Two-Way Communication and Customer Loyalty: A Relationship Marketing Approach

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Abstract

The relationship between communication as a relationship marketing underpinning and customer loyalty in the telecommunication industry in Akwa Ibom State was examined using MTN, GLO, Etisalat and Airtel companies. The methodology followed was exploratory and quantitative in nature. Questionnaire responses from 365 customers of the four telecommunication vendors in Akwa Ibom State were used as data for the study. The data were analyzed using Simple Regression statistic. The results showed a regression coefficient of 0.714. Meaning that communication has positive influence on the vendor customer relationship and thus serving as a driver of customer loyalty. Based on the findings it was concluded that operators that are mindful of communication are likely to have loyal customers. On the basis of the findings, it is recommended that telecommunication vendors wishing to build a loyal customer base should enable open, sincere and frequent interaction as this has considerable influence on customer loyalty.

Keywords: two-way communication, customer loyalty, relationship marketing

1. Introduction

The concept of communication as it relates to customer loyalty has been an issue of great importance in relationship marketing literature. Together with other concepts, researchers have tried to identify those underpinnings that impact either directly or jointly on customer satisfaction, retention and loyalty. These concepts must be based on acceptable theoretical and empirical frameworks. These have been a re-focusing of marketing away from customer acquisition to that of retention (Madie and Peirie, 2006).Researches into marketing strategies employed by industry operators have shown the effort made by the operators in an attempt to increase customer patronage, customer satisfaction and enduring marketing relationship (Ibok & Sampson, 2014). The development in enduring relationship can lead to an increase in the level of customer confidence in the service provider. With this, there is bound to be an enhancement of communication and interaction between the vendors and the subscribers which eventually can lead to a higher level of customer loyalty. This condition is a necessity for corporation, mutual dependency and solid relationship.

Studies have shown that profitability is closely related to customer loyalty (Clow & Kurtz, 2003). They have also shown that organizations lose large sums of money in cost revenue as a result of customer defection. Defectors are known to spread negative word of mouth communication which can influence other customers to purchase elsewhere. The longer an organization can retain a customer, the greater the revenue and cost savings from that customer. Customer loyalty is therefore an important factor that contributes to an organization's earnings and profit (Zeithaml & Bitner, 2003).There has been a refocusing of marketing away from customer acquisition to that of customer retention (Madie & Peirie, 2006). This has marked a move from the traditional marketing approach which advocated the application of the marketing mix elements and mass marketing in an effort to gain dominant market share. Most organizations are now turning to relationship marketing in order to develop more creative, innovative and cost effective strategies for winning customer and retaining their loyalties. Communication remains one of the underpinnings of relationship marketing adopted by best practice organizations to satisfy and win the loyalty of customers. Open communication channel between both parties have been identified as a key indicator of relationship marketing (Beetles & Harris, 2010).

Customer loyalty is a deeply held commitment to re-buy or re-patronize a preferred product in the future despite situational influences and marketing efforts having the potential to cause switching behaviour (Das, Parma and Sadamand, 2009). Since customer relationship building creates mutual rewards it is important to see how communication as an underpinning of relationship marketing impacts on customer loyalty. Ndubisi placed

emphasis on some underpins relationship marketing. Among these underpinnings is communication, which this study has adopted to predict customer loyalty in the telecommunication industry in Akwa Ibom State.The telecommunication industry in Nigeria has contributed to the socio-economic development of the country. With 138,510, 830 cellular subscribers as at January 2015 (Nigeria Communication Commission, 2015) the industry has experienced unprecedented growth. There is intense competition among four major operators namely; MTN, Airtel, Globacom and 9mobile. In Akwa Ibom State the four firms are the dominant and consistent operators with a narrow margin of differences.

In the telecommunication industry in Akwa Ibom State, the service providers use different relationship marketing underpinnings in an attempt to win customer loyalty. Despite the application of the various underpinnings, there is little empirical research as to how they relate to customer loyalty in the industry. Specifically, no study on the relationship between communication and customer loyalty within the telecommunication industry in Akwa Ibom State could be found. This study was aimed at investigating that:

H_0: There is no significant relationship between communication and customer loyalty in the telecommunication in Akwa Ibom State.

2. Conceptual, Theoretical and Empirical Framework

2.1 Conceptual Framework: Concept of Communication

Communication in the marketing context can be seen as formal and informal exchanging and sharing of meaningful and timely information between buyers and sellers. It is also defined as the consumer's perception of the extent to which a seller interacts with its regular customers in a warm and personal way (Naoui and Zalem, 2010). It is the ability of the service provider to provide timely and trustworthy information that will enable customers to flow with the providers. Such an interaction is reflected in the feelings of familiarity and friendship.

