

Relationship Marketing:
The Antidote For
Effective Sales
Performance In The
Nigerian Banking
Industry

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ABSTRACT

The primary objective of the article was to determine the relationship between relationship-marketing and sales performance. The study explored the dimensions in which relationship marketing can be used to achieve sales performance. Both descriptive and inferential statistics were employed in this research. Three hypotheses were formulated: organization needs relationship marketing in its competitive drive. Relationship marketing improves sales performance and relationship marketing, favorably helps in competitive management. The study was based on data collected from banks in Sango, Ogun State, Nigeria through the administration of questionnaires. Data collected were analyzed using a simple frequency table, regression analysis. Findings show that an organization needs relationship marketing in its competitive drive, sales performance can be improved through good relationship marketing and relationship marketing favorably helps in competition management. Based on findings of this research, it is recommended that the Nigerian Banking Industry should provide customers with quality service in order to attain customer satisfaction and build relationship with them thereby, leading to customer retention and consequently profitability. By so doing, it is envisaged that there will be improvement in sales performance.

Key words: Relationship, Marketing, Antidote, Effective, Sales Performance, Banking Industry

1. INTRODUCTION

The primary objective of every organization or business is to see that consumer's needs and want are met, thereby creating satisfaction for the needs and wants of customers via an exchange process from which the organization makes a profit. Consumers are basically interested in how a particular good or service will satisfy their needs or their wants. According to Kerin, Berkowitz, Hartley and Rudelius (2003), a need arises when a person is deprived of basic necessities while want is the felt need shaped by a person's knowledge. The concept of relationship marketing is an expanse view of marketing concept so as to consider the development of the markets, in which the idea of prompt transaction started to offer a better relational approach (Jemaa and Tournois 2014). Organizational resources are geared towards ensuring that consumers arrive at a maximum utility from the consumption of their product or their services. Relationship marketing is an idea to transform avidly the behaviours of the customer and their attitudes which centered on the thoughts of the customer about the organization and what the service provider of the organization should understand about their customers (Odabaşı, 2000). Organizational objectives include improving sales performance, sustaining a long term relationship with customers, increase profitability and having a competitive advantage. (Bagozzi, 1995; Dewulf, Odekerken-Schoder, and Iocabucci 2001; McKenna 1991), Scholars have recognized that one most important goal of marketing is to create and maintain an excellent and keen customer relationship. Relationship Marketing endeavors to incorporate and take account of suppliers, other

infrastructural partners and customers into the organization's improvement and the activities marketing (McKenna 1991; Shani and Chalasani 1991). In today's intense competition, it is very crucial that all business organization keeps their customers, if this is not done competitors will attract them with better products. Relationship Marketing refers to a long-term and mutually beneficial arrangement where the seller and buyer both have an interest providing an exchange that is satisfactory. Sales Performance management is placing suitable and accurate information to the decision makers in order to help them make better decisions. The emergence of relationship marketing has given rise to this research study. The choice of relationship management is accommodated by acknowledgement that relationships that are said to be long term in nature with customers is a standout amongst the most crucial resources of the company and the network systems ought to be improved to enable "customer ownership". Thriving customer ownership will help build competitive advantage for the company and would produce a superior customer retention which will lead to profit for the company (Biswal, et.al., 2011). Synergistic relationships amid marketers are inbuilt being different from previous relationships as proposed by transactional relationship (Parvatiyar, Sheth and Whittington 1992). Relationship marketing is very important in every business organization which helps to increase the sales of the organization.

