RELATIONSHIP MARKETING: AN APPROACH TO CUSTOMER SERVICES, SATISFACTION AND RETENTION IN NIGERIA

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Abstract
Customer service has received considerable attention in marketing literature. The goodwill comes from customers’ satisfaction and retention. Relationship marketing as an approach to customer services, satisfaction and retention, emphasises the continuous relationship which should exist between a product service provider, and the customer, with emphasis on quality production and service delivery, and quality to traditional marketing mix (4ps): product, price, promotion and place. The objective of relationship marketing is categorized into two: prospecting for winning customers, and sustaining the customers’ patronage. It ensures that customers’ interests are safeguarded. It also seeks to augment and enhance the right and power of the buyer in relation to that of the seller. If satisfaction and retention is not managed, customers’ loyalty may be lost. This study examined relationship marketing, customer service, and retention.

Keywords: Customer service, customer loyalty, customer retention, and customer satisfaction

Introduction
Marketing is extremely important in the life of a business enterprise because there is no organization that can continue to exist without marketing and selling its goods and services. An organization, for instance, may be adequately financed; well managed and has competent management and supporting staff; but if its marketing unit is faulty, failure may still be inevitable (Biradawa, 2003); also he further states, it is through the marketing unit that the organization identifies customers needs and develops goods and services which can satisfy the needs. Kotler,(2002) viewed marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchange of products; value, cost, and satisfaction, exchange transaction and relationship; Marketing and markets. In same way, (Kotler, 2001) opines that marketing focus on the customers’ needs, wants, preference, attitudes, lifestyles, etc. Indeed, marketing concept suggests that the logical place to start the search for new product ideas are the customers need and wants. Similarly Sambo, Musa, and Alkali, (2005) opines that marketing is a business philosophy which states that satisfaction of customers’ wants is the economic and social justification of a firm existence.

Customer’s satisfaction holds the potential for increasing an organization’s customer base, increase the use of more volatile customer mix and increase the firm’s reputation (Fornell, 1992, Levesque and McDaugall, 1999). One path to achieving customers’ satisfaction is through customers’ service. Customer service is the provision of service to customers, before, during and after a purchase. Zeithaml and Bitner (2003), defined customers service as a series of activities designed to enhance the level of customer’s satisfaction that is, the feeling that a product or service has met customer’s expectation. Customer’s service varies from product and organization to another. It however, assumes the important dimension in service delivery and sales of product. Loyal customers, from cost perspective tend to stay longer with the preferred providers, buy more and generate favourable word of mouth effect that may further benefit the preferred provider (Reicheld and Kenny, 1990). Further, Long term customers tend to take less of company time and are, somehow less sensitive to price (Gan et al., 2006). Also, Gan et al. (2006) further indicates that retaining customer becomes a
priority for most enterprises, and there are compelling arguments for managers to carefully consider the factors that might increase customer’s retention rate.

In any case, the cost of creating a new customer has been estimated to be five times the cost of retaining an existing customer (Reichheld, 1996). And retained customers (loyal customer) will always show resistance to customer’s temptation and be able to give both solicited and unsolicited referrals. It is radical trends that call for redefining the strategies for satisfying customers and thus retaining them. Customer satisfaction has gone over the years to become the parameter for measuring the success of a company’s various marketing strategies (Olawale, 2000).

Literature review

The failure which focuses on individual’s transaction has brought on the much glorified marketing concept and has propelled companies to move towards a focus on building relationship with customers (Ayozie, 2004). This means, outstanding companies go out to retain their customers. Retaining customers is more imperative when one considers the general status of market. Many markets have settled into maturity; and there are no more new customers entering most categories.

Competition is increasing and therefore, it becomes more difficult to attract new customers apart from colossal cost of doing so (Ayozie, 2004). Also, Reicheld and Sasser (1990) reported that reducing defection by only 5%, company could improve profit anywhere from 25 to 85%. Thus, relationship marketing is a new system for building long lasting customer retention.

Etze et al (1997) in Ayozie, (2004) defined relationship marketing as an ongoing interaction between buyers and sellers so that the buyer becomes increasingly loyal to the seller because the buyer’s needs are being so well satisfied, which can be after sales is made. Similarly, Kotler and Armstrong, (1997), states that relationship marketing involves creating, maintaining and enhancing strong, value-laden relationships with customers and other stakeholders. In same way, Ayozie, (2004) opines that the attraction of new customers is merely the first step in the marketing process, cementing the relationships, transforming indifferent customers into loyal ones, serving customers, handling customers’ complaints so that they can be happy and loyal.

In developing, a relationship marketing programme. Wilson and Gilliam, (1999) in Ayozie, (2004) outline the following steps: (a) identify the key customers, (b) examine in details expectation of both side, (c) identify how the two organizations can work together closely,(d) think about how operating processes on both sides might need to be changed so that co-operation might be made easier, (e) appoint relationship manager in each of the two organizations so that there is a natural focal point, (f) go from a series of small wins in the first instance and gradually strengthen the relationship, and (g) recognize from the outset that different customers have very different expectation and that these need to be reflected in the way in which the relationship is developed. Thus, when a relationship management and marketing programme is properly implemented, the organization will begin as much as possible on managing its customers as well as managing its product.

