

COMMUNICATION AND CUSTOMER RETENTION OF FAST FOOD OUTLETS IN PORT HARCOURT

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ABSTRACT

The study was to investigate the nexus between Communication and Customer Retention of Fast food outlets in Port Harcourt. The study adopted the descriptive research design. The population of this study comprised of sixty five (65) fast food outlets in Port Harcourt gotten from <http://www.researchgate.net>. Hence, a census study. The instrument that was used for data collection in this study was a structured questionnaire. A test re-test method was used to establish the reliability of the questionnaire. The copies of questionnaire were coded for analysis using SPSS version 23.0. Descriptive statistics of percentage mean and standard deviation with inferential statistics of Pearson Product Moment Correlation co-efficient will be used for data analysis. Analysis of data revealed that there is a strong and positive relationship between communication and customer referrals of Fast food outlets in Rivers State. 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.

Keywords: Communication, Customers Retention, Fast Food Outlet

INTRODUCTION

Communication is very important to build a relationship with someone, because if it can be handled properly by the company, can provide the effectiveness for consumers to get the information correct. Customers who want to conduct transactions can take immediate decisions to choose according to their needs, the accuracy of information obtained indirectly may affect customer loyalty.

Communication in relationship marketing means staying in touch with valuable customers, providing timely information and reliable about changing service and services, and communicate proactively in terms of problems delivering the goods. The communication also tells customers who are not satisfied with what the organization to correct the causes of discontent (Ndubisi, 2007).

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.

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.

Communication

Communication is a very important tool when you want to build relationships with their customers or business partners, and also can be a tool for the adhesive connection between the company and customers so communication has a vital role in relationships. Communication has a meaning as the ability to provide timely and accurate information. Communication as an interactive dialogue between the company and its competitors which includes the pre-sale, sale, consumption and phase after consumption (Ndubisi, 2007). The success of a communication can be affected by several things, including the clarity of ideas to be conveyed, perceived similarity between the sender and receiver of information, lack of distortion, and the appropriate communication channels. The communication process also affects the success of the relationship between the company and its customers. Communication in a Relationship marketing related to the value obtained by the customer, providing the right information, and trustworthy as well as information regarding the change in services offered and proactive communication when problems occur between companies and customers (Ndubisi, 2007).

If Relationship marketing is to succeed it must include all the messages contained in marketing communications. It is necessary to create, maintain and expand relationships with customers (Gronroos, 2004). Communication is the process of moving the understanding in the form of ideas or information from one person to another (Handoko, 2003: 272). While Shimp (2003: 4) states that communication is a process where thinking and understanding conveyed between individuals or between organizations and individuals. Communication is an activity undertaken to maintain relationships with customers through the availability of timely and accurate information, provide information if there is a new service, create and fulfill the services requested by the customer as well as the information provided is always accurate.

Therefore, the first step to build awareness, developing consumer preferences (by promoting values, performance and other features), make sure the buyer is interested, and encourage them to make purchasing decisions (Ball, et al, 2004). The success of the communication can be affected by several things, including the clarity of ideas to be delivered in common perception between the sender and receiver of information, absence of distortion and proper communication channels. Handling conflict is special actions when interacting with customers (Ball, Coelho, & Machas, 2004). The things that have the potential to cause conflict not only matters relating to the product but also associated with the service, polite, courteous, considerate attitude and caring attitude of employees or service providers. Dwyer et al. as cited by Ndubisi (2005) said the handling of the conflict can be described as the ability of the supplier to avoid possible conflicts, resolve conflicts real before they create problems, and discuss solutions to open when the problem arises.

Customer Retention

Reliability of service delivery is also seen as an important factor in creating loyalty, since competitors cannot easily copy this (Bowen & Shoemaker, 1998). A study of hotel guests conducted by Bowen and Chen (2001) supports the notion that there is indeed a positive relationship between loyalty, repeat business (retention), and profitability. According to Egan (2001) a number of scholars in the field of relationship marketing (Buttle, 1996; Reicheld, 1996) consider the causal links between satisfaction, loyalty, and profitability to be rather tenuous. They maintain that this model cannot be accepted without criticism and that accepting this model unconditionally will deceive the marketer (Egan, 2001).

