

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,

KUMASI

COLLEGE OF ARTS AND SOCIAL SCIENCES

SCHOOL OF BUSINESS

**THE IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER
LOYALTY, A CASE OF VODAFONE GHANA, KUMASI MAIN OFFICE**

**THESIS SUBMITTED TO THE KNUST SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION**



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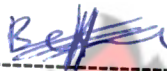
DECLARATION

I hereby declare that this Long essay is true account of my own work except for the references which have been duly acknowledged.

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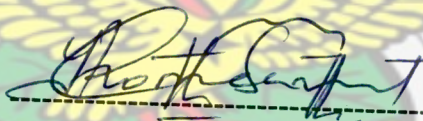

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ABSTRACT

Many managers today are not aware that to succeed in a competitive environment, they have to move from the product and selling philosophies to marketing philosophy. Relationship Marketing is believed to work most effectively when customers are highly involved in the service, there is an element of personal interaction, and customers are willing to engage in relationship building activities. Generally, the study aimed at finding out the impact of relationship marketing on customer loyalty using Vodafone Broadband4U service as a case. Various literatures on the topic were reviewed from various authors. Since relationship marketing includes the delivery of sustained or increasing levels of satisfaction and retention of those customers by the maintenance and promotion of the relationship, subscribers were therefore surveyed to determine their perception of value received, quality, satisfaction with services and satisfaction of the provider relative to competitors. Simple random and cluster sampling were the main sampling techniques used. Questionnaire was the main research instrument used in the data collection process. In all 465 questionnaires were administered out of which 425 were returned comprising 410 of customers signifying 91.11% response rate and 15 members of staff and management of Vodafone Ghana, Kumasi Main Branch. The total response rate was 91.3%.

The study revealed some interesting findings. The study revealed that only 8% of the customers indicated that their relationship with clients were not cordial whilst 22% remained neutral on the issue. The remaining 70% indicated positive cordiality between staff and subscribers of Broadband4U services. Based on the study it was recommended that Vodafone Ghana should regularly monitor its relationship with its clients in person or over the telephone as it is difficult to retain customers unless they are receiving a base level of quality and value.

DEDICATION

This work is dedicated to my dear husband, Yaw Kwakye and my lovely boys Kofi, Nana Kwame and Nana Poku without whose caring support it would not have been possible to complete this thesis and to my parents Mr and Mrs Toku-Afriyie who passed on a love of reading and respect for education.

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Last but not the least, I would like to thank my dear husband Yaw Kwakye and my lovely boys, Kofi, Nana Kwame and Nana Poku for their never-ending support and encouragement throughout my studies. A special thanks also goes to my parents, Mr and Mrs Toku-Afriyie and siblings Vivian and Kwame for their love and support.

To all I say God richly bless you!

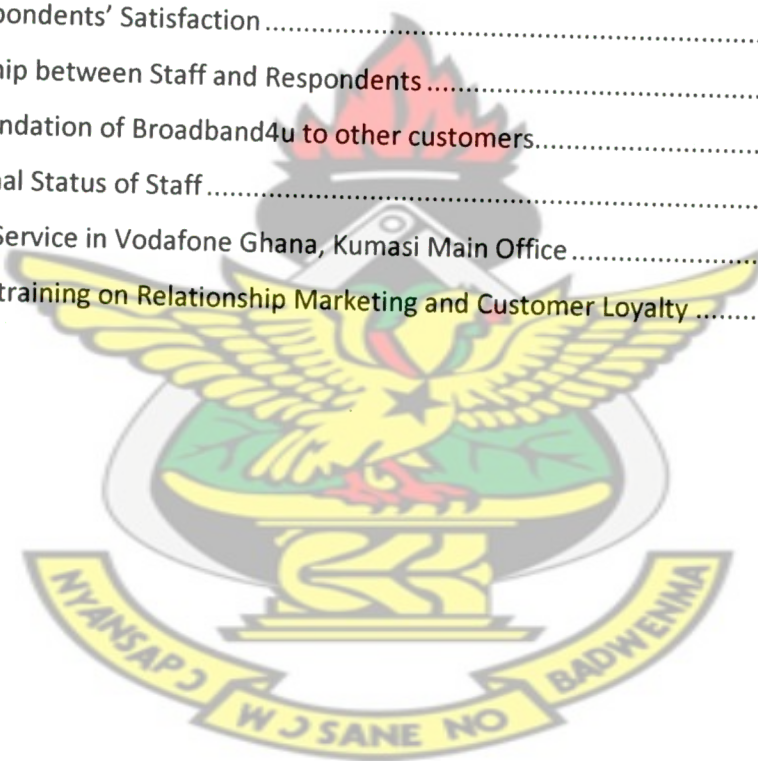
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Today's competitive environment in the telecommunication industry presents opportunity to introduce customer loyalty programmes which is a vital tool for any organization seeking to achieve good results. Many organizations move from the product and selling philosophies to marketing philosophy in competition is raised to an unprecedented heights.

Relationship Marketing (RM) has been put forth as a way for organizations to develop mutually beneficial and valuable long-term relationships with customers (Ravald and Gronroos, 1996). RM is believed to work most effectively when customers are highly involved in the service, there is an element of personal interaction, and customers are willing to engage in relationship building activities (O'Malley and Tyann, 2000).

The concept of Relationship Marketing has emerged within the fields of service marketing and industrial marketing, Gronroos, (2000). The phenomenon described by this concept is strongly supported by on-going trends in modern business. Establishing a relationship, for example with a customer, could be divided into two parts, that is to attract the customer and to build the relationship with that customer so that the economic goals of the relationship are achieved.

To be successful, organizations must look into the needs and wants of their customers. This is the reason why practitioners, researchers and academicians have continuously emphasized on the importance of customer loyalty.

Outcomes from quite a number of research have shown that customer loyalty has a positive effect on a firm's profitability. Zairi (2000) postulates that customers are the purpose of what we do and rather than them depending on us, we very much depend on them. This is the main reason why organizations today are focusing on customer loyalty of which Vodafone Ghana is no exception. Customer loyalty according to Anderson and Jacobsen (2000), is actually the result of an organization creating a benefit for a customer so that they will maintain or increase their purchases from the organization.

Most of the products and services in the telecommunication industry are easy to copy since services they provide identical; they could use price as well as quality to differentiate their products. Additionally, customer loyalty is potentially an effective tool that management of a telecommunication organization could use to gain a strategic advantage to survive in today's ever-increasing competitive environment. Information, Communication and Technology (ICT) is a tool of the day and one ingredient is the Broadband. There are several forms of connectivity; namely wireless, dial-up and broadband. And out of these, broadband is the fastest and the most permanent means.

"Broadband for you" (Broadband4U) is a generic high speed, 'always-on' internet access and this means one does not have to dial up every time he or she wants to use the internet. Also, broadband4u keeps the customer's phone line open which allows the phone to be used for voice call or fax whilst still connected. As service providers, customers expect better services and high standards from Vodafone. This presupposes that management would have to do all that they could to have a long and lasting relationship with its customers in order to maintain customer loyalty.

Therefore, the impact of relationship marketing on customer loyalty as the subject matter of this study remains an important issue for most organizations of which Vodafone Ghana is no exception.

1.2 Problem Statement

Trade liberalization has led to the influx of internet service providers in the Ghanaian telecommunication sector and this has brought about keen competition in the sector. Survival in this sector would to a large extent depend on the level of interaction between an organization and its customers. Again, with increased information flow, competition and customer sophistication, customers are constantly switching in search of better services. This has made Relationship Marketing the cornerstone of a solid, thriving business. Again, research has shown that it costs six to thirty times more to get a new customer than it does to maintain the loyalty of an existing customer (Kotler, 2000).

Good customer relationship marketing entails thoughtful customer care and customer experience design. Customer loyalty is directly tied to the quality of an organization's customer relationship management. The problem facing internet providers is how to maintain a cordial relationship with their customers to become loyal customers. Thus, can Vodafone Ghana identify opportunities to improve upon its customer relationship programs to gain more competitive advantage over its competitors within the industry.

1.3 Objectives of the Study

The main objective of the study is to find out the impact of relationship marketing on customer loyalty. Specifically, the study will attempt to

- Investigate what relationship marketing policies the company has in place
- Find out how customers perceive the relationship they have with Vodafone.

- Find out whether the customers would recommend broadband4u to other people in need of the internet access
- Find out whether customers are satisfied with the Broadband4u service
- To suggest the best strategies to effectively promote customer loyalty

1.4 Research Questions

- What dimensions of relationship marketing are more important in influencing customer loyalty?
- How do customers' perceive the relationship they have with the company?
- What really make customers satisfied with the Broadband4u product?
- Are customers likely to recommend the Broadband4u to other customers?
- What is the best way to improve relationship marketing and customer loyalty at Vodafone?

1.5 Significance of the study

The study seeks to address the impact of relationship marketing on customer loyalty. It is hoped that the study will result in the following benefits, thus it will help management of Vodafone to discover the greater profitability in relationship it has with its customers

Also, it will provide guidelines for Vodafone to develop strategies to effectively promote customer loyalty as well as help customers of the Vodafone Broadband4u have a positive perception about the company. Finally, it is hoped that this study will contribute to academic thought and research.

