

Relationship Marketing Strategies and Operational Performance of Mobile Phone Distribution Companies in Akwa Ibom State, Nigeria

Effiong Edet Asuquo, Ph.D

Department of Business Education
University of Uyo, Nigeria
drasuquoe@gmail.com
08030673110

Comfort Idongesit Charles, Ph.D

Department of Business Education
University of Uyo, Nigeria
commyidy01@gmail.com
08030806080

&

Etuk, Otobong Udo, Ph.D

Department of Business Education
University of Uyo, Nigeria
otobonguetuk@uniuyo.edu.ng
07031305228

Abstract

This study was undertaken to determine how relationship marketing strategies relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State. To guide the study two specific objectives were raised, two research questions were answered and two research hypotheses were tested at .05 level of significance. Correlational research design was adopted for the study. The population of the study comprised 622 staff of registered mobile phone distribution companies in Akwa Ibom State. Taro Yamane sampling formula was used to determine the sample size of 319 respondents. A multi-stage sampling procedure was adopted to select the respondents of the study. This involved cluster sampling, proportionate sampling and simple random sampling techniques. The researcher developed a 20 item structured questionnaire for data collection. The questionnaire items were validated by three experts, two from Department of Business Education and one from Test and Measurement Unit of Educational Foundation all from University of Uyo, Uyo. Cronbach Alpha statistical tool were used in determining the reliability of the instruments and correlation coefficient indices of .95 and .94 were obtained which showed that the instruments were reliable. Data were analyzed using Simple Linear Regression for answering research questions and testing the null hypotheses at 0.05 level of significance. The finding of the study indicate that effective communication with customers and service quality relates to the level of operational performance of mobile phone distribution companies in Akwa Ibom State. It was recommended that business managers should regularly organize seminar to oriented sales person on the importance of relationship marketing strategies to the company's success which can be used in attracting new customers or as a defensive strategy of maintaining existing customers, thereby improving the level of operational performance of the company. Also, business owners should endeavor to provide quality service as this is a key to improved sales and business profitability which also result in increased customer satisfaction.

Keywords: marketing strategies, operational performance, mobile phone, distribution

Introduction

Business firms are the backbone of the economy as they translate to the economic well-being of a country and its residents through job creation, provision of employment opportunities, improvement of quality of life, provision of better qualities and varieties of goods and services to people and reduction of the incidence of rural-urban migration among other economic benefits. However, business organizations are faced with numerous challenges which occur as a result of constant changes in the business environment. Adeoye in Kowo *et.al* (2018) opined that for business to cope with the dynamic and rapidly changing business environment there is a need to develop and implement appropriate marketing strategies that would safeguard their operations and yield the desired results. Changes in business environment have posed several challenges to organizations thus, affecting their survival, operational performance and profitability. Customers have increased their level of awareness, intelligence, sophistication and now make intelligent choices as far as buying and consumption of goods and services are concerned such as mobile phones.

Mobile phone business is presumed to be very lucrative in Akwa Ibom State and in Nigeria as a whole due to constant cravings for new phones, especially among Nigerian youths and some businessmen. Mobile phone business involves buying mobile phones at wholesale quantity from manufacturers, or authorized dealers, to retail for profit. Mobile phone business exists and operates in a complex and competitive environment where demands are constantly changing. To confront this challenge, managers of business organizations have to direct its concern to attracting and retaining customers which could be achieved through effective and efficient management of business operations.

Operational performance according to Haghighinasab *et al.* (2013) can be measured based on growth, market share and profitability. Ardjouman and Asma (2015) defined operational performance in terms of output such as profitability or quantified objectives. When the behaviour of manager towards marketing strategies is geared towards the right direction, the anticipated level of output would be achieved and will positively affect the operational performance of business. Operational performance therefore, refers to the measurable aspect of the outcome of an organization's processes, such as reliability, production cycle time, and inventory turnover. According to Voss et al in Azim *et al.* (2015), operational performance can affect performance measures such as market share and customer satisfaction if the right marketing strategy is not applied.

Marketing strategies are those marketing programmes and tactics designed to achieve the objectives of an organization. Marketing strategy has become an important tool globally for any organization to wax stronger and remain in a competitive market environment. According to Adewale *et al.* (2013), marketing strategy is a vital prerequisite for industry's ability to expand, strengthen its market share and minimize the impact of the competition. Marketing strategy is a way of providing quality product that satisfies customer needs, offering affordable price and engaging in wider distribution and backing it up with an effective promotion strategy. A marketing strategy is a process that can allow a company to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage.

