Effects of Customer Relationship Marketing On Customer Satisfaction in the Nigerian Banking Industry (A Study of GTB and FBN)

Aberuagba O. Temitope & Sowunmi E., Olatunbosun
Department of Banking and Finance
D.S Adegbenro ICT Polytechnic
Itori-Ewekoro, Ogun State, Nigeria
E-mail: aberuagbaoluwatoyin@yahoo.com, *bosun_sho@yahoo.com*
Phone: +234703495-8383, +2348160005544

ABSTRACT

This study examined the effect of customer relationship marketing on customer satisfaction in the Nigerian banking Industry. The specific objectives of this study were to examine the effects of trust on quality of service 247 copies of questionnaires were administered to customers of GTB (101) and FBN (146) using accidental sampling technique. The research instrument was validated using content validity while the reliability was ascertained using the internal consistency approach. The scale used for the study has good internal consistency, with a Cronbach alpha coefficient 0.986. The data collected were analysed using descriptive statistics (percentages, charts and table) and inferential statistics (regression analysis, correlation analysis and independent t-test). The study found that there is a significant relationship between trust and quality of service in the banking industry (r =0.678, p-value < 0.05). The magnitude of the differences between GTB customers and FBN customers is large which shows that customers trust GTB more than FBN (t = 8.608, p-value < 0.05. Based on the findings, the study therefore recommended that the quality of service rendered in banks must be improved on to earn customers' trust.

Keywords: Customer relationship marketing, quality of service, customer satisfaction, trust

1. INTRODUCTION

1.1 Background of the Study

Marketing in the banking sector has witnessed paradigm shift in orientations which has revealed a major movement from "transaction marketing to relationship marketing (Hindgreen, 2011). Marketing is the function and aggregation of processes in an organization aimed at creating and delivery of values to customers. It also creates effective relationship with the customers besides successful communication on behalf of the organization. In today's highly viable business environment, companies are unable to continue with a transactional approach towards customers. They have to focus their marketing lenses to a more sensible aspect, which is considered to be the most suitable approach for satisfying and maintaining customers (Hollensen, 2010). A key feature of the strategy of relationship marketing is that it does not only results in increased customer retention and company profitability, but it also provides a justifiable competitive advantage to a service firm as the intangible aspects of a relationship are not easily replicated by competitors.

The strategy of relationship marketing is particularly important to the service industries because of the intangible nature of service and their high level of customer interaction, (A-Hersh, et al., 2014).

1.2 Statement of the Problem

There is no doubt that responding to customers' needs, maintaining customers' relationship needs, purchasing patterns and behaviors, is one of the most important factors that organizations use to maintain a competitive advantage. Accordingly, it is necessary to conduct a research that identifies the specific components of customer relationship marketing that support customers' satisfaction. This creates a gap that has a practical dimension (Theron &Terblanche, 2010).

Most researchers such as (Gilaninia, AskariRankouh&Farokhi (2013), Epetimehin, (2010), Mohamad, Othman, Jabar& Abdul-Majid, (2014), Chuchuen and Chanvarasuth (2011), investigated relationship between customer relationship marketing and performance, looking at the financial aspect of the organization in terms of profit, market share, ROI, ROE and so on without given much attention to customers' satisfaction which happens to be the key factor in determining the performance of banking sector.

1.3 Objective of the Study

1. To examine whether trust has a significant relationship with quality of servicein the Nigerian banking sector.

1.4 Research Question

What is the relationship between trust marketing and quality of service?

1.5 Research Hypotheses

For the purpose of this research work this hypothesis will betested:

Ho_1:   There is no relationship between trust and quality of service.

H1;   There is relationship between trust and quality of service

2. LITERATURE REVIEW

Relationship marketing was first defined as a form of marketing developed from direct response marketing campaigns which emphasizes customer retention and satisfaction, rather than a focus on sales transactions, (Leonard (1983). Relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages. Relationship marketing has emerged over the years as an exciting area of marketing that focuses on building long-term relationships with customers and other parties. Customer relationship marketing management is moving to become an integral part of the marketing management function (Aaltonen, 2004).   Relationship marketing is a new approach in the industry that its main purpose includes establish close and long-term relationships in order to fully understand of customer and its satisfaction. The prospect of relationship marketing is increasing of the investments value and long-term relationship with customers (Ndubisi 2007).

Relationship marketing is all steps that companies to identify and provide better services to its valued customers Customer relationship marketing has received increasing attention in both marketing theory and practice. The strategy of relationship marketing is particularly important to the service industries because of the intangible nature of service and their high level of customer interaction, (A-Hersh, Aburoub&Saaty, 2014). With the growth of the internet and mobile platforms, relationship marketing has continued to evolve as technology opens more collaborative and social

communication channels.

Customer relationship marketing as the process of creating, developing and enhancing relationship with customers and other stakeholders. Relationship marketing refers to the development, growth, maintenance of long- term, cost-effective exchange relationship with individual customers, suppliers, employees, and other partner for mutual benefit, (Kotler & Lane, 2009). Developing excellent service quality creates the opportunity to build an ongoing relationship with customers. The idea of relationship can apply to many industries. It is particularly important in service industry of which banking is central because of direct contact between the banks and customers.

