

RELATIONSHIP MARKETING CONSIDERATION AND CUSTOMER RETENTION OF FAST FOOD OUTLETS IN PORT HARCOURT

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ABSTRACT

The study was to investigate the nexus between Relationship Marketing Consideration and Customer Retention of Fast food outlets in Port Harcourt. The concluded that some managerial implications for relationship marketing. Managers can plan their marketing strategies by this study as it identified the significant variables which influence customer satisfaction. Fast food outlets in Port Harcourt can explore relationship marketing dimensions such as building customer's trust, commitment to customers, interpersonal communication and service quality. Secondly, customers tend to stay in business once the owners of enterprises are interested in their welfare by ensuring that good quality products and services are. offered to them to meet their respective needs and wants.

Keywords: Relationship Customer Consideration, Customers Retention, Trust, Commitment, Communication

INTRODUCTION

Relationship marketing is one of the contemporary marketing strategies for all companies to meet the needs and desires of the customer. This is because in addition to devising new strategies to attract new customers and make deals with them, the company also continues to keep existing customers and building long term relationships that can bring benefits to the company (Philip & Amstrong, 2010). Relationship marketing can be viewed from a variety of factors, such as Ndubisi with the dimension of relationship marketing, which consists of the commitment, trust, communication, and conflict handling (Ndubisi, 2006). The process of creating strong customer loyalty bonds is called relationship marketing. Three approaches have been proposed to develop a strong bond with customers. The first approach is to increase the financial benefits to the customers. However, these financial benefits could be imitated by competitors and therefore there will be no permanent distinction for the firm. The second approach is that in addition to the financial benefits to customers social benefits should also be provided for customers. It means that the individual needs and wants of customers are firstly recognized by the company and offered appropriate individualized services to them. Finally, the third approach states that structural links or relations should be added to the financial and social benefits (Salari, 2004). Blattberg et al. (2001) state that customer retention is taking place when a customer keeps on buying the same market offering over a long period of time. For products with short purchase cycles, they define customer retention as occurring when 'the customer continues to purchase the product or service over a specified time period'. For products with long purchase cycles, they define customer retention as taking place when the customer indicates the intention to purchase the product or service at the next purchase occasion. Payne (2000) defines customer retention rate as the percentage of customers at the

beginning of the period who still remain customers at the end of the period. Payne warns, however, that other more complex definitions might be more appropriate in instances where customers make use of more than one business simultaneously.

Concept of Relationship Marketing Consideration

The concept of relationship marketing was presented initially in 1983 by Berry in the context of service organizations. It is defined as a business strategy to attract, maintain, and improve customer relations with technology development and companies are paying to create beneficial relationships based on to optimize customer perceptions value. Some others defined relationship marketing as a process to identify, build, maintain, strengthen, and if necessary terminate their mutually beneficial relationships with their customers and other stakeholders so that the objectives of all the parties involved are met. Kotler and Armstrong (2014) submitted that relationship marketing as an effort to create, maintain, and enhance strong relationships with target customers and stakeholders. They believed that marketing is increasingly moving away from individual transactions to build strong relationship with customers and other marketing networks.

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Relationship marketing is the development of mutually beneficial long-term relationships between a seller and a buyer. From the firm's point of view, RM is the art of creating special personal ties with its customers. Customers on the other hand, view RM as an opportunity to share information about their needs and to have those needs fulfilled. The significance of relationship marketing is highlighted by the following statistics outlining the reasons why customers switch to competitors (Hudson & Florida, 2007).

The definition of marketing has changed emphasis from purely transaction driven -to being process driven. The process approach combines both transactional (related to fast—moving consumer goods) and relational (related to services) qualities, which strives to establish, maintain, and enhance mutually beneficial relationships with customers so as to satisfy the objectives of all parties. This new definition of marketing realizes the value of the lifetime customer and the importance of preventing customer defections. Customers are demanding more; therefore marketers must work to meet those demands. Marketers must be willing to discover and satisfy the needs of each customer as individuals.

Customer relationship building, which is a requirement of marketing's new era, is best fulfilled by one-to-one, or relationship marketing (RM). Relationship Marketing is raising the curtain on a new era of consumer privilege age of servile sales and service representatives who remember and anticipate a customer's every need (Lardner). Relationship marketing places the customer at the center of all planning activity. The customer lets the firm know what is important and the firm responds accordingly (Patoka 2001). RM includes efforts to keep customers satisfied after purchase, taking steps to increase the likelihood of cross-purchasing, measuring the extent to which customers are satisfied, and translating the sales process into an effective 'program complete with two-way dialogue (Patoka 2001).