1.6 Scope of the Study

Vodafone Ghana has seven (7) exchanges in the Ashanti Region namely Kumasi, Buokrom, Tanoso, Obuasi, KNUST, Konongo and Bekwai, there are broadband4u services in all these

exchanges. The study is however limited to the Kumasi Office due to the fact that the Kumasi Exchange has the majority of broadband4u customers. Also, the Kumasi Office is situated at Adum the central business district of Kumasi, more so being the capital city of Ashanti Region, Kumasi is vibrant in terms of business activities both in the private and the government sectors.

1.7 Brief Overview of Research Methodology

The study adopted the deductive approach whilst explanatory method was used for the research design. The population for the research was made up of 1831 customers as well as 50 management and staff of Vodafone Ghana Kumasi Main Office. The sample size for the research consisted of 450 customers of Vodafone Broadband4u and 15 management and staff of Vodafone Ghana Kumasi Main Office. The Sampling technique used for the study was the probability sampling which included both cluster and simple random sampling. The study used both primary and secondary data. Questionnaire was the main research instrument used in the data collection process.

1.8 Limitation of Study

The constraints encountered included access to data, limited time and financial constraints associated with business and management research project. One of the problems encountered by the researcher was inaccessibility of data.

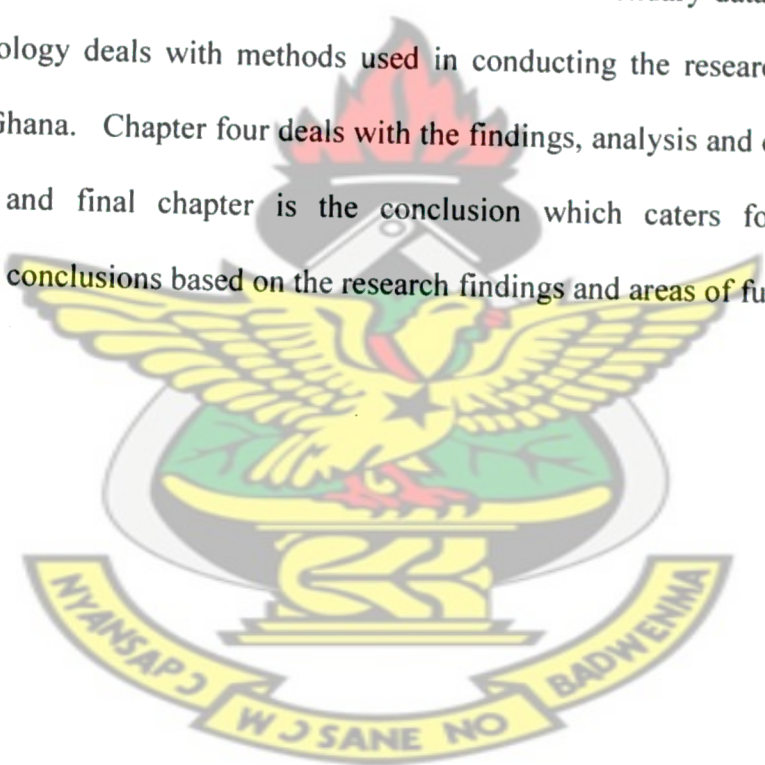
Management of Vodafone Ghana, Kumasi Main Office, was not ready to release information to the researcher.

In terms of time constraints, the study was conducted alongside attending formal lectures and work, therefore making it difficult for the researcher to devote all her time to the study. The researcher has to rely on her own limited sources of funding the study. Irrespective of these inevitable factors, comprehensive work was done and the thesis completed on schedule.

1.9 Organization of the Study

The study has been divided into five (5) chapters. Chapter one which is the introduction provides a background to the study, statement of the problem, objectives of the study, significance of the study for conducting the study at Vodafone Ghana, Kumasi, limitations of the study and last but not the least how the study is organized.

Chapter two on the other hand, deals with the literature review. This involves the review of existing literature in books, journals bodies of professional research articles on relationship marketing and customer loyalty. It also includes the review of secondary data. Chapter three which is the methodology deals with methods used in conducting the research as well as the profile of Vodafone Ghana. Chapter four deals with the findings, analysis and discussions of the study. The fifth and final chapter is the conclusion which caters for the summary, recommendations and conclusions based on the research findings and areas of future studies.



CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In recent times, Relationship Marketing has been one of the most frequently mentioned phrases in scholarly marketing journals as well as in business publications. Relationship marketing emerged in the 1980's as an alternative to the prevailing view of marketing as a series of transactions, because it was recognized that many exchanges, especially in the service industry, were relational by nature.

As research in the area of relationship marketing has developed there have been numerous attempts to define relationship marketing.

2.2 Concept of Relationship Marketing

Relationship Marketing means different things in different cultures; the concept emerged within the fields of service marketing and industrial marketing (Christopher *et al.*, 1991; Gummesson 1991; Lindgreen *et al.*, 2004). Although past studies have made significant progress towards understanding relationship marketing, two fundamental questions remain unanswered: what precisely is relationship marketing and how can it as a concept be implemented?

The concept of relationship marketing was formally introduced by Berry, (1983), who defined relationship marketing as “attracting, maintaining and enhancing customer relationships”.

Recently, Harker, (1999) proposed the following definition: “an organization engaged in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers (partners) over time are engaged in relationship marketing”. The fact

that there is no universally accepted definition reflects the diverse research traditions which have contributed to relationship marketing.

While such a diversity of perspectives can offer many advantages, there is also the risk of creating confusion and for some this continues to be a weakness associated with relationship marketing (Harker, 1999, Lindgreen, 2001). One of the best-known definitions of relationship marketing integrates both transactional and relational views and as such provides a broad perspective which can accommodate a variety of views on the specific nature of relationships. For Grönroos (2000, p. 26), the purpose of marketing is to

“Identify and establish, maintain and enhance, and when necessary terminate relationships with customers (and other parties) so that the objectives regarding economic and other variables of all parties are met. This is achieved through a mutual exchange and fulfillment of promises.”

Establishing a relationship, for example with a customer can be divided into two parts: to attract the customer and to build the relationship with that customer so that the economic goals of that relationship are achieved.

Oliver (1999) defined relationship marketing as a “deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite that there are situational influence and marketing efforts having the potential to cause switching behaviour”.

Although the above four definitions differ somewhat, they all indicate that relationship marketing focuses on individual buyer-seller relationships, that these relationships are longitudinal in nature, and that both parties in each individual buyer-seller relationship benefit.

For the purposes of this study, the definition by Grönroos, (2000), which says that relationship marketing is to identify, establish, maintain and enhance and when necessary terminate

relationships with customers and other parties so that the objectives regarding economic and other variables of all parties are met, would be adopted.

In short, from a firm's perspective, the relationship marketing concept can be viewed as a philosophy of doing business successfully or as a distinct organizational culture/value that puts the buyer-seller relationship at the centre of the firm's strategic or operational marketing.

2.3 A shift from Transactional Marketing to Relationship Marketing

Modern marketing revolves around the Customer. It is an old and by-now universally accepted concept that the Customer is the King. Customers are treated as the eyeballs of all major companies in the world. The little-guy-the-customer is the person who has unique interests, needs, attitude preferences, issues and opportunities, and most importantly the authority to spend the money on the offerings of the company.

Therefore the traditional approach of making one-time sales is being replaced with making long term commitment to the customer. The former approach is popularly known as transactional marketing, while making long term commitment is the basic of relationship marketing.

Transactional Marketing as the name implies is where marketers design their programs which last point is making sales. In this context, the tail end of marketing activity or program depends on the sales force that followed routine selling process.

Aside the cost involved in production, pricing, promotion, distribution and other marketing activities, the selling process cost very high, so service marketers suggested that it is not prudent for marketers to incur all these cost and sell to a customer for just one time and leave for another customer. In many service industries (e.g. banks, insurance companies, telephone companies,

internet service companies), firms are valued based on the size of their customer base, which is the number of customers that are considered as current customers of that firm.

These current customer relationship of a provider represents revenue and profit potential of the provider. As a consequence they try to prevent the loss of these customers and strive for customer loyalty. In addition, many writers have emphasized that it cost as higher as six to thirty more to get a new customer than it does to maintain the loyalty of an existing customer (Kotler, 2000).

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For this reason, marketers ensure that existing customer base is maintained and manage effectively. Christopher *et al*, (1994) suggested that, the one surest way of doing this is to shift from a transactional motive of marketing to a new motive where marketers are concerned with the management of long-term relationship with customers and suppliers.

They used the illustration below to show the distinction between transactional marketing and relationship marketing.

Table 1 Distinction between Transactional Marketing and Relationship Marketing

Transactional Marketing	Relationship Marketing
Focus on single sale	Focus on retention and building customer loyalty
Emphasis upon product features	Emphasis upon product benefit
Short time scale	Long time scale (longer profit)
Limited customer commitment	High customer commitment
Moderate customer contact	High customer contact (use to build relationship)
Quality is essentially production	Quality is the concern of all departments

Source: Adapted from Christopher, Payne and Ballantyn, (1994)

The study of customer relationship marketing has undergone major changes in the field of marketing. Considering the above literature it can be said that historically the exchange were often viewed as arm's length and adversarial, putting the customer against the seller in a battle in which each sought to maximize immediate returns, while minimizing cost.

Growing a business in those times was thought of in terms of acquiring new customers with aggressive marketing and sales efforts by offering new goods and services that appealed to a different target market, or by expanding geographically with additional locations.

Webster (1992) suggested that if marketing exchanges were developed into long-term, mutually satisfying relationships between customers and firms, then it could be a strategic asset for companies.

