IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 21, Issue 2. Ser. I (February. 2019), PP 18-23
www.iosrjournals.org

Influence of Relationship Marketing Strategies on Consumer Behavior of Premier Account Holders of Commercial Banks In Kenya

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Abstract: *The market environment and customers keep on changing, leading into complex network and relationship. The banking industry has witnessed uncertainty since the financial crisis in 2007 that affected the whole world causing significant effect on consumer behavior across the globe that changed the way customers interact with the banks. The general objective of the study was to investigate the influence of relationship marketing strategies and consumer behavior of premier account holders of commercial banks in Nairobi county Kenya. The study used descriptive research design. The findings revealed there was significant relationship between relationship marketing and consumer behavior of the banks. There was significant strong positive relationship between customer orientation and consumer behavior while moderate relationship was established between service quality, communication & trust and consumer behavior. The study recommends that a combination of communication channels be used to communicate the marketing activities too all employees as well as stakeholders.*

Keywords: *Relationship Marketing Strategies, Consumer Behavior, Premier account holders, Commercial Banks*

Date of Submission: 20-01-2019 Date of acceptance:04-02-2019

I. Introduction

Marketing has evolved over a period of time and the 4ps are no longer the major issues. Relationship marketing is gaining popularity among companies in recent years making firms to understand and appreciate the value of the customer rather than the product. Due to increase in competition most companies have established relationship marketing as one of the strategies to retain and enhance customer relationship. Marketing managers today are no longer following the same game rule of competition of acquiring new customers but expanding the customer database and ensuring they maintain good relationship with other stakeholders.

Relationship marketing is one of the strategic imperatives that companies are adopting in their businesses making companies to move closer to customers to create value and transform customers' problems to into solutions rather than just performing the selling activities (Kuo 2013). Companies are adopting relationship marketing strategies that contain marketing programs that will enhance a positive consumer behavior. According to Kuria (2014) relationship marketing should be tailored to understand the behavior of customers and known what they want. The challenge that continues to face relationship marketing strategies adopted by companies is the quality of the relationship between the two parties and how to keep the customers.

The banking industry has witnessed uncertainty since the financial crisis in 2007 that affected the whole world causing significant effect on consumer behavior across the globe that changed the way customers interact with the banks. Customers have become increasingly mobile and demanding more than before hence changing their perceptions at a rapid rate making customers to give threat to banks of not accessing some or not at all their services. Customers are knowledgeable hence increasing their level of consumer sovereignty (Evans, 2014), making customers to make choices on which bank to transact. Customers trust has fallen dramatically (KMG, 2013; Ernest & Young, 2014). With customers losing trust with banks hence it is manifested in customer switching behavior resulting into low customer retention. It is very costly for banks to attract new customers than retaining the old customers.

The government used the above study to understand the emerging trends in relationship marketing. The government was also able to manage the market challenges facing most of the banking sector in Kenya through this research. On the other hand, policymakers used the above study on formulating and implementing policies that are used in enforcing the rules and regulations of marketing standards that ensured market practitioners are ethical when performing their duties.The banking sector also benefited from the study by coming up with strategic plans that ensured they understand the consumer behavior who are the premium holders and they are able to maintain good relationship with their client and stakeholders. Businesses practitioners should able to make proper decision on meeting customers' needs by implementing relationship marketing. The purpose of this study is to investigate the influence of relationship marketing strategies and consumer behavior of premier account holders of commercial banks in Kenya.

II. Literature

Relationship Marketing Theory

This theory was developed by Gummesson, (1996) and in 1998 Alexander exposed on the theory by explaining that organizations have to create interactive relationship with existing customers andpotential customers that result into long term relationship and increase in profitable. Relationship marketing involves having good relationship with other stakeholders such as suppliers and shareholders. According to Sheth and Parvatiyar (1995), categories of relationship marketing that involved network marketing, interaction marketing and database marketing. Database marketing comprises the custom of information technology to be able to increase the level of customer faithfulness and ensure customer satisfaction.

Commitment –Trust Theory

The theory was developed by Morgan and Hunt in 1994. The theory borrows some of the ideas from psychology and economics. The theory states that for a relationship to be successful there should be commitment and trust from both parties. In other words, companies should develop commitment and trust towards their customers in order to build a strong relationship with them. According to Brink and Berndt (2004), trust is all about confidence from both parties who are in the relationship and ensuring they deliver their promises. According to Morgan and Hunt (1994), there are three reasons why companies build relationship with customers namely; encourages cooperation from both parties, discourage firms from coming up with short term alternative clients instead of long-term clients and lastly allows the company to take risk knowing that they have committed customers who trust the company. Relationship marketing is all about forming a bond with customers by ensuring the firm meets their expectations and being committed.