The goal of RM is to build long-term, trusting, win-win relationships which serve to maximize customer satisfaction and retention. Too many businesses try to be too many things to too many people says Kenneth Cook, author of the American Marketing Associations Complete Guide to Small Business Marketing. Get to know your customers intimately. Then you'll know what they are looking for. This strategy is one of the most effective and responsive for attaining competitive advantage and unique company differentiation in an increasingly competitive and changing environment. It provides a much greater emphasis on informing and educating versus advertising, and keeping the customers you have as opposed to primarily focusing on capturing new customers.

Concept of Customer Retention

Ramakrishnan, (2006) defines customer retention as the marketing goal of preventing customers from going to the competitor. Customer retention is the way in which organizations focus their efforts on existing customers in an effort to continue doing business with them. However, customer retention can also mean the number of customers who stay with the provider in the course of an established period, such as a year (Dawes, 2009). Customer retention is a key factor in determining the success of businesses today. Fluss (2010) notes that competitors are always on the lookout to steal customers through better deals. Fluss has observed that annual customer attrition rates range from 7% in industries that have high exit barriers such as banking and insurance, to almost 40% in the mobile phone industry. It can, therefore, be concluded that customers in the cellular industry keep on switching network providers for better deals.

Customer retention has a direct impact on long term customer lifetime value, which is a more profitable avenue for firms that seek to pursue growth and sustainability or those that seek to protect themselves from market shrinkage resulting from a contracting economy (Gee et al., 2008). Supporting this argument, Lombard (2009) notes that today the pressure on companies to retain customers is fuelled by the market where customer acquisition is slow. Customer retention is important when loyalty is decreasing and sales cycles are aggravating the business environment. Under these circumstances, losing an important customer to a competitor would impact significantly on the organisation's profitability and growth.

To measure customer retention, therefore, a number of factors need to be taken into account. These include the customer retention rate over time, the customer retention rate by market segment in terms of the different services or products offered, and share earned of the customer's wallet (Payne, 2000). Measuring the customer retention rate is seen as the initial step in improving loyalty to, and the profitability of, a service organization (Payne, 2000a), yet many organizations do not understand the importance of improving customer retention rates, and the impact of these on profitability.

The customer retention rate must be measured and managed and can be calculated in two ways: a crude customer retention rate, or a weighted one. A crude customer retention rate measures the total percentage of customers the organization retains, based on the decline or escalation of customers over a specific period of time. The weighted retention rate is calculated by weighting customers according to the volume of their purchases. Ahmad and Buttle (2001) state that in the case of hotels, measuring retention should involve measuring the absolute number of customers who have been retained, as well as using a weighted rate, which takes into account the share of wallet as well as the life time value, of a customer. Service organizations need to understand why their customers remain with them and should not assume that when customers remain it is a positive, mindful choice on their part. Customers may stay with a service organization due to any number of (sometimes intangible) ties or links with it. Some of these are positive, and increase the dedication of customers as with, for example, increased satisfaction.

Theoretical Review

The study adopted the Knowledge-Based Theory. The knowledge-based view is engaged in exploring knowledge as a resource, particularly when considering the role of knowledge sharing in consumer relationship building. The knowledge-based approach also presents a new way to consider the firm and its relationship to the individual consumer, as well as its potential success outcomes (Algezau & Filieri, 2014). In defining this term within the marketing context, Mejri and Umemoto (2010) present knowledge as a complex phenomenon that arrives from networks, cultures, and entrepreneurialship. Furthermore, within this approach, knowledge is both acquired and applied in a variety of ways, some of which are more subtle and complex than others (Mejri & Umemoto, 2010). Knowledge is important when it comes to making decisions regarding customers. Knowing about the customer tastes and preferences or grievances helps the telecommunication companies improve on their services. The current popular trend on information gathering in the telecommunication companies is through social media (Della et al, 2015; Tichafa & Nyoni, 2017). Martin-de Castro (2015) argues that knowledge, when considered as a resource, is important to competitive advantage over time, as it fosters innovation. With additional knowledge, potential outcomes are improved; knowledge is a resource that replicates itself. Algezau & Filieri (2014) also argue that competitive success is linked to innovation, creating a strong emphasis on knowledge and the importance of building and sharing it. Historically, this theory has focused on elements such as a firm's capabilities, how products are diversified, and how these elements ultimately affect consumer outcomes (Nath, et al 2010). As in the case of the knowledge-based approach, this could be seen to be limiting to the growth or progression of the theory.