2. STATEMENT OF RESEARCH PROBLEM

Organizations in times past have had issues regarding creating a solid customer relationship management base and also maintaining it, however, a good relationship marketing is through a constant communication with the customer to ensure that you have the customers constantly at your beck and call. Organizations face a challenge of staff orientation, which is needed by staff in order to have a basic knowledge about the new concept of relationship marketing management so as to maximize profit and achieve other organizational objectives. As a result of the different methods of understanding relationship marketing, there is no set of best practice, although several strategies nevertheless have been proposed (DeSouza, 1992; Rosenberg and Czepiel, 1984; Stone and Woodcock, 1995). It has been suggested that there is no guidelines that exists to guarantee an effective design, implementation, measurement and monitoring of a relationship marketing program (Grande, 1996; Pinto, 1997). For example, The term relationship marketing is used in so many diverse ways that it could make confusion sets in (Palmer, 1998) is it then not possible to identify activities that, if practiced, can be presented as substantive evidence of the practice of relationship marketing itself? Moreover, Gummesson (1997) notes that the measuring of returns on relationship marketing is still in its infancy. There is evidently an issue of competition faced by organizations and it is just necessary to come up with a concept that enhances a long run competitive advantage and improved organizational performance in order to attain maximized customer satisfaction. Relationship marketing is an aspect of the emergent "network paradigm" which acknowledges that worldwide competition takes place gradually between systems

of organizations (Thorelli, 1986). There is a challenge of lack of proper customer orientation which has been identified by researchers; therefore, this study intends to fill the missing gaps by exploring the strategic role of customer relationship marketing in order to bring about an enhanced improvement in the sales performance. Previously, several studies have been done on relationship marketing. However, few of these studies have really attempted to examine the place of relationship marketing as the antidote for effective sales in an organization. This paper therefore stands to fill the missing strategic intellectual omission.

3. RESEARCH OBJECTIVES

The general objective of this study is to examine the effects of relationship marketing in improving organizational sales performance. However, the specific objectives of the study are to:

- Establish whether an organization needs relationship marketing in its competitive drive
- Find out whether a relationship marketing can improve an organization's sales performance
- To proffer practical policy suggestions that will benefit the executives in the organization once implemented.

The study raised two propositions in the form null hypotheses. These are:

- (i) An organization does not need relationship marketing in its competitive drive.
- (ii) Relationship marketing does not improve an organizations sales performance

4. LITERATURE REVIEW

Since the inception of the relationship marketing concept, it has occupied the major position in marketing strategy (Palmatier, 2008). However, due to huge and increasing literatures on the focus area, there has been uncertainty on the relationship marketing orientation and its advantages to organizations. In today's intense competition, it is very important for any business organization to keep their customers otherwise the competitors will attract them. Relationship marketing within the service marketing context was initiated by Berry; as "attracting, maintaining and enhancing customer relationships". Marketing success in the long run is depended on retaining existing customer at the same time getting new customers to patronize the organization (Berry, Shostack, and Upah 1983). Relationship Marketing is prevailing as an innovative trend, however; the concept of relationship marketing phenomenon can be traced back to the pre-Industrial epoch. The expansion of intermediaries/middlemen and the manufacturer separation from the customer during the Industrial era provoked the foundation of focusing on value in marketing. Currently, due to the development of technology, direct marketing is positioning a rejoinder, stimulating a relationship marketing phenomenon. Despite the fact that marketing orientation can be traced back to 7000 B.C. (Carratu 1987), marketing idea as a distinctive field was obtained from economics. As the marketing field achieved impetus, and expanded via the first three

sections of the twentieth century, the principal focal point was basically on transactions and also sales contacts. Nevertheless, the developments of marketing as a discipline of study experience a restructuring from transactions or sales contacts to relationships (Kotler 1990; Webster 1992). The importance of relationships instead of exchange focused transactions may redefine the field of marketing (Sheth, Gardener and Garrett 1988). Different authors and historiographers of Victorian England, have termed activities which result in contemporary day relationship marketing (Clegg 1956). "The question then arises of the theoretical and practical underpinnings of this "new idea". Is relationship marketing merely another "big new idea" which has risen on an opportunistic wave, only to follow previous big ideas such as Total Quality Management and Management by Objectives into vagueness when reviewers acknowledged that there was truly nothing new? Or does the advancement of relationship marketing orientation reveal primary movements in the business environment, which will continue to provide a place for the concept?" (Adrian Palmer).

