

IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION: A CASE STUDY OF THE UNDERGRADUATE STUDENTS IN A PRIVATE UNIVERSITY, OYO STATE, NIGERIA

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Abstract

This study examines the impact of relationship marketing on customer satisfaction, using undergraduate students in a private university, Oyo State Nigeria as a case study. The objectives are: to determine the impact of relationship marketing on customer satisfaction, to examine the rate at which trust affect customer satisfaction, and to investigate the effect of competence and long term relationship on customer satisfaction. Primary and secondary sources were used. The use of questionnaire was employed to gather necessary and relevant data from the respondents. Data was analyzed using inferential and descriptive statistics. Hypotheses were tested using pearson correlation and multiple regression analysis. The result of the findings shows that a 1% shift in relationship marketing will result in 81.1% shift in customer satisfaction. More so, a 1% shift in trust will result in 72.2% shift in customer satisfaction, and lastly, the R^2 value of 0.604 reveals that competence and long term relationship jointly account for 60.4% of the variation in customer satisfaction. The study therefore concludes that relationship marketing has positive relationship with customer satisfaction, and therefore influences customer satisfaction to a great extent.

Keywords: Relationship Marketing, Customer Satisfaction, Organisations, Consumer Behaviour

INTRODUCTION

Environment is highly competitive and dynamic in nature. For an organisation/institution in any business oriented industry to survive effectively in this globally competitive environment, such organisation/institution must be proactive and dynamic. It must also take into cognisance the nature of the target market which is the end point of marketing. It is also necessary for strategists and managers to focus and concentrate on the needs satisfaction of the consumers. More so, the marketing focus is shifting from transactional marketing to relationship marketing. Over the years, a major shift has occurred in the ways organizations/institutions relate/deal with their customers. This change came about when organizations recognised that a sustainable competitive advantage in the globally economy, increasingly, requires organizations to become trusted participants in various networks or set of strategic alliance.(Morgan and Hunt, 1994)

The need to create and maintain favourable and friendly relationship with customers has made it necessary for organization not to only focus on profit maximization but also on creating mutual and long lasting relationship with their customers. For an organization to be able to create and maintain friendly relationship with the target market, there is the need for cordial relationship between the two parties. This has placed more emphasis on relationship rather than transactional marketing. The focus of marketing has moved from managing transactions to managing relationships (Christopher et al 1991; Webster, 1992; Gummesson, 1997). In considering the shift from transactional marketing to relationship marketing, a lot of researchers have also focused on customer satisfaction (Narver and Slater, 1994; Gale 1994; Naumann 1995; Ibojo and Asabi, 2015; Ibojo, 2014).

Marketing is a concept that identifies, defines, measures and produces goods and services to satisfy the needs and wants of target market (Kotler, 1993). Having identified and produced goods and services for the satisfaction of customers' needs, there is the tendency to create friendly relationship that gives birth to relationship marketing.

The major aim of marketing is to know and understand the customers so well, identify their needs and create/design the product or service that fits them well. Having identified a customers who is willing and able to buy, making the product available is not all that is needed to achieves the stated objectives, but also a clear understanding of the relationship marketing between the two parties. The inclusion and application of relationship marketing into management decision making portfolio helps not only in creating favourable relationship between the organization/institution and the target market, but also helps in satisfying the needs of the customers at a greater extent. Thus, relationship marketing becomes a vital and significant driving force for creating sustainable and favourable customer relationship that will aid customer satisfaction.

The central figure of any business organization is the target market (customers). Implicitly, the ultimate existence of business organization is hinged on the realization of customer satisfaction through the application of favourable and friendly relationship marketing.

Increasingly, a key goal of marketing is to develop deep, enduring relationships with all people or organizations that would directly or indirectly affect the success of the firm's marketing activities (Kotler and Keller, 2006). They were of the opinion that relationship marketing has the aim of building mutually satisfying long-term relationships with key parties- customers, suppliers, distributors, and other marketing partners- in order to earn and retain their business for profitability.

Objectives of the Study

1. To determine the impact of relationship marketing on customer satisfaction.
2. To examine the rate at which trust affect customer satisfaction.
3. To investigate the effect of competence and long term relationship on customer satisfaction.

