Chapter 12

Influence of Customer Satisfaction in Organization

[1]Godwin Olai Ph.D. MNIM, MCAI and [2]Bluejack, Asawoba Adam Ipalibo (Ph.D.)
[1]Department of Management, Faculty of Management Sciences Iaue, Phc
[2]School of Foundation Study, River State Science and Management

Email; *olai.godwin@iaue.edu.ng,olaimbas@gmail.com*

Introduction

Sustaining improved performance succinctly lies on how effective manufacturing firms strategically relate with their customers in delivering quality products through customer relationship management. Research findings according to Silker, Hills and David (2015) have shown that effective implementation of customer relationship management has the potentiality of addressing problems relating to customer complaints, decline of potential customers, decrease in volume of business and customer defection to products of competing firms in the industry. From observation, there is apparent decline on the performance of these firms resulting from ineffective implementation of customer relationship management. These firms make little or no efforts in relating to their customers to have identified their complaints on products to forestall the growing incidence of attrition signals in the market. These plastic firms (Ace Toy Company Limited, Quality Plastic Company, Cyncarl Plastic Company Limited, Austin Laz Plastic Firm, Basabin Plastic Limited and Micheal's Plastic Firm) in South South, Nigeria have relegated the operations of customer relationship management at the mercy of factory workers who have neither acquired the prerequisite skills nor business intelligence analytical capabilities for effective implementation of customer relationship management to have identified attrition signals among their potential customers, as a result, customer acquisition is hampered due to increasing number of complaints on products. But the extent it has affected their performance is yet to be investigated, hence this study.

More so, these manufacturing firms' objective of improved performance is hampered because issues relating to customer complaints are not carefully handled and addressed effectively. The attrition signals are not recognized, as a result, customers are becoming more dissatisfied with firm's products. This situation, however, result to customers' disloyalty to their products, hence affects their performance. Therefore, how customers disloyalty on their products affect performance of these plastic manufacturing firms in the South South, Nigeria call for empirical investigation so as to ascertain its direction and magnitude.

Aside from the aforementioned factors, there is low level of customer retention which is driven by the extent of close-knitting relationship these firms maintained with their customers. The apparent lax on nurturing their relationship heretofore could engender behaviour pathways on switching their loyalty to other products in the same industry. Customers are believed to be valued stakeholders to any purpose driven organizations and are seen as king, therefore when they are not retained, the performance of these firms would be questioned. The supposed effect of customer retention of these manufacturing firms in South South on business performance deserves to be empirically investigated to know the extent it has affected their performance, hence this study. It is against this backdrop that this study is designated to explore the effect of customer relationship

Importance of customer satisfaction on organization

Customer satisfaction is extremely important because it is the way of getting feedback from the customers in a way that they can use it to manage and improve their business operations (Allein, and Huge, 2018). Customer satisfaction is the best indicator of how the firm looks like in the future.

It provides a structural framework that helps the management to conduct thorough SWOT analysis that is paramount in making pertinent decisions in terms of resource mobilization, allocation and utilization in meeting the demands of the changing environment. Similarly, it maintains the relationship with the existing customers and also creates the possibility to acquire others. (Steven 2016.) When products are bought customers expect perfection instead of quantities. There are varieties of products that are similar in the market and sometimes it is difficult to distinguish which one is qualitative and durable. This is a great opportunity for the business organization to have a better understanding of the kind of product that makes customer expectations.

Customer satisfaction is a key indicator of the marketplace that evaluates the success of the organization. People have varieties of tastes and choices and therefore, satisfaction also differs from one person to another. It also may vary the expectation of the consumer depending on the option they may have (Kotler and Keller 2016.). On the other hand, it's cheaper to retain customers than acquire new ones. Customer satisfaction is a primary aim of every company. Satisfied customers are more likely to recommend their friends and families which will help to grow the business. A totally dissatisfied customer decreases revenue, whereas satisfied customer has a positive effect on profitability.

i) Factors influences customer satisfaction

Consumer behavior refers to the selection, purchase, and consumption of goods and services for the fulfillment of their basic and the fundamental needs (Deep, 2017). There are different phases involved in consumer behavior. Generally, Deep (2017) identified the following factors that influence customer satisfaction.

