Perceived Influence of Perceived Salesperson Relationship and Customer Satisfaction on Customer Retention of Telecommunications Network Users

Ojo Adeshina Akinwumi[1], Obi Ugochukwu. E[2]

[1]PhD, [2]MBA, [1,2]Ibadan, Nigeria

ABSTRACT

The telecommunications industry is fast growing and continues to attract competition. This makes it essential for telecommunication stakeholders to ensure retention of their current customers, in order to wade off patronising other networks. This among other reasons informed the study to investigate the influence of perceived salesperson relationship and customer satisfaction on customer retention of telecommunications Network users.

The study adopted cross-sectional survey research design and gathered data from two hundred and forty two (242) telecommunications users in Ibadan metropolis. Data was gathered through well-designed questionnaire, comprising of different standardized scale of measurements. Frequency distribution revealed that more of the respondents 57.4% were males, while the other 42.6% were females.

Findings revealed that there exists significant relationship between customer retention and salesperson relationship among telecommunications network users in Ibadan ($r = .46$; $P<.01$). Also, there exists significant relationship between customer satisfaction and salesperson relationship among telecommunications network users in Ibadan ($r = .65$; $P<.01$). When combined, salesperson interaction/relationship and customer satisfaction accounted for about 8% variance in customer retention among telecommunications network users in Ibadan.

From the findings, it was recommended that more policies should be put in place which will favour retaining customers. This will continue to retain the culture of retention to the product of the telecommunications service providers.

KEYWORDS: Business, Ethics, Society, Profit, Organisation

INTRODUCTION

A successful business strategy is not only developing cost-effective and highly targeted ways to reach out the new customers, it is more about keeping the existing customers engaged in the company. It has been acknowledged that bringing in new customers is expensive (Ang & Buttle, 2006). Investment in the acquisition of new customers is six times higher than investing in existing customers (Raab, Ajami, Goddard & Gargeya, 2010). Increased performance in customer retention practices, on the other hand, has been found to create five times more impact than a similar amount of discount or cost of the capital, leading into the more profitable customer relationship (Ang & Buttle, 2006).

The situation in the market has changed, and the competition has become tougher. Customers have the luxury to choose between many providers. The increasing number of actors in the market has caused a rise in the significance and relevance of customer retention (Raab et al., 2010). Ang and Buttle (2006) have stated that the planning of a customer retention process is essential in order to achieve the desired level of outcome which is determined in the modern management literature. Although, the development of the customer retention process still is a rather unknown concept due to the lack of research in this specific field. The limited research around the metrics and segments of the customer retention processes has turned out to be the root cause for the problematic implementation of customer retention on companies' business strategies even in the telecommunications industry (Ang & Buttle, 2006).

Telecommunication is an inseparable part of our everyday life. Besides telephone, now-a-days mobile phones are playing a great role to communicate from one place to another place. The phone is not only used for making calls, among many other functions, it is used for communicating through text-messages, multi-media messages, as well as to connect us to the internet. The opportunities that lie in the telecom market seem endless and the growing demand for mobile telephony systems is creating a worldwide market. Actors in this industry are seeking the most profitable markets throughout the world (Hossain & Suchy 2013). The mobile telecommunication is one of the fastest growing industrial sectors in Nigeria with high level of competition. It is therefore essential to unravel how customers retention tendency is affected by the satisfaction and quality of interaction between the bank employees and the customers.

Customer satisfaction refers to the customer's perception that his/her expectations have been met. If the customer's expectations are met, then he is satisfied; if the expectations are surpassed, then he is delighted; but in the event that they are not met, the customer is dissatisfied (Piccoli & O'Connor, 2003). From the above definition, one can say that the concept of customer satisfaction fine tunes the marketing concept on customer needs and wants. The concern for the customer and his experience with the company should pervade way and integral part of its philosophy and usher the concept of customer satisfaction. Customer satisfaction has become a business word for organizations that seek distinction and excellence from others.

On the other hand, salesperson interaction can be defined as the exchange of information between the salesperson and customers. It is further defined as the way customers perceived quality of how the salesperson interacted with them. Most conceptualizations of the salesperson interaction process treat the actual communication between the customer and seller in a general manner, labelling it with such terms as "interaction,"" transaction," or "negotiation." Though these conceptualizations usually depict content as an inherent part of the customer-seller communication, no recognition given to the other generally accepted elements of communication code, rules, and style. Content consists of the ideas contained in the message. Therefore, sales-person interaction refers to the quality of communication exchange that occurs between a seller and another customer.

The interactive behaviour with customers that are provided by salespeople is considered as a very effective factor on customers' brand switching intention. Therefore, it can be claimed that the salesperson's interactive behaviour is effective in brand switching intention. The main role of the salesperson is to provide a relationship between buyer and the corporation; the high level of confidence is effective in evaluation of the product or service by customers during the relation with the corporation and increases its value before the customer (Davis, 2008).