Literature suggests that a business that adopts relationship marketing orientation will improve its performance. This observation has been supported by both marketing academics and practitioners for about two decades ago (Berry, 1983; Fuhrman, 1991; Gummesson, 1994; Yan *et al.*, 2000).

Brown and Swartz, (1989) suggested that given the importance of personal relationship in the service business, relationship marketing should have potentially strong influence on the service industry, which is characterized by dynamic exchange process in which firms employees interact with customers directly. Building strong relationship between a firm and its customers can help the firm to increase the customer loyalty and /or commitment to the firm.

Therefore, the adoption of relationship marketing can help the service provider to design and offer a service mix that is perceived by core customers as superior, whilst at the same time helping the firm to make profit and build competitive advantage.

According to Rapp and Collins (1990), customer relationship building creates mutual rewards which benefits both the firm and the customer. By building relationship with the customers, an organization can gain quality source of marketing intelligence for better planning of marketing strategies. The new paradigm asserts that marketers should view customers as a tremendous growth opportunity. Today, these customer-seller relationships are recognized as pervasive, inescapable and inter-dependable, thus with ties between consumers and business is of vital interest to both parties. Customers benefit in terms of enhanced value, better quality and increased satisfaction with their purchases. (U.S. Department of Commerce, 1994; File and Prince, 1993), while firms benefit from greater volume of sales, better operating efficiencies, positive word-of-mouth publicity, improved customer feedback and decrease marketing expenses (Buttle, 1996; Reichheld and Sasser, 1990; Vavra, 1992).

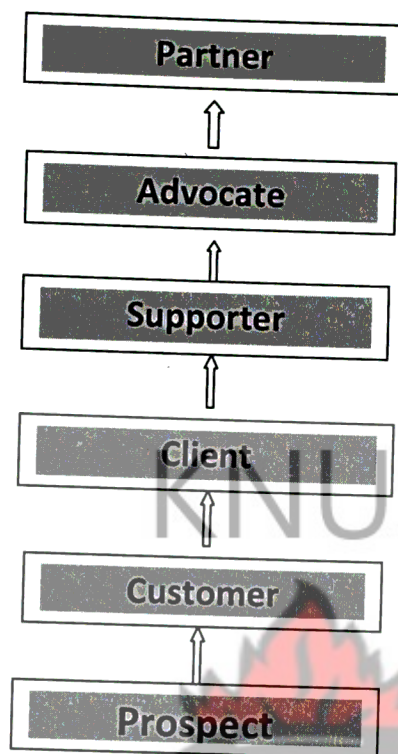
2.4 Goals of Relationship Marketing

The primary goal of relationship marketing, as outlined by Zeithaml and Bitner (2003) is to “build and maintain a base of committed customers who are profitable for the organization”.

This goal may be achieved through the acquisition, retention and enhancement of customer relationships (Peck *et al.*, 1999; Zeithaml and Bitner, 2003). Once the company has decided on which customers or group of customers to target, the focus should shift to the achievement of these goals.

Peck *et al.* (1999) proposed ‘The relationship marketing ladder of loyalty’ as an illustration of the various relationship development stages. While the focus of this paper is on building customer relationships, the loyalty ladder has relevance for all groups within the customer market domain.

Figure 1 **The relationship marketing ladder of loyalty**



Source: Author's Construct

Having identified the 'prospect' for the development of the relationship the firm must try and move the prospect up the ladder to 'purchaser'. At this stage, according to Peck *et al.* (1999), the party involved has done business just once with the organisation. The next stage is to turn the 'purchaser' into a 'client'. A 'client' is someone who has carried out repeat business with the company, but whose attitude is negative or possibly neutral at best. The next stage involved in the process is the 'supporter' stage where the consumer begins to like a company even though this may only be passive.

When a customer is at this stage and there are grounds to develop a relationship, Zeithaml and Bitner, (2003) propose that customers will be enticed to carry on with the relationship if they are consistently provided with quality offerings and value over time. If the company is successful in providing the consumer with such an offering then the customer will move into the 'advocate' stage representing the successful development of a relationship between the firm and the

company. Zeithaml and Bitner, (2003) contend that this results in the consumer who is extremely positive towards the company and is less likely to be attracted by competitors as the consumer is in a relationship with a company who understands their changing needs and is willing to constantly develop their products and services to meet these needs.

The company not only benefits from the repeat business, as outlined by Peck *et al.*, (1999), but also by the consumer acting as a marketer of the company through a positive word-of-mouth endorsement of the company. At this stage Zeithaml and Bitner, (2003) also argue that a company may go further and begin to enhance the relationship, which can aid in making loyal consumers even more loyal.

The enhancement of the relationship involves a consumer purchasing even more products or services over their lifetime. For example, a bank may be successful in enhancing its relationship with a customer if they can persuade the customer to take out a loan or enter into an investment scheme. The final step in the loyalty ladder illustrated above has more relevance in a business-to-business context in that a 'partner' relationship develops between buyer and seller resulting in a trusting and mutually sharing relationship. The goals outlined, using the relationship marketing ladder of loyalty, must be achieved if the company is to be successful in building a strong and committed relationship with its customers.

2.5 Appropriateness of Relationship Marketing

"Building and maintaining relationships is a costly process. It is therefore important for a supplier to determine whether or not the costs involved are justified" (Blois, 1996). While relationship marketing has become one of the recent buzzwords in marketing, practitioners should not view this as rationale for its implementation at every chance.

Relationship marketing, when used appropriately, can assist a company in building a long-term profitable relationship with its customers, however practitioners should be aware that forcing a relationship on a party that neither requested nor desired it can result in a company driving a customer away. It has been argued by Blois, (1996) that to appreciate the appropriateness of relationship marketing it is essential for a company to understand the customer's viewpoint. If there is no relationship in place between the firm and the customer, the author contends that it is necessary to determine whether or not the customer would view the establishment of a relationship beneficial.

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Cahill, (1998) argues that relationship marketing has been used successfully in some instances in the services sector, for example financial services, in order to build relationships, as the service being offered will be of a high interest to the consumer. However the success of relationship marketing in some service businesses does not guarantee or even warrant its use in all service businesses or with all customers. It has been outlined by Zeithaml and Bitner, (2003) that the development of relationships with some customer segments may not be profitable in the long run. This situation may result from the segment being too small to justify the expense of the marketing approach or situation where the estimated revenue flows from the segment are not sufficient to justify the expense of building and maintaining the relationship.

The authors present the example of the banking industry where somewhere between 40% and 70% of customers are not profitable, as the costs of meeting customers needs outweighs the revenue received. Zeithaml and Bitner, (2003) also propose that relationships should not be developed with some customers due their difficult nature.

While the phrase "the customer is always right" has been used repeatedly to emphasise the importance of customers, the authors contend that service employees have become aware that this

is not always the case. Some consumers can be very difficult to deal with and as well as the monetary and time considerations attached to such customers, there is also the added stress that they can place on the company and its employees thus representing significant rationale for the avoidance of a relationship. For example, a nightclub may not decide to encourage the patronage of a certain customer due to his continual bad treatment of employees as well as the negative affect this would have on other patrons.

The implications of the analysis undertaken by Cahill (1998) are that companies must assess their offerings and determine whether a relationship is required to enhance values.

Furthermore, as Aijo (1996) proposes it is of great importance for a firm to research whether or not a customer would believe the establishment of a relationship to be beneficial as a situation may arise where a firm has used a significant amount of resources, such as time and money, to develop a relationship with a consumer that was going to purchase the product or service regardless of the relationship.

2.6 Elements of Relationship Marketing

2.6.1 Customer Satisfaction

Competitive advantage is secured through intelligent identification and satisfaction of customer needs better and sooner than competitors and sustenance of customer's satisfaction through better customer service tools. Customer's satisfaction holds the potential for increasing an organization's customer base, increase the use of more volatile customer mix and increase the firm's reputation (Fornell, 1992, Levesque and McDaugall, 1996).

One path to achieving customers' satisfaction is through customers' service. Customer service is the provision of service to customers, before, during and after a purchase.

Zeithaml and Bitner (2003) defined customer service as a series of activities designed to enhance the level of customer's satisfaction that is, the feeling that a product or service has met customer's expectation. Customer's service varies by product, industry and customer. It however, assume important dimension in service delivery and sales of product.

This is because service firm such as Telecommunication firms, have no inventory of finished goods to buffer production from random demand variability (Dutta and Roy, 2006). Nevertheless, it is a demanded for corporation survival, profitability and growth that service firm hold their own in competition. The Ghanaian telecommunication industry for one, has witnessed significant rise in competition in recent years due largely to the deregulation policy of government and the advent of the internet service providers. Another complex dimension to the competitive trend in Ghana is the ease and rate at which products or services are duplicated in the internet service industry and multi dimension nature of communication.

This trend fosters a scenario of continuous fight for customers share (Menzela, 1999) and an increasing need to build loyal customers through effective customer relationship activities. Loyal customers, from cost perspective tend to stay longer with the preferred providers, buy more and generate favourable word-of-mouth effect that may further benefit the preferred provider. (Reicheld and Kenny, 1990). Further, long term customers tend to take less of company time and are, somehow less sensitive to price (Gan *et al*, 2006). They further indicate that loyal customers become a priority for most enterprise and there are compelling arguments for manager to carefully consider the factor that might increase customer's retention rate. In any case, the cost of creating a new customer has been estimated to be five times the cost of retaining an existing customer (Reichheld, 1996). And loyal customers will always show resistance to customer's enticement and be able to give both solicited and unsolicited referrals. Satisfaction is a

phenomenon expressing that the performance and benefits of the products exceed the expectations of the customers.

