



The Impact of Customer Relationship Marketing on the Growth of Firms in Abia State

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Abstract: *The purpose of this paper is to investigate on the Impact of customer Relationship marketing on the Growth of firms in Abia State , to achieve this, the researcher made use of a descriptive survey design. Out of the total population of the respondents, 80 respondents were chosen as the sample size. The study found out that customer relationship marketing impacts positively on the growth of firms in Abia state, and trust, commitment and effective communication are some of the dimensions of customer relationship marketing. The research thus concludes that for firms to ensure high level of customer relationship, they should imbibe by creating the ground for customers' trust, and ensure high commitment . The study, however, recommends that for firms to attain a certain level of growth, they should create trust, commitment and effective communication to avoid customer switching.*

Key words: Growth, firms, Customer relationship Marketing

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INTRODUCTION

Customer relationship marketing (CRM) is a business process in which client relationships, customer loyalty and brand value are built through marketing strategies and activities. CRM allows businesses to develop long-term relationships with established and new customers while helping streamline corporate performance. CRM incorporates commercial and client-specific strategies via employee training, marketing planning, relationship building and advertising.

CRM's core strength is an ability to glean insight from customer feedback to create, enhanced, solid and focused marketing and brand awareness. Key motivating drivers for the development of more innovative CRM strategies are Web technologies and a sharpened global focus on customer loyalty.

CRM Provides a way to directly evaluate customer value. For example, a business that is genuinely interested in its customers is rewarded with customer and brand loyalty. Because CRM is mutually advantageous, market share viability advances at a sound pace.

Provides cross-selling opportunities, where, based on customer approval, a business may Nowadays, the main marketing focus is shifting towards customers. Over the past fifteen years, a major shift has occurred in the ways that industrial companies deal with their customers and suppliers. This change came about when companies recognized that a sustainable competitive advantage in the global economy, increasingly, requires companies to become trusted participants in various networks or sets of strategic alliances (Morgan and Hunt, 1994).

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).

There is general agreement that the quality of the relationship between the parties involved is an important determinant of the permanence and intensity of the relationship and the consequent success of relationship-marketing practices (Gwinner et al., 1998). Based on the above, 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 key feature of the strategy of relationship marketing is that it not only results in increased customer retention and company profitability, but it also provides a sustainable competitive advantage to a service firm as the intangible aspects of a relationship are not easily duplicated by competitors (Reichheld and Sasser, 1990). Consequently, there is a growing interest in the subject of relationship marketing. More and more firms are focusing on strong firm-customer relationships (Ndubisi, 2004). Enhancement and focus on customer relationship building creates many benefits for firms and customers. By building a relationship with customers, firms can gain quality sources of marketing intelligence for better planning of marketing strategy.

As more evidence shows that growth of firms and profitability are directly related, it is vital for firms to develop long term sustainable customer relationships. According to Kotler (2000), upon implementing a relationship marketing program properly, the firm begins to focus as intently on managing its customers as on managing its products.

Growth of firms as a concept has been included in various theoretical and conceptual frameworks and models (Chan et al., 2003). These models or frameworks have

addressed measurements of growth of firms, drivers of growth of firms, as well as measurements of related variables (Bruce, 1999). Growth of firms is achieved through customer's experiences with a product/service as compared with expectations. Growth of firms has been defined in various ways: an overall feeling, or attitude, a person has about a product after it has been purchased (Solomon, 1994; p. 346), or as a summary, affective and variable intensity response centered on specific aspects of acquisition and/or consumption and which takes place at the precise moment when the individual evaluates the object" (Giese and Cote, 2000; p. 3).

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. But many firms fail to recognize that goes beyond that, In order to select the proper marketing strategy, firms should have good data about their customers and their buying behaviors, competitors, and markets. One of the best approaches to achieve the above is to use customer relationship marketing and growth of firms surveys to provide the best indications of what drives growth of firms. Accordingly, it is necessary to conduct a research that identifies the specific components of customer relationship marketing that support customers' satisfaction which is the essence of this research.

Objectives of the Study

The study aim to investigate on the impact of customer relationship marketing on the growth of firms in Abia state, other sub-objectives include;

1. To present a theoretical overview of customer relationship marketing and its main dimensions.
2. To diagnose the correlation between customer relationship marketing and growth of firms in Abia state.