As a relationship marketing underpinning, communication means keeping touch with valued customers, providing timely and trustworthy information on services and service changes and communicating proactively if a delivery problem occurs. It enables unsatisfied customers to know what the organization is doing to rectify the causes of dissatisfaction. It has been observed that when there is communication between providers and customers, a good relationship will result and customers will be more loyal (Ndubisi, 2007; Agu, 2017). Communication is the ability to provide timely and trust worthy information at all stages of the purchase decision process; during the pre-selling, selling, consuming and post-consuming stages. It involves providing information pro-actively if a delivery problem occurs. Open, sincere and frequent interactions describe effective communication. Bi-directional communication leads to a strong relationship, which in turn leads to increased loyalty.

2.2 Concept of Customer Loyalty

Severally explanations have been given by scholars on customer loyalty. It can be seen as a deep or strong commitment to repurchase a product of an organization in the future despite potential impact of marketing effort by competitors. Ibok and Etuk (2015) maintain that it suggests a commitment to doing business or repurchasing a brand of an organization on a continuous basis. Again, customer loyalty as an investment has long-term enduring effect on the performance of corporate organizations (Ibok, 2012). There is a believe that the benefits of customer loyalty are that loyal customers are cheap to maintain, are price insensitive, spread free positive word of mouth, always provide suggestions and always try the company's new product (Lee 2010; Kumar and Vandara 2011). Ravesteyn (2005) pointed out two key advantages of customer loyalty. The first is that once customers become loyal to a company, repeat sales and referrals will increase, leading to growth in revenue and market share. Existing customers who are willing to give enthusiastic references and word of mouth referrals create free advertising and become advocates. Secondly, loyalty provides the time to respond to competitive moves thereby giving a breathing room to organizations

Loyalty can be categorized as either behavioural or attitudinal loyalty. Behavioural loyalty emphasizes customer behaviour like repeat purchase and word of mouth. Loyalty from an attitudinal stand point implies a specific desire to continue a relationship with a supplier or provider (Reza and Rahman, 2012). This means that customers are loyal to a brand or firm if they have a positive or preferential attitude towards it. In all, customer loyalty is considered as one of the main objectives of relationship marketing strategy because loyal customers are usually of strategic advantage to an organization (Wangpaichitr, 2010).

2.3 Theoretical Framework

The anchor theory for this study is the Social Exchange Theory. Relationship marketing theories aim at providing systematized structures that explain the relationship marketing phenomena by providing answers to the "why" questions. The social exchange theory was introduced by Homans in 1958. He defined social exchange as the

exchange of activity, tangible or intangible and more or less rewarding or costly, between at least two persons. He summarized the theory in three propositions: success, stimulus and deprivation-satiation propositions as follows:

1. Success Proposition: When a person finds he is rewarded for his actions, he tends to repeat the actions.

2. Stimulus Proposition: The more often a particular stimulus has resulted in a reward in the past, the more likely it is that a person will respond to it.

3. Deprivation-satiation Proposition: The more often in the recent past a person has received a particular reward, the less valuable any further unit of that reward becomes.

Social exchange theory is a social psychological and sociological perspective that explains social change and stability as a process of negotiated exchanges between parties. It posits that human relationships are formed by the use of a subjective cost-benefit analysis and the comparison of alternatives.

It views exchange as a social behaviour that may result in both economic and social outcomes and assures that rewards and costs drive relationship decisions. This is because both parties in a social exchange take responsibility for, and depend on each other. Social exchange theory also assumes that human beings are rational and therefore, tend to seek rewards and avoid punishment (Vargo & Lusch, 2004). Borrowing from the field of psychology, researchers incorporated the tenets of social exchange into marketing thought in an effort to capture the shift from exchanges marked by conflict, competition and self-interest to ones of cooperation and mutual gain (Sheth and Parvatyar, 2000; Lawler, 2005).

2.4 Empirical Review

Empirical studies have been done in the area of relationship marketing as it relates to customer loyalty. Some of the studies are shown below: Sivesan, (2012) measured relationship marketing through commitment, trust, communication and conflict handling. The population of the study consisted of customers of private commercial banks in Jaffna Peninsula. Systematic quasi-random sampling was adopted to select 150 respondents that were served with copies of the questionnaire. Different statistical methods were used to analyze the data collected from 102 respondents. The statistical methods included descriptive statistic, multiple regression analysis, independent sample one-way anova (f-test) and independent sample t-test. Findings showed that relationship marketing contributes significantly to customer loyalty. Trust and communication contributed significantly while commitment to service delivery and conflict handling contributed less. This study is relevant to the present study because it provides an insight into the kind of relationship that may exist between relationship marketing and customer loyalty.