Customer satisfaction increase the existing customer loyalty, repurchase process, awareness of the people about the firm, decrease the price flexibility, the cost of gaining new customers and prevent the customer being affected from competitive enterprise. As a result, the positive word of mouth occurs in contrast to negative word of mouth is destroyed.

2.6.2 Trust

In any relationship between two parties, trust is an essential ingredient to the success of the joint endeavour (Cyr, 1999, Norauskys, 1998). When a high level of trust exists, each party is convinced the other is committed to mutual success. This feeling is strengthened by the fact that their successes are often interdependent. A customer with a high level of trust is a customer that tends to increase purchases.

A firm that does well has the resources and commitment to produce a quality product of value for the customer. Both companies win when they create and sustain a climate for cooperation and trust. Developing a positive trust attitude encourages customers to reciprocate trust towards a firm and its products. (De Furia, 1996). When firms and customers trust each other, the degree of complexity of their negotiations decreases (Buttler, 1999). This allows them to discuss important matters for mutual success rather than a host of little details (which may relate to concerns of how to control the other's behaviour). Thus in the presence of trust, negotiations consume less time and resources. Open information sharing is more likely to occur in a climate of trust.

2.6.3 Database Management

Effective database management must be part of relationship marketing. Both researchers and academics suggest that database management is the starting point for managing customer relations and is something which will grow in scale and importance in the future.

1. The only companies able to construct lasting relationships with their customers are those that properly process and maintain an adequate volume of customer information.
2. Key information for database resource includes data on the customers themselves, i.e. the relevant dealers, agents, retailers, etc.
3. Data base management must be part of relationship marketing.
4. In a competitive marketing environment it has become evident that developing and maintaining relationship with existing customer is an important if not more, so than attracting new customers (Gronroos, 1994, Gimnesson, 1999).
5. The process of developing and enhancing relationships has traditionally been undertaken through face – to – face interaction between the customer and the personnel of a service provider (Jones and Farquhar, 2003).

2.7 Customer Loyalty

Customer loyalty is a key concept whose importance is widely acknowledged by academics and practitioners (Agustin and Singh, 2005, p. 96; Caruana, 2004, p. 256; Eggert, 2000, p. 119; Peter, 1999, p. 1030).

There are numerous definitions and terms for the concept of customer loyalty, e.g. customer retention, commitment or customer bonding (Dick and Basu, 1994, p. 99; Diller, 1996, pp. 81; Gounaris and Stathakopoulos, 2004, p. 283; Oliver, 1999, p. 34; Peter, 1999, p. 1030; Thatcher

and George, 2004, p. 245). However, most conceptualizations include at least one of the following three dimensions:

- perspective: corporate and customer
- time: past and future
- nature of loyalty: true and spurious

Loyal customers are said to have a positive attitude towards the company as well as to be less price-sensitive and less inclined to switch provider (Caruana, 2004, p. 256; Eggert, 2000, p. 122; Jones and Farquhar, 2003, p. 72; Staack, 2004, p. 68). This has a positive effect on a company's profit (Caruana, 2004, p. 256; Jones and Farquhar, 2003, p. 72; Reichheld *et al.*, 2000, p. 135).

Identifying customer loyalty types will support management in developing effective customer care concepts, e.g. provide special services for profitable and truly loyal customers or turn spuriously loyal into truly loyal customers. As a result, customers would defect less, spread more positive word-of-mouth and be accessible to cross-buying.

In a corporate view, customer loyalty (often named customer retention) consists of all measures taken by the company to strengthen the customer-company-relationship (Diller, 1996, p. 82; Eggert, 2000, p. 120; Homburg and Bruhn, 2003, p. 8; Gerpott, 2000, p. 24).

Whereas in the customer perspective, it refers to the customer's attitude to the relationship with a provider/brand/product (Jones and Farquhar, 2003, p. 72; Thatcher and George, 2004, p. 244), which inter alia becomes evident by the willingness to re-patronize (Dick and Basu, 1994, p. 100; Diller, 1996, p. 83). On the subject of time, customer loyalty is often conceptualized as past buying behaviour and/or repurchases intentions (Hong and Goo, 2004, p. 534; Jones and Farquhar, 2003, p. 72). Because intentions are not always a reliable indicator for actual future behaviour, the buying history (if available) and the behavioural intents are frequently combined

(Gerpott, 2000, pp. 28). In addition, the cross buying potential and the intention to recommend may complete the set of indicators (Eggert, 2000, p. 120; Gerpott, 2000, p. 30).

The nature of loyalty is implicitly or explicitly taken into consideration in most definitions (Dick and Basu, 1994, p. 99; Diller, 1996, p. 81; Gustafsson *et al.*, 2005, p. 210; Jones and Farquhar, 2003, p. 72; Peter, 1999, p. 1030), revealed that there are three types of disloyal, spuriously loyal and truly loyal.

2.7.1 Types of Loyal Customers

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Disloyal customers have no ties whatsoever with the provider (Gounaris and Stathakopoulos, 2004, p. 286), whereas spuriously loyal customers depend on their provider due to switching barriers, i.e. they are “trapped” (Aspinall *et al.*, 2001, p. 79; Bliemel and Eggert, 1998, p. 41; Gustafsson *et al.*, 2005, p. 211; Plinke and Söllner, 2003, p. 68; Staack, 2004, p. 68).

Though spuriously loyal customers may be dissatisfied, they must maintain the relationship, which results in a neutral or even negative attitude towards the company (Eggert, 2000, p. 126; Staack, 2004, p. 69). Thus, they are less inclined to recommend the company in question or to cross-buy. Conversely, truly loyal customers are positive-minded towards the company; they feel an inner commitment (Diller, 1996, p. 88; Gounaris and Stathakopoulos, 2004, p. 284; Gustafsson *et al.*, 2005, p. 211; Müller, 2004, p. 156).

True loyalty can be defined as 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 brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.” (Oliver, 1997, p. 392). Thanks to their conviction, truly loyal customers do not consider switching supplier (Oliver, 1999, p. 37; Staack, 2004, p. 68; Thatcher and

George, 2004, p. 245). Additionally, they often buy other products / services from the provider and do recommend it to their friends and relatives (Eggert, 2000, p. 127).

Customer loyalty is considered the key factor in gaining and maintaining market share and responsible for a firm's long-term financial performance (Pont and McQuilen, 2005). Customers see themselves as loyal through feelings of high satisfaction and positive attitudes toward a firm, translating to their willingness to repurchase from the firm (Hennig-Thurau and Hansen, 2000).

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2.7.2 Benefits of Customer Loyalty

According to McIlroy and Barnett (2000), in a business context loyalty has come to describe a customer's commitment to do business with a particular organization, purchasing their goods and services repeatedly, and recommending the services repeatedly, and recommending the services and products to friends and associates.

According to Anderson and Jacobsen (2000), customer loyalty is actually the result of an organization creating a benefit for a customer so that they will maintain or increase their purchases from the organization. They said that true customer loyalty is created when the customer becomes an advocate for the organization, without incentive.

Clarke (2001) maintained that the notion of customer loyalty may appear at first sight to be outmoded in the era of the Internet, when customers are able to explore and evaluate competing alternatives as well as checking reports from others that is at the touch of a button. Yet the evidence shows that the old rules of successful and profitable management still hold good. Indeed, the very fact that customers can so readily assess the competing services and products on

offer and then so easily make the new purchase does in itself give added weight to the importance of building strong ties of loyalty with customers.