Peter Drucker has said, "Business is all about creating customer, satisfying a customer and retaining a customer." In today's extreme competition, it is very significant for business organization to retain their customers or else the competitors will entice them (Yadav, 2012). This statement of Dr. Manmohan Singh indicates that today's marketing environment is hard-hitting to stay alive until some miracle happens. "Relationship marketing can be that tool, medium, strategy or miracle by which companies can get rid of slowdown as well as intense competition" (Yadav, 2012).

4.1 RELATIONSHIP MARKETING: A DEFINITIONAL CLARIFICATION

The concept relationship marketing has been defined and explained differently by several authors and scholars based on their understanding of the concept. Gronroos, (1994) defined relationship marketing as a mutually valuable exchanges and satisfaction of pledges by the two parties in chains of relations above the lifespan of relationship that exist between them. A lot of reproduced opinions have supported in defining the relationship marketing subject, particularly commitment, trust, a long-run co-operation and orientation (Morgan and Hunt 1994; Bagozzi 1995; Gronroos 1994; Christopher, Payne and Ballantyne 1991). Gummesson, (1999) "observed that relationship marketing at the level of business to business exchange requires very different principles and techniques compared with relationship marketing between a company and numerous low value personal customers."

Morgan and Hunt (1994) studied internal marketing and recommended the following: "Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges".

According to Jobber and Fahy (2006) relationship marketing can be defined as the procedure developing, building and improving rapport with consumers and the stakeholders. Relationship marketing is concerned with the advancement, expansion, preservation of long-standing; cost-efficient bargain connection with

customers, staff, shareholders, suppliers and other stakeholders for shared benefit (Boone and Kurtz, 2007). Improving outstanding service quality build the chance to create an ongoing connection with the customers. The notion of relationship marketing is applicable to several industries. It is predominantly significant in services because there is always a personal contact between the customers and the provider of service. Customer satisfaction also promote a closer connection with the dealer which will enhance the dealer to establish a relationship between the customer and the third party operating in the market place (Liu,Tao, Li and El-Ansary, 2008).

4.2 PRINCIPLES OF RELATIONSHIP MARKETING

The relationship marketing concept has several keys philosophies. Firstly, firm must discover their prospective customers before starting a business. The firm must also identify the target market and the types of customers. The success of the business is depended on the identification of the needs and want of the customers. Also, the firm can make use of promotions strategies so as to get in touch with the suitable prospective customers. For instance, Toy 'Z' is a firm that is involved in the sales of several types of toys. The prospective customers and market target may consist of both the children and parents. Nevertheless, the parent are the prospective customers because they are the one that expend cash in order to buy the toys for the their children. Most importantly, the firm needs to provide better customer service in order to have a better connection with their customers. The firm needs to respond to all customers' enquiries as polite as possible within a specific period of time.

4.3 RELATIONSHIP MARKETING AS A STRATEGY FOR COMPETITIVE EDGE OVER OTHER COMPANIES

The objective of many marketing strategies in the last few years has been building the customers commitment to a brand or a dealer (Peppers and Rogers, 1993). This has taken three forms

- Creating customer satisfaction- delivering superior quality products and services (Gale and Chapman).
- Creating and maintaining relationships (Pepper and Rogers, 1993). Success with any of these strategies will result in high levels of repeat purchase, insulation from price increase and improved responsiveness to marketing communications by customers.
- Building brand equity- the sum of the intangible assets of a brand. Factors which contribute to these are: Awareness of brand name, perceived quality, brand loyalty, the associations consumers have towards the brand and packaging.

4.4 THE RELATIONSHIP BETWEEN RELATIONSHIP MARKETING AND ORGANIZATIONAL SALES PERFORMANCE

Due to the competition currently going on in business environment, the transactional paradigm is not enough for organizational survival. Organizations need to concentrate their marketing effort to a better relational element, which is seen as the most appropriate method for retaining and satisfying customers

(Hollensen,2010). The relationship marketing method centers on the customers and long-standing connection with them, however, the transactional marketing method focuses on the exchange. In relationship marketing method, the connection with the customer is regarded as “capital asset” in the organization, which therefore implies a provision and assign a priority on resources and funds aimed at this area (Hennig- Thurau and Hansen, 2000).

