

Factors Affecting the Effectiveness of Relationship Marketing in the Nigerian Telecommunication Industry: The Customers Perspective

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Abstract: *This study examines the various relationship marketing constructs using the concepts of trust, reciprocity, empathy and bonding. The main thrust was to unravel the relative influence of these factors on the effectiveness of relationship marketing within the context of the Nigerian telecommunication industry. Spearman's correlation statistics was used to test the hypotheses formulated based on information received from a cross section of subscribers of telecommunication firms in Akwa Ibom State, Nigeria. All the tested hypotheses were supported. Thus, we identify these factors as imperative for effective relationship marketing. We concluded with specific theoretical and managerial implications, while attention for further studies were also drawn.*

Keywords: *Relationship Marketing, Trust, Reciprocity, Empathy, Bonding.*

1. INTRODUCTION

Over the past one decade, the Nigerian telecommunication industry has witnessed sporadic growth, characterized by intensive competition within the industry. As at today, the number of telecommunication firms is increasing by the day. Hence, the industry has attracted not only competitors but also a heightened academic attention in recent years. This is evidenced in the number of scholarly publications and even the press. (Feick and Lee, 2001; Fink, Maltto and Rathindram, 2003; Graack, 1996; and Ibok, 2013). Akbar and Parvez, (2009) had observed that the situation even in other countries is not much different as the industry's socio – economic profile offer them ample opportunity to expand.

As at today, the number of Telecommunication Companies in Nigeria has attracted several key questions as to whether indeed there are loyal customers since every customer or potential customer has two or more lines to operate on. This scenario therefore has forced many companies in this industry to reconfigure their marketing strategy in a bit to sustain and improve upon their competitive position. Indeed, several studies have found evidence that the development of the industry is related to economic growth, (Essoh, 2009, Tayo, 2011; and Ibok, 2013). Telecommunication industry has taken on increasing importance as a way for individuals and families to manage their information and communication needs. The importance of the industry in national economic development and growth directs our attention to investigate which factors give rise to an enduring customer relationship in the telecommunication industry. The results are expected to help understand what drives the demand for a particular service provider in terms of relationship dimensions. This may also help the industry players in designing strategies for sustaining and retaining loyal customers, thereby encouraging and inducing sustainable growth and development of the industry.

It is within this context that this study attempts a review of those relationship variables; (Trust, reciprocity, empathy and bonding) that most likely inhibit or determine enduring customer relationship in the industry. This study attempts to address this issue by empirically investigating the relative influence of trust, empathy, reciprocity and bonding on enduring customer relationship. It was against this background that we attempt an investigation of which of these

variables most likely predict sustainable relationship in the telecommunication industry in particular and the service industry in general. Therefore, the main objective of this study is to examine the relative influence of these constructs on customer relationship.

2. REVIEW OF LITERATURE

2.1 Conceptual Framework

Relationship marketing has been seen as a way for firms to develop long term mutually beneficial and valuable relationships with customers (Ravald and Gronroos, 1996). Thus, relationship paradigms are developed to enhance the flow of information and interaction between the firm and its customers thereby increasing the customer's positive feelings towards the firm, while also improving the relationship strength (Barnes, and Howlett, 1998; Ennew and Binks, 1996; Akerlund, 2004).

Accordingly, looking at the current tempo of operation in the industry, some basic questions remain unanswered. For instance; we lack information on the extent to which some specific relation ingredients affect relationships in marketing. Therefore, in this study, we estimate that enduring marketing relationship is a function of four factors, namely;

- (a) Trust
- (b) Reciprocity
- (c) Empathy
- (d) Bonding

This model is thus presented in a schematic diagram below:

