

## Customer Relationship Management: An Effective Tool for Repeat Purchases

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### Abstract

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The study discerned at customer relationship management: an effective tool for repeat purchases. The objective of the study is to examine customer relationship management: an effective tool for repeat purchases. Method adopted is survey research design. The study adopted social exchange theory (SET) which is the theoretical framework. Data was collected with the use of questionnaire and analysed by application of Likert scale of questioning at five points. The study found out that customer relationship management is an indispensable tool in today's business among others. The implication of the study is that firms should ensure that better customer services are rendered. It is recommended that organizations should use the right social, financial and structural benefits to develop stronger customer relationships.

**Keywords:** *Customer relationship, Customer repeat purchases, Management, Sales staff*

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### **Background of the study**

Customers are the life wire of every firm. Firms are required to manage their customers adequately in terms of relationship. In marketing theory, customers are regarded as kings. This is used to indicate the critical importance of a customer to a firm. If customers are poorly handled, it can create a serious problem for the firm. A customer is one who purchases or receives a product or service from a business of merchant or intends to do so. Muhammad, Naveed, Haider, and Alamdar (2015) opined that firms have realized that they do not just focus on transactions with customers they turn them towards opportunity to sell products with good services, experiences to establish long term, one-to-one relationship with each other.

Relationship is the way in which two or more people behave and are involved with each other. Church hill, Brown, and Suter (2010) define customer relationship as a strategy used to learn more about customers' needs and behaviours in order to develop stronger relationships with them. Understanding the changing needs and expectations of customers and ensuring retention of such customers should primarily be the concern of business managers. In addition analyses of customers' profitability and retaining profitable customer has been recognized as one of the core values of customer relationship management (Nwankwo & Ajemunigbohun, 2013). Excellent customer relationship management is a stimulant that persuades customers to make repeat purchases.

Many firms in Nigeria today require relationship management strategy because of the prevailing competitive atmosphere. It is critically urgent for them in order to ensure customer repeat purchase, commitment and loyalty. Customers have become highly sophisticated and informed and easily switch from one product or firm to another. Relationship management strategy has become imperative for firms which are facing the problem of repeat purchase and retention of customers.

However, they are intervening variables that make repeat purchase possible when a firm establishes special relationship with the customers. Relationship management helps to simplify the marketing and sales processes, which involves quality service, which appreciates customer value, which identifies switching cost and which possesses empathy, communication by committed loyal customer's new customers are attracted to purchase the firm's products. Koontz as cited by Gupta (2006) argues that management is the art of getting things done through and with people in formally organized groups.

A proper customer relationship management will induce positive effects on customers' repeat purchases. Effects appear to be the result or outcome of a cause. This study advocates the proper management of customer relationship will lead to repeat purchase. Customer relationship management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer (Du Plessis, Jooste & Strydom, 2001). Improper management of customer relationship can cause a firm to derail.

Tool is a mechanical device intended to make a task easier. It is something to perform an operation, an instrument, a means. A person or group of persons are used or controlled, usually unwittingly by another person or group.

Repeat purchase occurs when a customer is satisfied with his initial or last purchase. A series of purchase means that a customer is now committed to purchasing the product continuously which ultimately leads to customer loyalty. Customer repeat purchase, commitment and loyalty are what being sought by a company or firm in entering into special relationship with customers.

### **Statement of the problem**

Many firms in Nigeria are having the problem of security continuous and repeat purchases from their customers. Customers just buy once or few times and then stop buying their products. Such firms have not imbedded the idea or concept of relationship management. They have not taken steps to strategize together to render a better customer services that will attract and ensure repeat purchases. The salespersons of such firms are finding it difficult to render quality service to Intafact Breweries consumers. Since the firms do not practice relationship management they have failed to take advantage of the loyalty and commitment of customers giving referrals or recommending their firms and products to new customers. The sales processes of these have not been simplified through application of relationship management strategies. In fact, many firms in Nigeria which are finding it hard to grow and service may be attributed to the fact that relationship management strategies are not being well managed or not at all practiced. It is therefore imperative that in today's highly competitive marketing environment in Nigeria, that every firm that wants to secure customer repeat purchase, commitment, and loyalty, should practice relationship management.

### **Objectives of the study**

The general objective of the study is to examine customer relationship management: an effective tool for repeat purchases.

The specific objectives are to:

1. Examine the extent quality service is being rendered to customers.
2. Examine the extent firm's management appreciates customer value.
3. Examine the extent firm's management identifies switching cost.
4. Examine the extent firm's management possesses empathy.