The primary aim of relationship marketing is to mutually develop satisfactory long-standing interaction with the major components so as to achieve and preserve their business (Gummesson, 2008). This relational method enhances not just the organization customer interaction, but also, company-marketing partner, company-employee, and company-financial community relationships. This holistic facet strengthens the organization via long-standing association with all the stakeholders. The objective of relationship marketing method in an organization is to recognize and value their customers as far as possible and to develop a distinctive company benefit, which comprises network of marketing (Kotler and Keller, 2009). Relationship marketing also involves (Pop, 2006):

- Scrutinizing the satisfaction of customers
- Proactive about reducing the perceived risks and uncertainty of customers
- Executing actions intended to make customers loyal and establishing a long-standing relationships
- Long and short-term customer satisfaction

Marketing has moved from a one-dimensional focus on "giving the customer what they want" to “a pan company” direction in which the precise facilities of business are centered on building and establishing the value of customer to the specific market segment. The main function of marketing in this modern agenda is to establish what value intention to build, convey and to which of the customers (Zeithaml V. et al. 2006).

The core of relationship marketing strategy is focused on developing better connections with the customers so as to be at a competitive advantage globally, contend with technological changes and cutting down “time-to-market” of innovations or new products. “Relationship marketing is attracting, maintaining and –in multi service organizations- enlarging customer relationships” (Berry et al., 1983). Maintaining a better relationship with the current customers is seen to be just as significant to long-standing marketing success as getting new customers. Superior service is important to keep the relationship. Superior selling is also important to improve it

The marketing mentality is that the enticement of fresh customers is truly the foremost in the marketing development. Fortifying the connection, changing uninterested customers into loyal customers, and treating their customers as clients.

4.5 THE COMMITMENT THEORY

The existence of relationship, commitment and trust is essential to thriving relationship marketing. The introduction of commitment and trust is key as they motivate marketers to

- Resist attractive short term alternatives in favour of the anticipated long-standing gains of continuing with existing customer
- Work at safeguarding relationship benefits by collaborating with exchange associates
- View potentially high risk action as being wise due to the trust that their associates will not perform as opportunist.

Therefore, the present of commitment and trust will bring about the results that encourage effectiveness, efficiency, and finally productivity.

4.6 RELATIONSHIP MARKETING THEORY

Relationship marketing is concerned about integrating the suppliers, the customers and all other stakeholders in the marketing process and activities (McKenna 1991; Shani and Chalasani 1991). The integration ensue in secure synergistic relationships with the customers, suppliers and all other stakeholder of the company. Synergistic relationships among the actors of marketing in the company are integral when evaluated to the “arm's length relationships” stated by the transactional paradigm (Parvatiyar, Sheth and Whittington 1992). A Synergistic relationship presumes convergence in the program and procedures of the interaction of marketing actors and intimates secure emotional, economic and structural ties among them. It shows mutuality instead of self-sufficiency of selection among the actors; and it stresses collaboration instead of competition and resulting conflict that may exist among the parties. Therefore, the advancement of relationship marketing indicates an important movement in the truism of marketing. Therefore, the basic aim of relationship marketing is to improve the marketing output through attaining effectiveness and efficiency (Sheth and Sisodia 1995). A number of relationship marketing tactics enable efficiency, for example efficient consumer response (ECR), customer retention and the allocation of resources among the marketing actors.

All of these tactics can help cut down the marketer's operating costs. Likewise, superior marketing effectiveness is accomplished since it endeavors to engage customers at the initial stages of marketing programme expansion, assisting the potential marketing activities of the organization. In addition, through personalized marketing and acceptance of group customization procedures, relationship marketing strategist will be able to tackle the needs and wants of individual chosen customer, which invariably lead to marketing effectiveness.