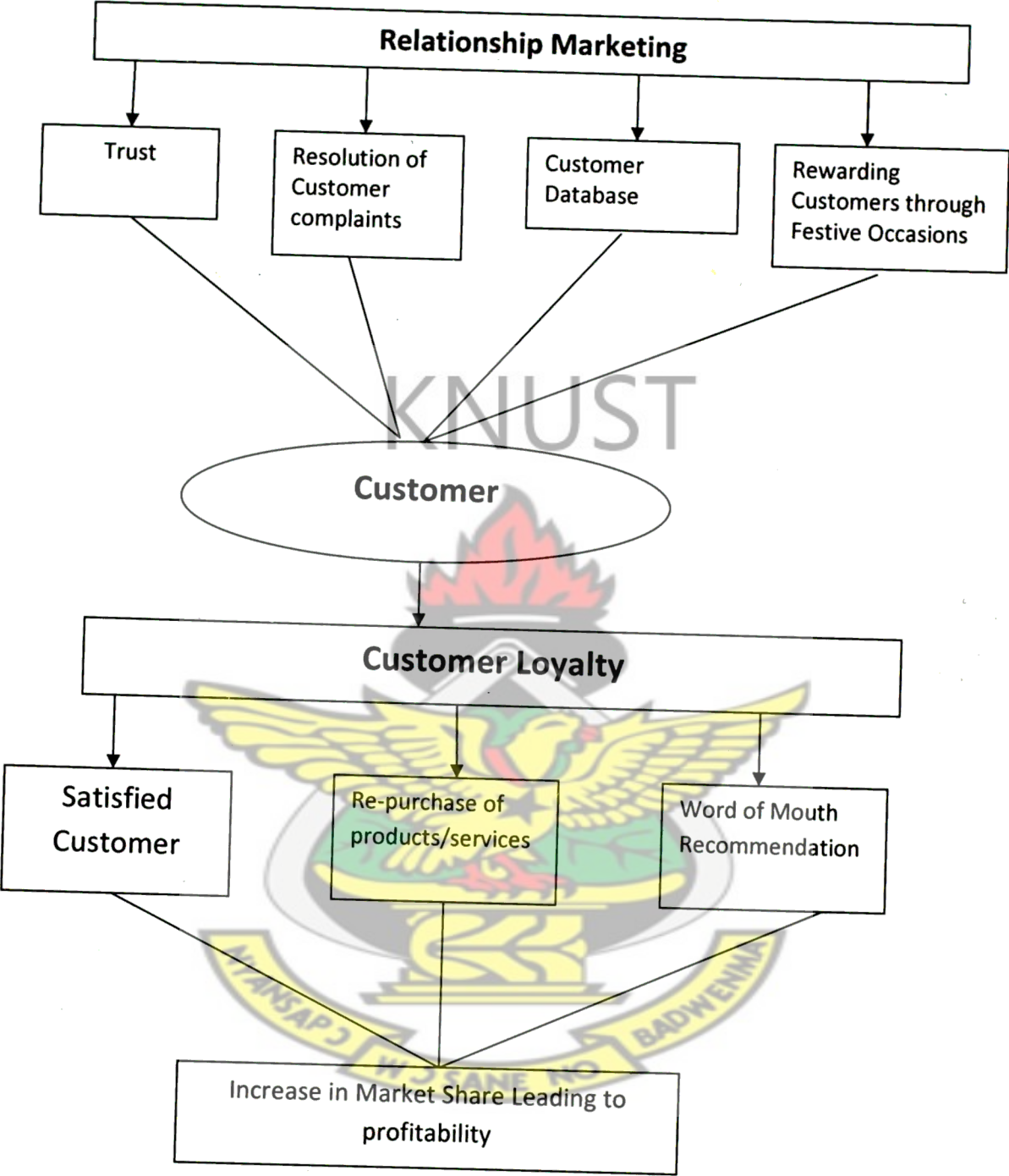
In order to describe the relationship between customer loyalty and profitability, Bowen and Chen (2001) assert that there is a positive relationship between customer loyalty and profitability. Today, marketers are seeking information on how to build customer loyalty. The increased profit comes from reduced marketing costs, increased sales and reduced operational costs. Finally, loyal customers cost less to serve, in part because they know the product and require less information. They even serve as part-time employees. Therefore, loyal customers not only require less information themselves, they also serve as an information source for other customers.

According to Bansal and Gupta (2001), building customer loyalty is not a choice any longer with businesses; it's the only way of building sustainable competitive advantage. Building loyalty with key customers has become a core marketing objective shared by key players in all industries catering to business customers.

Anton (1996) stated that when organization increases customer loyalty, a beneficial 'flywheel' kicks in, powered by increased purchases of the existing product, cross-purchase of your other products, Price premium due to appreciation of your added-value services, Reduced operating cost because of familiarity with your service system, Positive word-of-mouth in terms of referring other customers to your company.

However, in order to ensure that there is customer loyalty, organizations must be able to anticipate the needs of their customers. According to Kuandampully and Duffy (1999), a customer's interest in maintaining a loyal relationship is dependent on the firm's ability to anticipate customer's future needs and offering them before anyone else.

2.8 Conceptual Framework



Source: Author's Construct

CHAPTER THREE

3.0 RESEARCH METHODOLOGY AND PROFILE OF STUDY AREA

3.1 Introduction

In this chapter the research methodology used in the study is described. It highlights the population and sampling procedures and research instruments used for the study.

3.2 Study Methodology

Deductive approach is whereby data is collected and theory is developed as a result of data analysis. The approach to be used in this study is tilted toward the deductive approach. By this approach data on relationship marketing from Vodafone Ghana would be collected and analyzed.

3.3 Research Design

According to Saunders *et al* (2007), classification of research purpose most often used in research is threefold that is exploratory, descriptive and explanatory. For the purposes of this study an explanatory method was used. Explanatory is the situation whereby the study establishes causal relationships between variables. The emphasis is on studying a situation on a problem in order to explain the relationship between variables. Quantitative approach was used to collect and analyze data.

However, in certain situations, qualitative approach to data collection was adopted to ensure that valuable information for the purpose of the research is obtained. The data collection method used was mainly interviews and questionnaires.

3.4 Population of the Study

According to Malhotra and Birks (2007) population is the aggregate of all the elements that share some common set of characteristics and that comprise the universe for the purpose of the research problem. The population for this research was made up of all the customers of Vodafone Broadband4u in Kumasi, which is estimated approximately at 1,831 customers comprising residential customers and business customers as well as 50 management and staff of Vodafone Ghana, Kumasi Main Branch. The study for this research is Vodafone Ghana, Kumasi Branch.

3.5 Sample Size

Sample size refers to the number of elements to be included in the study, Malhotra and Birks, (2007). The sample size for this research consisted of 450 customers of Vodafone Broadband4u and 15 management and staff will be selected from a sampling frame that will be provided by Vodafone Ghana Kumasi Main Branch. One hundred and Fifty (150) was selected from the business category of customers; three hundred (300) was selected for the residential category of Vodafone Broadband4u customers whilst fifteen (15) was selected from both management and staff of Vodafone Ghana Kumasi Main Branch. Due to the large population, close to about 2000 customers, 450 as a sample size was chosen to make sure that the views were representative enough.

3.6 Sampling

There are two major alternatives on how to select an appropriate sample and they are probability and non-probability sampling. The random sampling gives every part of population an equal probability of selection. The non-probability sampling on the other hand includes a selection of a sample on other basis than the random sampling, such as convenience and personal judgment. (Zikmund, 2000). The sampling technique used in this study was the probability sampling which

included both cluster and simple random sampling. In Cluster Sampling, the population is first divided into mutually exclusive and collectively exhaustive subpopulations. The sub-populations or clusters are assumed to contain the diversity of respondents held in the population. A random sample of clusters is selected based on a probability sampling technique such as Simple Random Sampling. Simple Random Sampling on the other hand is whereby each element of the population has a known and equal probability of selection, Malhotra and Birks (2007). Due to the large number of the population, the cluster sampling technique was used to select a representative number of the population. After which, the simple random sampling technique was used to get the population sample for the study.

3.7 Data Collection Method

Saunders *et al.*, (2000) explains that when gathering data to meet the objectives of the research questions, there are two (2) sources available to a researcher that is primary and secondary data. The study made use of primary and secondary data. In this study secondary data was obtained from books, articles, annual reports and magazines of Vodafone Ghana. Primary data was obtained based on the proposition of Malhotra and Bricks (2007), who view primary data, as data originated by the researcher specifically to address the research problem.

The primary data for the study was gathered using structured questionnaires. The questionnaires contained both close-ended and open-ended questions. While the close-ended questions elicited quick responses from busy respondents, the open-ended questions allowed for flexibility and offered the respondents the opportunity to provide answers to questions for which possible answers could not be easily stated.

3.8 Data Analysis

The analysis of data was done at the end of the data collection. The responses were grouped and categorized on the basis of information provided. The analysis was done manually and Microsoft excel was used to plot the graphs and pie charts.

3.9 Profile of the Study

Vodafone Ghana was established as Ghana Telecom after World War II as a wing of the then Post and Telecommunications Corporation by Government of Ghana. In order for the company to function as a commercially viable entity, it was split into two autonomous divisions by the government of Ghana, Ghana Postal Services and Ghana Telecom in 1997. Two years later, Ghana Telecom was privatized to G-Com Ltd and subsequently contracted to Telenor Management Partners (TMP) of Norway to manage it. A Ghanaian management team then took over the affairs prior to Vodafone's acquisition about one and half years. Vodafone Ghana is one to the latest additions to Vodafone Group Plc, one of the world's leading mobile telecommunications company.

This follows the successful acquisition of 70% shares in Ghana Telecommunications Company (GT) for \$900 million dollars by Vodafone International Plc on July 23, 2008.

Vodafone Group Plc is making significant in-roads in Africa and currently operates in Kenya, South Africa, Tanzania and Mozambique.

It has significant presence in Europe, the Middle East, Asia Pacific and the United States through the company's subsidiary undertakings, joint ventures, associated undertakings and investments.

Vodafone Group has more than 289 million customers and operational in 26 countries, the company is ranked among the top 10 global companies by market capitalization. Vodafone has a unique portfolio of products and services.

The company provides customers with high speed access to the internet, mobile services and fixed lines. The company applies the latest industry technology and is keen on building the most versatile network.

This is why the company is the market leader in providing broadband services which are among the most competitive in the market. The Ghana subsidiary has a deep sense of social responsibility, which is done through responsible employee volunteerism, providing access to communication in deprived communities and investing hundreds of thousands of cedis through the Vodafone Ghana Foundation in social causes.

3.9.1 Vision

The vision of Vodafone is to lead the industry in responding to public concerns regarding mobile phones, masts and health by demonstrating leading edge practices and encouraging others to follow

Their vision is to be the world's mobile communication leader – enriching customers' lives, helping individuals, businesses and communities be more connected in a mobile world.

CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the study and discusses the findings of the study. The analysis focuses essentially on the impact of client relationship marketing on client loyalty more especially in the light of the marketers' challenges of this present-day modern business. The analysis is presented in the form of tables, and graphs. Descriptive statistical tools such as frequent distribution and percentages were used in presenting the data. In addition, the analysis will focus on certain variables such as customer satisfaction, rating client-staff relationship, managing client complains among others. This could help achieve answers to the research objectives. In all 465 questionnaires were administered out of which 425 were responded and returned comprising 410 of customers signifying 91.11% response rate and 15 questionnaires administered to members of staff and management of Vodafone Ghana, Kumasi Main Branch were all answered and returned. The total response rate was 91.3%.

4.2 Presentation, Analysis and Discussion of Data from Customers

The study was to find out from the category of subscribers of Vodafone Broadband4U and it was revealed from table 2, that majority of the respondents interviewed were of the residential category.

Table 2: Category of Respondents using Broadband4u service

Responses	Frequency	Percentage
Residential	288	70
Business	122	30
Total	410	100

Source: Author's Fieldwork, July, 2009.

This represents seventy percent (70%) of the respondents; only thirty percent (30%) fell within the business category. The implication is that despite the growth in business activities in commercial areas who were supposed to introduce Information and telecommunication technology (ICT) into their business operations, it is rather the residential category that has highest subscribers, the reason is that monthly charges for the residential are relatively cheaper compare to those charged for the business category. Therefore, most of the business customers subscribe under the residential category.

Table 3: How Respondents become aware of the Broadband4u Service.

Responses	Frequency	Percentage
Through family/friends (Word of mouth)	212	52
TV adverts	98	24
Billboards	45	11
Radio adverts	36	9
On Vodafone website	19	4
Total	410	100

Source: Author’s Fieldwork, July, 2009.

In response to how clients got to know Vodafone Broadband4u services, table 3 shows that greater percentage of the respondents showing 52% knew Vodafone Broadband4u services through word of mouth recommendations from family and friends; followed by 24% which was through television adverts whilst 4% was through Vodafone website.

Communication efforts serve not only to attract new users but also to maintain contact with an organization’s existing customers and build relationships with them.

This shows that subscribers of Vodafone Broadband4u were really comfortable with their services and had been recommending their services to friends and family.

The findings has strengthened the assertion of Anderson and Jacobsen (2000), who indicated that customer loyalty is actually the result of an organization creating benefit for customers so that they will maintain or increase their purchases from the organization. They stress that true customer loyalty is created when the customer becomes an advocate for the organization, without incentive. The study also confirms the findings of McIlroy and Barnett (2000), who argued that in any business context loyalty has come to describe a customer's commitment to do business with a particular organization, purchasing their goods and services repeatedly, and recommending the services repeatedly, and recommending the services and products to friends and associates.

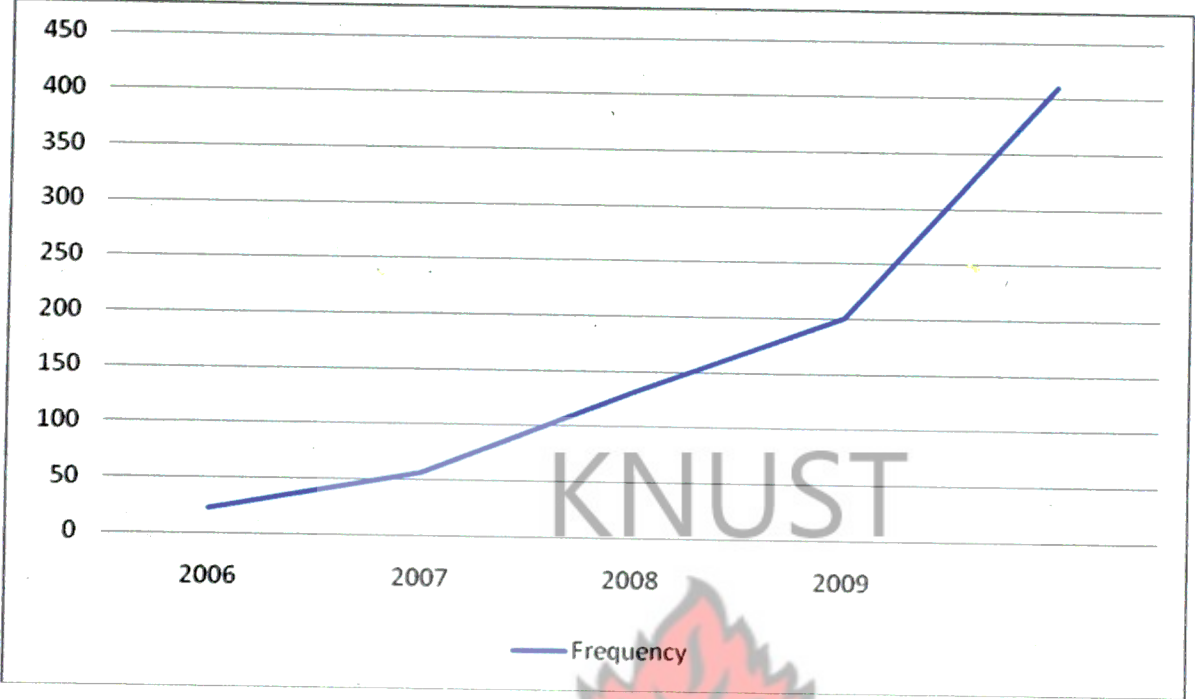
The implication is that loyal customers cost less to serve, in part because they know the product and require less information. They even serve as part-time employees. Therefore, loyal customers do not only require less information themselves, they also serve as an information source for other customers.

Table 4 Frequency of Respondents' subscription to Vodafone Broadband4u Service

Responses	Frequency	Percentage
2006	23	7
2007	56	14
2008	131	31
2009	200	48
Total	410	100

Source: Author's Fieldwork, July, 2009.

Figure 2: A graph exhibiting the Number of Years Customers subscribe to Vodafone Broadband4u Service



Author's Fieldwork, July, 2009

In addition to the results presented in table 4, it was revealed from the figure 2 that there had been improvement in customer growth since 2006 as consistently customers had been subscribing to the Vodafone Broadband4U services. Whilst in 2006, the respondents interviewed were only twenty three (23), in 2007 they increased to fifty-six (56). In 2008 and 2009, respondents who joined the services were one hundred and thirty-one (131) and two hundred (200) respectively. This implies a growth in the number of customers who subscribe to the Broadband4u service. Indeed, the very fact that customers can so readily assess the competing services and products on offer and then so easily make the new purchase does in itself give added weight to the importance of building strong ties of loyalty with customers.

Table 5 Respondents awareness of other Internet Service Providers (ISP)

Responses	Frequency	Percentage
IBN	9	9
Africa Online	24	24
Internet Ghana	35	34
iBurst	11	11
Teledata ICT	11	11
Knet	12	10
Total	102	100

Source: Author’s Fieldwork, July, 2009.

To plan effective competitive marketing strategies, the company needs to find out all it can about the level of knowledge of its clients on competitors products. It must constantly compare its products, channels, and promotion with those of close competitors. In this way the company can find areas of potential competitive advantage and parity. And it can launch more precise attacks on its competitors as well as prepare stronger defenses against attacks. A question was posed to find out whether clients competitors products are known to them and it revealed that IBN, Africa Online, Internet Ghana, iBurst, Teledata ICT and Knet were known to clients of Vodafone.