Justification

1. The study will specify customer relationship elements that may help in achieving the expected growth of firms thereby increasing growth in firms
2. The cost of customer relationship marketing makes this research important to determine what change can be expected in firms and how to best leverage the investment with positive results.
3. From a practical perspective, it is important for managers to know if their customers are satisfied or not.
4. The research will answer the question of whether customer relationship marketing makes a positive difference in growth of firms or not.

Through it all, the study will enable firms to attain a reasonable height by knowing how to satisfy their customer through customer relationship

LITERATURE REVIEW

This chapter provides an overview of various areas related to the research questions, as well as a theoretical background for the hypotheses development. The first section

describes the literature in customer relationship marketing and the second section provides the definition of growth of firms.

First, it is worth defining the term "relationship" in the marketing context, although it is difficult to find one. Most writers simply talk about relationships, or a move from a transactional approach to a relational approach. Hunt and Morgan, (1995) used the term as the "personal relationship between two people." This definition may be attractive for a supplier, but may not be so for a buyer, who is expected to make a commitment. Radley, (1996) reported that social psychologists make a distinction between personal and social relationships. They argued that norms and rules of close personal relationships can be different; for example, one can say and do things in personal relationships that would be unacceptable in social ones. The distinction between personal and social relationships is an appropriate one for relationship marketing. In contrast, Hakansson and Snehota (1995), defined a relationship "as mutually oriented interaction between two reciprocally committed parties". From a service marketing point of view, Grönroos (2000) argued that "a relationship has developed when a customer perceives that a mutual way of thinking exists between customer and supplier or service provider" (p. 33). Gummesson (1999) stated that relationships require at least two parties who are in contact with each other, a supplier and a customer. Grönroos (2000) argued that a relationship is by and large related to an attitude and, from the organization viewpoint, a relationship can develop only when all or at least most important customer contacts and interactions are relationship-oriented. Therefore, organizations should create interaction and communication processes that facilitate relationships. Bell (1998) argued that the establishing relationships process requires that all concerned parties (individuals either from buying or selling organizations) should like such relationships; such desire depends on the achieved stage of the relationship. Garbarino and Johnson, (1999) described how to build such a relationship. They reported that at the beginning of the relationship between sellers and buyers, the buyers expect low relational involvement and primarily focus on overall satisfaction with the product as an indicator for future involvement. This indicator can be turned to be a high relational involvement when the customer uses trust and commitment as the mediators for determining future activities with the selling firm.

With respect to the Customer Relationship Marketing definition it is not an easy task. Various authors define customer relationship from different academic or practical perspectives. In general most of them agree that customer relationship marketing is "a philosophy or culture that should penetrate the whole organization" (Gofton 2001). In a general sense, relation marketing is about identifying, establishing, maintaining, enhancing and, when necessary, terminating relationships with customers, so that the objectives of both parties are met (Rashid, 2003). Anonymous, et al (2002) defined 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".

Walsh et al (2004, p. 469) define relationship marketing as "the activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers". Based on the mentioned definition, we can say that relationship marketing seeks to increase customer profitability while providing better services for customers.

According to Clark and Payne (1995) relationship marketing is "the business of attracting and enhancing long-term client relationships". Grönroos (1990, p.138) stated 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. This is achieved by a mutual exchange and fulfillment of promises". Gummesson, (1999) indicated that relationship marketing had a strong emphasis on business to customer relationships within a customer relationship marketing paradigm. Kotler and Armstrong (1999, p.550) illustrated this idea in their definition of relationship marketing: "Relationship marketing involves creating, maintaining, and enhancing strong relationships with customers and other stakeholders. Relationship marketing is orientated to the long term. The goal is to deliver long-term value to customers, and the measure of success is long-term growth of firms". Most of relationship marketing definitions emphasize longer term perspective, focusing on keeping customers rather than getting customers. One common point among the many definitions of relationship marketing is that it is associated with attempts by firms to develop long-term relationships with certain customers.

