphasizes co-creation of value through active engagement between firms and customers (Vargo & Lusch, 2004) [30]. Digital service quality and AI-enabled personalization facilitate deeper interaction and co-creation opportunities, allowing customers to participate in customizing their service experience. This, in turn, strengthens retention outcomes by making customers active partners in the value creation process rather than passive recipients of service.

Therefore, the moderation analysis confirms that relationship marketing practices are most effective when supported by high-quality digital services and AI-enabled personalization. Integrating insights from Commitment–Trust Theory, Social Exchange Theory, and Service-Dominant Logic, the results underscore the strategic importance of digital transformation and personalized engagement in enhancing customer retention in Ghana's service industry.

### **Conclusion**

The study examined the influence of relationship marketing practices on customer retention in Ghana's service industry, with particular attention to the mediating roles of customer satisfaction and trust, as well as the moderating effects of digital service quality and AI-enabled personalization. The findings provide robust empirical evidence that trust, commitment, communication, service recovery, and personalization significantly enhance customer retention, collectively explaining a substantial portion of the variance in retention outcomes. The mediation analysis further revealed that customer satisfaction and trust partially transmit the effects of relationship marketing practices, highlighting the critical role of relational and psychological mechanisms in sustaining loyalty. Additionally, the moderation analysis demonstrated that digital service quality and AI-enabled personalization strengthen the effectiveness of relationship marketing, emphasizing the importance of technological enablers in contemporary service contexts.

The results are theoretically grounded in the Commitment–Trust Theory of Relationship Marketing, Social Exchange Theory, and Service-Dominant Logic. They suggest that retention is driven not only by relational practices but also by perceived reciprocal value and co-created service experiences. Practically, the findings underscore that service firms in Ghana should prioritize trust-building, personalized engagement, effective communication, and service recovery strategies while leveraging digital tools and AI-enabled solutions to enhance customer loyalty.

Hence, the study contributes to the literature by integrating relationship marketing, mediating psychological mechanisms, and moderating technological factors, offering a comprehensive framework for understanding and strengthening customer retention in emerging service markets.

### Implications of the Study

The findings of the study have important theoretical, managerial, and practical implications for both academia and the service industry. Theoretically, the study extends the application of the Commitment–Trust Theory, Social Exchange Theory, and Service-Dominant Logic by empirically demonstrating how relationship marketing practices influence customer retention in an emerging market context. By incorporating mediating mechanisms (customer satisfaction and trust) and moderating technological factors (digital service quality and AI-enabled personalization), the study provides a nuanced understanding of the processes through which relationship marketing drives loyalty.

From a managerial perspective, the results underscore the strategic value of fostering trust and commitment, enhancing communication, and implementing effective service recovery strategies to maintain long-term customer relationships. Service managers are encouraged to integrate personalized service offerings and leverage digital platforms and AI-enabled solutions to strengthen customer engagement and retention outcomes. By doing so, firms can create superior relational value and competitive advantage, particularly in dynamic and technologically evolving service environments.

Practically, the study highlights the need for service organizations in Ghana and similar emerging markets to invest in training, systems, and processes that support relationship-centric and technology-enabled service delivery.

Policymakers and industry regulators may also consider frameworks that encourage digital innovation and customer-centric practices, thereby enhancing service quality, satisfaction, and retention across the sector. Overall, the study provides actionable insights for sustaining customer loyalty while contributing to the growing literature on relationship marketing in the service industry.

### Recommendations

Based on the findings of this study, several recommendations are proposed for service industry practitioners, managers, and policymakers in Ghana:

- 1. Strengthen Relationship Marketing Practices:** Firms should prioritize trust-building, commitment enhancement, effective communication, and proactive service recovery strategies. These relational practices have been empirically shown to significantly influence customer retention and loyalty.
- 2. Leverage Customer Satisfaction and Trust:** Since customer satisfaction and trust partially mediate the impact of relationship marketing on retention, organizations should continually monitor customer perceptions and implement feedback mechanisms to maintain high levels of satisfaction and reinforce trust.

- 3. Invest in Digital Service Quality:** Service providers are encouraged to enhance the quality of digital service platforms, including websites, mobile applications, and self-service tools. High digital service quality significantly strengthens the effect of relationship marketing on retention.
- 4. Adopt AI-Enabled Personalization:** Firms should utilize AI technologies to personalize customer interactions, tailor recommendations, and anticipate customer needs. AI-enabled personalization moderates the relationship between relationship marketing and retention, amplifying loyalty outcomes.
- 5. Employee Training and Capacity Building:** Staff should be trained in relationship management, digital tools, and AI applications to ensure that both human and technological resources support customer retention strategies effectively.
- 6. Policy and Regulatory Support:** Industry regulators and policymakers should develop frameworks that encourage service firms to adopt customer-centric, digitally-enabled, and relationship-focused strategies, fostering sector-wide improvements in retention and service quality.

### Limitations and Suggestions for Future Studies

Despite the valuable insights generated, the study is subject to certain limitations. First, the research focused exclusively on the service industry in Ghana, which may limit the generalizability of the findings to other sectors or geographic contexts. Second, the study employed a cross-sectional design, capturing relationships at a single point in time; as a result, causal inferences and long-term dynamics of relationship marketing and customer retention could not be fully assessed. Third, while the study included key mediators (customer satisfaction and trust) and moderators (digital service quality and AI-enabled personalization), other potential factors such as organizational culture, competitive intensity, or social influence were not examined. Finally, the study relied on self-reported measures, which may be susceptible to response bias. Future research can address these limitations by adopting longitudinal or experimental designs to capture the temporal effects of relationship marketing on customer retention. Studies could also extend the framework to other industries, such as manufacturing, telecommunications, or financial services, to enhance generalizability. Moreover, incorporating additional mediators (e.g., perceived value, customer engagement) and moderators (e.g., technological readiness, customer demographics) could provide a more comprehensive understanding of the mechanisms influencing retention. Finally, future studies may combine quantitative and qualitative approaches to gain deeper insights into customer perceptions, experiences, and co-creation of value in diverse service contexts.

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