

## **COMMITMENT AND CUSTOMER RETENTION OF FAST FOOD OUTLETS IN PORT HARCOURT**

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### **ABSTRACT**

*The study was to investigate the nexus between Commitment and Customer Retention of Fast food outlets in Port Harcourt. The study adopted the descriptive research design. The population of this study comprised of sixty five (65) fast food outlets in Port Harcourt gotten from [http://www..researchgate.net](http://www.researchgate.net). Hence, a census study. The instrument that was used for data collection in this study was a structured questionnaire. A test re-test method was used to establish the reliability of the questionnaire. The copies of questionnaire were coded for analysis using SPSS version 23.0. Descriptive statistics of percentage mean and standard deviation with inferential statistics of Pearson Product Moment Correlation co-efficient will be used for data analysis. Analysis of data revealed that there is a positive relationship between commitment and customer referrals of Fast food outlets in Rivers State. The concluded that some managerial implications for relationship marketing. Managers can plan their marketing strategies by this study as it identified the significant variables which influence customer satisfaction.*

***Keywords: Commitment, Customers Retention, Fast Food Outlet***

### **INTRODUCTION**

Marketers must be willing to discover and satisfy the needs of each customer as individuals. Relationship marketing places the customer at the center of all planning activity. The customer lets the firm know what is important and the firm responds accordingly (Patoka 2001). Relationship marketing includes efforts to keep customers satisfied after purchase, taking steps to increase the likelihood of cross-purchasing, measuring the extent to which customers are satisfied, and translating the sales process into an effective program complete with two-way dialogue (Patoka 2001).

The goal of relationship marketing is to build long-term, trusting, win-win relationships which serve to maximize customer satisfaction and retention. Too many businesses try to be too many things to too many people says Kenneth Cook, author of the American Marketing Association's Complete Guide to Small Business Marketing. Get to know your customers intimately. Then you'll know what they are looking for. This strategy is one of the most effective and responsive for attaining to competitive advantage and unique company differentiation in an increasingly competitive and changing environment. It provides a much greater emphasis on informing and educating versus advertising, and keeping the customers you have as opposed to primarily focusing on capturing new customers. Relationship marketing aims to create relationship with consumers so that they can be satisfied and retained.

Ramakrishnan, (2006) defines customer retention as the marketing goal of preventing customers from going to the competitor. Customer retention is the way in which

organizations focus their efforts on existing customers in an effort to continue doing business with them. However, customer retention can also mean the number of customers who stay with the provider in the course of an established period, such as a year (Dawes, 2009). Customer retention is a key factor in determining the success of businesses today. Fluss (2010) notes that competitors are always on the lookout to steal customers through better deals. Fluss has observed -that annual customer attrition rates range from 7% in industries that have high exit barriers such as banking and insurance, to almost 40% in the mobile phone industry. It can, therefore, be concluded that customers in the cellular industry keep on switching, network providers for better deals.

A look at the empirical review of literature indicates that many studies have been carried out concerning relationship marketing practice and the retention of their customers in different firm or companies. However, while most of the studies tried to examine the impact of relationship marketing on customer satisfaction, customer Loyalty, sales performance, Deposit Mobilization, profitability, market share, and general corporate performance, it is apparent that few focused on customer retention directly, as proposed in this study. Also, few were carried out in Port Harcourt as proposed in this study. Based on this, there is a need to fill this Gap in Literature as there is an apparent dearth of literature in this area.

### **Research Hypotheses**

The following hypotheses was formulated to guide the study: '

Ho<sub>1</sub>: There is no significant relationship between commitment and repeat patronage of fast food outlets in Port Harcourt.

Ho<sub>2</sub>: There is no significant relationship between commitment and referrals of fast food outlets in Port Harcourt.

### **Commitment**

Relationship commitment drawing on the conceptualizations of commitment in social exchange (Cook ft Emerson, 1978), marriage (Thompson & Spanier, 1983), and organizations (Meyer & Allen, 1984), we define relationship commitment as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely. Our definition corresponds almost exactly with that developed by Moorman, Zaltman, and Deshpande (1992) in their view argued that commitment to the relationship is defined as an enduring desire to maintain a valued relationship. Their valued relationship corresponds with our belief that relationship commitment exists only when the relationship is considered important. Similarly, their enduring desire to maintain corresponds with our view that a committed partner wants the relationship to endure indefinitely and is willing to work at maintaining it. Relationship commitment is central to relationship marketing.