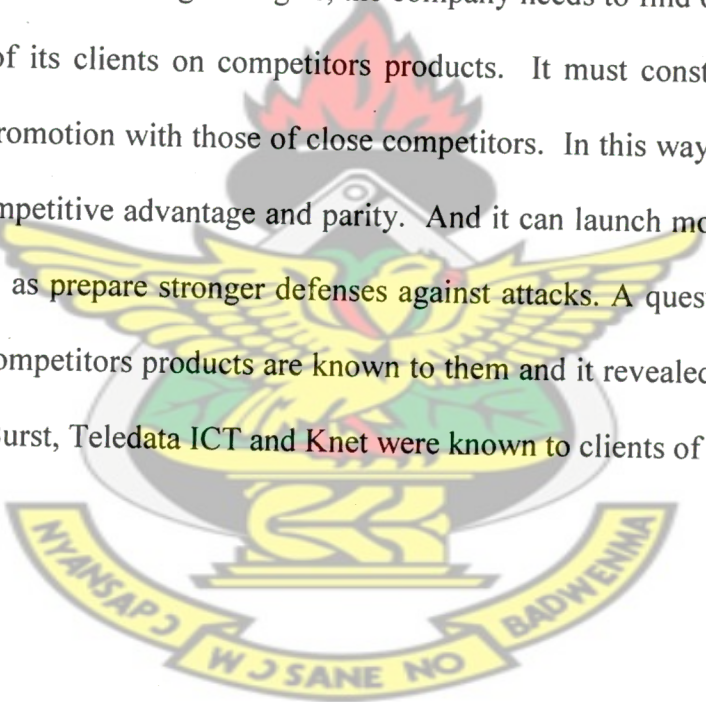
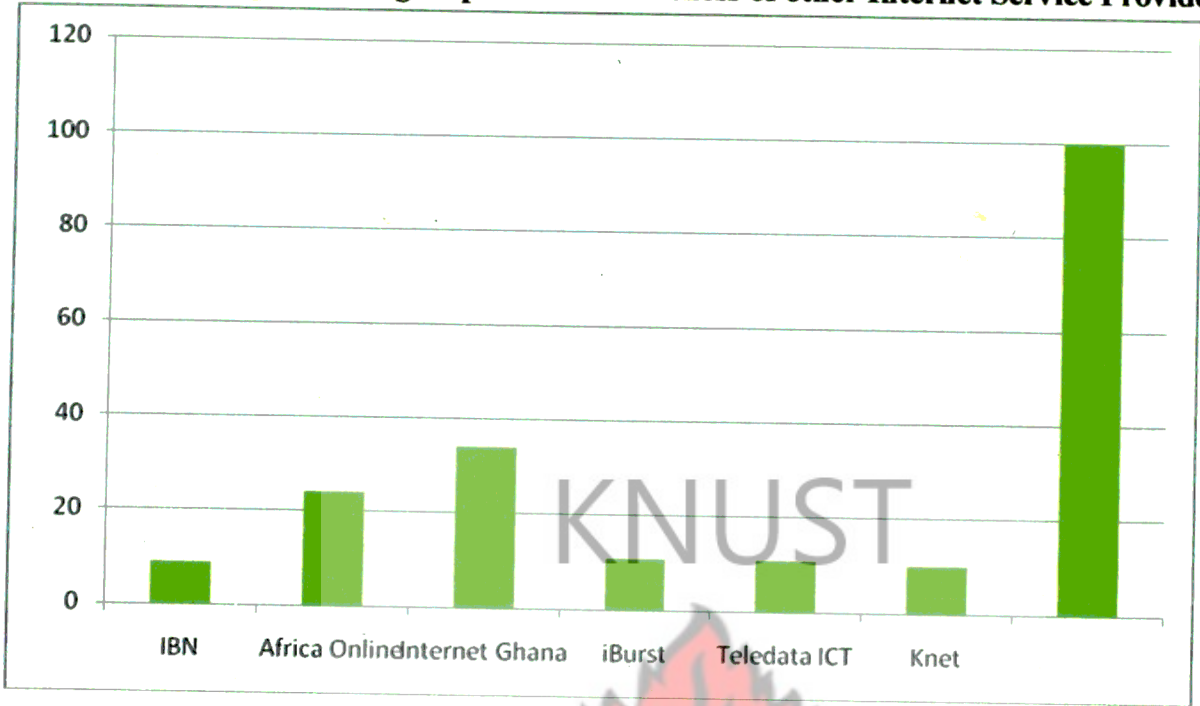


Figure 3: A graph showing respondents awareness of other Internet Service Providers



Source: Author’s Fieldwork, July, 2009.

It can be depicted from table 5 that out of the four hundred and ten (410) questionnaires analyzed, one hundred and two (102) of the respondents were still subscribing to competitors services in addition to Vodafone Broadband4U services. The remaining three hundred and eight (308) respondents were loyal to only Vodafone Broadband4U services. As represented in figure 3, 24% and 34% of the respondents indicated that they were initially subscribing to Africa Online and Internet Ghana respectively however, due to cost of services, slow speed, and frequent breaks in connectivity and billing timeliness which were not comparable to Broadband4U facility they were compel to stop using the facilities and succumb to Broadband4U services. This is consistent with Bowen and Chen (2001), who established a positive relationship between customer loyalty and profitability as marketers are seeking information on how to build customer loyalty which comes to increased profit, reduced marketing costs, increased sales and reduced operational costs. Building customer loyalty is therefore not a choice any longer with businesses; it’s the only way

of building sustainable competitive advantage. Building loyalty with key customers has become a core marketing objective shared by key players in all industries catering to business customers.

4.3 Problems Encountered with the Use of Vodafone Broadband4U Service

In finding out the major problems encountered by Vodafone Broadband4u, subscribers said unannounced disconnection when credit becomes zero. Another problem identified was that the Broadband4u is only limited to the Vodafone landlines, however, management is responding to such complaints by alerting users through email when their credit is about to finish. Currently, management is replacing the landlines cables with new ones to make it more accessible to subscribers. Also, management has recently introduced the Vodafone Mobile Connect, a wireless broadband modem for its customers in areas without landlines. This will ultimately reduce customer switch ratio and improve the market share as well as the profit margins of Vodafone Ghana, Kumasi Main Office.

Table 6 Response to Complaints on the Use of Vodafone Broadband4u Services

Responses	Frequency	Percentage
Very often	31	8
Often	23	6
Not often	169	41
Not at all	187	45
Total	410	100

Source: Author's Fieldwork, July, 2009.

The study intended to find out the rate at which clients complain on the use of Vodafone Broadband4U facilities and the results exhibited that the majority of the respondents did not have anything to complain about the service. This represented 45% of the responses given as shown in table 6. This was followed by 41% of the respondents who indicated that complains were not

often presented; however, in cumulative terms 14% of the respondents often complain on the Broadband4U services. This means that there is still more to be done and in order to ensure that there is customer loyalty; Vodafone should be able to anticipate the needs of their customers.

According to Kuandampully and Duffy (1999), a customer's interest in maintaining a loyal relationship is dependent on the firm's ability to anticipate customer's future needs and offering them before anyone else as it is being reflected in this study.

This is so because frequent customer complaints could lead to lower customer growth and turnover which will have an adverse repercussion on profitability.

Table 7 Avenues for Complaints on the Use of Vodafone Broadband4U Services

Responses	Frequency	Percentage
Walk-in	89	22
Telephone	121	29
Email	89	22
Others, please specify	111	27
Total	410	100

Source: Author's Fieldwork, July, 2009.

In finding out the channels through which subscribers extent their complaints, it was realized that majority of them were through telephone. As represented in table 8, 29% were through telephone; this was followed by 27% of the respondents' responses who mostly express their complaints through other channels such as facsimile. Nurturing customer relationships depends on a comprehensive and up-to-date customer database, and the ability to make use of this in a personalized way to address customer complaints and satisfy their unique needs.

4.4 Managing Customer Complaints on the Use of Broadband4U Services

Establishing customer loyalty types will support management in developing effective customer care concepts, e.g. provide special services for profitable and truly loyal customers or turn spuriously loyal into truly loyal customers. As a result, customers would defect less, spread more positive word-of-mouth and be accessible to cross-buying.

In recent times, competition has been raised to an unprecedented height in the telecommunication industry, with its concomitant adoption of customer services within almost every field of business even in the ICT sector. This has become an integral part of product identity in the maintenance of market leadership. The good thing about competition is that, it has had major implication for the customers, gaining increased value, greater value for their money and also augmented the level of service they received. It was found out that among the strategies used in managing customer complains include:

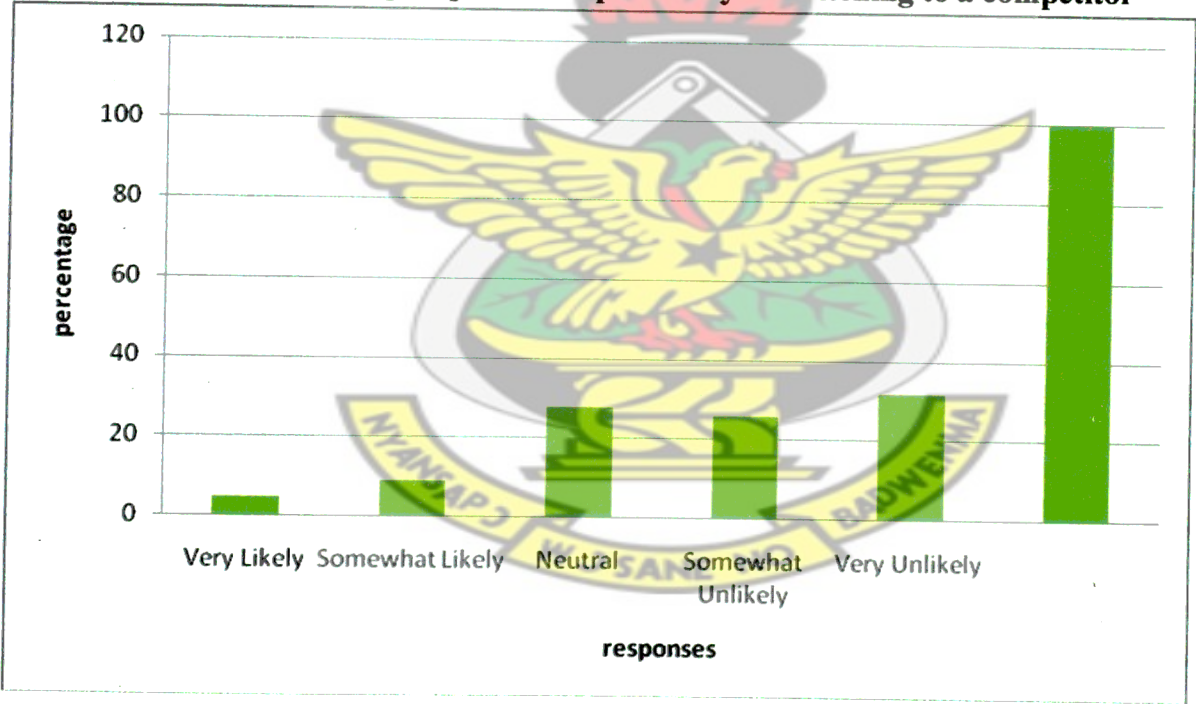
- Creating customer Service points to receive and respond to client complains
- Putting structures in place to provide feedbacks to management on the service delivery of staff at the customer service points.
- Establishing customer data base to assess customers progress and the complaints.
- Continuous developments of services that evolve to suit the needs of aggrieve customers.