Hypothesis of the Study

In line with the objectives of the study, the following hypotheses are postulated in null form

H₀₁: There is no significant relationship between relationship marketing and customer satisfaction”

H₀₂: There is no significant relationship between trust and customer satisfaction.

H₀₃: Competence and long term relationship do not jointly predict customer satisfaction.

LITERATURE REVIEW

Relationship marketing is one of the best contemporary marketing strategies for organizations to satisfy their respective customers' needs and wants. (Veinampy and Sivesan, 2012) This presumed the fact that organizations must apply relationship marketing in order to satisfy the needs of their customers by creating and maintaining long term friendly relationship with their customers. It also point to the fact that relationship marketing will give room to customer satisfaction. Relationship marketing concerns attracting, developing and retaining customer relationship (Berry and Parasuraman, 1991).

Liu (2000) is of the opinion that the goal of relationship marketing is to provide increased value to the customers and results in a life time value for the service provider. Clark, et al (1995) view relationship marketing as the business of attracting and enhancing long- term customers' relationship.

Gronroos (1990) is of the fact that relationship marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties are met. It is an undisputable fact that customer satisfaction is one of the objectives of business oriented organizations. It is therefore necessary for organizations to establish, maintain and enhance relationship with their customers in order to achieve their objectives.

Gummesson (1999) indicates that relationship marketing has a strong emphasis on business to customer relationships within a customer relationship marketing paradigm. Relationship marketing involves creating, maintaining, and enhancing strong relationship with customers and other stakeholders (Kotler and Armstrong, 1999). This indicates that there must be strong and friendly relationship between the organization and the customers. This relationship will not only bring up mutual benefit, but will also pave way for customer satisfaction. This shows that relationship marketing is a necessity for customer satisfaction.

Most of the definitions lay emphasis on creating long term friendly relationship, focusing on retaining their customers. However, if customers are not satisfied with the performance and products of the organization, definitely the essence of relationship marketing will be in vein. It is therefore necessary that organizations must focus their long term friendly relationship on satisfying the needs and wants of their customers at a greater extent in order to give room for customer satisfaction. Rap and Collins (1990) are of the opinion that relationship marketing goals are to create and maintain lasting relationships between the firm and its customers for the satisfaction of both parties. Palmatier and Gopalakrishna (2005) assert the fact that there is a positive relationship between relationship marketing and business performance. However customer satisfaction is an integral part of business performance.

Customer satisfaction is viewed as a customer's overall evaluation of the performance of an offering to date (Johnson and Fornell, 1991). This overall evaluation depends largely on the performance of the organization and the product. However, the performance to a large extent depends on the long term friendly marketing relationship between the customer and the organization. Bolton (1998) finds a positive effect of overall customer satisfaction on the duration of the relationship for cellular phone customers, while Bolton and Lemon (1999) show a positive effect of overall satisfaction on customer usage of telecommunications subscription services.

Customer satisfaction is defined as an overall positive or negative feeling about the net value of services received from a supplier (Woodruff, 1997). Woodruff (1997) argues that perceived value represents customer cognition of the nature of relational exchanges with their suppliers, and satisfaction reflects customers' overall feeling derived from the perceived value.

There is also empirical evidence that customer-perceived value has a positive effect on customer satisfaction (Anderson and Mittal, 2000; Walter, Thilo, and Helfert, 2002).

Zeithamal and Bitner (2000) are of the view that relationship marketing is a strategic orientation that focuses on keeping and improving current customers rather than acquiring new customers. This presumes that organizations prefer to have friendly relationship with the current customers. In maintaining the friendly relationship, all efforts must be aimed at creating and providing customers satisfaction.

In a similar perspective, Benneth (1996) looks at relationship marketing as the act of seeking to establish long term, committed, trusted, and co-operative relationship with customers that are characterized by openness, responsiveness, and genuine concern for the delivery of high quality goods and services as well as the willingness to sacrifice short term advantages for long terms gain. In line with this, this paper examines the impact of relationship marketing on customer satisfaction, using a case study of undergraduate students in a private university in Oyo State, Nigeria.