Though fairly new in discussions of interorganizational relationships, commitment long has been central in the social exchange literature. Cook and Emerson (1978) characterize commitment as a variable we believe to be central in distinguishing social from economic exchange. More specifically, in the marriage literature, McDonald (1981) concludes, clearly, the major differentiation of these exchange relationship types is the mutual social trust and the resultant commitment on the part of the individuals to establish and maintain exchange relationships. Commitment also is viewed as critical in the literatures of organizational and

buyer behavior. Organizational commitment-one type of relationship commitment that is critical to the firm in its internal relationships-is among the oldest (Becker, 1960) and most studied (Reichers, 1985) variables in organizational behavior theory. In this context, commitment is seen as central because it not only leads to such important outcomes as decreased turnover (Porter et al. 1974), higher motivation (Farrell & Rusbult, 1981), and increased organizational citizenship behaviors (Williams & Anderson 1991), but it also results from such things that can be influenced by the firm as recruiting and training practices (Caldwell, Chatman, & O'Reilly, 1990), job equity (Williams & Hazer 1986), and organizational support (Eisenberger, Fasolo, & Davis-LaMastro 1990).

#### Customer Retention

The customer retention rate must be measured and managed and can be calculated in two ways: a crude customer retention rate, or a weighted one. A crude customer retention rate measures the total percentage of customers the organization retains, based on the decline or escalation of customers over a specific period of time. The weighted retention rate is calculated by weighting customers according to the volume of their purchases. Ahmad and Buttle (2001) state that in the case of hotels, measuring retention should involve measuring the absolute number of customers who have been retained, as well as using a weighted rate, which takes into account the share of wallet as well as the life time value, of a customer. Service organizations need to understand why their customers remain with them and should not assume that when customers remain it is a positive, mindful choice on their part. Customers may stay with a service organization due to any number of (sometimes intangible) ties or links with it. Some of these are positive, and increase the dedication of customers as with, for example, increased satisfaction.

Other links are negative, yet still tie the customer to the service organization: a sales representative, for example, is obliged to stay at a particular hotel every time the customer travels in the area because of an agreement between his or her company and the hotel. Retained customers represent an opportunity to increase profitability as well as loyalty. Egan (2001) suggest that customer relationship profitability is the result of improved quality in the service provided by an organization. A satisfied customer creates a strong relationship with the service provider; this leads to relationship-durability and customer loyalty and retention. Loyalty is widely considered to include both a behavioral, as well as an attitudinal, dimension (Baloglu, 2002) yet the focus in the literature has gradually shifted from an attitude changing effort at creating a satisfied customer, to a behaviour changing approach that seeks to create a loyal customer who will be retained and who will make referrals. Approaches to relationship marketing in the hotel industry have, in the past, focused largely on transactional devices such as frequent user programmes, gifts for repeat customers, and free stays for meeting planners to encourage them to use the hotel and its facilities. Yet nowadays researchers indicate that, due to competitive pressures, service organizations should reevaluate the gains derived from loyalty programmes.

#### **Empirical Review**

Ascarza, et al (2017) in their study on in pursuit of enhanced customer retention management: Review, key issues and future directions. Customer retention presents a significant challenge for many service companies. Academics have generated a large body of research that addresses part of that challenge with a particular focus on predicting customer churn. However, several other equally important aspects of managing retention have not received similar level of attention, leaving many managerial problems not

completely solved, and a program of academic research not completely aligned with managerial needs. Therefore, the goal is to draw on previous research and current practice to provide insights on managing retention and identify areas for future research. This study leads us to advocate a broad perspective on customer retention. The findings of the study shows that a definition that extends the concept beyond the traditional binary retain/not retain view of retention. However, the study presents an integrated framework for managing retention that leverages emerging opportunities offered by new data sources and new methodologies such as machine learning. Furthermore, the finding of the study shows the importance of distinguishing between which customers are at risk and which should be targeted as they are not necessarily the same customers. Finally, the study was able to identify trade-offs between reactive and proactive retention programs, between short- and long-term remedies, and between discrete campaigns and continuous processes for managing retention.