Measures of Customer Retention

Repeat Patronage:

In the context of marketing, patronage is an exchange process where one receives a service or goods in exchange for money or other considerations. Customer patronage is therefore, the

purchase of goods and service from a vendor by a customer or a business. The customer purchases and expects to derive benefits or satisfaction from the goods or services as consideration for the exchange for money paid. According to Caudill and Murphy (2000) customer expectations of satisfaction leads to an increase in tendencies to purchasing a particular brand. They reiterated that firms that provide high quality products and services on a regular basis will have more satisfied customers and these customers will likely re-patronize the service and products next time when indicating that comparatively, firms that offer service of superior quality is bound to get their customers satisfied as well as get higher economic returns more than their competitors. Oftentimes managers use customer satisfaction to forecast brand loyalty that ultimately lead to repurchase. On this basis it is expected that customers of restaurants will opt for the sources that meet their quality and value expectations over those that do not; and ignorant will experience customer traffic decline as guests support competing restaurants (Stevens, Knutson & Patton, 1995). Thus, a customer's loyalty is founded not only on firm's remarkable but may also be influenced by other factors such as restaurant image, personnel.

Referral

Customer referral is one of the most powerful tool for increasing the level of customer patronage (Schmitt et al, 2013). When someone buys a good or service from a company and had a positive experience with the product or service purchased, he or she is more likely to tell others about his or her experience with the product or service and encourage them to try the company's product or service. If one customer tells five more persons, and then those persons tells other-people, then the company will experience massive increase in customer patronage and sales growth. Barrot et al (2013) stated that referrals have a strong influence in determining what people buy and who they buy from. Guo (2012) noted that some companies reward their customers for creating a referral that turns into a client. This is a way of motivating other customers to refer people to the company's products and services.

Customer referrals are very crucial to the growth of an organization. Tuk et al (2009) noted that the only for company to grow and make more money is to increase sales. However, it takes a lot of effort and money to make a single sale. With all the efforts, hard work and money involved to make la sale, the company is always looking for a way to make its efforts yield result by growing its sales and profits. No matter how long a company has been in business, it already knows that making a sale through cold calls is tough. It is always easier when a customer recommends the company's products or services to someone else. It is for this sole reason why customer referrals matter a lot and should be an integral part of a company's marketing plans.

Empirical Review

Muhumuza, et al (2021) in their study on promoting customer satisfaction: the role of relationship marketing practices and relationship value. In the current era of growing competition and changing customer expectations within the hotel industry, managers are compelled to devise strategies of promoting customer satisfaction in order to attain a competitive advantage. This study investigated the mediation effect of relationship value in the relationship between relationship marketing practices and customer satisfaction in the hotel industry of Uganda. A quantitative survey design was adopted to investigate the envisaged linkage between the study variables from a relational perspective. The findings of the study establish that relationship value significantly mediates the relationship between relationship marketing practices and customer satisfaction. In terms study limitations, the study focused on hotel customers in all the four regions of Uganda. The finding of the study provides a reason for hotels to devote more resources towards relationship marketing practices in a bid to propel relationship value, which resonates customer satisfaction. The finding of the study also supports the idea that improved relationship marketing practices through relationship value generate a sustainable psychological satisfaction not only for customers but also high market share for the organization. The study recommends to hotel managers to regularly consider the

drivers of relationship marketing practices, which build a long-term relationship and bonds with customers to yield relationship value. As evidenced in this study, it is of great importance to develop relationship-marketing practices that increase relationship value, an aspect that is vital in boosting customer satisfaction.