Product Quality

Product quality is the incorporation of features that have capacity to meet customers' expectations and give satisfaction by altering products that make them free from deficiencies or defects (Markins, 2016). Markins (2016) also identified the following factors as necessary determinant factors of product quality to include Quality of design, Quality conformance, Reliability and safe. Quality of design is concerned with the designing of the product with the desired features that meet customers' expectations. For instance, when a product is designed with certain characteristics that are customer-expectation-based has the potentiality of not only satisfying the customers' but establishes their loyalty with the firm. Quality conformance is ensuring that finished products conform with the generally product standard specifications. This conformity is sacrosanct in addressing issues of adulterations. While reliability emphasizes the need for product to be reliable and dependable such that it seldom breakdown or become non-functional. The product must have the potentiality of being operational for considerably a long-time to be referred to as reliable and safety, the product must be safe for usage and must be harmful to customers (Deep, 2017).

Product Price

Product price is the money that customers must pay for a product or service. In other words, price is an offer to sell for a certain amount of currency. Here, the word, offer indicates that price is subject to change if there are found insufficient number of customers at the original price of the product. That is why prices are always on trial. If they are found to be wrong, either they must be immediately changed or the product itself must be withdrawn from the market. Pricing of the product is something different from its price. In simple words, pricing is the art of translating into quantitative terms the value of a product to customers at a point of time. The key to pricing is to build value into the product and price it accordingly (Sinha, 2017). Therefore, most manufacturing firms use product pricing as a strategy to attract most customers and heretofore satisfy their wants in terms price. A customer as observed by Sinha (2017) often expresses satisfaction especially when he/she must have bought a particular product cheaper after comparing their prices with similar product elsewhere. The satisfaction he/she derives is a direct product price penetration strategy institutionalized by the mother firm in an attempt to attract and satisfy their customers.

Customer Emotion

The emotional connection between a customer and product is one of complicated behaviour and multifaceted reasoning, yet is powerful enough to entice customers to choose one product over another (Forlizzi, Disalvo and Hannington, 2000). This in turn has led to designers designing products that target customer emotions, specifically with the aim to induce a strong user-product attachment. According to Norman (2014) the field of design and emotion comprises of elaborate human behaviours, involving emotional processing, immersed in this is the level of visceral cognition. Product designers have become aware of the importance of creating strong emotional experiences intertwined with new tangible products for the past decade.

Hill (2010,) explains, "Nothing is more emotional for consumers or dangerous for companies than an unsatisfied customer". The interaction with a customer through visiting a store or web site, employee contacts, communications and loyalty programs can all affect a customer's emotion. Trust and emotion become important mediators in the service recovery process. Norman (2014) states "everything that we do, everything we think is tinged with emotion" and it is for this reason that companies need look beyond product offerings for understanding the real needs of consumers. The creation of value through emotion is not only important in products and service but also throughout the company. According to Teece (2018) the core of a business model design is the way in which a company delivers "value to customers, entices customers to pay for value, and converts those payments to profit". It therefore reflects management's hypothesis about what customers want, how they want it, and how the firm can organize their productive capacity in order to meet those needs (Teece, 2018). The purpose and key aspects of a business model are often agreed upon through literature, as the notion of value, either as value proposition, value stream or value chain. Zott, Amit and Massa (2010) explain that a primary characteristic of a purpose driven organization is the creation and capture of value to occur in the value network. This value network can include suppliers, customers, branding, service model, funding, and activities. The notion of value creation is an impacting driver in a business model, however the role of emotion throughout a business value chain or business model design is not yet well understood. However, in the branding arena emotions can represent a measure of attachment that a customer has to the firm's products, reflecting the likelihood of engagement in the experience, leading to recurring purchase (Ghodeswar, 2017). If the customer is engaged in the experience and brand over recurring engagements, it has the potential to have a significant effect on the perception of the brand. However, with the growing amount of product, service offerings, companies are faced with the challenge to unify their brand value across multiple fronts in a way that is consistent in engaging their customers.

Personal Factors

Personal Factors are the individual factors to the consumers that strongly influence their buying behaviour. These factors vary from person to person that result in a different set of perceptions, attitudes and behavior towards certain goods and services (Shita, 2017). Personality and self-concept Personality is the set of traits and specific characteristics of each individual. It is the product of the interaction of psychological and physiological characteristics of the individual and results in constant behaviors. It materializes into some traits such as confidence, sociability, autonomy, charisma, ambition, openness to others, shyness, curiosity, adaptability, etc. While the self- concept is the image that the individual has or would like to have of him and he conveys to his entourage Personal factors according to Shita (2017) include age, income, occupation and lifestyle of individuals.