However, one such effort at developing the theory further is through focusing on different elements than those that have typically been widely addressed by this approach. For example, much work focuses on the component of marketing innovation, which has been agreed to be an important aspect of competitiveness within marketing (Gupta & Malhotra, 2013).

Empirical Review

Kagendo (2015) in his study on influence of electronic marketing on customer retention at Safaricom limited. The study sought to determine the influence of electronic marketing on customer retention at Safaricom limited. The objective of the study was to find out the

electronic marketing practices adopted by Safaricom and whether these practices contribute to customer retention. The study used a case study research design. Primary data were collected by interviewing three heads of department in marketing at Safaricom due to the fact that they were highly involved in implementation of marketing strategies. The interview was guided by an interview schedule prepared by the researcher. The interviewees were namely head of department consumer sales, head of department mass market and head of department enterprise sales. A face-to-face interview was conducted with the three heads of marketing privately in different set ups. Inductive Content analysis was used to relate the findings of the study which involved a three-step process analytical methodology namely; preparation stage, organizational and finally reporting stage. The findings revealed that the most commonly used electronic marketing practices by Safaricom Limited were as follows: social media marketing; audience participation, viral campaigns, customer feedback, offline communication; direct email, online partnership; widget marketing, affiliate marketing, online public relation; publisher outreach, brand protection, search engine optimization and paid search. One of the major limitations of this study is that the managers had a busy schedule and therefore the researcher had to interview them hurriedly therefore some answers were not in-depth.

Ascarza, et al (2017) in their study on in pursuit of enhanced customer retention management: Review, key issues and future directions. Customer retention presents a significant challenge for many service companies. Academics have generated a large body of research that addresses part of that challenge with a particular focus on predicting customer churn. However, several other equally important aspects of managing retention have not received similar level of attention, leaving many managerial problems not completely solved, and a program of academic research not completely aligned with managerial needs. Therefore, the goal is to draw on previous research and current practice to provide insights on managing retention and identify areas for future research. This study leads us to advocate a broad perspective on customer retention. The findings of the study shows that a definition that extends the concept beyond the traditional binary retain/not retain view of retention. However, the study presents an integrated framework for managing retention that leverages emerging opportunities offered by new data sources and new methodologies such as machine learning. Furthermore, the finding of the study shows the importance of distinguishing between which customers are at risk and which should be targeted as they are not necessarily the same customers. Finally, the study was able to identify trade-offs between reactive and proactive retention programs, between short- and long-term remedies, and between discrete campaigns and continuous processes for managing retention.

Nasir (2015) in his study on customer retention strategies and customer loyalty. The study argues that since loyal customers are the most important assets of a company, companies have been giving attention to developing customer retention and loyalty programs. The fundamental purpose of customer retention efforts is to ensure maintaining relationships with value-adding customers by reducing their defection rate. Creating customer loyalty is essential for the survival of the company in highly competitive markets. Thus, the finding of the study shows that the significance of customer retention marketing strategies for the company by revealing the economics of retention marketing programs. Requirements for developing effective customer retention strategies are explained.

CONCLUSION

Fast food outlets in Port Harcourt can explore relationship marketing dimensions such as building customer's trust, commitment to customers, interpersonal communication and service quality. Secondly, customers tend to stay in business once the owners of enterprises are interested in their welfare by ensuring that good quality products and services are offered to them to meet their respective needs and wants.

The study focused on the trends in relationship marketing and its implication on customer satisfaction among firms-in Nigeria. The findings revealed some managerial implications for relationship marketing. Managers can plan their marketing strategies by this study as it identified the significant variables which influence customer satisfaction. i

RECOMMENDATIONS

Following the findings, the following recommendations were made:

1. Fast food outlets in Rivers State should be trust with customers as this will help them to increase repeat patronage customer referrals.
2. Always monitor the firm reputation to the public because it has significant influence on the activities of the organization.
3. Commitment to helping customers solve problems can also attract customers .to the business.
4. Communication is a very important tool if they are to sustain relationship with customers, when a customer can comfortably communicate with a firm, it makes repeat patronage and market share easier.

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