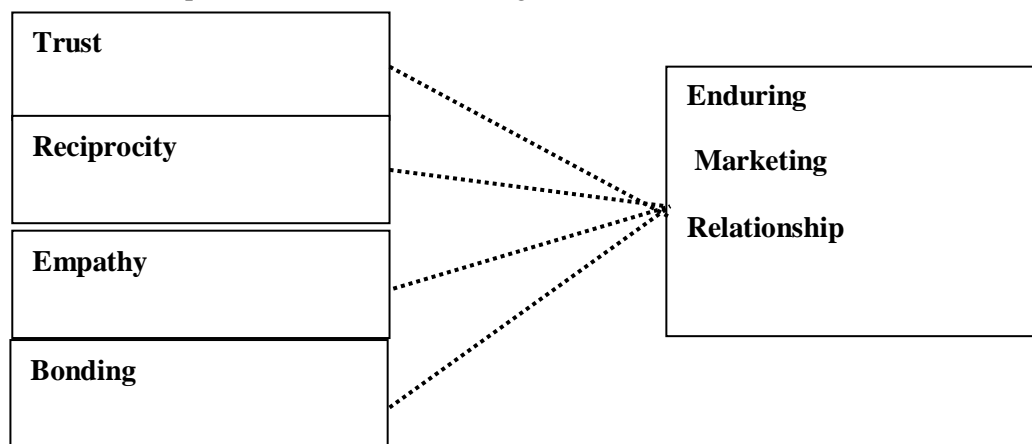


Fig.1. Schematic diagram of the proposed model by the Authors

2.2 Trust and Enduring Relationship

TRUST: Trust has been viewed as one of the most relevant relationship ingredient for an enduring relationship. Scholars such as Rousseau, Sitkin, Burt and Carnerer, 1998; Singh and Sindeshmukh, 2000; Morgan and Hunt, 1994) had since recognized that trust is essential in developing, building and maintaining long term relationships. Trust has been defined as the one party's confidence on another person's reliability and integrity to do business. Thus, Moorman, Deshpande and Zaltman, (1993) described trust as the willingness of one party to rely on an exchange partner in whom he has confidence. Accordingly, Moorman, et-al (1993) identified that strong relationship exist between trust and marketing relationship; while emphasizing that these two are conceptually distinct constructs from the customers point of view. Morgan and Hunt (1994) also showed that strong trust can lead to customer satisfaction, thereby strengthening customer relationship.

Moreso, a number of scholars have documented that trust is fundamental in developing enduring marketing relationship (see Moorman et al, 1993; Morgan and Hunt 1994). Hence, the importance of trust in explaining relationship marketing has been well supported in extant literature like Garbarino and Johnson, (1999); Chandburi and Holbrook (2001). Corbit, Thanasankit and Yi

(2003) had observed that in a highly competitive market, a lack of trust can lead to negative relationship. Therefore, based on this, the following hypotheses has been formulated:

H₀₁: Trust is positively related with enduring marketing relationship.

2.2.1 Empathy and Enduring Marketing Relationship

Several studies have found evidence that empathy significantly impact relationship (Ibok, 2013; Essoh, 2009). Numerous studies in the service industry have also empirically established the link between empathy and marketing relationships. For example; Cronin and Taylor, (2000) had established a positive correlation between empathy and customers loyalty behaviour. Bolton and Sullivan, (2009) had concluded that one of the conditions for a fruitful and sustainable customer relationship is being empathetic. Hence, we hypothesize the following:

H₀₂: Empathy is positively correlated with enduring customer relationship

2.2.2 Reciprocity and Marketing Relationship

In several studies, the relationship between reciprocity and marketing relationship has been examined (Johnson, 1999); (Lim and Love, 2000); and (Sabol and Shedrack 2004). For example; a study by Cronin and Taylor (1992) on consumer's willingness to recommend a business firm found out that reciprocity was a major factor of concern in any relationship. Reciprocity has been described as the give and take elements in a relationship. Thompson (2005) suggested that relationships are stronger when parties can reciprocate one another in some ways. Ibok (2013) in his survey of relationship marketing in the banking industry found positive relationship between banks reciprocity behaviour and customer willingness to maintain a loyal relationship. In a more recent study by Virgin (2014) it was discovered that reciprocal relationship was more influential in inducing loyal behaviour than many other factors. Consistent with these numerous findings, we develop the following hypothesis:

H₀₃: Reciprocity has a positive effect on marketing relationships.

2.2.3 Bonding and Marketing Relationships

A bond has been described as the ultimate glue that binds two or more people together. Ennew and Brooks (2000) observed that when the bond is stronger, parties find themselves ever committed to each other. Bonding enhances the flow of information between the firm and its customers and thus creating a positive feeling towards the business. Accordingly, Carson (2004) and Russell, (2006) had found empirical evidence suggesting that greater bonds can increase consumers' willingness to continue doing business even in the future. Research by Clark (2007) had shown that the degree of bonding indeed has an effect on a firm's marketing relationship with its customers. In a study of insurance industry, Adewusi (2008) found that when customers are bonded to a firm, they tend to remain loyal to such firms, but lack of bonds had a negative impact on customer relationship outcomes. Berry (1995) had noted also that bonding does not automatically lead to stronger customer relationships but rather customers exhibit different behavioural outcomes based on how bonded they are to the organization. Based on these, we formulate the following hypothesis

H₀₄: Bonding has a positive effect on marketing relationships.

