

Effect of Customer Relationship Management and Customer Retention in Nigeria

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ABSTRACT

This study investigated the effect of customer relationship management on customer retention in Nigeria with reference to Unilever Nigeria Plc. Apapa, Lagos. The objectives of this paper are to examine if relationship marketing influence customer satisfaction in manufacturing company, to examine the effect of customer orientation on consumer purchase decision and to examine customer motivation on consumer buying behavior. The study made use of questionnaire to gather relevant data for the study. The population comprise of the management staff and customers of the company while non-probability sampling technique was used to select sample size of 45 from the population. The total 50 questionnaire were administered out of which 45 was duly filled and returned. Data collected were analyzed using frequency counts and percentage. Findings reveal that customer relationship management influence customer satisfaction in the industry and helps in retaining customer in the industry. The study concludes that, customer relationship management is tools that stimulates customer patronage, influence and build performance in the industry and preferably customer belief and attitude. This study recommended that managers should integrate customer relationship in organizations in an effort to yield substantial result and the industry must always shows sign of relationship to customers at all time in order to retain customers in manufacturing companies.

KEYWORDS: *Customer Relationship Management, Customer Retention, Customer Orientation, Motivation*

INTRODUCTION

Since the market environment and business environment of the 21st century are undergoing rapid change, and the banking sector is becoming more competitive globally, customer relationship management (CRM) has attracted an expanded attention of practitioners. These practitioners are realizing the need for in-depth and integrated customer knowledge in order to build close cooperative and partnering relationships with their customers. Businesses frequently need to adapt to this quickly changing environment. Business has always been concerned about environmental change. The internet, information technology, and electronic commerce are the new actors disturbing the business ecosystem, and they are all well-established newcomers that are transforming the conventional corporate climate even more. The creation of

completely new businesses is much more crucial (Ogbadu & Usman, 2012).

Customer relationship management refers to the process through which a corporation establishes positive relationships with its clients in order to satisfy them. However, it seems that most businesses in Nigeria are still unaware of how better customer relationship management may increase customer satisfaction. This might explain why some businesses sell their customers products and services without first developing a connection with them. Additionally, it appears that most manufacturing companies are unaware of the link between customer orientation and consumer buying decisions. Consumers have been seen to occasionally be uncertain about the kinds of products to purchase at a given time, particularly when there are many related products available. This

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calls for orientation regarding product futures, sizes, textures, branding, and packaging; all of these are essential so that customers can be well informed about the details of the product that may influence their purchase decision.

Objectives of the Study

The generally objective of the study is to look into the effect of customer relationship and retention in Nigeria. While the specific objectives are:

1. To examine the effect of relationship marketing on customer satisfaction in manufacturing company.
2. To examine the effect of customer orientation on consumer purchase decision.
3. To examine the customer motivation on consumer buying behaviour

LITERATURE REVIEW

Relationship Management

Over the past few decades, the phrase "Relationship Management" has gained popularity among academics and management practitioners alike. Varied academic and professional groups have different definitions of relationship management. A customer-focused definition of management that emphasizes a number of crucial components in commercial interactions has been put out by Grönroos (1990). He asserts that "management is to build, maintain, and strengthen (often but not always long-term) relationships with customers and other partners, at a profit, so that the goals of the parties concerned are satisfied. As a result, relationship management is different from typical mass management in that it aims to foster engagement and product loyalty by forming a long-lasting connection with the client. The ultimate objective is to boost sales over the long run, even if it may be used to promote product repositioning, acquire consumers from rivals, or aid in the launch of new items.

Transactional management, which contrasts with relationship management, can be used as a comparison. Many writers have attempted to distinguish between relationship management and transaction management. For many businesses looking for the best approach to keeping consumers and converting them into brand supporters, relationship management is the crucial missing piece. To use this strategy effectively, Management must be rethought. Turn your management efforts into a chance to forge deeper, long-lasting ties with your clients rather than something you do only to close a deal.

Customer Relationship Management

From the perspective of employment, Ramaseshan (2006) defined CRM as a process of achieving a

continuous dialogue with each customer or their own, using all of the available means to know the quantitative expected response of that customer as a result of applying Management activities to the extent that maximizes the overall profitability of the organization.

According to Zakaria (2014), CRM is a strategy and information system that concentrates attention on consumers in order to provide them with superior service. Consumers are crucial to Unilever's success, thus businesses that can effectively and quickly manage their relationships with customers will flourish (Mylonakis, 2019).