III. Empirical Studies

Roberts (2013), there is relationship that exist relationship marketing program and consumer behavior in fast moving consumer goods and this has great impact on the specific behavioral variables hence bring out an effect. Therefore, relationship marketing programs influence their way consumers purchase products and corporate organizations should focus on marketing sure they have proper relationship marketing strategies. Chung (2013), relationship management has an impact on customer satisfaction and there are various strategies and organizations have adopted to have customer satisfaction hence relationship between relationships marketing and customer satisfaction. It is important firms to lure consumers by making sure they adopt a certain attitude and behavior by encouraging the communication among service provider and the customer.

Nalin and Ananda (2014) conclude Sri Lankan contributes to the national economy and banks use non – pricing determinant to have competitive advantage over there other banks. Al-Hersh et al. (2014), there is a high degree of positive attribute on customer relationship marketing on the dimensions of trust, communication, empathy and social bonding customer behavior. Customer relationship marketing has great impact on customer behavior due to gender, educational level and age. Trust dimension on customer relationship marketing is very important variable that affect consumer behavior.

Ibojo and Dunmade (2016), examined the impact of relationship marketing on consumer behavior on which they also examined the rate at which trust affect consumer behavior and the effect of competence on relationship marketing. From the results, 1% shift of relationship marketing result into 81.1% of consumer behavior and 1% of trust result into 72.2% of consumer behavior. Therefore, relationship marketing has a positive relationship with consumer behavior and it influences it at a great extent. Msangi (2015) consumer choice of a bank that they want to be associated with is highly affected by the economic factors such as income of individual can determine how much is being saved in the bank. Status, age and lifecycle stage affect highly on consumer choice of the bank. Culture, sub culture and groups have low effect on the consumer choice of the bank.

Kuria (2014) banks apply customer relationship marketing to a great extent and employee-oriented CRM strategies are present which enhance performance to a great extent. Communication oriented CRM strategies are applied by banks at a moderate extent. Loyalty oriented is used at Customer Relationship Marketing (CRM) activity which does not enhance performance. Abizer (2015), marketing managers should focus their attention on enhancing commitment with their customers so that to drive positive perception towards the banking services. It is important for marketing managers to consider building trustworthiness that result into customer loyalty as a method of creating competitive advantage for the service provider. Omenye (2013), service quality, value offered, price and brand image have positive effect on customer loyalty. Price perception and customer loyalty has positive relationship in which customers who are happy with the price are always willing to buy more and be connected with the product. Momanyi (2014), relationship marketing affects customer behavior to a moderate extent. Organizations should enhance customer satisfaction by ensuring better customer service quality to achieve customer satisfaction by coming up with strategies that are measurable, realistic, and easy to implement by all levels of the organization.

IV. Methodology

Descriptive cross sectional survey was used for the above study. According to Kothari (2014), research design should have supreme information that provides opportunity for consideration of different phases of problem. The research nature and context determined the appropriate research design for the study. According to Sekaran and Bougie (2012), population is the number of people or firms that an individual wants to study for the research. The population of the study in this research involved every single commercial bank operating in Kenya. According to Kenya Bankers Association Report (2016), it is estimated that 120 customers who own premier account holder visit various banks every day in Kenya.

Sampling involves selection of elements from a target population to form a sample, in this case simple random sampling was used to determine sample respondents. The technique ensured that a proportionate and representative number of respondents are selected from the target population. The sample size of the study was 42 respondents that is one person per bank. Primary data was used for the above study which was collected through the use of a questionnaire which was semi-structured and will be self-administered to the relationship managers.

V. Results/Findings

According to the findings, 34.3% of the banks in Kenya have between 31-40 branches followed by 28.6% who have 21-30 branches. Only 3 customers have less than 10 branches. Most banks strive to have a national outlook and a well spread out network of branches due to stiff competition across the country. On the other hand the results show that a biggest proportion of the number of customers under premier banking, which is 35.1%, have between 100 to 200 customers, 28.6% are over 200, 17.1% have between 51-100. The least proportion have less than 50 customers at 8.6%. This can be used as an indicator of the number of customers in premier banking has a bearing on relationship marketing practices. This implies that most Kenyans have premier holder accounts and the number continues to grow. Banks should focus on attracting more premier account holders.

Correlation Analysis

Correlation analysis was used to test the strength of the relationship between relationship marketing and consumer behavior. Correlation analysis is the used to identify the relationship between two continuous numeric variables which gives a result of correlation coefficient (Crossman, 2013). The correlation coefficient (r) results are presented as shown in Table 1 using Pearson correlation analysis, which computes the direction (Positive/negative) and the strength (Ranges from -1 to +1) of the two variables. There was a correction to all the variables at p value of 0.05, this shows that all the results on this correlation were treated at a confidence interval of 95%.

