

THE RESULTANT EFFECT OF QUALITY SERVICE DELIVERY –CUSTOMER RETENTION MANAGEMENT AS A PANACEA FOR PROFIT MAXIMIZATION OF MOTOR TRANSPORT IN NIGERIA

Dr. Bello Adeshina Suraju

Department of Business Education, School of Vocational and Technical Education, Sikiru Adetona College of Education, Science and Technology, Omu – Ajose, Ogun State, Nigeria adeshinabello391@gmail.com
09019779237, 08100440681

Abstract

Quality Service Delivery-Customer Retention Management is a comparison of perceived expectation of a service with perceived performance. This conceptualization of service quality has its origin in the expectancy disconfirmation paradigm. The primary objectives of the study is to analyse the resultant effect of quality service delivery: Customer retention management as panacea for profit maximization of motor transport in Nigeria; the specific objective are to; examine how quality service delivered aids customers loyalty. The next object would be to determine customer's relationship management necessity to customers loyalty. And finally, customers service delivery will be analyse how it fosters panacea in retention of customers. The research was descriptive design and primarily based on data collected through structured questionnaire developed based on Quality service delivery, customer relationship management and customer retention instrument. The Targeted respondent are transporters in Nigeria; Simple Random sampling technique was employed to draw Sample Size of 240 Respondents from. The data were analyzed using A chi – square statistical method. The finding of the study revealed that quality service relationship management does not necessarily leads to customers loyalty, at 0.05 level of significance $X^2= 3.128$. Also, the study findings show that customer relationship management does necessarily lead to customer loyalty, at 0.05 level of significance $X^2= 30.3024$. Finally, the study found that customer relationship management is a panacea for customer retention, at 0.05 level of significance $X^2= 149.244$. Based on the major findings of the study it was recommended that, profit maximization should not only be the focal point of every business organization. Welfare package enhancement is vital and consumer protection laws should be effectively implemented to protect customers. Business organization should introduce Total Quality Management in their service delivery.

Keywords: Quality Service Delivery, Customer retention management, Panacea, Profit maximization, Transport, Motor.

Introduction

Every aspect of business operates in a highly competitive environment, and in order to stand out, an organisation must have a solid understanding of its clientele, as they form the foundation of any successful enterprise. Since the core of business shifted from being product-oriented to being customer-oriented, Customer Relationship Management (CRM) has become a prominent strategic solution to contemporary business challenges. It is founded on the business philosophy that all business operations should centre around customers. Resources for knowledge management aid in realising the benefits of the organization's competitiveness in a number of areas, such as creativity and marketing positioning (Mukherji, 2012).

Because knowledge management gives the organisation a way to more effectively convert its resources into capacities, it serves a crucial support role. To achieve this mechanism, individual must be able to translate, reuse, and retrieve information inside the organisation in addition to knowing their jobs (Al-Rubaie et al., 2014). Customer satisfaction is, without a doubt, critical to the marketing concept's successful

implementation. Many companies' mission statements and marketing activities aim to promote customer satisfaction (Almohaimmeed, 2017). In the modern business environment, a company's ability to survive and grow depends on its customers. Regardless of their size, the majority of firms annually spend enormous sums of money on CRM software and systems (Eric et al., 2009). With the limited resources that firms have, customer retention is critical in CRM. According to Kalakota and Robinson (2001), an organization's strategy should centre on attracting and maintaining the most lucrative and dependable clients rather than on providing excellent services. The service industry plays an increasingly important role in the economy of many countries.

In today's global competitive environment delivering quality service is considered as an essential Strategy for success and survival (Parasuman, 1985). In the 1950s, when businesses were able to manufacture what they could sell rather than only selling what they could make as in the production age, customers became increasingly important in business (Armano, 2009). In

the logistics sector, customer retention is crucial because 80% of revenue comes from repeat customers. It has also been demonstrated that not every client is profitable for a business. The ability to gather and compile consumer data has been made possible by advancements in information technology. Firms exploit their existing customer base and develop the depth and surface of total sales. This data can be used when the relationship between the firm and the customer is at risk or shows a lesser loyalty towards the firm. This leads to customer retention and revitalization campaigns (Mohammadian and Makhani, 2016). It is noteworthy that the degree of service quality rendered by the service provider influences customer satisfaction (Lee, 2000), and customer satisfaction is influenced by service quality (Wilson, 2008).

Developing strategies to achieve target behaviours, maintaining target behaviours, segmenting customers based on customer profile and lifecycle stage, and effectively targeting customers are just a few of the issues that organisations frequently face. This study will investigate the resultant effect of quality service delivery for profit maximization of motor transport in Nigeria. The objectives of the study was to; examine how quality service delivered aids customers loyalty. The next object would be to determine customer's relationship management necessity to customers loyalty. Finally, customers service delivery will be analyse and how it fosters panacea in retention of customers.