Historical Background

The idea of building a relationship with customers was not implemented by most firms. The development and the creation of a conceptual framework to understand relationships and to study its nature was very slow in adoption. For a long time, marketing focused on acquiring customers instead of attempting to retain them. Therefore relationship marketing was developed as an effective strategy to attract, maintain and enhance customer relationships (Roberts et al., 2003). Sheth and Parvatiyar, (2000) indicated that relationship marketing emerged in the 1980s as an alternative to the prevailing view of marketing, because it was recognized that many exchanges, particularly in the service industry, were relational by nature. They add that in the first half of the 1990s the development of marketing changed from transaction marketing to relationship marketing. Concerned parties (sellers and buyers) understood and appreciated each others' needs and constraints much better, and they change their trends for the favor of cooperation with one another, so, they become more relationship oriented. It is worth mentioning that in the past, marketers were concerned with retaining customers, influencing repeat purchases, fostering trust and facilitating future marketing. Therefore, producers established permanent retail shops in the marketplace for selling goods daily, and those who participated in the market knew and trusted each other. Accordingly, consumers and producers had direct relationships with each other. The relationships between customers and suppliers were critical since customers depended on manufacturers and traders to provide them with goods according to specifications and expectations (Sheth and Parvatiyar 1995). Grönroos, (1994) reported that relationship marketing origin is coming from the convergence of the following four different approaches:

1- The interaction and network approach to industrial marketing advocated by the industrial marketing and purchasing group:

Buyers and suppliers network for industrial products and services. There are several and ongoing interactions that take place daily through the flow of goods and services, financial and social exchanges. It is not necessary that sellers initiate these interactions, but they may continue for a long period of time. Moreover buyer and seller positions may not be

clear when the exchange of resources flow in both directions. The management of such relationships requires the involvement of the marketing department, all of the company's employees and part time marketers (Gummesson, 1990). Regarding business to business exchanges, points of contact between organizations occur in non-marketing functions such as research and development, design, deliveries, customer training, invoicing and credit management.

2- The marketing of services:

Services marketing cannot be separated from overall management. Service consumer interacts with physical resources and employees of service providers. The service providers are involved in service production. No differences should exist between industrial marketing and service marketing in terms of developing a long lasting relationship between a service provider and his/her customers. Marketers and full time marketers determine the success of those relationships.

3- The interest in customer relationship economics:

According to Reicheld, (1993) companies can obtain market economies, and achieve better economic results through understanding the customers they deal with. Grönroos, (1994) indicated that a mutual satisfactory continuing relationship makes it possible to reduce transaction costs and quality costs.

4- International marketing:

Gummesson, (1996) argued that although the transaction marketing approach is primarily based on the mass marketing of packaged consumer goods in USA, such a concept if transferred to other markets outside of the USA, risk not being applicable because of many issues such as cultural differences, traditions, economic structures, legal systems and institutional settings. Therefore, many researchers suggest that a relational approach to marketing is better suited to accommodate or adapt to the cultural, economic and institutional characteristics of most countries.

Aims of Relationship Marketing

The primary goal of relationship marketing is to build and maintain a base of committed customers, and reduce time and effort spent on them. The advantages that the organization obtain from building and maintaining a base of committed customers are many and can be linked directly to an organization's bottom line (Aalton, 2004). According to Grönroos (1994), the aim of relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, so that the objectives of the parties involved are met. Relationship marketing plays a major role to get the firm close to the customers for the purpose of enabling the firm to accurately and adequately discern and satisfy their needs. Moreover, it enhances a company's ability to understand customers, increase its market share, and ultimately reduce cost and increase profitability. Ndubisi, (2003) argued that the cost of serving one loyal customer is five to six times less than the cost of attracting and serving one new customer.