Table 1 Correlation Analysis

		Customer orientation	**Service quality**	**Communication**	**Brand Image**	**Trust**
CO=Customer orientation	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	35				
SQ=Service Quality	Pearson Correlation	.590**	1			
	Sig. (2-tailed)	.001				
	N	35	35			
C=Communication	Pearson Correlation	.523*	.431	1		
	Sig. (2-tailed)	.018	.058			
	N	35	35			
BI=Brand image	Pearson Correlation	.583**	.464*	.141	1	
	Sig. (2-tailed)	.001	.039	.553		
	N	35	35	35	35	
T=Trust	Pearson Correlation	.650**	.173	.324	.215	1
	Sig. (2-tailed)	.001	.464	.163	.364	
	N	35	35	35	35	35
CB=Consumer Behavior	Pearson Correlation	.783**	.620**	.638**	.466*	.625**
	Sig. (2-tailed)	.001	.001	.001	.049	.001
	N	35	35	35	35	35

**. Correlation is significant at 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2- tailed).

From the above Table 1, there is positive correlation between customer orientation and consumer behavior at Pearson's correlation coefficient of r=0.783 and significance level of 0.01. Similarly, service quality has positive relationship with consumer behavior at r=0.620 and significance level of 0.01. Similarly, results were obtained between communication and consumer behavior with Pearson's correlation coefficient of 0.638 and level of significance being 0.01. On the other hand, brand image had insignificant positive relationship with consumer behavior at a Pearson's correlation coefficient of 0.466 and level of coefficient of 0.049. Finally, trust has significant relationship with customer behavior at a Pearson's correlation of 0.466 and p-value of 0. 01. This study is consistent to Hersh et al (2014) there is a high degree of positive attribute on customer relationship marketing on the dimensions of trust, communication, empathy and social bonding customer behavior.

Regression analysis of consumer Behaviour

Regression of consumer behaviour was regressed against five variables of consumer behaviour namely, customer orientation, service quality, communication, brand image and trust. The results are shown on table 2

Table 2 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-4.126	.539		-7.955	.000
Customer Orientation	.188	.108	.100	1.742	.000
Service quality	1.516	.114	.915	13.337	.000
Communication	.208	.051	.265	4.108	.000
Brand Image	-.184	.051	-.238	-3.602	.001
Trust	.486	.082	.351	5.908	.001

a. Dependent Variable: Consumer Behavior

From Table 2, all the variables carried positive predictive power although there was variation in significance level. The results also show that customer orientation had a positive and significant effect on customer behavior (β = 0.100, p=0.000). From above equation it meant that when other variables are controlled, a unit change in the would result to customer behavior change significantly by 0.100 units in the same direction. However, service quality had a positive and significant effect on customer behavior (β = 0.915, p=0.000). From regression equation it implied that when other variables are controlled, service quality to customer behavior change significantly by 0.915 units in the same direction. Similarly, communication had a positive and significant effect on consumer behavior (β = 0.265, p=0.000). From regression equation it implied that when other variables are controlled service quality result to consumer behavior change significantly by 0.265 units in the same direction. Brand image had a negative and significant effect on customer behavior (β = -0.238, p=0.001).

From regression equation it means that when other variables are controlled, a unit change in the trust would result to consumer behavior change significantly by 0.238 units. The regression equation was as follows:

$Y = -4.126 + 0.188X_1 + 1.516X_2 + 0.208X_3 + -.184X_4 +0.486X_5$

Where:

Y =Consumer Behavior

B_0 = model's constant, B_1 to B_4 =regression coefficients, X1=Customer Orientation

X2= Service quality, X3= Communication,X_4 =Brand Image,$X_{5=}$ Trust

The overall model show that relationship marketing strategies influence consumer behavior with a p-value of 0.001 and each variable positive predicated consumer behavior. However, only customer orientation, Communication and Service quality were significant in predicting Customer behavior.

VI. Discussion

In general, the study was to investigate the influence of relationship marketing strategies and consumer behavior of premier account holders of commercial banks in Kenya.The variables which impact relationship marketing practices were analyzed using descriptive statistics. The findings revealed that some of relationship marketing practices have been emphasized to great extent while others are to moderate extent. The most practiced was regular measures on customer satisfaction followed by rewarding of employee and managers who are committed towards customer satisfaction.