One of the marketing strategies which could affect operational performance of businesses is relationship marketing strategy. Relationship marketing is not in itself a new concept; rather it is a refocusing of traditional marketing with greater emphasis placed upon the creation of customer value. Customer value is the summation of all the positive effects that a supplier has upon customers or in the case of end users and their personal satisfaction. Relationship marketing is a marketing strategy that matches the customers' needs and the service promise, so that customer loyalty would increase. Relationship marketing strategy is a mix of tactics used by companies to build strong relationships with customers, including methods to improve customer experiences. The goal of a relationship marketing strategy is to retain customers and promote lifetime brand loyalty. Gummesson (2017) defined relationship marketing as the marketing based on interactions within networks of relationships. According to Kotler and Keller (2015), relationship marketing is particularly applicable when customers have many options in the marketplace, for the same product or service and the customer is entitled to make a choice. Relationship marketing strategies are key elements in the relationship-building process with customers. Therefore, the relationship marketing strategies for operational performance of mobile phone distribution companies within the context of this study are effective communication and service quality.

The ability to provide information which is reliable and accessible from time to time is called communication. The word communication has a long and rich history. Since the beginning of time, the need to communicate has been a part of man's inherent being. Communication is crucial for human existence and survival. According to Seiler (2021), the survival of mankind is due to their ability to communicate. Communication is required to establish connections between and among individuals; it is the bedrock for relationships. Akpanobong and Asuquo (2016) defined communication as the activity and process of expressing ideas and feelings or giving people information. Bolboli and Reiche (2014) noted that customers derive satisfaction as a result of effective business communications and this helps build the business' brand. In the context of this study, effective communication is the ability to provide timely and trustworthy information to customers which in turn plays an important role in the customer's decision-making process. Effective communication is listening to customer needs, understanding them, setting and establishing expectations and most importantly keeping them informed. Ndubisi and Chan in Jamil and Mimi (2014) defined effective communication in relationship marketing as the means of keeping in touch with customers, providing timely and trustworthy information on service and service changes and communicating proactively if a delivery problem occurs.

Apart from effective communication, service quality is another relationship marketing strategy that measures whether the degree of service delivered by the supplier meets customer service expectations. Quality service generally refers to a customer's comparison of service expectations as it relates to a company's performance. Ramya *et al.* (2019) acknowledged that service quality is the ability of a service provider to satisfy customers in an efficient manner through which the manager can better the performance of business. Service quality has a positive link with profits, increased market share, customer satisfaction and retention. A business with a high level of service quality is capable of meeting customer needs while also remaining economically competitive in its respective businesses. Hansen and Kare (2013)

opined that superior service quality is a key to improved profitability and has been found to result in increased customer satisfaction, improved sales and profitability. According to Abdel-Rahman (2012) service quality plays a critical role in achieving a firm's competitive advantage and affects significant relationship quality with the customer and customer loyalty. A better service quality leads to higher customer satisfaction which in turn influences the firm's operational performance positively.

Statement of the Problem

Firm performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Performance involves the ability of an organization to fulfil its mission through sound and skilful management, strong governance, and a persistent rededication to achieving results. Operational performance has become widely accepted as a critical success factor as well as strategic dimensions of competing firms that if not well managed may affect business performance measures such as sales volume, market share, customer satisfaction and productivity. Presently, firms with superior operational performance are moving to retain customers and gain their loyalty by establishing an effective, enthusiastic, and ethical relationship, one that is personally, professionally and profitably rewarding to both parties.

It is imperative for business firms to define clearly their relationship marketing which is a strategy adopted to create a cordial relationship between the business and its customers. This will help such business to survive in today's stiff competitive business environment where customers have many options in the market for the same product or service and are entitled to make choices. However, it has been observed by the researcher that despite the lucrative nature of mobile phone business, most of these businesses are struggling with customers as they are unable to attract, satisfy and retain customers thereby losing customers to their competitors. Some are experiencing loss of profit, loss of market share, some are on the verge of collapsing while some have already folded up with attendant huge losses leading to laying off of their employees who are mostly youths. One may ask why this kind of business collapse despite its high level of demand and lucrative nature. Why do people visit a shop once and do not desire to repeat visit? Is there something the managers are not doing right? Could it be as a result of poor communication and poor service quality/delivery, The researcher observed that it is one thing to stock up ones shop with the latest and quality products and another thing to apply the right marketing strategies in the management of its customers who are the life wire of any business. The foregoing therefore engendered in the researcher the interest to carry out the study to determine how the prescribed relationship marketing strategies relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria.

Purpose of the Study

The purpose of this study was to determine how relationship marketing strategies relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria. Specifically, the study sought to:

1. determine how effective communication with customers relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria.
2. ascertain the relationship between service quality and the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria.

Research Questions

The following research questions were raised to guide the study.