4.7 THE RETURN OF RELATIONSHIP MODEL

In return on relationship model (Gummesson, 1999) suggests that a good relationship leads to good quality and good customer satisfaction. Good quality and Customer satisfaction leads to customer retention and

consequent improved profitability. Superior customer relationship originates once customer needs wants are implicit and satisfied. Superior quality originates as internal relationships of the company are promoted.

Good internal quality—>satisfied employees—>employee retention—>good external quality

Customer retention<——High profitability<——Customer satisfaction)

5. METHODOLOGY

The paper employed survey research method with structured questionnaires distributed among the sampled respondents. Two hypotheses were raised in the form of tentative propositions. Based on the nature of the hypotheses, appropriate tests statistics were used in testing the hypotheses and results, findings and discussions of findings were later discussed.

6. DATA ANALYSIS AND INTERPRETATION OF RESULTS

6.1 TESTING OF HYPOTHESES

Hypotheses 1

H1₀: An organization does not need relationship marketing in its competitive drive

H1₁: An organization needs relationship marketing in its competitive drive

Table 1: Regression analysis on the need of relationship marketing in its competitive drive

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.634	.542		6.707	.000
	relationship marketing enhances the competitive edge of an organization	.030	.102	.030	.296	.768
	bonding with customers has helped to reduce competition	.155	.086	.189	1.800	.075
	relationship marketing builds long term partnership with customers which are mutually beneficial thereby increasing its competitive drive	-.045	.068	-.068	-.661	.510
	R	.223				
	R ²	.050				
	Adj. R ²	.020				
	F	1.668				
	Overall Sig.	.179				

(*p < 0.01) ** p < 0.05) *** p < 0.1)

The result in table shows that the independent variable (relationship marketing) contributes significantly to the competitive drive. It yielded a co-efficient of regression R= .223 and R² = .050 which implies that 50 per cent of the total variance in competitive drive is accounted for by relationship marketing. The table also

indicates that the analysis of variance of the regression data produced F-ratio value of significant at 0.05 level (F=1.668; p < 0.05) which therefore, hold that relationship marketing has significant effects on competitive drive. Thus the decision will be to reject the null hypothesis (H₀) and accept the alternative hypothesis (H₁) which states that an organization needs relationship marketing in its competitive drive.

Hypothesis 2

H₀: relationship marketing does not improve an organizations sales performance

H₁: relationship marketing improves an organizations sales performance

Table 2: Regression analysis on whether relationship marketing improves an organizations sales performance

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.233	.365		3.381	.001
	relationship marketing can help an organization to improve its sales performance	.088	.078	.093	1.134	.260
	Relationship marketing helps to project a favorable image of an organization	.387	.074	.462	5.235	.000
	The organization surrounds its customer with valuable and reachable information for favorable decision making that will affect the customers positively	.207	.080	.228	2.600	.011
	R	.619				
	R ²	.383				
	Adj. R ²	.364				
	F	19.853				
	Overall Sig.	.000				

(*p < 0.01) ** p < 0.05) *** p < 0.1)

The result from the table show the extent to which the variance in improving its sales performance can be explained by if relationship marketing favorably helps. n is 38.3% i.e (R square = 0.383) at 0.0001 significant level, f = 19.853 at P = 0.000 and the adjusted R² = 364. This shows that relationship marketing favorably helps an organization in its sales performance.

7. CONCLUSION / RECOMMENDATIONS

This empirical study has been able to establish the relationship between relationship marketing and competitive drive in the Nigerian Banking Industry. The result of the study revealed that an organization needs relationship marketing in its competitive drive. It was also discovered that sales performance can be improved through good relationship marketing. It was also observed that relationship marketing favorably helps in competition management. The study, therefore, recommends the following;

- The Nigerian Banking Industry should adopt the application of relationship marketing concepts to achieve and maintain competitive drive.
- The Nigerian Banking Industry should provide customer with quality service in order to attain customer satisfaction and build relationship with them thereby, leading to customer retention and consequently profitability. By so doing, it is envisaged that there will be improvement in sales performance.
- It is imperative for Nigeria Banking Industry executives to improve on relationship marketing so as to manage competition effectively.

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