RESEARCH METHODOLOGY

Research Design

The design for this study is: research survey i.e. the collection of primary data through the use of questionnaires from the students of a Private University, Oyo, Oyo State, Nigeria on the impact of relationship marketing on customer satisfaction in the banking industry.

Study Population/Sample

A total of 800 undergraduate students who were patronizing different commercial banks were requested to complete questionnaires (self designed that captured all the variables) that contained measures of the constructs of concern. However, the research focussed on the students of Social and Management Science Faculty. As a result, 800 students were randomly selected from the faculty population to enable the researchers have sufficient knowledge of what is obtained in the entire population.

Sampling Method/ Sample Size

Eight hundred (800) questionnaires were randomly administered to the respondents. However, six hundred and sixteen questionnaires were dully filled and returned.

Sources of Data

This involves the use of primary and secondary sources of data. The primary source involves the use of questionnaire while the secondary data incorporates the use of journals, periodicals and the internet.

Data Collection Instrument

The study employed a questionnaire as an instrument for data collection. The questionnaire was divided into three sections. Section A measures the demographics of the respondents which include age, sex, marital status, educational qualification, etc., while section B measures relationship marketing in terms of trust, long term relationship, competence and commitment. Section C measures customer satisfaction using overall satisfaction (emotional), loyalty (affective and behavioral), series of attributes of satisfaction (affective and cognitive) and intentions to repurchase (behavioral). The items were measured on a 5-point Likert scale ranging from strongly agree (5) to strongly disagree (1).

Methods of Data Analysis

This involves the use of descriptive and inferential statistics. The descriptive statistics incorporate the use of tables and percentages while the inferential statistics give room for the use of pearson correlation and multiple regression analysis.

Hypotheses of the Study

In line with this research study, the hypotheses postulated are;

Hypothesis One

Ho: There is no significant relationship between relationship marketing and consumer satisfaction.

H₁: There is a significant relationship between relationship marketing and consumer satisfaction.

Hypothesis Two

Ho: There is no significant relationship between trust and customer satisfaction.

H₁: There is a significant relationship between trust and customer satisfaction.

Hypothesis Three

H₀: Competence and long term relationship do not jointly predict consumer satisfaction.

H_i: Competence and long term relationship jointly predict consumer satisfaction.

ANALYSIS AND FINDINGS

Table 1: Descriptive Statistics of Demographics

Sex	Frequency	Percentages(%)
Male	304	49.4
Female	312	50.6
Total	616	100
Age	Frequency	Percentages(%)
18 – 25	574	93.2
26 – 35	42	6.8
36 – 45	0	0
Total	616	100
Marital Status	Frequency	Percentages(%)
Single	614	99.7
Married	2	0.3
Divorced	0	0
Total	616	100
Level	Frequency	Percentages(%)
100	276	44.8
200	88	7.1
300	208	33.8
400	88	14.3
T0tal	616	100

Test of Hypotheses

Hypothesis One

Ho: There is no significant relationship between relationship marketing and consumer satisfaction.

H₁: There is a significant relationship between relationship marketing and consumer satisfaction.

Table 2: Pearson's Correlation between Relationship Marketing and Consumer Satisfaction

Variable	Mean	Std. Dev.	N	R	P	Remark
Relationship Marketing	5.800425	.5176450	616	.811**	.000	Sig
Consumer Satisfaction	5.814225	.5209061				

** Sig. at .01 level

It is shown in table above; there is a significant relationship between relationship marketing and consumer satisfaction. ($r = .811^{**}$, $N = 616$, $P < .01$). By implication, it can be deduced that a 1% shift in relationship marketing will result in 81.1% shift in consumer satisfaction. Hence, it could be deduced that relationship marketing influence consumer satisfaction.

Hypothesis Two

Ho: There is no significant relationship between trust and customer satisfaction.

H₁: There is a significant relationship between trust and customer satisfaction.