1. How does effective communication with customers relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria?
2. What is the relationship between service quality and the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria?

Research Hypotheses

The following null hypotheses were formulated and were tested at 0.05 level of significance.

- Ho₁ Effective communication with customers does not significantly relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria.
- Ho₂ Service quality does not significantly relate to the level of the operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria.

Methodology of the study

The area of the study was Akwa Ibom State. Correlational research design was adopted for the study. The population of the study comprised all the 622 staff of registered mobile phones distribution companies in Akwa Ibom State. This is made up of 489 sales personnel and 133 marketing managers of 133 registered mobile phones distribution companies in Akwa Ibom State. The sample size of the study was 319 respondents made up of 220 Sales Personnel and 99 Marketing Managers of registered mobile phones distribution companies in Akwa Ibom State. The sample size was determined through Taro Yamane's formula. A multi-stage sampling procedure was adopted to select the sample of the study. This involved cluster sampling, proportionate sampling and simple random sampling techniques. The researcher-developed instruments captioned "Relationship Marketing Strategies Questionnaire" (RMSQ) which was responded to by the Sales Personnel of mobile phone distribution companies in Akwa Ibom State and Level of Operational Performance Questionnaire" (LOPQ) which was responded to by the Marketing Managers of mobile phone distribution companies in Akwa Ibom State and were also used for data collection. Relationship Marketing Strategies Questionnaire (RMSQ) was sub-divided into two parts. Part 1 requested for respondents' personal data. Part 2 is divided into sections A – B. Section A solicited information on effective communication, Section B solicited information on service quality which are the sub-independent variables of the study. The response options for this section were on a 4-point rating scale as follows: Strongly Agree - (SA) -4 points, Agree(A) - 3 points, Disagree (D) -2 points, Strongly Disagree (SD) - 1 point. "Level of Operational Performance Questionnaire" (LOPQ) was sub-divided into two parts. Part 1

requested for respondents' personal data. Part 2 have ten items on operational performance of the Mobile Phone Distribution Companies and were rated as follows: Very High Level (VHL) 4 points, High Level (HL) - 3 points, Low Level (LL) - 2 points and Very Low Level (VLL) - 1 point. The instruments "Relationship Marketing Strategies Questionnaire (RMSQ) and Level of Operational Performance Questionnaire" (LOPQ) were given to three research experts. A trial test was carried out using 10 sales personnel and 10 marketing managers of mobile phone distribution companies in Akwa Ibom State who did not take part in the actual study. Cronbach's Alpha (α) reliability test was used to determine the internal consistency of the instrument and a coefficient index of 0.95 and .94 were obtained. Three hundred and nineteen (319) copies of the questionnaire were distributed. The respondents were encouraged to complete the questionnaire and 312 copies were retrieved from them after completion, giving 98% return rate and an attrition rate of 2%. The researcher was unable to retrieve seven copies of the questionnaires as the respondents were not found in their shops during collection time. Simple Linear Regression analysis was used in answering both research questions and testing the null hypotheses at .05 alpha level of significance

Results

Research Question 1

How does effective communication with customers relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria?

Table 1: Regression Analysis of how Effective Communication with Customers Relates to the Level of Operational Performance of Mobile Phone Distribution Companies.

df = 2, 310; 312		
Source of Variation	R	R Square
Effective Communication		
	.945	.893

Operational Performance Level

Source: Field data (2023)

A simple linear regression analysis was conducted to determine how effective communication with customers relates to the level of operational performance of mobile phone distribution companies. Table 1 reveals that the coefficient of determination (R^2) of .893 is obtained. This is interpreted to mean that .893 which is 89% is the overall contribution of all items on effective communication to operational performance level. With a percentage of 89, it therefore means that effective communication has a very high level of relationship with operational performance of mobile phone distribution companies.

Research Question 2

What is the relationship between service quality and the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria?

Table 2: Regression Analysis of how Service Quality Relates to the Level of Operational Performance of Mobile Phone Distribution Companies.

df = 2, 310; 312

Source of Variation	R	R Square
Service Quality	.866	.750
Operational Performance Level		

Source: Field data (2023)

A simple linear regression analysis was conducted to determine how service quality relates to the level of operational performance of mobile phone distribution companies. Table 2 reveals that the coefficient of determination (R^2) of .750 is obtained. This is interpreted to mean that .750 which is 75% is the overall contribution of all items on service quality to operational performance level. With a percentage of 75, it therefore means that service quality has a high level of relationship with operational performance of mobile phone distribution companies

Research Hypothesis 1

Effective communication with customers does not significantly relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria?