1. **Age:** The consumer buying behavior is greatly influenced by his age, i.e. the life cycle stage in which he falls. The people buy different products in different stages of the life cycle. Such as the purchase of confectionaries, chocolate is more when an individual is a child and as he grows his preferences for the products also changes. As individual grows, he/she become acclimatized with the reality of life, as such, priorities are often placed on those products that satisfy his/her wants (Shita, 2017). Therefore, as one ages he/she places priorities on the kind of product that meet his/her expectations per time.

2. **Income:** The income of the person is another factor that influences customer satisfaction on product procurement. The income decides the purchasing power of an individual and thus, the more the personal income, the more will be the expenditure on other items and vice-versa (Roberts, 2015). For instance, a low level income earner will always procure products that are within his/her rich while those high income earners will always go in for products of high value.
3. **Occupation:** The occupation of the individual also influences his buying behavior. The people tend to buy those products and services that advocate their profession and role in the society. For example, the buying patterns of the lawyer will be different from the other groups of people such as doctor, teacher, businessman, etc. Therefore, the occupation of a person has significant impact on his buying behavior. For example a manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.
4. **Lifestyle:** The consumer buying behavior is influenced by his lifestyle. The lifestyle means individual's interest, values, opinions and activities that reflect the manner in which he lives in the society. Such as, if the person has a healthy lifestyle then he will avoid the junk food and consume more of organic products. Lifestyle of customers is another import factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world. The lifestyle of a consumer will influence on his behavior and purchasing decisions. For example, a consumer with a healthy and balanced lifestyle will prefer to eat organic products and go to specific grocery stores, will do some jogging regularly (and therefore will buy shoes, clothes and specific products), etc.(Zott, Amit and Massa, 2010)

Organisational Performance

The objective of any firm is not only to gain competitive advantage but to improve on it operations toward the attainment of organizational goal. Enterprise performance could be sustained through effective deployment of resources in achieving the goal. Veer (2015) argues that most organizations strive to strengthen their supply-chain channels to improve on their performance. However, market share, business expansion, business sustainability and through supply-chain interconnectivity are construct measurements of performance which according to Veer (2015) must be entrenched for effective flow of products from the manufacturer down to the ultimate consumers. But, the present study uses business expansion and product diversification to measure the performance of the selected manufacturing firms in South South, Nigeria. Business expansion is concerned with the opening of another manufacturing outlay in addition to the existing ones while product diversification is the process of expanding business opportunities through additional market potentials of a product.

In addition, Jerill (2013) sees organizational performance as the nexus between effective cost and realized output and also relationship between output and results achieved over a period of time. More so, enterprise performance explains how organization successfully appropriates their resources in meeting the demands of the changing environment. For organization to achieve enhanced performance, every segment of the organization must work in synergy that has collective effect on the output, rather than individual output (Nuah,2010). These organizational segments through which improved performance could be endangered are:

i) Strategic objectives – this is the echelon that evolves corporate strategy. This is the level that provides direction as corporate goal while other segments of the organization draft their objectives in line with the overall strategic objective of the organization.

ii) Organizational structure – the organizational structure is such that it will not only support the strategic objective but provides the desired capabilities for successful implementation of organizational strategy for improved performance.

iii) Business performance measures – this represents various strategies earmarked by sub-departments as they worked inter-dependently in achieving its specific goal. Each department is expected to institute specific performance measures which would be determined in the light of the overall goal of the organization. This is the level where the operation managers would come up with their own strategies in an attempt to meet up their objectives. In other words, these departments do set their target to meet their objectives. The efficacy of achieving the targeted objectives evolve on the kind of information the department has. This, however, requires effective management information system.

iv) Allocation of resources and processes – this involves effective utilization, and mobilization of resources in an attempt to meet the demands of the environment. Decision making on resource allocation must be carefully done with respect to the changing of business environment. Attention must be given to time, money and efforts in order to achieve the stated objectives.

v) Values, culture and guiding principles – every policy statement must be environmentally-driven because societal values, norms are powerful force that influences the behaviour off the people within the community. Therefore, policy statements must be strategically implemented in the light of the socio-cultural antecedents of the host community where the manufacturing enterprises are situated for the desired performance. This is important because socio-cultural factors are external to these firms, as such, they should be proactive to their environment (Nuah, 2010).

Summary

The book, however, provided empirical evidence that organization especially manufacturing firms should pay adequate attention on issues relating to customer relationship management because any unit increase on any of the measuring variables will bring about a significant increase on performance. However, the result of the study points to the fact that customer relationship management is critical to the attainment of organizational goals because customer acquired is an assets to that firm in the light of the competitive nature of business environment.

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