Mamusung, et al (2021). In their study on the effect of relationship marketing on service quality and customer loyalty: An empirical study in Indonesia. The purpose of this research is to examine and analyze the effect of relationship marketing on service quality and customer loyalty, especially in the context of the retail industry. In retail industry, Relationship Marketing is the key to increase and maintain a large pool of customers. This research was conducted in North Sulawesi Province with a sample size of 155 supermarket customers. The sampling technique used for the study is the purposive sampling. Data was analyzed using SEM based on GeSCA components. The findings of the study showed that relationship marketing had a significant positive effect both on service quality and customer loyalty. The commitment, communication, conflict handling, and competence play an important role in improving service quality which ultimately makes customers loyal. In addition, the relationship between service quality and customer loyalty, also has significant positive findings.

Hanaysha (2017) in his study on an examination of marketing mix elements and customer retention in Malaysian retail market. This study was designed to test the effect of selected marketing mix elements on customer retention in retail industry. Based on the review of past literature, it appears that there are only few studies which examined the empirical link between both constructs, particularly in Malaysian retail sector. To accomplish the above objective, a quantitative survey method was employed for collecting the data from several customers of retail stores in East Coast Malaysia. The study builds upon the literature by confirming the importance of the selected marketing mix elements in affecting customer retention in retail industry with empirical data from Malaysian context. The collected data were inserted into SPSS and analyzed using structural equation modeling (AMOS). The findings revealed that advertising has an insignificant effect on customer retention. The finding also showed that distribution intensity, price, and store location have significant positive effects on customer retention. Finally, the outcomes confirmed that store image plays a significant role in affecting customer retention.

Putri, et al (2020) in their study on enhancing customer retention using customer relationship management approach in car loan business. The objective of this study was to analyze the effects of customer-perceived value, corporate image, and service quality on customer satisfaction, as well as to analyze the direct effect of switching barriers on customer retention, and to analyze the direct and indirect effects of customer satisfaction on customer retention. The conceptual research framework was examined by subjecting data pertaining to 310 customer car loans to structural equation modelling (SEM). The study findings indicated that customer perceived value, corporate image, and service quality have a significant effect on customer satisfaction, while switching barriers have a significant effect on customer retention. The managerial implications of these findings include grouping customers, determining sales targets based on customer groups, offering products that have more advantages over competitors, providing credit packages and special programs to promote low- interest rates, and forming tele sales as information channels. This research provides an overview of the loyalty of customers that will reuse the previous car loan company when reapplying for credit.

Research Design

The study adopted the descriptive research design.

Population for the Study

Population consisted of all the elements within the study scope. The population of this study comprised of sixty five (65) fast food outlets in Port Harcourt gotten from <http://www..researchgate.net>. Hence, a census study. The following categories of management staff

provided information for the study: administrative manager, public relations officer, marketing manager and ICT manager. A total of 260 respondents were used as the study subjects.

Sample Size and Sampling Techniques

A sample comprised of some members selected from the population. In other words, some, but not all elements of the population would form the sample (Ahiauzu & Asawo, 2016). Based on the population was 65, the study adopted a census approach and studied the entire population, the researcher administered copies of the questionnaire per firm.

Instrument for Data Collection

The instrument that was used for data collection in this study was a structured questionnaire. The questionnaire was divided into two sections (A and B). Section A covered information on the personal data of the respondents such as their age, sex, marital status, occupation, position, working experience and educational qualification, while section B obtained information on the study variables.

Methods of Data Analysis *

The researcher assembled all the returned copies of the questionnaire, sort out the ones that are properly filled and separate them from the ones not properly filled (if any). The copies of questionnaire were coded for analysis using SPSS version 23.0. Descriptive statistics of percentage mean and standard deviation with inferential statistics of Pearson Product Moment Correlation coefficient will be used for data analysis. Percentage and mean will be used to analyze data concerning the socio-demographic data and research questions, respectively because of test for relationship amongst the variables. Furthermore, overall percentage and grand mean was equally calculated and used in taking decision with respect to the research questions. Pearson Product Moment Correlation Co-efficient was used to test the hypothesis at .05 alpha levels. A criterion mean of 2.5 was used as a guide in taking decision.