Although relationship marketing is extensively employed, Morris and Brunyee (1998) demonstrated that real practice differs across organizations from the principles covered in the literature. Additionally, businesses who advertise their use of relationship marketing don't necessarily demonstrate the level of dedication that the research may imply. Relationship marketing has not always been carefully executed at Unilever Plc., according to Sheedy (1997). This would imply that improved understanding of relationship marketing in general and at Unilever in particular is still required, as well as the development of stronger relationship marketing implementation tactics. According to Perrien, Filiatrault, and Ricard (1992), financial institutions have been under intense competitive pressure, which has prompted them to change their marketing tactics and place an emphasis on long-term client relationships. Most Unilever has made an effort to set itself apart from rival Unilever by providing ancillary services, which is the first stage in relationship marketing. Many Unilever employees would also assert that through forging tighter ties with their customers, relationship marketing has been more thoroughly adopted (Abyseker and Kumaradeepan, 2012).

Relationship management, or RM, is the process of recognizing, creating, sustaining, and ending relational interaction with customers in order to improve performance. Customer relationship management, or CRM, is a subset of RM. The focus of customer relationship management is mainly on the psychological and behavioral, which are connected to empathy, reciprocity, and trust (Dixon-Ogbechi, Haran, & Aiyeku, 2009).

The next phase in the evolution of management is customer relationship management. Businesses today, like Unilever, focus more on products and services geared at consumers. In order to obtain a competitive edge, Unilever employed customer relationship management. According to Mornay (2011), customer relationship management is influenced by information

exchange, effective communication, a focus on long-term relationships, and relationship satisfaction.

Customer Retention

Customer retention has been defined in a variety of ways, and definitions frequently describe the length and breadth of the topic area, giving value to our understanding of the field as a whole. Customer retention is defined by Dawes (2009) as "keeping customers in a marketing sense. A business may take steps to stop this from happening if it recognizes clients who show a higher risk of breaking up the connection in good time.

Consumer retention is a set of operations for strengthening the transaction process, based on the positive positioning of the customer, and the subsequent preparedness for consecutive purchase. Because merely a little 5 percent improvement in retention may boost business profitability to over 85%, retention methods are most effective when firm retention levels are high. Retention techniques are beneficial not just because they bring in more money from repeat customers but also because it costs less to keep them happy. With regard to customer happiness, loyalty, and constraints, the two options can be distinguished from the perspective of the consumer (Lombard, 2011).

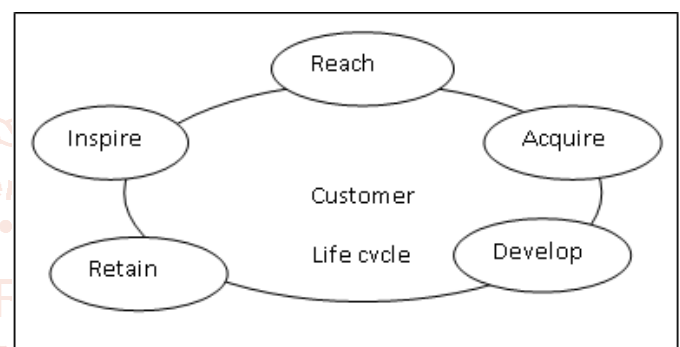
Customers that are loyal to a firm do so voluntarily; they are always free to switch to another one. The financial and emotional motivations of the customer should be taken into account. Customer happiness is more crucial and must be given top attention for emotional reasons since customers would only stick with a firm under the current circumstances if they are completely happy with it. A limited scenario is one in which a consumer has no real or legitimate option to switch providers, or if doing so would be extremely difficult or expensive. They are compelled to work for a firm. For instance, in monopolistic or oligarchy-driven political systems, but it can also result from agreements or from compatibility requirements. Citizens of many nations in the globe can connect to the idea of having much choice in the manner of political representation or in industries monopolized by one dominant player. Due to the dearth of suitable alternatives, the capacity for change is consequently necessary (Lombard, 2011).

Customer Management on Customer Retention

The business provides enormous opportunity for social CRM. Segmentation and uniqueness are the two fundamental components of manufacturing success. In addition to the usual guarantees of customer pleasure, the identity or, more accurately, the personality of the organization is what counts most. Not to mention the unique selling point that

each business offers in contrast to its rivals. All of these elements work together to develop consumer loyalty and trust, which leads to sustained prosperity.