The traditional expository tendencies of marketing concept have the focus on customer retention by satisfying customers’ needs (Ayozie, 2004). It is a business philosophy that challenges the production, product and selling concepts. Kotler, (1997), states what marketing concepts holds; “that the key to achieve organizational goals consists of being more effective than competitors in integrating marketing activities towards determining and satisfying the needs and wants of target”. Similarly, a number of studies have identified the benefits of retention to an organization (Reichheld and Sasser, 1990; and Colgate and Danaher, 1996). For example, the longer a customer stays with an organization the more utility the customer generates. This utility is the outcome of a number of factors relating to the time the customer spent with the organization, including the higher initial costs of introducing and attracting a new customer; increase the value of purchases, increase the number of purchases, customer’s better understanding of the organization and positive word of mouth promotion (Omotayo and Joachim, 2008). It has also been suggested in literature that
the costs of customer retention activities are less than the costs of acquiring new customer (Rust and Zahorik, 1993). Similarly, Omotayo and Joachim, (2008) suggest that, customer longevity is not synonymous with customer loyalty. Also, Stun and Thiry (1991) said retained customers do demonstrate immunity to competitive pull; For example, customers may not pay attention to competitors’ advertising or making comparison. A customer may, however, graduate from being a client, to supporter and finally an advocate.

Some of the concepts that have been used to explain why customers leave or stay with an organization are customer satisfaction and customer service. All successful companies must learn how to retain customers even when the customers appeared satisfied. According to Reichheld, (1996) some unsatisfied customers may choose not to defect, because they do not expect to receive better service delivery elsewhere and vice versa. Therefore, customer satisfaction is viewed as an important indicator of customer retention, but customer satisfaction is not always an assurance of customer retention. Retained customers are a function of a number of variables: choices, conveniences, prices, and income (Gan et al., 2006).

It has been proved in literature, that there is a link between customer loyalty and organizational profitability (Reichheld, 1996). This is, as a consequence of reduced cost of retaining a customer and achievement of a zero defection of profitable customers. However, retention should not be taken for loyalty. Loyalty is valid when customers have options to choose from. As such goods and service providers should understand why customers choose to stay and should not assume that it is a positive conscious choice (Colgate et al. 1996). This is because; they may be lured away by attractive offers made by competitors when they experience dissatisfying incidents (Jones and Farquher, 2003).

There are strong arguments for management to carefully consider the range of factors that increase customer retention rates. There are a number of studies, supporting customers’ retention (Fisher, 2001; Marple and Zimmerman, 1999). However, there is little empirical research undertaken as far as can be ascertained to investigate the constructs that explain customer retention in the telecommunication industry especially in Nigeria. A number of studies focused on identifying some of the constructs that are thought to be precursor to customer retention and developing a measure of customer satisfaction, customer value and customer loyalty without examining other potential constructs.

Many of the research in customer retention and customer exit investigate the processes separately without linking the two processes together (Colgate and Norris, 2001). Gan et al. (2006) argue that most banks in the financial service sector choose not to engage in price but rather make use of service as an effective competitive tool. In the light of this, Varki and Colgate (2001) argued that nothing can replace quality service. Quality service as perceived by the customer has an effect on the perceived value of the service rendered (Gan et al., 2006).

The success or failure of generating value is jointly determined by the relationship between the service events; the customer’s prior and post perceptions and perceived and actual quality of delivered service (Grot and Dye, 1999). Also, Woodruff (1997), argues that the concept of customer value suggests a strong link to customer satisfaction.

A number of objectives are set by customers either from present or past experiences, in respect to making an evaluation in desired value (Spreng et al., 1996) in Omotayo and Joachim, (2008). The customer value hierarchy suggests that desired value is composed of a preference for specific and measurable dimensions, the attribute performances, and consequences linked to goals for use situations. Desired values, in turn, guides customers when they form perceptions of how well or poorly a product has performed in the use situation. That is, they evaluate use experiences on the same attributes; attribute performance and consequences constructed in their desired value hierarchies.

In this study, five dimensions of service quality are used. These are convenience, reliability, features
and facilities staffs who deliver the service and tangibles. The support element is concerned with all aspects of how service quality can be provided to add value (Devlin, 2001). As such customer satisfaction is affected by their perceived value and vice versa. Varki and Colgate (2001) demonstrated that customer value impacts customer satisfaction and there is an inter-linkage between perceived service value and customer satisfaction evaluation.

**Relationship marketing strategies**
The possible relationship marketing strategies used in the development of a relationship marketing plan are discussed below according to Ayozie, (2004); these strategies are not totally independent of one another and can be used in combination.

1. **Core Service**: This involves the designing and marketing of a core service approximately which a customer relationship can be established.
2. **Service Augmentation**: This involves building “extras” into the service to differentiate it from competitive offerings. For meaningful service differentiation the extras must be genuine that is not really available from competitors that are valued by customers, when this is the case, customer loyalty is optimistic. As Levitt, (1974) in Ayozie, (2004) writes, having been offered these extras, the customers find them beneficial and therefore prefers doing business with the company that supplies them.
4. **Customizing the Relationship**: The nature of knowledge about the specific characteristics and requirement of individual customers and then, capturing these data for use as needed, product and service organization can move precisely towards tailoring their services to the situation at hand. By so doing, they provide their customer with an enticement to remain customers rather than starting all over with other suppliers.

**Conclusion**
Relationship marketing involves attracting, maintaining, building customer relationship and efficiently and effectively handling of customers complaint. It is imperative for manufacturing, commercial and service organizations executives to improve performance on each build that leads customer retention to improve their competitiveness in the organization. Customer satisfaction does not necessarily lead to customers’ loyalty. It is assumed that when the customer is satisfied, then loyalty towards the organization is strengthened. Therefore, organization should strict themselves to handling customers complaint to create good relationship.

**References**