However, the strength of any relationship depends on the quality of relationship marketing. Relationship quality suggests that the customer is able to rely on the marketer's integrity and has confidence in the firm's future performance. Gummenson (1994) observed that the quality of any relationship especially between the organization and its customers should be seen as added value. Therefore, different dimensional aspects are necessary in assessing relationship quality, Naude and Buttle (2000) presented numerous factors and recognized that trust, relationship satisfaction, commitment and reciprocity are essential factors. Accordingly, these authors displayed explicitly that the forces of trust, reciprocity, relationship satisfaction, and even empathy could form or cement an enduring market relationship. This is however in agreement with many marketing literature (Tseng, 2007; Kotler 2003; Naude and Buttle 2000; and Ndubuisi, 2007).

The role of interpersonal communication cannot also be ignored in any relationship. When communication is used timely and suitably it solves and adjusts or smoothen relationship where disputation would have arisen. Previous studies had pointed out that business relationships can be improved by presenting commercial and non commercial messages in ways that will suggest customer's support.

Communication is helpful not only in retaining, improving and establishing an envisaged relationship to a higher level but also to lubricate and maintain warmth in it (Weitz and Jap, 1995). Previous researchers had maintained that relationship management is just one way of planning effective marketing efforts. Managing an effective relationship can cultivate long-term beneficial and enduring relationship mutually. Kotler (2003) stated very categorically that the value of any relationship is more worthwhile than any physical assets. Thus, Gruen (1997) noted explicitly that relationship in marketing is a strategy that promises the systematic development of ongoing, collaborative business partnership as a key source of sustainable competitive advantage.

To succeed in marketing relationship a company must have both a flow of new customers and there must be a restriction on customers exiting. Barnes and Howlett, (1998) identified two characteristics of an exchange relationship. First, that the relationship is acknowledged as such by both parties. Secondly, that the relationship goes beyond occasional contact and is recognized as having some special status. Berry (1995) identified three important characteristics for customers to desire continuity with the same provider and highlighted variability, complexity and involvement as essential features. A good marketing organization should back a good relationship with customers. A relationship is established once transaction has taken place. Trust in relationship marketing model is very important. Scholars even suggest that a standard good smile can build a strong relationship. Relationship marketing involves both relationship building and relationship maintenance. Trust ensures that the relational exchange is mutually beneficial, as the good intentions of the partners may not be in doubt. Thus, Berry (1995) concluded that much of the relationship marketing progresses on the level of trust the customer places on the firm. Relationship marketing is built on the foundation of trust, reciprocity, empathy and bonding as researches demonstrate. Thus, trust among other considerations is the willingness to rely on an exchange partner in whom one has confidence (Moorman, Deshpande and Zaltman, 1993).

3. METHODOLOGY

Convenience sampling was used to assess the opinions of telecommunication subscribers in Akwa Ibom State, Nigeria. The reason for choosing convenience sampling technique was that the data on relationship profile of the respondents are not available on any data base of the five selected telecommunication companies operating in Akwa Ibom State. These companies are Airtel, MTN, Globacom, Etisalat and Vodacom. Secondly; this study was conducted to improve understanding about relational dimensions that most likely affect customer relationship in this industry. Thus, 300 subscribers of these five major mobile telecommunication companies in Akwa Ibom State were surveyed using the relationship quality questionnaire and the response rate was 90 percent.

The questionnaire was constructed in six sections. The first section elicits data on the socio-economic profile of respondents. In section 2, data sought was on trust. The third section elicits responses on reciprocity. Section four solicits data on empathy; section five was on bonding, while the final section elicits data on enduring marketing relationship intention. Section 2 to 5 had five items each to measure the constructs. All the items were measured on a 5 point likert scale. The reliability coefficients and descriptive statistics are presented in table 1 below:

Table 1. *Descriptive statistics and Reliability coefficients*

Variables	Reliability	Mean	Std. Deviation
Trust	0.91	3.42	0.68
Reciprocity	0.87	3.55	0.87
Empathy	0.91	3.37	0.76
Bonding	0.91	3.60	0.79
Enduring Relationship Marketing	0.76	3.70	0.82

The reliability coefficients were above 0.6 which is in line with the recommended threshold by Bagozzi and Yi, (1988). All items under each construct was measured on customers perceived relationship rating levels ranging from 1 (not good) to 5 points (very good). The spearman's

Factors Affecting the Effectiveness of Relationship Marketing in the Nigerian Telecommunication Industry: The Customers Perspective

correlation test analysis was used in testing the hypotheses. All the hypotheses were tested at 0.05 level of significance.