Social CRM, which is only an internet form of word-of-mouth, may be quite beneficial to the mouth. Any number of unfavorable comments from clients might have a depressing effect on sales and the reputation of the company. According to a survey, customers share positive experiences with eight friends and bad experiences with 20 friends. It is simpler to persuade current customers to make a 10% increase in their purchase than it is to gain a 10% increase in the client base. Successful new product and service ideas are generated by existing customers, cost 1/5 as much as those from new consumers, and have the potential to significantly boost profits.



Source: Adopted from John (2015).

Customer Orientation

It is crucial to first ensure that the primary goal of customer-oriented behaviors is to raise long-term customer happiness and foster customer loyalty. As a result, research has shown that an organization's performance would be much improved by having strong customer-oriented practices (Kim, Han, & Lee, 2001). Similar to this, King and Burgess (2008) come to the same conclusion: CRM deployment success depends heavily on customer orientation. Additionally, recent studies have shown that service industries, such as hotels, need to have a greater grasp of customer orientation and its significance to these industries and their success (McNaughton et al., 2002; Sin et al., 2005). The provision of services at a hotel happens when there is contact between service providers and the service users, much like in a service-oriented firm (Kim, et al., 2006). Therefore, hotels must concentrate on client connection in order to improve the service experience. Positive interactions between customers and service providers can help businesses become more customer-oriented. According to research, emphasizing customers improves organizational success (Asikhia, 2010; Liu et al., 2003; Zhou et al, 2009). Additionally, client orientation is one of the market's positive sources; it aids organizations in understanding their customers and, as a result, facilitates the delivery of plans that

are suitable for meeting their demands (Liu et al., 2003).

Knowledge Management

It goes without saying that useful information about customers can be obtained from interactions with them or from various touch points within the organization itself. The effective conversion of customer information into customer knowledge is the criterion for determining whether CRM is successful or not (Plessis and Boon, 2004;). In this regard, we can state that excellent knowledge management may significantly aid a company in developing stronger customer relationships, which has a favorable influence on organizational performance (Abdulateef et al., 2010 and Akroush et al., 2011). We must be cognizant of the fact that gathering and analyzing customer data is crucial to the success of relationship management since it is utilized to create highly tailored products (Sigala, 2005). In actuality, it is essential for businesses to be competitive, and this goal cannot be accomplished unless they have a thorough understanding of their industry and research and utilize their current client information. Furthermore, customer knowledge management is strongly linked to marketing skills, according to Fan and Ku (2010), and it considerably facilitates firms' ability to make strategic managerial decisions for enhancing performance.

The Benefits of using Customer Relationship

CRM has some obvious benefits for the hotel industry, but these are not especially different than they are for another industry. The principal benefits that come to mind are fairly obvious –

- Increased customer satisfaction and retention, increased repeat business,
- Increased share of category spend,
- Increased likelihood of referral business.

The Business Benefits of Customer Relationship Management

It could take a long time and cost a lot of money to implement a customer relationship management (CRM) solution. There are other possible advantages, though.

The improvement of relationships with your current clients can result in a number of advantages, including:

- Improved client retention and satisfaction, ensuring that your stellar reputation in the industry keeps expanding.
- Increasing the value of your current clients and lowering the expenses of supporting and serving them, which will improve your overall efficiency and lower your total cost of sales.

- Increased profitability by concentrating on the most lucrative clients and handling the unproductive ones in a more cost-efficient manner.

METHODOLOGY

This study employed the survey technique of collecting data since it is descriptive in nature and entails using questionnaires to collect information from respondents. Customers of Unilever Nigeria Plc shall make up the population. To choose 50 respondents from the large number of consumers, the study used a simple and convenient selection approach (a type of non-probability sampling technique). Simple statistical methods like percentages, frequencies, and tables were used to evaluate the data.

DATA ANALYSIS

The purpose of this article was to examine the various data gathered from the field survey. 50 questionnaires were distributed to the respondents, and 45 of those were duly completed and returned. Based on the 45 duly filled surveys, data analysis was performed.