Rapp and Collins (1990) reported that relationship marketing goals are to create and maintain lasting relationships between the firm and its customers that are rewarding for both sides. In other words, a key objective is to foster customer loyalty. Further

objectives of relationship marketing include the delivery of sustained or increasing levels of satisfaction, and the retention of those customers by the maintenance and promotion of the relationship (Christopher, 1996). Sheth and Parvatiyar (1995) also support this objective as they argued that relationship marketing focuses on building, maintaining and retaining customers. Profits tend to climb when a company increases its retention rate. Retention rates tend to increase as growth of firms rates increase. Relationship marketing addresses the basic human need to feel important. Consumers like to reduce the choices they have by engaging in ongoing relationships. It is a form of commitment made by consumers to patronize selected products, services, and marketers rather than exercise choices. Palmatier and Gopalakrishna, (2005) study reported that there is a positive association between relationship marketing and business performance. Keltner (1995) found in his study that German banks compared with American banks, managed to maintain a stable market position during the 1980s and early 1990s as a consequence of relationship oriented banking strategies.

Importance of Relationship Marketing

The customer's attitude towards any form of relationship between him/her and the supplier is important. So if the customer perceives the importance of relationships strongly, then he/she develops a stronger relationship with the supplier (Ward et al., 1997). With respect to the firms, the importance of relationship marketing motives of investment in customer relationship building include access to privileged information on customer needs and wants, mutual rewards, cost reduction and increase in profitability, (Ndubisi, 2004). Reichheld (1993) reported that a 5 per cent increase in customer retention typically increased the company's profit by 60 per cent by the fifth year. It has been argued that long term relationships where both parties over time learn how to interact best with each other lead to decreasing relationship costs for the customer as well as for the supplier or service provider. Efficiency is gained, and value is created on both sides of the customer equation. Webster (1992, 14) reported that "there has been a shift from a transaction to a relationship focus". Ndubisi (2003) argued that the only real sustainable business growth strategy is through a mutual symbiotic relationship with customers, which enables a business to understand their needs more clearly and to create and deliver superior value. Verhoef (2003) reported that a relationship is important for firms since establishing and maintaining relationships with customers will foster customer retention, customer share development and increased profit. Relationship marketing, therefore, has become increasingly important as a business strategy (Verhoef, 2003). A relationship orientation implies that the focus of marketing is on retaining customers by maintaining and strengthening win-win relationships over time (Payne and Frow, 1997). This approach implies that relationships are more likely to develop in situations where the customer has more frequent contact with the service provider, where the service is continuously delivered over an extended time period and where the customer perceives the relationship to be important (Bove and Johnson, 2000). Several studies on services marketing have suggested that in order to acquire and maintain a competitive edge, service organizations should develop long-term relationships with their customers (Berry, 1995). There are three strategic rationales for implementing Customer Relationship Marketing:

1. To increase customer retention.
2. To respond effectively to competitive pressure.

3. To differentiate competitively based on customer service superiority.

By linking customer relationship marketing data with growth of firms survey data all companies do show that Customer Relationship Marketing has a larger, indirect effect by influencing customers' intentions, (James, 2002). There are a number of underlying assumptions inherent to relationship marketing, including:

- 1- A relationship can be formed with all customers, in all service situations, suggesting that all organizations should partake in relationship development.
- 2- Relationship strength will increase as the duration of the relationship increases.
- 3- The more frequent contact consumers have with a particular service provider, the greater the opportunity for the relationship to strengthen.
- 4- That customer demographic characteristics impact on relationship strength; and that relationship strength will increase more if the customer places greater importance on such relationships.

Benefits of Relationship Marketing

Relationship marketing strategy helps in understanding customers' needs, and can also lead to customer loyalty and cost reduction. Research has shown that the cost of serving one loyal customer is significantly less than the cost of attracting and serving one new customer (Ndubisi, 2004). Rashid (2003) reported that Gwinner et al. (1998) conclude that relationship marketing could bring customers the following advantages:

- 1- Confidence:** reduce anxiety, faith in a product or service provider, and a feeling of trustworthiness towards the provider.
- 2- Social Benefits:** personal recognition by employees, customers feeling familiar with employees, the development of friendship with employees.
- 3- Special Treatment:** extra services, special prices, higher priority than other customers.