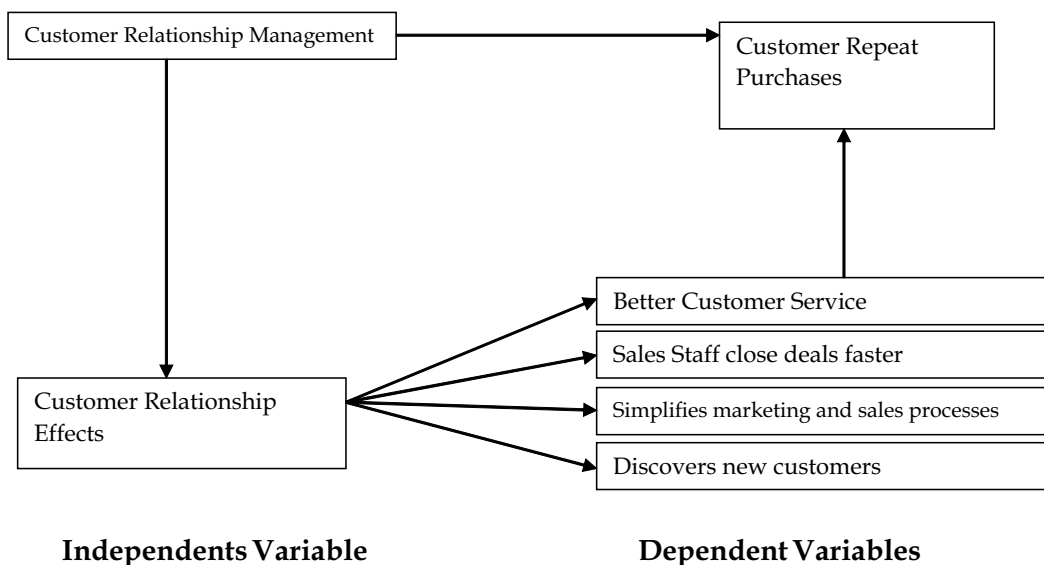
### **Conceptual Review**

Kotler (1999) describes customer relationship management as a skill which enables companies to provide excellent real time customer service by developing a relationship with each valued, involved customer through the effective use of individual account information. Customer relationship management (CRM) is perhaps the most important concept of modern marketing until recently. Customer relationship management has been defined narrowly as a customer data management activity. By this definition, it

involves managing detailed information about individual customers and carefully managing customer “Touch points” in order to maximize customer loyalty (Kotler, Bowen, & Makens 2010) customer relationship management is important because a major driver of company profitability is the aggregate value of the company's customer base.

**Customer Relationship Management effects on Customer Repeat Purchases.**

Customer relationship management involves interaction of customers and the staff of a firm. The interaction might be through one of the social media or person to person interaction. This interaction between customers and staff produces an effect; and this effect determines whether there will be a repeat purchase or not. The study frame work shown in figure I below indicates that the four parallel lines in the diagram depicts the relationship between customer relationship effects and customer repeat purchases. Customer repeat purchases, indicates that a customer keeps purchasing from the firm, as long as there is need for the firm's product by the customer. This repeat purchases by the customer show cases that the customer derives satisfaction after using the product. It shows that the customer derives all the benefits from the company's product.



**Figure 1:** Model of customer relationship management effects on customer repeat purchases.

**Source:** Anuforo, R, Ogungbangbe, B.M, Edeoga, G. (2015).

**Empirical Review**

Maziririand (2015) conducted a research on “The effect of buyer's remorse on consumer's repeat purchases intention: Experiences of generation Y apparel student consumers within the vaal triangle”. The paper intends to document experience of generation of apparel student's consumers in vaal triangle so that appropriate action may be taken by

retailers to ameliorate buyer's remorse. A qualitative research was adopted that included qualitative techniques explore Y apparel student consumers within the Vaal triangle. Target population is defined as the aggregate of all the elements that share some common set of characteristics that compose the universe for the purpose of the marketing research problem. SPSS was used to analyze data collected from the field. The study found out that buyer's remorse has got effects on the repeat purchase intention of generation Y apparel student consumers.

Anuforo, Ogunagbangbe, and Edeoga (2015) carried out a study on "the impact of customer relationship management on bank growth in Nigeria". This study focused on the influence of customer relationship management (CRM) practice on revenue (Sales) growth of commercial banks in Nigeria. The study adopted survey "Casual Research Design" as the structure of investigation. The study population of bank staff was 170 while the study population of customers was 230 which amounted to 400. SPSS was used to analyze data collected from the field. The study found out that there is a positive moderate relationship between these variables.