Rashid, 2003 cited in A-Hersh, Aburoub&Saaty (2014) customer relationship marketing is about identifying, establishing, maintaining, enhancing and, when necessary, terminating relationships with customers, so that the objectives of both parties are met. Customer relationship marketing in a financial institution as an approach to providing seamless coordination among process, people, information and technology that creates positive experiences for a party each time he or she interacts with the bank. It is the capability for delivering each valued experience enabled by the bank's knowledge about a party including their preferences, behaviors, goals, and attitudes. Relationship marketing is creating and maintain and improving strengthen relations with customers and other beneficiaries, (Kotler & Lane, 2009). Relationship marketing is the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of exchanging performance.

Jobber and Fahy (2006) viewed customer relationship marketing as the process of creating, developing and enhancing relationship with customers and other stakeholders. Relationship marketing refers to the development, growth, maintenance of long- term, cost- effective exchange relationship with individual customers, suppliers, employees, and other partner for mutual benefit (Boone and Kurtz, 2007). Developing excellent service quality creates the opportunity to build an ongoing relationship with customers. The idea of relationship can apply to many industries. It is particularly important in service industry of which banking is central because of direct contact between the banks and customers. Hefferman, et al. (2008) aimed at exploring the development of trust for relationships between staff and customers in the banking sector and to investigate possible links between financial performance of relationship manager and their levels of emotional intelligence and trust. The study used an Internet survey, where respondents were asked to complete an emotional intelligence test and questions relating to trusting behavior. This data was integrated with financial performance data supplied by the bank. Exploratory and confirmatory factor analysis and correlation analysis were used to identify links. The study concluded that trust was made up of three components: dependability, knowledge, and expectations. Also, there were significant correlations between both trust and emotional intelligence, when compared to the financial performance of a relationship manager.

Ndubisi's (2007) study examined the impact of relationship marketing strategy on customer loyalty. The study used a questionnaire and distributed it over 220 bank customers in Malaysia. Multiple regression analysis assessed the impact on customer loyalty of four key constructs of relationship marketing (trust). The study concluded that the variable has a significant effect and predict a good proportion of the variance in customer loyalty. Moreover, they are significantly related to one another. This is important for this study since the relationship market variable was derived from it. Alrubaiee and Al-Nazer (2010) examined the impact of various demographic variables (viz. sex, education & income) in association with relationship marketing on customer loyalty in Amman, Jordon.

3. DATA PRESENTATION AND RESULTS

Data collected during the research were analysed. The data from the questionnaire were coded and fed into excel spread sheet. The data were exported into Statistical Package for Social Scientists (SPSS) software version . Furthermore, the formulated hypotheses are subjected to empirical test. According to the Reliability Statistics table, the scale used for the study has good internal consistency, with a Cronbach alpha coefficient 0.986. Values above 0.7 are considered acceptable; however, values above .8 are preferable (Pallant, 2001).

Reliability Statistics

Cronbach's Alpha	N of Items
.986	23

Results
The study investigated"EffectOf Customer relationship Marketing On Customer Satisfaction In Nigeria Banking Industry".

Analyses of Respondents Responses
Table 4.7: The service/product provided by the bank is consistent to their guarantees and warranties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Undecided	7	2.8	2.8	2.8
	Strongly Disagree	9	3.6	3.6	6.5
	Disagree	25	10.1	10.1	16.6
	Agree	89	36.0	36.0	52.6
	Strongly Agree	117	47.4	47.4	100.0
	Total	247	100.0	100.0	

Source: Field Survey, 2018

Table 4.9: The bank has maintained a good relationship with its customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Undecided	3	1.2	1.2	1.2
	Strongly Disagree	14	5.7	5.7	6.9
	Disagree	32	13.0	13.0	19.8
	Agree	103	41.7	41.7	61.5
	Strongly Agree	95	38.5	38.5	100.0
	Total	247	100.0	100.0	

Source: Field Survey, 2018

Proceedings of the 17th Series 2
iSTEAMS Multidisciplinary Research Nexus
Conference
D.S. Adegbenro ICT Polytechnic, Itori-Ewekoro, Nigeria
www.isteams.net

Table 4.13: The explanation of different product/service is clear

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Undecided	6	2.4	2.4	2.4
	Strongly Disagree	14	5.7	5.7	8.1
	Disagree	32	13.0	13.0	21.1
	Agree	80	32.4	32.4	53.4
	Strongly Agree	115	46.6	46.6	100.0
	Total	247	100.0	100.0	

Source: Field Survey, 2018

Table 4.14: The information provided by the bank is trustworthy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4.0	4.0	4.0
	Disagree	29	11.7	11.7	15.8
	Agree	120	48.6	48.6	64.4
	Strongly Agree	88	35.6	35.6	100.0
	Total	247	100.0	100.0	

Source: Field Survey, 2018

a. Correlations Analysis

		Trust	Quality Of Service.
Trust	Pearson Correlation	1	.678**
	Sig. (2-Tailed)		.000
	N	247	247
Quality Of Service.	Pearson Correlation	.678**	1
	Sig. (2-Tailed)	.000	
	N	247	247

**. Correlation Is Significant At The 0.01 Level (2-Tailed).

The correlation table above shows that a positive relationship exist between relationship between trust and quality of service (r = 0. 678). The relationship is significant because the p-value of the result (0.000) is less that the level of significant used for the study (0.05). This suggests that as the quality of service rendered in the bank is increasing the trust customers have in the bank is also increasing and vice versa.