Table 3: Regression Analysis of Effective Communication with Customers and the Level of Operational Performance of Mobile Phone Distribution Companies.

df = 2, 310; 312

Source of Variation	Sum of Square	df	Mean Square	F	Sig.
Regression	1547.62	1	1547.62	2583.33	.000
Residual	185.71	310	.59		
Total	1733.33	311			

Source: Field data (2023)

The computed F-value of (2583.33) has the probability level of 0.00 which is less than the significant level of 0.05. This is interpreted to be statistically significant at the degree of freedom of 2 and 310. Therefore, the null hypothesis which states that effective communication with customers does not significantly relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria is rejected. This means that effective communication with customers significantly relates to the operational performance of mobile phone distribution companies.

Research Hypothesis 2

Service quality does not significantly relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria?

Table 4: Regression Analysis of Service Quality and the Level of Operational Performance of Mobile Phone Distribution Companies.

df = 2, 310; 312					
Source of Variation	Sum of Square	df	Mean Square	F	Sig.
Regression	1300.00	1	1300.00	930.00	.000
Residual	433.33	310	1.39		
Total	1733.333	311			

Source: Field data (2023)

The computed F-value of (930.00) has the probability level of 0.00 which is less than the significant level of 0.05. This is interpreted to be statistically significant at the degree of freedom of 2 and 310. Therefore, the null hypothesis which states that service quality does not significantly relate to the level of operational performance of mobile phone distribution companies in Akwa Ibom State, Nigeria is rejected. This means that service quality significantly relates to the operational performance of mobile phone distribution companies.

Discussion of Findings

This section of the work discusses the outcome of the findings and establishes the position of the findings as it corroborates or disagrees with the opinions of the authors in the literature already reviewed.

Effective Communication with Customers and Operational Performance

The analysis shown in Table.1 shows that effective communication with customers has a very high level of relationship with the operational performance of mobile phone distribution companies in Akwa Ibom State. The implication of this finding is that communication with customers serves as one of the major tools for relationship marketing towards operational performance. This is in consonance with the findings of Ndubisi and Chan in Jamil and Mimi (2014) who opined that effective communication in relationship marketing as the means of keeping in touch with customers, providing timely and trustworthy information on service and service changes and communicating proactively if a delivery problem occurs. The result of the data presented in Table 3 shows that effective communication with customers significantly relates to the operational performance of mobile phone companies. It is significant due to the fact that the computed F-value of (2583.33) has the probability level of 0.00 which is less than the probability level of 0.05. The findings of the study is consistent with the findings of Bolboli and Reiche (2014) who noted that customers derive satisfaction as a result of effective business communications and this helps build the business' brand.

Service Quality and Operational Performance

The analysis shown in Table 2 shows that service quality has a high level of relationship with the operational performance of mobile phone distribution companies. It is speculated that this result could be attributed to the fact that Service quality is very important and necessary due to increasing customer expectations, competitor activity, etc. The findings of this study corroborates with that of Hansen and Kare (2013) who opined that superior service quality is a key to improved profitability and has been found to result in increased customer satisfaction, improved sales and profitability.

The result of the data presented in Table 4 shows that service quality significantly relates to the operational performance of mobile phone companies. It is significant due to the fact that the computed F-value of (930.00) has the probability level of 0.00 which is less than the probability level of 0.05. The findings of the study is consistent with the observation by Abdel-Rahman (2012) who opined that service quality plays a critical role in achieving a firm's competitive advantage and affects significant relationship quality with the customer and customer loyalty.

Conclusion

The following conclusions were obtained based on the data analyzed and the findings of the study. The research questions and hypotheses indicate that effective communication and service quality collectively contribute and relates to the level of operational performance of mobile phone distribution companies. The independent variables collectively relate significantly to the level of operational performance of mobile phone distribution companies. The study also showed that relationship marketing strategies plays a vital role in operational performance of the business. This signifies that for mobile phone companies to achieve high level of operational performance, managers of these companies must give serious consideration to the application of relationship marketing strategies in their day-to-day business transactions. The findings showed that effective communication and service quality would help in enhancing customer loyalty, customer satisfaction, customer retention thereby enhancing the level of operational performance as well as productivity and sustainability of the business.

Recommendations

Based on the findings and conclusion of this study, it was recommended that:

- 1) Business managers should regularly organize seminar to oriented sales person on the importance of relationship marketing strategies to the company's success which can be used in attracting new customers or as defensive strategy of maintain existing customers
- 2) Business owners/managers should endeavor to employ sales person who can communicate effectively. Also business managers should endeavor to communicate with its customers as this is fundamental to relationship in business
- 3) Business owners and managers should endeavor to provide quality service as this is a key to improved sales and business profitability which also result in increased customer satisfaction.

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