Research Questions

The following research questions were generated and answered:

1. Does quality service delivery lead to customers loyalty?
2. Does customers relationship management necessarily lead to customers loyalty?

3. Can customers service delivery fosters panacea for customers retention?

Hypotheses

H₁: Quality customers service delivery does not lead to customer loyalty.

H₂: Customer relationship management does not lead to customer loyalty.

H₃: Quality customer service delivery is not a panacea for customer retention.

Methodology

A descriptive survey research method was adopted for this study, this involves the use of self-acquired questionnaire to elicit data from the respondents. Population consists of all elements, subjects or observations that are of primary interest to a researcher or a study. The target population for this study are transporter in Nigeria. Statements are based on Likert Scale requiring the respondents to indicate their level of agreement and disagreement to the items used. The responses ranged from Agreed and Disagreed. A total number of two hundred and forty (240) respondents randomly selected from different transport companies within Nigeria. The data collected from the field were presented and analyzed using A chi – square statistical method and test the validity of the hypothesis formulated to guide this study. The chi-square (X^2) was used to establish if there are differences among the phenomenon observed. The formula for chi-square is as follows:

$$X^2 = \frac{(o-e)^2}{\epsilon}$$

Where X^2 = chi-square

O = Observed frequency

ϵ = Expected frequency

Results and Discussion

Table 1: Response to Quality Service Delivery

Hypothesis I: Quality customer's service delivery does not lead to customer loyalty

| S/N | Statements | Agreed | Disagreed | Total |
|-----|---|--------|-----------|-------|
| 1. | The organization has effective customer relations department. | 65 | 15 | 80 |
| 2. | The CRD has a programmed that can sustain quality service. | 50 | 30 | 80 |
| 3. | Quality service can grow the profit of the Organization. | 78 | 2 | 80 |
| | Total | 193 | 47 | 240 |

| Fo | Fe | fo-fe | (fo-fe) ² | (fo-fe) ² /fe |
|----|------|-------|----------------------|--------------------------|
| 65 | 64.3 | 0.7 | 0.49 | 0.0076 |
| 50 | 64.3 | -14.3 | 204.49 | 3.18 |
| 78 | 64.3 | 13.7 | 187.69 | 2.919 |
| 15 | 15.6 | -0.6 | 0.36 | 0.023 |
| 30 | 15.6 | 14.4 | 207.36 | 13.292 |
| 2 | 15.6 | -13.6 | 184.96 | 11.856 |

Calculated chi-square 3.12776

$$\begin{aligned} \text{Critical Value} &= (-1) (R-1) = (3-1) (2-1) \\ &= 2 \times 1 = 2 \text{ at } 0.05 \text{ Level Significance} \\ &= 3.128 \end{aligned}$$

The chi-square value of 31.2776 is greater than the critical of 3.841. The null hypothesis was rejected, and the alternate hypothesis accepted. Therefore, Quality Service Relationship Management does not necessarily lead to customer's loyalty. The result showed that services does not have the full effect but had significant

in building customers' loyalty. The above finding also, supported by various empirical studies; (Zeithaml, 1996 and Parasuraman *et al.*, 1994), all of the research above has shown the relationship between service quality and customer satisfaction and loyalty.

Table 2: Response to CRM

Hypothesis II: Customer relationship management does not lead to customer loyalty

| S/N | Statement | Agreed | Disagreed | Total |
|-----|--|--------|-----------|-------|
| 1. | The impact of CRM improves customer loyalty | 60 | 20 | 80 |
| 2. | CRM is effective in getting customers | 78 | 2 | 80 |
| 3. | There is an impact of CRM on Profit Maximization | 78 | 2 | 80 |
| | Total | 226 | 24 | 240 |

| Fo | Fe | fo-fe | (fo-fe) ² | (fo-fe) ² /fe |
|----|------|-------|----------------------|--------------------------|
| 60 | 75.3 | 15.3 | 234.09 | 3.1088 |
| 78 | 75.3 | 2.7 | 7.29 | 0.0968 |
| 78 | 75.3 | 2.7 | 7.29 | 0.0968 |
| 2 | 8 | 6 | 36 | 4.5 |
| 2 | 8 | 6 | 36 | 4.5 |
| 20 | 8 | 12 | 144 | 18 |

Calculated chi-square 30.3024

$$\begin{aligned} \text{Critical Value} &= (c-1) (R-1) = (3-1) (2-1) \\ &= 2 \times 1 = 2 \text{ at } 0.05 \text{ Level Significance} \end{aligned}$$

The calculated chi-square value of 30.3024 is greater than the value of 3.841. The null hypothesis was rejected, and the alternate hypothesis accepted. Therefore, customer Relationship Management had a significant effect on Customer loyalty. In comparison with Anani (2013), further adds that customer

relationship, service quality, and service recovery are customer retention strategies. This result is consistent with the study of (Soliman, 2011), which found a significant correlative link between customer relationship management and overall marketing performance among your customers.