In Nigeria, there are four big wits in the telecommunications industry. This includes; MTN, Globacom, Airtel and 9mobile. The competition among these four service providers is tough, such that they strive for larger market shares in the telecommunication industry. Each of the service providers have invested much on advertisement as well as other promotional offers just to retain their customers and attract more. Empirically, little or no concentration have been paid to how sales-person interaction and customer satisfaction influence retention of customers in the telecommunication industry. This study identified this gap, hence investigates the role of sales-person interaction and customer satisfaction in customer retention among telecommunications network users in Ibadan metropolis.

Ranaweera and Prabhu (2003) drafted a holistic approach that examines the combined effects of satisfaction, trust and switching barriers on customer retention. The authors here define customer retention as the propensity for customers to stay with their services providers. The framework provided has two functions; its first function is to examine the main effects of the three variables on customer retention independently and its second function is to examine the interaction effects that trust and switching barriers has on customer retention in the presence of satisfaction.

In previous work customer, retention is defined by different studies in different ways like Gerpott, Rams and Schindler (2001) as that it is the continuity of the business relations between the customer and company. As it has stated that, the vital issue in relationship marketing research was the affects of relationships and quality on customer's retention (Lin & Wu, 2011). Retention and attraction of new customer are used as drivers for increase in market share and revenues (Rust, Zohorik & Keiningham 1995). In the retention of customer, it is important for firm to know who to serve their customers. Post sales services are the important drivers for customer retentions (Saeed, Grover & Hwang, 2005). It is important for product/service provider to emphasis on the quality of product and service. As it is stated (Lin & Wu, 2011) that there is statistically significant relationship between quality commitment, trust and satisfaction and customer retention and future use of product, as retention is influenced by future use of product.

From the aforementioned therefore, the following hypotheses will be tested;
1. Salesperson interaction/relationship will have significant relationship with customer retention among telecommunications users in Ibadan.
2. Customer satisfaction will have significant relationship with customer retention among telecommunications users in Ibadan.
3. Salesperson interaction/relationship and customer satisfaction will have significant joint and independent influence on customer retention.

METHODOLOGY
Research Design
This researcher adopted cross-sectional survey research design. It suits this study because, it is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. The design also enabled the research to generalize the findings of a fairly large population. Data was collected based on the concepts defined in the research model and hypotheses tested.

Population of the Study
The research population of the study comprised of residents of Ibadan-North Local Government Area. Ibadan North local government was created in 1991 by the then Military head of State, General Ibrahim Babangida (rtd). The Local Government covers a large area of land with a population of about 152,834 according to (2006) National Population Census. It is divided into eleven wards and has its administrative headquarter at Onireke. However, Oke'Badan North Local Council Development Area (LCDA) has been carved out of Ibadan North leaving it with six wards.

Sampling Size and Sampling Technique
The study sampled a total of two hundred and forty two (242) telecommunications network users in Ibadan metropolis. Accidental sampling technique was adopted in distributing the copies of the questionnaire.

RESEARCH INSTRUMENTS
The research instrument consisted of four (4) sections; Section A – D. Section A consisted of demographic information of respondents, while section B – D consisted of Items as regards the variables of study.

SECTION A: Socio-Demographic Factors
This includes the following variables; sex, age, educational qualification and entrepreneurial items.

SECTION B: Customer Satisfaction Scale
This is an 11-item scale developed by Morr et al., (2000). The scale was developed to measure the extent to which individuals are satisfied with a product or service that was gotten or rendered. The response format ranged on a 5-point format; SA – Strongly agree, A – Agree, N – Neutral, D – Disagree, SD – Strongly disagree. The scale developers reported adequate internal consistency of α = .71. In this study, the scale was found to have an internal consistency of 0.77.

SECTION C: Customer Retention Scale
This is an 6-item scale developed Bobalca, Gatej and Ciobanu (2012). The scale was developed to measure the extent to which customers are likely to retain the services of a particular company/continued patronage of a particular product. Response format of the scale ranged as follows; SA – Strongly agree, A – Agree, N – Neutral, D – Disagree, SD – Strongly disagree. Sample of an item is 'If I could do it over again, I'd seek for the services of another telecommunication network'. The developers obtained a composite reliability of Cronbach alpha of 0.95. In this study, the scale was found to have a Cronbach of 0.70.

SECTION D: Salesperson interaction Scale
This is a 6-item scale developed by Williams and Spiro (1985). It was developed to measure of perceived quality of salesperson interaction. It has a response format of 5-point likert; SA – Strongly agree, A – Agree, N – Neutral, D – Disagree, SD – Strongly disagree. A sample of the item is 'This telecommunications network customer care services has my best interest at heart'. The scale developers reported adequate internal consistency of α = .87. Also, the scale developers reported test re-test reliability (r = .78). In this study, the scale was found to have an internal consistency of 0.76.