Adeyeye (2013) investigated the relationship between customer relationship management and perceived bank performance. Survey research method was employed and primary data were collected using questionnaire copies. The population of the study comprised employees of commercial banks in Oyo town. A sample of 113 employees of commercial banks was selected. Independent t-test, Pearson Correlation, regression and analysis of variance were used to analyze data. The findings from the study revealed that commitment, bonding and communication related significantly with the perceived performance of banks. The author recommended that there is a need for organizations especially banks to have a good relationship with their customers. Patrick, Chenuos, Koskei, Kenyow, and Tuwey, (2014) examined the effect of relationship marketing on customer loyalty in Kenya. The population of the study consisted of customers of petrol service stations within Uasin-Gishu County. Exploratory survey design was employed. Questionnaire copies were served on 354 respondents who were selected through simple random and systematic sampling technique. Factor analysis was used to validate the preconceived variables while correlation analysis and multiple regressions were utilized to test the hypotheses of the study. Findings showed that the level of customer loyalty was positively and highly affected by the level of trust, commitment to service delivery, communication effectiveness and conflict handling capacity of the service providers. The regression model achieved a satisfactory level of goodness fits in predicting the variance of level of customer loyalty in relation to the four predictor variables mentioned above.The researchers recommended that firms wishing to retain and develop loyal customers should be trust worthy and committed to service ethics. They should also communicate timely and accurately and must resolve conflicts in a manner that will eliminate unnecessary losses and inconveniences to customers.

Sivesan Sivanandamoorthy and Sivapalan Achchuthan (2012) attempted to measure relationship marketing through trust, communication, commitment and conflict handling in Jaffa District in Sri Lanka. 150 copies of questionnaire were issued and 102 copies were retrieved in usable form. Data generated were subjected to both simple and multiple regression. Results showed that trust and communication contributed significantly to customer loyalty while commitment and conflict handling made negligible contributions. The result also showed significant

mean difference in customer loyalty among different age groups. The authors recommended further investments in trust and communication which were variables with significant influences. They also recommended further studies in other sectors to enable generalization. Ndubisi (2007) tested the relationship between some underpinnings of relationship marketing (Competence, Communication and Conflict handling) and customer satisfaction and customer loyalty. A field survey of bank customers in Malaysia was conducted and data generated from 217 respondents. The data were factor analyzed to find out the key underpinnings of relationship marketing. The resulting underpinnings were applied in hierarchical multiple regression analysis to determine the relationship between the relationship marketing underpinnings (competence, communication, commitment and conflict handling) and customer satisfaction and customer loyalty. The results of the analyses showed that the higher the level of communication and conflict handling the greater the level of customer satisfaction and loyalty. Competence showed no significant direct relationship with customer satisfaction and loyalty. The result of the study further confirmed that customer loyalty depends largely on customer satisfaction with the bank.

3. Methodology

The study utilized a cross sectional survey research design. The main reason for choosing this design was to obtain a representative sample. The choice of this design also became necessary because it is suitable for analyzing a cross section of the population at one point in time. The population of the study comprised telecommunication subscribers in Akwa Ibom State. The study primarily focused on customers of four major telecommunication companies (MTN, GLO, Etisalat and Airtel). The population was deemed to be infinite. Being an infinite population, the sample size was determined using the formula for infinite population by Walpole (1974). A sample size ofthree hundred and eighty four (384) telecommunication subscribers of the four major telecommunication companies were served with copies of the questionnaire. Multi stage sampling procedure was used in selecting the respondents. This method allowed the researcher to reach out to accessible respondents in the three senatorial districts of Akwa Ibom State.

3.1 Stage 1

Since the distribution of subscribers among the four service providers in Akwa Ibom State could not be accessed, the researcher resorted to using the market share of the providers covered in the study as provided by Nigerian Communication Commission (NCC) as at September 2016. The market share is as shown in Table 1.

Table 1. Market Share of GSM Service Providers in Nigeria

S/N	Network Providers	Market Share
1	MTN	40%
2	Airtel	21%
3	Glo	24%
4	Etisalat	15%
		100%

Source: NCC Sector Report, Q3, 2016

3.2 Stage 2

The population of the three senatorial districts was computed in percentages to determine the number of questionnaire copies to be distributed to respondents in each of the senatorial districts. The calculation is as shown in Table 2.