Table 3: Response to Quality Service Delivery for Customer Retention

Hypothesis III: Quality Customer Service Delivery is not a Panacea for Customer Retention.

| S/N | Statement | Agreed | Disagreed | Total |
|-----|---|--------|-----------|-------|
| 1. | Quality Service Delivery attracts customer satisfaction | 80 | — | 80 |
| 2. | Quality Service is a waste of time organization fund | 2 | 78 | 80 |
| 3. | Quality Service Delivery positively affects getting new customers | 78 | 2 | 80 |
| | Total | 160 | 80 | 240 |

| Fo | Fe | fo-fe | (fo-fe) ² | (fo-fe) ² /fe |
|----|------|-------|----------------------|--------------------------|
| 80 | 53.3 | 26.7 | 712.89 | 13.38 |
| 20 | 53.3 | 0.38 | 0.1444 | 0.0027 |
| 78 | 53.3 | 24.7 | 610.09 | 11.446 |
| 78 | 26.7 | 51.3 | 2631.69 | 98.565 |
| 2 | 26.7 | 24.7 | 610.69 | 22.8498 |

Calculated chi-square 149.244

Degree of freedom = (C-1) (R-1) = (3-1) (2-1)
= 2 x 1 = 0.05 level of significance

The calculated chi-square value of 149.244 is greater than the degree of freedom of 3.841. The null hypothesis was rejected, and the alternate hypothesis accepted. This shows that customer Relationship Management is a Panacea for Customer Retention. This finding is consistent with a study (Swaminathan, 2004) aimed at clarifying the relationship between customer relationship management and company performance, which concluded that there are four dimensions of customer relationship management. Also, Wong and Sohal (2003), posited that good relationship through good customer service management which improve satisfaction, and help keep customers stay loyal to a company.

Conclusion

Basically, the study sought to Customer Relationship Management vis-s-vis Quality Service Delivery being a Panacea for Profit Maximization of motor transit organizations. Emphases should also not be limited to service delivery but should incorporate feedbacks from commuters and customers for better assessment. The government also has a role to play in ensuring

serviceable roads especially the highways. The deployment of traffic controllers like the Road Safety Corps personnel and others should be a continuous exercise.

Recommendations

1. Business organization should introduce Total Quality Management (TQM) in their service delivery.
2. Profit Maximization cannot be the only focal point of business organization. Welfare package enhancement is vital.
3. Business Organization should be more responsive to customer's complaints by ensuring better communication between the parties and the feedback mechanism.
4. Consumer protection laws should be effectively implemented to protect customers.
5. Radio/Television turning programmes should be conducted by the management of those transport companies to acquaint the customers and potential ones on the update of their services seasonally.

References

- Almohaimmeed, B. M. (2017). Market orientation and business performance: The mediating effect of core business processes. *International Business Management*, 1774-1785.
- Al-Rubaie, L. S., Al-Mahameed, A. M., Al-Hashili, O. S. & Al-Adwan, S. (2014). The impact of customer knowledge management and the development of new services in marketing performance. *Management Science Studies*, 41(2), pp. 275-294.
- Armano, D. (2009). Logic Emotion: Available via: <http://darmano.typepad.com/>. [Online] [Accessed Retrieved: October 09, 2009].
- Mohammadian, M. and Makhani, I. (2016) 'RFM-Based customer segmentation as an elaborative analytical tool for enriching the creation of sales and trade marketing strategies',
- Parasuraman, A. Z. (1985). "A conceptual model of service quality and its implications for future . (2008). Successful Direct Marketing Methods20081Bob Stone and Ron Jacobs. Successful Direct Marketing Methods. . McGraw-Hill, 2007. Direct marketing: *An International Journal*. Volume 2(1), 58–59.
- Baker, M. and Saren, M. (2016) Marketing Theory: A Student Text, Macmillan Press, London.
- Eric, N., Li, X., & Dorothy, C. (2009). Application of data mining techniques in customer relationship management: A literature review and classification. *Expert System Application*, 2592-2602.
- Kalakota, R. & Robinson, M. (2001). E-Business 2.0: roadmap for success. USA. Addison Wesley Longman Publishing Co., Inc.
- International Academic Journal of Accounting and Financial Management*, 3(6): 21–35.
- Mukherji, S. (2012). A Framework for Managing Customer Knowledge in Retail Industry. *IIMB Management Review*, Volume 24, pp. 95-103. research," *Journal of Marketing*, Volume 49, pp. 41-50.
- Wilson, A., Zeithaml, V., Binter, M. & Gremler, D