Ibojo (2015) had a research on "Impact of customer satisfaction on customer retention: a case study of a reputable bank in Oyo, Oyo State Nigeria". The objective of the study was to examine the impact of customer satisfaction on customer retention. The researcher adopted a descriptive design to elicit information on the characteristics of the respondents in terms of age, sex, and occupational level. The sample size was 107. SPSS was utilized to analyze data collected from the field. The study found out that customer satisfaction as a whole has independently contributed immensely to the detainment of respective customers.

### **Theoretical Framework**

This study is based on social exchange theory which emerged out of the interdisciplinary connection of economics psychology, and sociology (Susanta, Alhabsji, Idrus, & Nimran, 2013). The social exchange theory was propounded by Homans (1958) essentially to help understand "Social behavior of humans in economic undertakings". Exchange theory is defined as the exchange of activities whether tangible or intangible and "more or less reward or cost between at least two parties (Homans, 1961).

Exchange theory examines the "processes of establishing and sustaining reciprocity in social relations, or the mutual gratifications between individuals" (Ramayah, Lee, & Mohamed, 2010). The theory assumes that "exchange parties intend to obtain benefits from their relationships that would not be achievable on their own". Therefore, parties act in the light of anticipated rewards that benefits them and choose to make decision based on alternatives that maximizes benefits while minimizing cost (See Molm, Takahashi, & Peterson, 2000). Exchange can only occur in a social interaction with reciprocity being one of its characteristics. Reciprocity as a rule of exchange emphasizes on the interdependence of exchange parties that is, relying on "interpersonal transactions, where by an action by one party leads to a response by another (Cropanzano, & Mitchell,

2005). This theory is relevant for this study because it shows that if an organization undertakes effective and proper customer relationship management, it may result to customer repeat purchases.

### Materials and Methods

Survey research design was used to generate data on the opinions of the respondents. The sample unit consisted of distributors of Intafact breweries Limited in Onitsha metropolis, Nigeria. The sample size of one hundred and fifteen (115) was utilized. The method adopted was the distribution of questionnaires. The procedure applied was the non-probability sampling and the type applied was the convenience or accidental sampling procedure.

### Results and Discussion

On collection of the copies of questionnaire, it was discovered that out of the 115 copies, only 105 copies were duly filled and identified to be in a usable condition.

**Table 1:** Gender of Respondents

Sex	Frequency	Percentage
Female	05	05
Male	100	95
Total	105	100

**Source:** Field survey, 2018.

From the study findings, 05(05%), females and one hundred (95%) males responded to the questionnaire, giving a total of one hundred and five (105) respondents.

**Table 2:** Age Distribution of Respondents

Age	Frequency	Percentage
24 - 30	32	30
31 - 37	28	27
38 - 44	40	38
45 - 51	02	02
52 - 58	03	03
Total	105	100

**Source:** Field Survey, 2018.

Thirty-two (30%) respondents were aged between twenty-four (24) to thirty (30) years. Twenty-eight (27%) respondents were aged between thirty-one (31) to thirty-Seven (37) years. 40(38%) respondents were aged between thirty-eight (38) to forty-four (44). Forty-five (45) respondents were between the age of fifty-one (51) the percentage is (02%). Fifty-two (52) respondents were between the age of fifty-eight (58) which resulted to (03%).

**Table 3:** Occupational level

Occupational	Frequency	Percentage
Female	05	05
Male	100	95
Total	105	100

**Source:** Field survey, 2018.

This table revealed that respondents' occupation is trading. The respondents are the distributors of Intafact Breweries Limited in Onitsha, metropolis in Nigeria. Five respondents were females which resulted to (05%). While One hundred respondents were males which shown (95%).

**Table 4:** Analysis of Attitude Questions

S/N	Questions	SA	A	SD	D	UN
1.	Does the inside order taker sales person delay the process of order from?	75 (71%)	15 (14%)	05 (05%)	02 (02%)	08 (08%)
2.	Does the management of Intafact Breweries limited in terms of customer relationship indulge in after sales services?	81 (77%)	21 (20%)	01 (01%)	01 (01%)	01 (01%)
3.	As a customer of intafact Breweries; do you perceive her staff to possess empathy?	76 (72%)	24 (23%)	02 (02%)	02 (02%)	01 (01%)
4.	Do you envisage customer relationship management of Intafact breweries Limited, Onitsha as an effective tool for repeat purchases?	85 (81%)	15 (14%)	02 (02%)	02 (02%)	01 (01%)
5.	Management of customer relationship of Intafact Breweries Limited Onitsha; Seems to discover new customers?	73 (69%)	25 (24%)	03 (03%)	02 (02%)	02 (02%)