However, the least practiced was emphasizes on the need to customer orientation by managers. It was also noted that consistent of in providing quality service was poorly practiced. Therefore, the bank should support continues monitor of customers' needs to satisfy them. These findings agree with Leo (2013) customer orientation presents the central idea of the company relationship marketing and it is all about satisfying the promise of the clients. When companies build trust with customers it makes customers to purchase the product. On Service quality the bank practice mostly on how to handle customer complaints very fast by making a follow up and offering information when new products are introduced in the market. More bank offers less personalized services to meet customers' needs. These agree withOmenye (2013) that service quality, value offered, price and brand image have positive effect on customer loyalty.

Employees usually communicate with staff as a collaborative negotiation between the company and customers which usually take place during the selling process. The bank is able to build awareness, ensure they meet customer's preference. Therefore, it is important for the bank to ensure customers complain are handle quickly to build trust with customers through coming up with consistent service being offered to client. These agree with Chung (2013), relationship management has an impact on customer satisfaction and there are various strategies and organizations have adopted to have customer satisfaction hence it has been found there is a positive relationship between relationships marketing and customer satisfaction.

The study also established that relationship marketing practice had significant relationship with consumer behavior. This implies that increase in relationship marketing practices would result to customers developing positive behavior towards the bank. However, of all the study variables, brand image would result to a decrease in the behavior that consumers have towards the bank by a factor of -1.191 negative predictive power with the consumer behavior (β=-.238) implies an increase. These findings disagree with Morgan (2015) who found out that brand image is an important element on how customers perceive the relationship with brands over a period of time.

All the remaining variables carried a positive predicative power on consumer behavior of commercial banks implying that a unit increase in customer orientation, service quality, communication and trust would affect consumer behavior. These findings agree with Momanyi (2014) that relationship marketing affects customer behavior to a moderate extent. Organizations should enhance customer satisfaction by ensuring better customer service quality to achieve customer satisfaction by coming up with strategies that are measurable, realistic, and easy to implement by all levels of the organization.The finding also agrees with relationship marketing theory which suggest that with existing customers andpotential customers that result into long term relationship and increase in profitable. Relationship marketing involves having good relationship with other stakeholders such as suppliers and shareholders. Commitment trust theory that trust is all about confidence from both parties who are in the relationship and ensuring they deliver their promises.

VII. Implication To Research And Practice

Based on the study findings, this study implies that banks 'management in order to increase customer orientation there should be regular measurement of customer satisfaction and the banks should put more emphasis on rewarding .These can be done by having staff who are customer oriented to make sure they expand customer loyalty and avoid practices that may disappointment clients. The study also implies that a combination of communication channels be used to communicate the marketing activities too all employees as well as stakeholders. A well-trained marketing team should be recruited in the marketing department. The team should be well versed with the banks operations and have good knowledge of the current technology. The management should also provide enough funds to cater for marketing operations.

The study also implies that the government together with its agents that formulate policies regarding bank regulations to come up with policies that are friendly and supportive to the banks.

VIII. Conclusion

The research concluded that the extent to which relationship marketing practices have been adopted by commercial banks in Kenya was great extent. However, customer orientation was practiced to moderate extent by enhancing the efficiency of the commercial banks serving premier holders' customers hence increasing the relationship with the customers in the banks.

Service quality was practiced to great extent where banks are able to handle customer complaints very fast by making a follow up and offering information when new products are introduced in the market. Communication is practiced by banks to moderate extent ensuring employees usually communicate with staff as a collaborative negotiation between the company and customers which usually take place during the selling process.

Brand image is practiced by banks to a great extent by delivering good brand image to its customers, making customers to have good feeling about the bank. Lastly banks practice trust to great extent by treating customers fairly and respond to customers at a caring a manner. The key practices contribute positively on the consumer behavior.

IX. Future Research

Different variables could be used as control variables with different measures relationship marketing practices. The inclusion of more variables and application of more robust set of statistical tools apart from those used in this study could increase the robustness of study models and hence the validity of the results. Finally, the study was based on banks in Kenya and this limited the generalizability of the results to banking industry.

Primary data was solely utilized in the study, alternative research can be employed using secondary sources of data sourced from publications, websites, and regulatory authorities. These can then approve or disapprove the current study findings. Descriptive statistics and factor analysis were used in this research; further research can incorporate other analysis methods like correlation, regression, cluster analysis, and discriminant analysis.

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IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with Sl. No. 4481, Journal no. 46879.

Samuel Olinjo " Influence of Relationship Marketing Strategies on Consumer Behavior of Premier Account Holders of Commercial Banks In Kenya". IOSR Journal of Business and Management (IOSR-JBM), Vol. 21, No. 2, 2019, pp. -.18-23