METHOD OF DATA ANALYSIS
Data gathered from the questionnaires which were analysed with "Statistical Package for Social Science" (SPSS) version 22.0. Descriptive statistics includes the mean, standard deviation and Inferential Statics includes Pearson r correlation and Multiple Regression were used for achieving the objectives of the study.

RESULTS
This chapter presents results of gathered data on perceived influence of perceived salesperson relationship and customer satisfaction on customer retention of telecommunications network users in Ibadan. Although two hundred and fifty (250) questionnaires were distributed, only two hundred and forty two (242) were retrieved.

Socio-Demographic Information of Respondents

Table 1: Demographic Distribution

SN	Variables	Response	Frequency	Percentage
1	Sex	Male	139	57.4
		Female	103	42.6
2	Age	Less than 20 years	36	14.9
		20-29 years	78	32.2
		30-39 years	73	30.2
		40 years above	55	22.7
3	Marital status	Single	101	41.7
		Married	87	36
		Divorced	20	8.3
		Separated	34	14
4	Educational qualification	Primary	21	8.7
		SSCE	65	26.9
		ND/NCE	82	33.9
		University degree	58	24
		Masters	10	4.1
		Professionals	6	2.4
5	Ethnicity	Yoruba	162	66.9
		Igbo	45	18.6
		Hausa	16	6.6
		Others	19	7.9
6	Which is your main work	MTN	65	26.9
		Globacom	83	34.3
		Airtel	56	23.1
		9mobile	38	15.7
Total			**242**	**100**

Source: Fieldwork, 2020

Table 1 presents results on frequency distribution according to demographic information of respondents. Sex distribution revealed that more of the respondents 139 (57.4%) were males, while the other 103 (42.6%) were females. As regards age distribution, more of the respondents 78 (32.2%) were between 20 and 29 years old, 73 (30.2%) were between 30 and 39 years old, 55 (22.7%) were 40 years and above, while the other 36 (14.9%) were less than 20 years old. Further, marital status frequency revealed that more of the respondents, 101 (41.7%) were single, 87 (36%) were married, 34 (14%) were separated, while the other 20 (8.3%) were divorced.

From educational qualification, more of the respondents 82 (33.9%) were ND/NCE certificate holders, 65 (26.9%) were SSCE certificate holders, 58 (24%) were University certificate holders, 21 (8.7%) were primary school certificate holders, 10 (4.1%) were Masters certificate holders, while the other 6 (2.4%) were professional certificate holders. Ethnic distribution revealed that 162 (66.9%) belong to the Yoruba ethnic group, 45 (18.6%) were from the Igbo clan, 19 (7.9%) belong to other ethnic group, while the other 16 (6.6%) were from the Hausa ethnic group. Finally, more of the respondents 83 (34.3%) indicated that Glo is their major line, 65 (26.9%) indicated MTN to be their major network line, 58 (15.7%) signified 9mobile, while the other 56 (23.1%) utilizes Airtel as their main line.

Hypotheses Testing

Hypothesis one stated that salesperson interaction/relationship will have significant relationship with customer retention. This was tested using Pearson r correlation and the result is presented on Table 2;

Table 2: Summary of Pearson r Correlation Showing the Relationship Between Salesperson Interaction/Relationship and Customer Retention

Variable	Mean	SD	r	df	P
Customer Retention	14.65	4.32	.46	240	<.01
Salesperson Relationship	15.14	3.91			

Table 2 presents results on the relationship between customer retention and salesperson relationship and customer retention. It is shown that there exists significant relationship between customer retention and salesperson relationship among telecommunications network users in Ibadan (r = .46; P<.01). Direction of the relationship is positive, hence, revealed that the higher the salesperson interaction/relationship, the higher the customer retention.

Hypothesis two stated that customer satisfaction will have significant relationship with customer retention. This was tested using Pearson r correlation and the result is presented on Table 3;

Table 3: Summary of Pearson r Correlation Showing the Relationship Between Customer Satisfaction and Customer Retention

Variable	Mean	SD	r	df	P
Customer Retention	14.65	4.32	.65	240	<.01
Customer Satisfaction	26.32	8.32			

Table 3 presents results on the relationship between customer satisfaction and salesperson relationship and customer retention. It is shown that there exists significant relationship between customer satisfaction and salesperson relationship among telecommunications network users in Ibadan (r = .65; P<.01). Direction of the relationship is positive, hence, revealed that the higher the customer satisfaction, the higher the customer retention.