Kagendo (2015) in his study on influence of electronic marketing on customer retention at Safaricom limited. The study sought to determine the influence of electronic marketing on customer retention at Safaricom limited. The objective of the study was to find out the electronic marketing practices adopted by Safaricom and whether these practices contribute to customer retention. The study used a case study research design. Primary data were collected by interviewing three heads of department in marketing at Safaricom due to the fact that they were highly involved in implementation of marketing strategies. The interview was guided by an interview schedule prepared by the researcher. The interviewees were namely head of department consumer sales, head of department mass market and head of department enterprise sales. A face-to-face interview was conducted with the three heads of marketing privately in different set ups. Inductive Content analysis was used to relate the findings of the study which involved a three-step process analytical methodology namely; preparationistage, organizational and finally reporting stage. The findings revealed that the most commonly used electronic marketing practices by Safaricom Limited were as follows: social media marketing; audience participation, viral campaigns, customer feedback, offline communication; direct email, online partnership; widget marketing, affiliate marketing, online public relation; publisher outreach, brand protection, search engine optimization and paid search. One of the major limitations of this study is that the managers had a busy schedule and therefore the researcher had to interview them hurriedly therefore some answers were not in-depth.

### **Research Design**

The study adopted the descriptive research design.

### **Population for the Study**

Population consisted of all the elements within the study scope. The population of this study comprised of sixty five (65) fast food outlets in Port Harcourt gotten from <http://www.researchgate.net>. Hence, a census study. The following categories of management staff provided information for the study: administrative manager, public relations officer, marketing manager and ICT manager. A total of 260 respondents were used as the study subjects.

**Sample Size and Sampling Techniques**

A sample comprised of some members selected from the population. In other words, some, but not all elements of the population would form the sample (Ahiauzu & Asawo, 2016). Based on the population was 65, the study adopted a census approach and studied the entire population, the researcher administered copies of the questionnaire per firm.

**Source of Data**

Both primary and secondary data sources were used in this study. The primary data was obtained through the administration of questionnaires to the respondents, while the secondary data was collected from published materials such as journals, articles, seminar papers, textbooks, periodicals and the like.

**Instrument for Data Collection**

The instrument that was used for data collection in this study was a structured questionnaire. The questionnaire was divided into two sections (A and B). Section A covered information on the personal data of the respondents such as their age, sex, marital status, occupation, position, working experience and educational qualification, while section B obtained information on the study variables.

**Methods of Data Analysis \***

The researcher assembled all the returned copies of the questionnaire, sorted out the ones that are properly filled and separated them from the ones not properly filled (if any). The copies of questionnaire were coded for analysis using SPSS version 23.0. Descriptive statistics of percentage mean and standard deviation with inferential statistics of Pearson Product Moment Correlation co-efficient will be used for data analysis. Percentage and mean will be used to analyze data concerning the socio-demographic data and research questions, respectively because of test for relationship amongst the variables. Furthermore, overall percentage and grand mean was equally calculated and used in taking decision with respect to the research questions. Pearson Product Moment Correlation Co-efficient was used to test the hypothesis at .05 alpha levels. A criterion mean of 2.5 was used as a guide in taking decision.

**Commitment and Customer Retention**

Analysis of data revealed that there is a weak and positive relationship between commitment and repeat purchase of Fast food outlets in Port Harcourt. This is indicated by the r-value of 0.244 and a probability value of 0.000. In view of this result, the null hypothesis which states that there is no significant relationship between commitment and repeat patronage of fast food outlets in Port Harcourt was rejected and the alternate hypothesis accepted. This means, there is a significant relationship between commitment and repeat patronage of fast food outlets in Port Harcourt.

Also, Analysis of data revealed that there is a very strong and positive relationship between commitment and customer referrals of Fast food outlets in Port Harcourt. This is indicated by the r-value of 0.880 and a probability value of 0.000. In view of this result, the null hypothesis which states that there is no significant relationship between commitment and customer referrals of Fast food outlets in Port Harcourt was rejected and the alternate hypothesis accepted.

This means, there is a significant relationship between commitment and customer referrals of Fast food outlets in Port Harcourt. The findings is in line with that of Mamusung et al. (2021) who carried out a study on the effect of relationship marketing on service quality and customer loyalty. The findings of the study showed that relationship marketing had a significant positive effect both on service quality and customer loyalty. The commitment, communication, conflict handling, and competence play an important role in improving service quality which ultimately makes customers loyal. In addition, the relationship between service quality and customer loyalty, also has significant positive findings. A

## **CONCLUSION**

The study focused on the trends in commitment and its implication on customer satisfaction among firms-in Nigeria. The findings revealed some managerial implications for relationship marketing. Managers can plan their marketing strategies by this study as it identified the significant variables which influence customer satisfaction.

## **RECOMMENDATIONS**

Following the findings, the following recommendations were made:

1. Commitment to helping customers solve problems can also attract customers .to the business.
2. Communitment is a very important tool if they are to sustain relationship with customers.
3. Always monitor the firm reputation to the public because it has significant influence on the activities of the organization.

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