Table 3: Pearson's Correlation between Trust and Customer Satisfaction

Variable	Mean	Std. Dev.	N	R	P	Remark
Customer purchase intention	6.254139	.6955616	616	.722**	.000	Sig
Picture quality	6.23909	.601577				

** Sig. at .01 level

It is shown in the table above, that there is a significant relationship between trust and customer satisfaction. ($r = .722^{**}$, $N = 616$, $P < .01$). By implication, it can be deduced that a 1% shift in trust will result in 72.2% shift in customer satisfaction. Hence, it could be deduced that trust influence customer satisfaction.

Hypothesis Three

H₀: Competency and long term relationship do not jointly predict consumer satisfaction.

H_i: Competency and long term relationship jointly predict consumer satisfaction.

Table 4: Multiple regression analysis between labelling, colour combination, picture quality and consumer purchase intention

Variables	F- Ratio	Sig of P	R	R ²	Adj R ²	P
Competence	420.221	.000	.780	.604	.598	.000
Long term relationship						.000
customer satisfaction						

The above table shows that the linear combination of competence and long term relationship on Consumer Satisfaction was significant. $F = 420.221$; $R = .780$, $R^2 = .604$, $Adj. R^2 = .598$; $P < .01$). The independent/predictor variables jointly accounted for a variation of about 60.4% in consumer satisfaction.

DISCUSSION OF FINDINGS

The Pearson's Correlation result displayed in table 4.2.1 (Hypothesis one), shows that there is a significant relationship between relationship marketing and consumer satisfaction. ($r = .811^{**}$, $N = 616$, $P < .01$). By implication, it can be deduced that a 1% shift in relationship marketing will result in 81.1% shift in consumer satisfaction. Hence, it could be deduced that relationship marketing influence consumer satisfaction to a large extent..

Hypothesis two shows that there is a significant relationship between trust and customer satisfaction. ($r = .722^{**}$, $N = 616$, $P < .01$). By implication, it can be deduced that a 1% shift in trust will result in 72.2% shift in customer satisfaction. Hence, it could be deduced that trust influence customer satisfaction.

It also shows that the linear combination of competence and long term relationship on Consumer Satisfaction was significant. $F = 420.221$; $R = .780$, $R^2 = .604$, $Adj. R^2 = .598$; $P < .01$). The independent/predictor variables jointly accounted for a variation of about 60.4% in consumer satisfaction.

CONCLUSION

It had been established from the study that there is a significant relationship between relationship marketing and consumer satisfaction. ($r = .811^{**}$, $N = 616$, $P < .01$). By implication, it can be deduced that a 1% shift in relationship marketing will result in 81.1% shift in consumer satisfaction. Hence, it could be deduced that relationship marketing influence consumer satisfaction to a large extent.. It is therefore necessary for financial and non financial sectors to embrace and include relationship marketing in their management portfolio.

The study also revealed that there is a significant relationship between trust and customer satisfaction. ($r = .722^{**}$, $N = 616$, $P < .01$). By implication, it can be deduced that a 1% shift in trust will result in 72.2% shift in customer satisfaction. Hence, it could be deduced that trust influence customer satisfaction. Competence and long term relationship jointly predict consumer satisfaction. This shows that the level of satisfaction depends on the competence of the financial institution in satisfying the needs of the consumers (students) and the rate of long term relationship with the institution. The results of these findings also fall in line with the findings of Abdullah et al, (2014); Aalton (2004); Conway and Swift (2000) and Gronroos (2000). However, the researchers were faced with the limitations of fund and time.

RECOMMENDATIONS

Customers (students) should look for financial institutions with high degree of trust and commitment. This will foster confidence in the institution for better and smooth transactions.

In order to build and sustain long term relationship, customers (students) should look for financial institution that is more than a normal institution, a partner in progress, who is also interested in their general well being than purely in what can be sold to them.

Customers (students) should also look for financial institutions that provide solutions to their problems.

Financial institutions should create all avenues to constantly satisfy the needs of their respective customers. This will promote the rate of relationship between the institution and the customers (students).

Financial institutions should introduce training programs to members of staff on how to relate and satisfy customers (students) to a large extent.

Financial institutions need to provide a platform for feedback mechanism in order to harvest the views and opinions of the public.

Lastly, employees should be properly reinforced in order to develop the potentials and skills in relating with customers (students).

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