Table 2. Population Distribution in the Three Senatorial Districts of Akwa Ibom State

S/N	Senatorial District	Population	% of Total Population	Questionnaire Copies
1	EKET	1,648,402	31.267	120
2	IKOT EKPENE	1,793,957	34.028	131
3	UYO	1,829,669	34.705	133
	Total	5,272,028	100	384

Source: Ministry of Economic Development, Akwa Ibom State, 2015

3.3 Stage 3

Given the market share, in Table 1 and the population distribution in Table 2 the number of questionnaire copies per provider in each senatorial district was determined and shown in Table 3.

4. Results

Table 3. Questionnaire Distribution per provider in the Three Senatorial Districts

S/N	Provider	Market Share	No. of questionnaire copies			Total
			Eket	Ikot ekpene	Uyo	
1	MTN	40%	48	52	53	153
2	Airtel	21%	25	28	28	81
3	Glo	24%	29	31	32	92
4	Etisalat	15%	18	20	20	58
	Total	100%	120	131	133	384

5. Research Instrument

The main instrument that was used in data collection was the questionnaire titled "Relationship Marketing Questionnaire, (RMQ)". The instrument comprised two sections. Section A comprised five items on personal data of the respondents and Section B comprised of communication as an underpinning of customer relationship marketing. All items in sections B were rated on a five-point rating scale - strongly agree, agree, disagree, strongly disagree and undecided with values 4,3,2,1 and 0 respectively.

H_0: There is no significant positive relationship between communication and customer loyalty.

Table 4. Summary of Simple Regression Showing Relationship between Communication and Customer Loyalty

	B_1	SE	B_2	t-value	Significant (2 tailed)
Constant	4.608	0.600	-	7.686	0.000
Communication	0.714	0.033	0.750	21.578*	0.000
Dependent variable:Customer loyalty					
R = 0.50					
Adjusted R-square = 0.561					
Std. Error of estimate = 1.48843					
F = 465.618					
Significance = 0.000					

*significantly related at 5 %($p<0.05$). t critical = 1.97, B_1= unstandardized beta, B_2=standardized beta, SE= standard error.

Table 4 reveals adjusted coefficient of determination of 0.561 which indicates that 56.1% of the variation in customer loyalty was explained by communication. The F-calculated (465.618) is greater than the F- critical (3.87) at 0.05 level of significance and $p<0.05(0.000<0.05)$.Hence, the regression relationship between customer loyalty and communication is statistically significant. The beta coefficient of 0.714 was obtained for communication (β = 0.714, S.E = 0.033, t calc. = 21.578, p = 0.000, p< 0.05). Since the p-value is less than 0.05($p<0.05$), the null hypothesis is rejected. Therefore, there is a significant positive relationship between communication and customer loyalty. This result implies that the more the telecommunication providers communicate with their customers, the better the level of customer loyalty they will enjoy.

6. Discussion of Findings

The result of the hypothesis posits a significant positive relationship between communication and customer loyalty with a regression coefficient B_1 of 0.715. This is an indication of positive influence of communication on customer loyalty. The finding is in line with the works of Ndubisi, (2007), Sivesan (2012), Sivesan and Sivapalan (2012), Adeyeye (2013) and Patrick et al. (2014).

7. Implications of the Study

This study has a number of implications on vendor-customer relationship. It has been able to establish that there is a significant relationship between as an underpinning of relationship marketing and customer loyalty in the telecommunication industry in Akwa Ibom State, Nigeria. The study has shown that maintaining enhanced and effective communication between vendors and subscribers can strengthen customer loyalty for their products. The result implies that building a robust customer loyalty is a function of workable communication strategy targeted towards building and sustaining vendor-customer relationship.

8. Conclusion

From the study conducted it is obvious that communication is a relational underpinning that can predict loyalty of customers to a telecommunication network. The empirical result of the study clearly underscores the following:

1. Communication is a significant positive drivers of customer loyalty.
2. Firms that are mindful of communication are likely to have loyal customers.
3. Telecommunication customers in Akwa Ibom State tend to be loyal to a service provider if the provider is efficient in communicating to customers. The positive sign of the estimate shows that the greater the extent of this variable, the higher the level of customer loyalty is likely to be.

9. Recommendations

On the basis of the findings, the following recommendations are made.

1. Firms wishing to retain loyal customers should maintain open communication channels for free flow of information between service providers and subscribers especially during upward review of service charges
2. Firms should pay attention to how they obtain information concerning customer's needs
3. Vendors should also enhance information management during service failures so that customers are not taken unaware.

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