Table 1: Sex Distribution of Respondents

Sex	No of respondents	Percentage (%)
Male	30	66.7
Female	15	33.3
Age (years)		
25-35	15	33.3
36-45	18	40
46-s55	7	15.6
56 and above	5	11.1
Martial sttus		
Single	30	66.7
Married	12	26.7
Divorce	03	6.6
Qualifications		
ND/NCE	25	55.6
HND/BSc	10	22.3
MSc/MBA	5	1.1
Others	-	-

Source: Field Survey, 2022

The table 1 shows that 30 of the respondents representing (66.7%) are male while 15 respondent representing (33.3%) are female. This shows that more of the respondents are male. 15 of the respondents representing (33.3%) fall between age group 25 – 35years, 18 of the respondents representing (40%) are within age group 36-45, respondents representing (15.6% are within age group 46-55years while 5 of the respondents representing (11.1%) fall within 56years and above. This shows that most of the respondents are within the age group

36-45years. 30 of the respondents representing (66.7%) are single, 12 of the respondents representing (26.7%) are married while the remaining 3 respondents representing (6.6%) are divorced. However, the majority of the respondents are single and 25 of the respondents representing (55.6%) hold ND/NCE, 15 of the respondents representing (33.3%) hold HND/B.Sc while 5 of the respondents representing (11.1%) hold M.Sc/MBA. This indicate that most of the respondents are ND/NCE holder.

Table 2: Customer Motivation Improve on Consumer Buying Behaviour

Variable	No of respondents	Percentage (%)
Agree	10	30
Disagree	7	10
Strongly agree	20	40
Strongly disagree	8	20
Total	45	100

Source: Field Survey, 2022

The table shows that 20 of the respondents representing (40%) strongly agree that customer motivation improve on consumer buying behaviour while 8 of the respondents representing (20%) strongly disagree, 7 shows the respondent representing (10%) disagree and 10 of the respondents represent (30%) agree. This shows that most of the respondents strongly agree.

Table 3: The effect of customer relationship management on customer satisfaction

Variable	No of respondents	Percentage (%)
Agree	29	45.8
Disagree	04	12.5
Strongly agree	10	28.7
Strongly disagree	02	13
Total	45	100

Source: Field Survey, 2022

The table above shows that 29 of the respondents representing (45.8%) agreed that the effect of customer relationship management on customer satisfaction while 4 of the respondents representing (12.5%) disagreed, 10 of the respondent representing (28.7%) Strongly agree while 2 of the respondent representing (13%) This indicates that most of the respondents agreed that the effect of customer relationship management on customer satisfaction.

Table 4: Effect Customer orientation on consumer purchase decision

Variable	No of respondents	Percentage (%)
Agree	10	30
Disagree	25	40
Strongly agree	05	15
Strongly disagree	05	15
Total	45	100

Source: Field Survey, 2022

The table above shows that 10 of the respondent presenting (30%) agreed that Customer orientation on consumer purchase decision while 25 of the respondent representing (40%) disagreed, 5 of the respondent representing (15%) strongly agree while 5 of the respondent representing (15%) strongly disagree. This indicates that most of the respondents disagree with the view that Customer orientation on consumer purchase decision.

DISCUSSION OF FINDINGS

The following are the findings discovered during the course of company research.

Firstly, look into the impact of Unilever's customer relationship management on customer satisfaction. Findings show that the majority of consumers approve of Unilever's relationship management. The results are in line with the assertion made by Kernbach and Berkowit (2006), who argue that when salespeople or representatives of manufacturing organizations fail to recognize the importance of the relationship between a customer and an organization and treat it lightly, the company fails to satisfy its customers, which can lower revenue profitability and customer share.

Second, how Unilever's customer service practices affect client loyalty. Additionally, it shows that the majority of customers are happy with Unilever's customer loyalty program. This findings agrees with the opinion of Fan and Ku (2010) which opines that effect of customer care on consumer loyalty which customer relationship management lay emphasis on loyalty which makes it difficult for competitors to overcome barriers simple offering, low prices or switching inducement to gain customers, who will not only be satisfied and loyal but will also become partners to the sellers.

The final factor influencing consumer behavior is customer motivation. The majority of respondents are content with the degree of expertise they have gained from using the company's goods. The conclusion that staff competency serves as a leading indication of consumer buying, intention, and loyalty is highly

supported by Yim, Anderson, and Swaminathan's (2005) research..

Conclusion

In order to maintain and grow an organization's clientele and profitability, the study finds that customer relationship management is most successful in building, sustaining, and strengthening connections with clients and other partners.

Recommendations

The study recommended that manager should:

1. To provide significant results, integrate consumer relationships within an organization.
2. The sector must be concerned with its clients both before and after a sale.
3. The industry must continually display signs of contact with consumers in order to keep them as clients, not just when they pay with cash, since the practice does little to advance the sector.

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