

Effect of the Impact of Customer Loyalty on Marketing Performance of Business Organization

U.P. Omodafe and J.N. Akparobi

Delta State Polytechnic, Ogwashi-Uku, Delta State., ²Delta State House of Assembly, Asaba, Delta State

Email: uigbuku@yahoo.co.uk

Email: soakparobi@yahoo.com

Abstract

This study examines the effect of the customer loyalty on marketing performance of business organization with particular reference to First Bank of Nigeria Plc, Asaba Branch. The use of structured questionnaire was used for data collection. The data collected were analyzed with the use of percentage. The findings revealed that customer loyalty enhances marketing performance. The study concludes that customer's satisfaction greatly enhances customer loyalty in organization. It recommends that marketers should always device strategies that will enable them constantly improve the understanding of the customers.

Keywords: Customer loyalty, marketing performance.

Introduction

Numerous studies have been conducted in the interest of developing a better understanding of the relationship among quality, satisfaction and loyalty (Assael, 1992; Foxall, 2002). Customer loyalty has been recognized by a number of authors as one of the key topics in marketing competitiveness. One of the reasons for the importance of loyalty is the changing role of content, context and the infrastructure in the market place (Adcock *et al*, 2001; Kotler *et al*, 2008).

The acceptability of the organizations' products by the general public goes a long way in affecting its performance as well as its productivity. When such goods are accepted, organizations then think on how to attract more customers and also make the ones they have at their disposal loyal to them (Adcock, *et al*, 2001).

Customer's loyalty which is known as customer's devotion seems to have assumed a strategic issue in the competitive marketing environment. Chip (2005) stressed that customers who are satisfied will come back, but customers who are loyal will go out of their way to make repeat purchases. Customers that are loyal are not only coming back but recommend the product. They influence their friends to do business with you. They forgive the organization when it make mistakes and defend it to others who have had bad experiences with the organization.

Customer's loyalty may be defined as "the preferential, attitudinal response towards one or more brands in a product category expressed over a period of time by a consumer (Adcock *et al*, 2001; Kotler *et al*. 2008).

Kotler *et al*. (2008) viewed consumer loyalty as a biased behavioural usage process that results from a psychological process. In furtherance, Assael (1992) expressed the view that customer loyalty is a favourable attitude towards a product, resulting in consistent usage of the brand overtime thus enhancing and improving marketing performance.

Adcock *et al*, (2001) posited that brand loyalty is a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same set purchasing despite whether situational influences and marketing efforts have the potential to cause switching behaviour.

In view of the foregoing, customers' loyalty tends to result in purchasing inertia, involves situations in which a customer becomes loyal to a brand and has a tendency not to consider other brands during the decision process (Kotler, 2000). Adequate consideration and attention on customers' loyalty have assumed a major challenge so as to ensure that customers are satisfied (Kotler, 2000; Kotler *et al*, 2008). Towards achieving effective market strategy therefore, this study considers the effect of the customers' loyalty on marketing performance. In order to properly carry out this study, the purpose of the study includes the following:

- To identify how to keep customers loyal to the organization
- To ascertain the effect of product quality on marketing performance of First Bank of Nigeria Plc.
- To find out how to gain and encourage customers' loyalty in First Bank of Nigeria Plc.
- To determine how to promote cooperation between the customers and the organization.

Research Methods

Survey research design method which is very descriptive was used in generating information directly from the subjects. A simple random sampling method was used. Population consists of respondents who are customers of First Bank of Nigeria in Asaba, Delta State. On the whole 90 respondents were chosen. Questionnaire was the primary data collection instrument for this study. Ninety (90) sets of questionnaires were distributed to respondents' consisting of different categories of First Bank of Nigeria's customers (savings account, current

account and fixed deposit account holders). The questionnaire was divided into two sections (A and B) containing questions on respondents profile and another on multiple choice questions. Other research instruments used were personal interview and observation to complement the questionnaire. Also, secondary data used were obtained from journals, newspapers, magazines and encyclopedia, The data collected was analyzed using the percentage.