T-test analysis

Is there a significant difference in the mean response of customers on trust and quality of service between GTB and First Bank of Nigeria?

Test variables (continuous Variables) = Trust and quality of service
Grouping variables (categorical variables) = Bank (GTB/FBN)

Group Statistics					
	Bank	N	Mean	Std. Deviation	Std. Error Mean
T &QoS	GTB	101	4.2143	.51241	.09684
	FBN	146	2.4201	.95505	.19495

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
T &QoS	Equal variances assumed	6.158	.016	8.608	245	.000	1.7941	.20842	1.3755	2.2127
	Equal variances not assumed			8.242	220.55	.000	1.7941	.21768	1.3517	2.2365

Decision
Null hypothesis is rejected while the alternative hypothesis is accepted. This implies that there is a significant relationship between trust and quality of service in the banking industry. The magnitude of the differences between GTB customers and FBN customers is large which shows that customers trust GTB more than FBN.

4. CONCLUSION

The importance of customer relationship marketing in the day-to-day transaction between staff members of an organization and its customers cannot be over emphasized. It is a well-known fact that customers when they are motivated (Qureshi & et al, 2010). From this study it can be easily inferred that building trust is a very important element in ensuring a long-term orientation towards a business relationship, an orientation that is necessary to implement relationship-marketing strategies.

5. RECOMMENDATIONS
Based on the findings of this research the following recommendations were made;

Proceedings of the 17th Series 2
iSTEAMS Multidisciplinary Research Nexus
Conference
D.S. Adegbenro ICT Polytechnic, Itori-Ewekoro, Nigeria
www.isteams.net

- The quality of service must be improved on to earn customers' trust, and opportunities given to customers to air their view to the management unhindered, this will create higher level of satisfaction in customers and at such enhances their performance.

6. CONTRIBUTIONS TO KNOWLEDGE

This study had been able to add to empirical findings that there customer relationship marketing significantly affect customer satisfaction in the Nigerian banking sector and that the level at which customers of new generation banks are satisfied is much higher than the level at which old generation banks' customers are.

7. SUGGESTIONS FOR FURTHER STUDIES

- The study focused on the banking industry, it is therefore suggested that other researchers should look into some other sector of the economy.
- The study looked also considered a non financial indicator of performance which is customer satisfaction. It is also suggested that other researchers should look at financial indicators of performance such as return on assets, return on investment, market share, profit and so on.

REFERENCES

1. Aaltonen, P(2004). Customer relationship marketing and effect of demographic and technology on customer satisfaction and loyalty in financial serices.PhD unpulished thesis, Old Dominion University,USA.
2. Moorman, C,. Gerald Z, and Deshpande R. (1992). Relationship between providers and users of market research: The dynamic of trust within and between organizations. Journal of Marketing Research 29 (7), 314-319
3. Morgan, R. M. & Hunt, S.D. (1994). The commitment-trust theory of relationship marketing . Journal of Marketing, 58 (3), 20-38
4. Mohamad S. H, Othman A. N, Jabar J. & Majid I. A (2014). Customer relationship Management Practices: The impact on Organizational performance in SMEs of Food Manaufacturing Industry European Journal of Business and management, 6(13), 35-48
5. Dayarathna, S. (2009). Is the SERVQUAL questionnaire a capable and reliable instrument for measuring service quality in a retail supermarket context?
6. EUROPEAN Journal of marketing, 35(11/12), 1238-1258.
7. Gilaninia S. & Sharif, S. (2008). Effects of relationship marketing strategy on customer loyalty.
8. International Journal of bank marketing, 6 (4), 144 – 152.
9. Gilaninia S., Askarirankouh, M, &Farokhi, A. (2003). The relationship between customer relationship management and relationship marketing on performance (case study firm of electricity distribution in Kermanshah). International Journal of Business and Behavioural Sciences, 3(8), 123-146
10. Gitomer, J. (2008). Customer satisfaction is worthless, customer loyalty is priceless: How to make them love you coming back, and tell every one they know, 1st ed. Austin, TX: Bard Press
11. Ndubisi, N. O. (2007). Relationship marketing and customer loyalty. Marketing Intelligence & Planning, 25(1), 98-106
12. Reichheld, F.E (1993). Loyalty-based management. Havard Business Review, 71(2), 64-73.
13. Palmatier R. W (2006). Relationship marketing. USA: Marketing Science Institute
14. Wong, A. (2004). The role of emotional satisfaction in service encounters, Managing Service, 2(1), 132-146