This paper investigated the opinions of the respondents, the opinions of One hundred and five respondents were revealed. From the first question which asked to know if inside order taker sales person delay the process of order form. It was recorded that Seventy-five (75) respondents strongly agreed which is 71%. Fifteen (15) respondents agreed which amounted to 15%. Five (05) respondents strongly disagreed and the percentage is 05%. Two (02) respondents disagreed and the percentage is 02%, while eight (08) respondents were undecided. The second question says does the management of Intafact Breweries Limited in terms of customer relationship indulge in after sales services. Eighty-one (81) respondents strongly agreed and it resulted to 77%. Twenty-one (21) respondents agreed and the percentage is 20%. One (1) respondent strongly disagreed and the percentage is 01%. One respondent (01) as well disagreed and the percentage is 01% also. Only one respondent (1) was undecided. The question no three

intended to enquire on as a customer of Intafact Breweries; do you perceive her staff to possess empathy. Seventy-six (76) respondents strongly agreed and the percentage is 72%. Twenty-four (24) respondents agreed and the percentage is 23%. Two (2) respondents strongly disagreed and the percentage is 02%. Two (2) respondents disagreed which resulted to 02% as well. Only one (1) respondent happened to be undecided and the percentage is 01%. The fourth question was doing you envisage customer relationship management of Intafact breweries Limited, Onitsha as an effective tool for repeat purchases. Eight five (85) respondents strongly agreed, which resulted to 81%. Fifteen (15) respondents on the other hand agreed and the percentage is 14%. Two (02) respondents strongly disagreed and the percentage is 02%. Another two (02) respondents disagreed and the percentage is 02%. It was only respondent that was in abeyance, which resulted to 01%. The fifth question indicated to know about the management of customer relationship of Intafact Breweries Limited Onitsha; seems to discover new customers. Seventy three (73) respondents strongly agreed and the percentage is 69%. Twenty-five (25) respondents agreed to that effect and the percentage 24%. Three (03) respondents strongly disagreed and the percentage is 03%. Two (02) respondents disagreed; the percentage is 02%, while two (02) respondents were in abeyance and the percentage 02% as well.

### **Discussions**

The findings of this paper reckoned that management of customer relationship is an effective tool for repeat purchases. Customer relationship management is an indispensable tool in today's business. A customer touch point is any occasion on which a customer encounters the brand and product from actual experience to personal or mass communication to causal observation. It deals with all aspects of acquiring, keeping and growing customers. Today, companies are building more direct and lasting relationships with more carefully selected customers. Firms should ensure that better customer services are rendered. Firms serve chosen customers in a deeper, more lasting way.

### **Conclusions**

This paper concludes by enumerating these observations. Management perceives adequate customer relationship as the hub on which the wheel rotates, hence the customer is the king. Customer relationship management requires giving better customer service. Better customer service involves after sales services. After sales services proffers a sense of belonging to customers and will make a customer feel like a king. Better customer service will induce customers to canvass for the firm consciously or unconsciously. Better customer service always, makes a firm to remain in business and have advantage over its competitors.

Sales staff closes deals faster if there is excellent customer relationship management. This is achievable because the customer believes in the staff, due to the relationship already established. Good relationship established will induce the customer to perceive the product as possessing high quality and repeat purchase will be realized. Customer relationship management simplifies marketing and sales processes. The good rapport



between the customer and the management, will show case the products before the customer as something of value. Excellent relationship between the customer and management simplifies marketing as well as sales processes. While the relationship is being evolved the customer will become conversant with the product and the value. This goes to ensure that there will be customer repeat purchases.

Customer relationship management leads to the discovery of new customers. Good customer relationship management directs old customers to communicate to prospect about the company and about the need satisfying attributes of the firm's products. As this goes on, new customers will be converted to be brand loyalists.

### **Recommendations**

The recommendations of this study are:

1. Firms in Nigeria should embark on effective customer relationship management.
2. Firms should ensure that better customer services are rendered.
3. Firms should insist on good customer relationship management in order to ensure that sales staff closes deals faster and to simplicity the sales processes.
4. Firms should endeavour to keep high standard of customer relationship to ensure that customers will not deviate and that brand switching will not occur.
5. Firms should use the right marketing tools comprising social, financial and structural benefits to develop and sustain stronger customer relationship.

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