Hypothesis three stated that salesperson interaction/relationship and customer satisfaction will have significant joint and independent influence on customer retention. This was tested using multiple regression analysis and the result is presented on Table 4;

Table 4: Summary of Multiple Regression Table Showing Salesperson Interaction/Relationship and Customer Satisfaction as Predictors of Customer Retention

Criterion	Predictors	β	t	P	R	R²	F	P
Customer Retention	Salesperson relat.	.38	4.32	<.01	.29	.08	6.54	<.05
	Customer satisfaction	.29	3.08	<.05				

Table 4 presents results on the joint and independent influence of salesperson interaction/relationship and customer satisfaction on customer retention among telecommunications network users in Ibadan. It is shown that salesperson interaction/relationship and customer satisfaction jointly predicted customer retention [R = .29; R^2 = .08; F (2, 239) = 6.54; P<.01]. Collectively, salesperson interaction/relationship and customer satisfaction accounted for about 8% variance in customer retention among telecommunications network users in Ibadan. Also, salesperson interaction/relationship (β = .38; t = 4.32; P<.01) and customer satisfaction (β = .29; t = 3.08; P<.05) had independent influence on customer retention among telecommunications network users in Ibadan.

CONCLUSION AND RECOMMENDATIONS
The foregoing conclusions were drawn from the findings of the study;

Firstly, the study concludes that there exists significant and positive relationship between customer retention and salesperson relationship among telecommunication users in Ibadan. This further implies that the higher the salesperson interaction, the higher the customer retention among telecommunication users in Ibadan.

Also, this study concludes that there exists significant relationship between customer satisfaction and retention among telecommunication users in Ibadan. This implies that the higher the customer satisfaction, the higher the customer retention. This further means that when customers perceives to be satisfied with what they get, then there is more tendency to increase retention.

Further, this study concludes that when combined, salesperson interaction and customer satisfaction wee

significant predictors of customer retention among telecommunication users in Ibadan. Also, when considered independently, both salesperson interaction and customer satisfaction significantly predicted customer retention among telecommunication users in Ibadan.

Similarly, Ranaweera and Prabhu (2003) drafted a holistic approach that examines the combined effects of satisfaction, trust and switching barriers on customer retention. The authors here define customer retention as the propensity for customers to stay with their services providers.

Recommendations of the Study

The following recommendations were made based on the findings of the study;

1. Firstly, this study recommends that more policies should be put in place which will favour retaining customers. This will continue to retain the culture of retention to the product of the telecommunications service providers.
2. The study also recommends that periodic need assessment should be gathered from the customers. This will enable the management to know where to channel their motivational packages to, and subsequent increase in retention of customers.
3. This study also recommends that more studies should be carried out on the influence of customer retention on productviity of telecommunications service providers.

REFERENCES

[1] Ang, L. & Buttle, F., (2006). Customer retention management processes: A quantitative study. *European Journal of Marketing, 40*, No. 1-2, pp. 83-99.

[2] Davis, K. (2008). Can business afford to ignore corporate social responsibility? *California Management Review, 2*, 70-76.

[3] Gerpott, T. J, Rams, W. & Schinder, A. (2001). Customer retention, loyalty and satisfaction in the German mobile cellular telecommunications market. *Telecommunications policy, 25,* 249- 269.

[4] Hossain, M. M. and Suchy, N. J (2008) Influence of customer satisfaction on loyalty: A study on mobile telecommunication industry. *Journal of science 9*(2): 73-80.

[5] Lin, J. S. C., & Wu, C. Y. (2011).The role of expected future use in relationship-based service retention. *Managing Service Quality, 21*(5), 535-551. http://dx.doi.org/10.1108/09604521111159816

[6] Piccoli, G, P & O'Connor. O, (2003), "Customer relationship management- a driver for change in the structure of the U. S. lodging industry". *Cornell Hotel and Restaurant Administration Quarterly, 44,* No.4: 61-73.

[7] Raab, G., Ajami, R.A., Goddard, G. J., & Gargeya, P. V. B., (2010). *Customer Relationship Management: A Global Perspective*. Routledge, Farnham. Available from: ProQuest Ebook Central. [6 April 2019].

[8] Ranaweera, C., and Prabhu, J. (2003). The influence of satisfaction, trust and switching barriers on customer retention in a continuous purchasing setting. *International Journal of Service Industry Management, 14,* no.4, pp.374-395. http://dx.doi.org/10.1108/09564230310489231

[9] Rust, R. T., Zohorik, A. J., & keiningham, T. L. (1995). Return on Quality (ROQ): Making Service Quality Financially Accountable. *Journal of marketing, 59*, 58-70.

[10] Saeed, K. A., Grover, V., & Hwang, Y. (2005). The relationship of E-commerce Competence to customer value and firm performance: An Empirical Investigation. *Journal of Management Information System, 22*(1), 223-256.