3.1 Results and Discussions

The descriptive statistics and the reliability coefficients of the studied variables are presented in table 1 above. The reliability coefficients or alphas for all the constructs were computed using the reliability procedure in SPSS version 12.0. Thus, the reliabilities of all the constructs used in this study were found to be above 0.60, which is the benchmark set by Bagozzi and Yi (1988).

The results of the Spearman's correlation test between the various constructs and marketing relationship are as presented in table 2.

Table 2. Spearman's correlation analysis of the relationship between trust, reciprocity, empathy and trust on marketing relationship

Factor	Correlation coefficient	Meaningful level	Remark
Trust	0.164	0.017	Positive
Reciprocity	0.151	0.029	Positive
Empathy	0.294	0.000	Positive
Bonding	0.224	0.001	Positive

From the above table, it can be observed that the various constructs and their relationship with marketing relationship is less than 0.05. Thus, it can be said that there is a positive relationship between the variables and marketing relationships and since the r-value is positive, this suggest that the more the level of trust, reciprocity, empathy and bonding between the firm and its customers, the more committed customers will be in establishing relationship with telecommunication firms.

On the rank correlation, analysis of data reveals among others as presented in table 3 below:

Table 3. Spearman's rank order correlation analysis of the relationship between trust, reciprocity, empathy and bonding with relationship marketing

Independent variables	Dependent variable	Correlation coefficient	Average rank	Position
Trust	Marketing relationship	0.151	3.17	1 st
Reciprocity	Marketing relationship	0.164	2.35	2 nd
Empathy	Marketing relationship	0.224	2.21	4 th
Bonding	Marketing relationship	0.294	2.28	3 rd

The obtained rank correlation analysis reveals that trust ranked first with a correlation coefficient of 0.151. The positive coefficient suggest that as the level of trust increases between the telecommunication companies and the customers, then the level of enduring customer relationship will also increase simultaneously. Reciprocity is found to rank second among the variables, which means that customers are fully aware that every relationship is a give and take phenomenon. The positive relationship found is indicative of the fact that if a firm also gives back to its customers, then the level of loyalty and commitment to a course of relationship with also increase. The obtained coefficient of 0.164 is indicative of a strong positive relationship between the variables under investigation.

Bonding ranked 3rd in relationship marketing agenda with a correlation coefficient of 0.294. This relationship is positive; meaning that as the level of bonding or commitment increases on the part of business firm, then the customers will very likely also improve upon their relationship with the telecommunication firm. The fourth variable which is empathy has a correlation coefficient of 0.224. This relationship was found to be positive meaning that as the firm attempts to put itself in the position of the customers and avoid what should be avoided and do what is supposed to be done, then the level of marketing relationship from the customers perspective will also increase.

In general, the results have supported all the hypothesized relationships. Customers loyalty performs an important mediating role between the independent variables (trust, reciprocity, empathy and bonding) and the dependent variable (relationship Marketing) is supported in this study as in many other studies. These findings are found to be consistent with previous researches in this area (see Morgan and Hunt, 1994; Moorman et al, 1993; Cronin and Taylor, 2000; Bolton and Sullivan 2009 and Johnson, 1990) in their respective studies.

4. CONCLUSION AND RESEARCH IMPLICATIONS

This study and its findings have both theoretical and managerial implications. From the theoretical perspective, it is suggestive that there is need to incorporate other variables such as communication, commitment, satisfaction in order to expand the frontiers of knowledge when investigating relationship issues. For instance, Mattila and Lec (2002) had concluded that relationship variables and their findings are always producing mixed results because of variable omissions and observed how certain variables moderate this relationship.

On practical implication, it is important that telecommunication managers begin to refocus on the basic ingredients of sustainable relationship of which trust, reciprocity, empathy and bonding are essential factors in cementing long term and enduring relationships. This can be achieved through developing affinity programmes, club membership, and reward projects for customers, having regular interactive sessions and frequency marketing programmes. All these should be geared towards improving an understanding of the customer in the market place.

However, this study has some basic limitations. First, data used in this study were obtained from only one service section, so generalization of findings across service sector should be traded with caution. Secondly, the small sample size as compared to the number of subscribers both in Akwa Ibom State and in Nigeria may leave this result in doubt since the sample size cannot be estimated to be representative of the total subscribers in the country. Thirdly, we adopted a cross sectional surveys to determine the causal effect of these variables, when indeed longitudinal variables would have been more appropriate. This approach is however recommended for future research. Finally, incorporating many others construct into this relationship model would have made the results most modest and robust, therefore, we recommend that future research should incorporate many such constructs into a single model to establish their joint influence.

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