Results

Research Question one: To what extent does communication relate to repeat patronage of fast food outlets in Port Harcourt

Testing Hypothesis one

Relationship between Communication and Repeat Patronage of Fast food outlets in Port Harcourt

		Correlations	
		Communication	Repeat Purchase
Communication	Pearson Correlation	1	.524**
	Sig. (2-tailed)		.000
	N	240	240
Repeat Purchase	Pearson Correlation	.524**	1
	Sig. (2-tailed)	.000	
	N	240	240

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output, 2023.

The SPSS output on Table above shows that a Pearson product moment correlation was run to assess the relationship between communication and repeat patronage of fast food outlets in Port Harcourt using a sample of 240 respondents. The strength and direction of the relationship, between the variables are indicated by the R-value is 0.524. This means there is a moderate and positive relationship between communication and repeat patronage. Furthermore, significance of the relationship is shown by the probability value which is 0.033 less than the threshold of 0.05 indicating that the relationship between the variables is statistically significant. In other words, there

is a moderate, positive and statistically significant relationship between communication and repeat patronage ($r = 0.524$, $N = 240$, $p = 0.033 < 0.05$). In view of this result, we reject the null hypothesis which states that there is no significant relationship between communication and repeat patronage of food and beverage companies; and therefore, we accept that there is a significant relationship between communication and repeat patronage of food and beverage companies in Rivers State.

Research Question two: To what extent does communication relate to customer referrals of fast food outlets in Port Harcourt

Testing Hypothesis two

Relationship between Communication and Customer Referrals of fast food outlets in Port Harcourt

		Correlations	
		Communication	Referrals
Communication	Pearson Correlation	1	.337**
	Sig. (2-tailed)		.000
	N	240	240
Referrals	Pearson Correlation	.337**	1
	Sig. (2-tailed)	.000	
	N	240	240

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output, 2023.

The SPSS output on Table above shows that a Pearson product moment correlation was run to assess the relationship between communication and customer referrals of fast food outlets in Port Harcourt using a sample of 240 respondents. The strength and direction of the relationship between the variables are indicated by the R-value is 0.337. This means there is a weak and positive relationship between communication and customer referrals. Furthermore, significance of the relationship is shown by the probability value which is 0.000 less than the threshold of 0.05 indicating that the relationship between the variables is statistically significant. In other words, there is a weak, positive and statistically significant relationship between communication and customer referrals ($r = 0.337$, $N = 240$, $p = 0.000 < 0.05$). In view of this result, we reject the null hypothesis which states that there is no significant relationship between communication and customer referrals of food and beverage companies; and therefore, we accept that there is a significant relationship between communication and customer referrals of fast food outlets in Port Harcourt

Communication and Customer Retention

Analysis of data revealed that there is a moderate and positive relationship between communication and repeat patronage of Fast food outlets in Port Harcourt. This is indicated by the r-value of 0.524 and a probability value of 0.033. In view of this result, the null hypothesis which states that there is no significant relationship between communication and repeat patronage of Fast food outlets in Port Harcourt was rejected and the alternate hypothesis accepted. This means, there is a significant relationship between communication and repeat patronage of Fast food outlets in Port Harcourt.

Furthermore, the analysis of data revealed that there is a weak and positive relationship between communication and customer referrals of Fast food outlets in Port Harcourt. This is indicated by the r-value of 0.337 and a probability value of 0.000. In view of this result, the null hypothesis which states that there is no significant relationship between communication and customer referrals of Fast food outlets in Port Harcourt was rejected and the alternate hypothesis accepted. This means, there is a significant relationship between communication and customer referrals of Fast food outlets in Port Harcourt. This findings is supported by the study of Ibojo (2015), who carried out a study on the impact of customer satisfaction on customer retention. It was concluded that the effective

satisfaction of customers will give room for customer retention. More so, there is a significant relationship between customer satisfaction and customer retention.

CONCLUSION

Fast food outlets in Port Harcourt can explore relationship marketing dimensions such as 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.

RECOMMENDATIONS

Following the findings, the following recommendations were made:

1. 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.
2. Always monitor the firm reputation to the public because it has significant influence on the activities of the organization.

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