Results and Discussion

From the result of data analysis in Table 1, it is suggested that customer loyalty enhances marketing performance as 66.67% of the respondents agreed to the statement in item 1 that repeat buying behavior by customers leads to increased sales. 5.56% of the respondents were undecided while 27.78% of the respondents disagreed with the statement. This high rate of agreement implies that repeat buying behaviour increase sales. This is in line with Kotler *et al.*, (2008) which states that the increase perceived transaction value enhance purchases and reduce search behaviour for lower prices. This relatively high response of agreements means that frequent purchases without doubt improve profitability. In line with these, Kotler (2000) supported this rationale by suggesting that loyalty is present when favourable attitude of a brand is manifested in repeat purchase behaviour.

Furthermore, Table 2, showed an overwhelming high rate of agreement that customer satisfaction enhances customer loyalty in organizations as 77.7 8% of the respondents agreed with the statement in item 4 that customer satisfaction leads to customer loyalty. 5.56% of the respondents were undecided while 16.56% of the respondents agreed with the statement that customer satisfaction increases repeat purchase, 2.22% of the respondents was undecided and 14.55% were the rate of respondents that disagreed with the statement. This high rate of agreement is supported by Adcock *et al.*, (2001) assertion which states that customers are committed to re-buy or re-patronize a preferred product/services consistently in the future as they are satisfied with the products/service enjoyed, thereby causing repetitive same-brand or same brand set purchasing, despite situational influence and marketing efforts having the potential to cause switching behaviour.

Table 1: Product Quality Improve Marketing Performance

| S/N | STATEMENT | SA | | A | | U | | D | | SD | |
|-----|--|----|-------|----|-------|----|------|----|-------|----|-------|
| | | No | % | No | % | No | % | No | % | No | % |
| 10 | Effective product attracts customers to the organization | 30 | 33.33 | 35 | 38.89 | 7 | 7.78 | 10 | 11.11 | 8 | 8.89 |
| 11 | Adequate and good price incentives attracts customers | 25 | 27.78 | 40 | 44.44 | 5 | 5.56 | 13 | 14.44 | 12 | 13.35 |
| 12 | Promotional gifts motivates customers | 29 | 32.22 | 40 | 44.44 | 8 | 8.89 | 7 | 7.78 | 6 | 6.67 |

SA= Serious Agree, A= Agree, U=Undecided, D=Disagree,

Table 2: Insufficient Attention Given to customer loyalty

| S/N | STATEMENT | SA | | A | | U | | D | | SD | |
|-----|--|----|-------|----|-------|----|-------|----|-------|----|------|
| | | No | % | No | % | No | % | No | % | No | % |
| 13 | Lack of effective customer relationship management | 20 | 22.22 | 42 | 46.67 | 8 | 8.89 | 13 | 14.44 | 7 | 7.78 |
| 14 | Lack of adequate and good price incentive | 22 | 24.44 | 49 | 44.44 | 8 | 8.89 | 14 | 15.58 | 6 | 6.67 |
| 15 | Lack of promotional gifts to customers | 24 | 26.67 | 44 | 48.89 | 10 | 11.11 | 7 | 7.78 | 6 | 6.67 |

This high rate of agreement is in line with Adcock *et al.*, (2001) consensus which states that price is unlikely to have significant effect on buyers perception of quality in the presence of other attributes and when buyers are familiar with product quality.

This high rate of agreement to the statement implies that actually adequate and good price incentives attract customers. This agreement is in consonance with Kotler (2000) which stated that giving customers' incentive attracts repeat purchase, change to win a prize, gifts with certain number of proofs of purchase in peak discount coupon. All these he said are marketing concepts which first promote the interest of customers

This high rate of agreement shows that when an organization fails to give the customers some promotional gifts which range from discounts and sweep stakes to loyalty programme and higher concepts of purchases, customers may be disloyal to the organization (Kotler, 2000).

Conclusions

It can be noted that the key success to customer loyalty is a positive experience on the part of the customer. It is seen that customer loyalty enhances marketing performance as repeat buying behaviour by customer leads to increase sales, gain in market shares and improves profitability of the organization. Thus, the results of this study revealed that product quality improves the marketing performance and contribute to the corporate survival of the business organization. This loyal customer can result in significantly higher profit. Therefore, marketers should learn how to find out the needs and wants of their customers and provide them for the satisfaction.

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