With respect to relationship marketing advantages from the perspective of the organizations, it allows organizations not only to retain customers, but to also improve profitably and decrease costs of acquisition. Some of the motives behind organizational investment in customer relationship building include access to privileged information on customer needs and wants (Ndubisi, 2004). Relationship marketing enables organizations to expand their business, if implemented successfully. Loyal customers' word-of-mouth can be very influential in terms of gathering new business and helping to attract new customers, because satisfied customers convey positive messages about the company's service and personal recommendations are often taken most seriously in consumers' purchase decisions (Gremler and Brown, 1999). Stone et al. (2000) reported that satisfied customers can become powerful advocates for a company. New customers attracted by the company's reputation would be likely to generate revenue for the company more quickly. Building relationships is beneficial for both the customer and the firms. Organizations seek benefits in order to develop a relationship with their customers, so that they will be able to create a competitive advantage. At the same time, customers seek a benefit to start a relationship and respond with their loyalty.

METHODOLOGY

Research Design

The descriptive survey research design was adopted in this study. The study was designed to provide answers to the research questions as well as generate data to explain the basic variables of the study

Sample and Sampling Techniques

Since it is not necessary to study the entire population, the researcher adopted the Taro Yamane statistical method to determine the number of respondents to be interviewed. The statistical formula was cited by Egbulonu (2002) as follows;

$$n = \frac{N}{1 + n(e)^2}$$

- Where n = Sample size
- N = Number of the population = 100
- 1 = Constant
- e = Level of significance at 0.05 or 5%

Thus, n = $\frac{100}{1 + 100(0.05)^2}$

n = $\frac{100}{1 + 100 \times 0.0025}$

n = $\frac{100}{1.25}$

n = 80

Instrument for Data Collection

The researcher made use of questionnaire to obtain data from the respondents

Method of Data Analysis

Descriptive statistics will be used for data analysis. Tables and simple percentage will be used to present the data collected. The answer to each research question will be generated through frequency.

DATA ANALYSIS

Research Question One: The growth of firms is not associated with Customer Relationship Marketing

S/N	Options	Frequency	Percentage
A	Strongly agree	40	57%

B	Agree	30	28%
C	Strongly disagree	4	5%
D	Disagree	4	5%
E	Undecided	2	2%
	Total	80	100%

Source: Field Survey 2017

From the data analysis it is seen that there is a higher levels of organizational growth which is related with extensive customer relationship marketing . This is evident with 70 respondents among the 80 that agree and strongly agree to the fact as against 8 respondents that disagree and 2 undecided.

Research Question Two: Communication as one of the dimension of customer relationship marketing has a positive impact on organizational growth.

S/N	Options	Frequency	Percentage
A	Strongly agree	35	37%
B	Agree	36	50%
C	Strongly disagree	3	4%
D	Disagree	4	5%
E	Undecided	2	2%
	Total	80	100%

Source; Field Survey, 2017

The analysis which seeks to investigate on the dimensions of customer relationship marketing has shown that communication as one of the dimensions has a greater impact on the growth of firms. This is evident following the frequency of respondents in the above analysis, thus, without communicating with potential customers, they tend to easily switch to competitors thereby leading to poor development and decrease in sales of firms.

Research Question Three: There is no relationship between the growth of firms and customers' trust

S/N	Options	Frequency	Percentage
A	Strongly agree	50	57%
B	Agree	20	28%
C	Strongly disagree	6	8%
D	Disagree	3	6%
E	Undecided	1	1%
	Total	80	100%

Source: Field Survey, 2017

Based on the analysis, it is found that 85% of the respondents agreed upon the fact that customers' trust impacts positively on the growth of firms as against 12% that disagree

Discussion on findings

Based on the presentation and analysis done, it was found that;

- Customer relationship marketing has a significant impact on the growth of firms
- Communication as one the dimension of customer relationship marketing positively impacts the growth of firms
- Trust also seen as one of the dimensions of customer relationship marketing positively impacts on the growth of firms.

CONCLUSION

Among these findings, however, firms ought to ensure high commitment in communicating with potential customers as this will create a rise in them trusting the firm. Thus, bringing about retention and increase in sales and finally growth which is the target of every firm.

RECOMMENDATION

The research recommends thus;

- 4 To increase customer retention, firms should respond effectively to competitive pressures
- 5 Knowing that customer relationship marketing significantly impacts on the growth of firms, they should ensure a high level of commitment towards customers to achieve a stable and strong customer relationship.
- 6 To avoid customers switching to competitors, firms should be able to build customers' trust towards their products

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