Table 8 Possibility of Respondents switching to a competitor on the use of the Broadband4u services

Responses	Frequency	Percentage
Very Likely	20	5
Somewhat Likely	36	9
Neutral	113	28
Somewhat Unlikely	109	26
Very Unlikely	132	32
Total	410	100

Source: Authors Fieldwork, July, 2009.

Figure 4: A graph showing respondents' possibility of switching to a competitor



Source: Authors Fieldwork, July, 2009.

As shown in the table 8 and Figure 5, it was revealed that only 14% were either very likely or somewhat likely to switch to competitors products. However, majority of them were very unlikely to switch. This also forms 32% of the responses. This is true because the costs of customer retention are substantially less than those of customer acquisition. In addition, RM

produces positive word-of-mouth recommendation, and greater resistance among loyal consumers to competitive strategies from rival suppliers. The study could therefore conclude that repurchase intentions are strongly related to satisfaction across product categories since by satisfying the customer could lead to repeat purchase. Mendzela (1999), suggests that, in managing client relationships, institutions should consider the relative effectiveness of individual relationship building strategies in fostering customer loyalty.

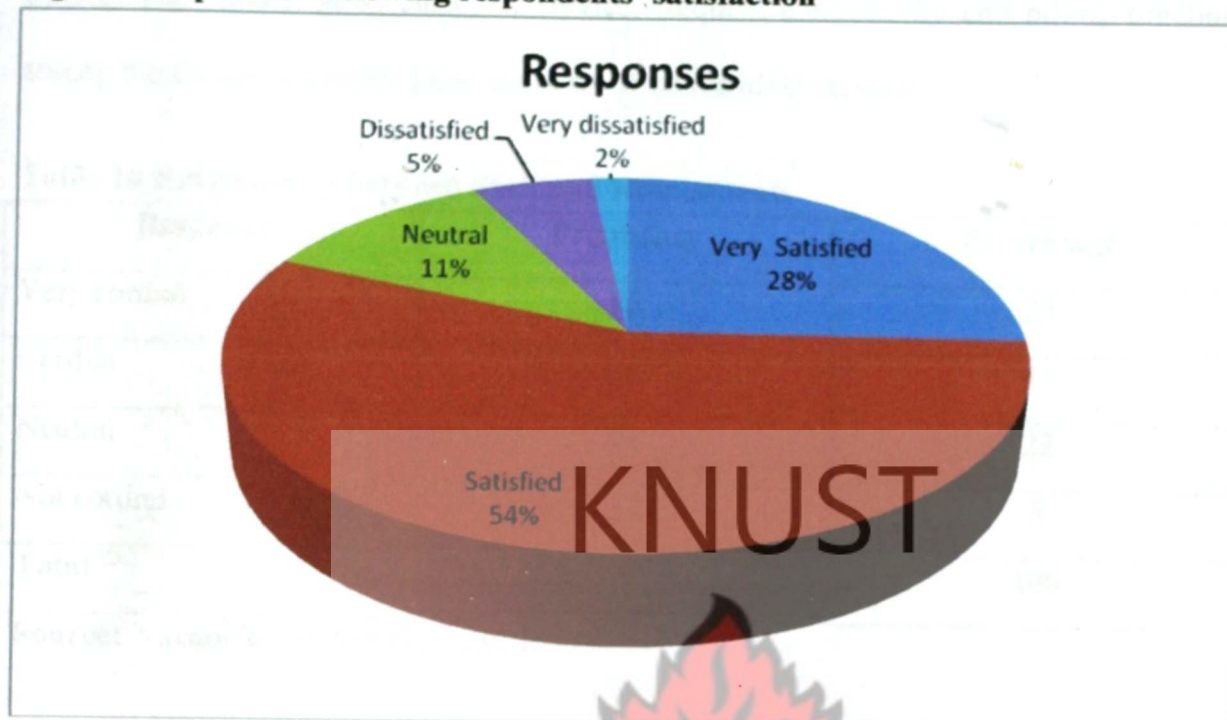
Although a firm's problem management initiatives do have a significant, positive impact on customer loyalty, the study suggests that priority should be given to customer education initiatives, while, at the same time, opening up the service production and delivery process to client participation. The concept of relationship marketing is therefore a market-led, customer oriented, general management concept, based in part on a return to marketing's root and the original marketing concept. Relationship marketing therefore aims at building long lasting, sustainable trust between companies who are the providers of the service and customers who are the receiver of the services, so that the customer would only want to deal with that particular company. Companies should, however, be careful to target this strategy at the right segment.

Table 9 Rating Respondents' Satisfaction

Responses	Frequency	Percentage
Very Satisfied	102	28
Satisfied	223	54
Neutral	45	11
Dissatisfied	23	5
Very dissatisfied	7	2
Total	410	100

Source: Author's Fieldwork, July, 2009.

Figure 5: A pie chart showing respondents' satisfaction



Kotler and Keller, (2006) define satisfaction as the person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations.

This means that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations.

As represented in table 9 and figure 5, it can be deduced in cumulative terms that about eighty-two percent (82%) of the customers were satisfied with the services provided by Vodafone Ghana. Only 7% were discontent with their services. The study noted that reducing customer turnover will have little long-term success unless there is a solid base of service quality and customer satisfaction to build on which re-enforces Reicheld and Kenny, 1990 who have shown strong effect of customer satisfaction on repurchase behaviour, such that the functional form relating satisfaction to repurchase is marginally increasing. The study revealed that competitive

pricing, high speed, good customer service, frequent connectivity and billing timeliness were among the things customers liked about the Broadband4U services.

Table 10 Relationship between Staff and Respondents

Responses	Frequency	Percentage
Very cordial	95	23
Cordial	192	47
Neutral	91	22
Not cordial	32	8
Total	410	100

Source: Author's Fieldwork, July, 2009.

In a corporate view, customer loyalty (often named customer retention) consists of all measures taken by the company to strengthen the customer-company-relationship as suggested by Diller, (1996); It can be shown in table 10 that whilst only 8% of the customers indicated that their relationship with clients were not cordial, 22% remained neutral on the issue. The remaining 70% indicated positive cordiality between staff and subscribers of Broadband4U services. Relationship marketing therefore includes the delivery of sustained or increasing levels of satisfaction and retention of those customers by the maintenance and promotion of the relationship. Subscribers should therefore be surveyed to determine their perception of value received, quality, satisfaction with services and satisfaction with the provider relative to competitors. The study recommended that Vodafone Ghana should regularly monitor its relationship with its clients in person or over the telephone as it is difficult to retain customers unless they are receiving a base level of quality and value.

According to Stathakopoulos, (2004) for most companies, little is known about why customers switch from one service provider to another. He suggested that, the business processes and systems that manage a customer relationship from sale, to service, to cancellation can

inadvertently create a sub-optimal customer experience. While working effectively for the vast majority of customers, the process breakdowns or system inaccuracies that a few customers experience can be so severe that they directly result in a churn event.

Table 11 Recommendation of Broadband4u to other customers

Responses	Frequency	Percentage
Very likely	117	29
Likely	167	41
Neutral	76	19
Somewhat unlike	39	10
Unlikely	11	1
Total	410	100

Source: Author’s Fieldwork, July, 2009.

The study intended to find out from clients their eagerness to recommend Vodafone broadband4U facilities to prospective clients and as shown in table 11, 29% indicated that they were very likely to recommend the facility to a prospective customer; whilst 41% them said it is likely. However, 19% of them remained neutral on the issue. Only 1% of the customers were unlikely to recommend Vodafone Broadband4U services whilst 10% of them said they were somewhat unlikely to recommend to prospective subscribers.

4.5 Responses from Staff

In analyzing the impact of relationship marketing on customer loyalty in any service organisation also requires the views of staff of the organisation under study. This is because when developing services, it is crucial to build in the right strategies by involving both staff and customers in that service setting. Among the variables to be analysed in this section were status of staff,

educational status of staff, responding to customer Feedbacks, and in-service training on RM, Customer Loyalty and Customer Satisfaction.

4.5.1 Educational Level

Table 12 Educational Status of Staff

Education	Frequency	Percentage
Secondary	0	0
Tertiary	9	60
Professional	4	27
Others, please specify	2	13
Total	15	100

Source: Author’s Fieldwork, July, 2009.

The study was to find out the level of education of staff and as shown in table 13, majority of the respondents were possessing tertiary certificate. This represents sixty percent (60%) of the staff sampled. None were holding secondary certificates, whilst some had professional qualifications. One thing that was noted was that most of the staff had one or two of the tertiary and professional certificates; however, the study only considered the last educational qualification obtained. This shows that Vodafone Ghana is reacting to competition by recruiting and enhancing staff level of knowledge in order to be able to focus and handle customer properly, speed up response times, emphasis quality and continuous improvement. This will also accelerate the introduction of new technology, operating more flexibility at a minimizing cost. Most of the staff interviewed were experts in various academic disciplines ranging from computer science, marketing, accounting, economics and strategic management. The technical nature of the work requires people who had diverse knowledge in the business settings.

The implication for this is that Vodafone Ghana could not compromise on the quality of its human element since they constitute those resources that are in the position to innovate and be at a competitive edge in the mist of competition. This means that training and career development could further empower the human resource within the organization through developing the skills of employees and building competences as well as through building their ingenuities.

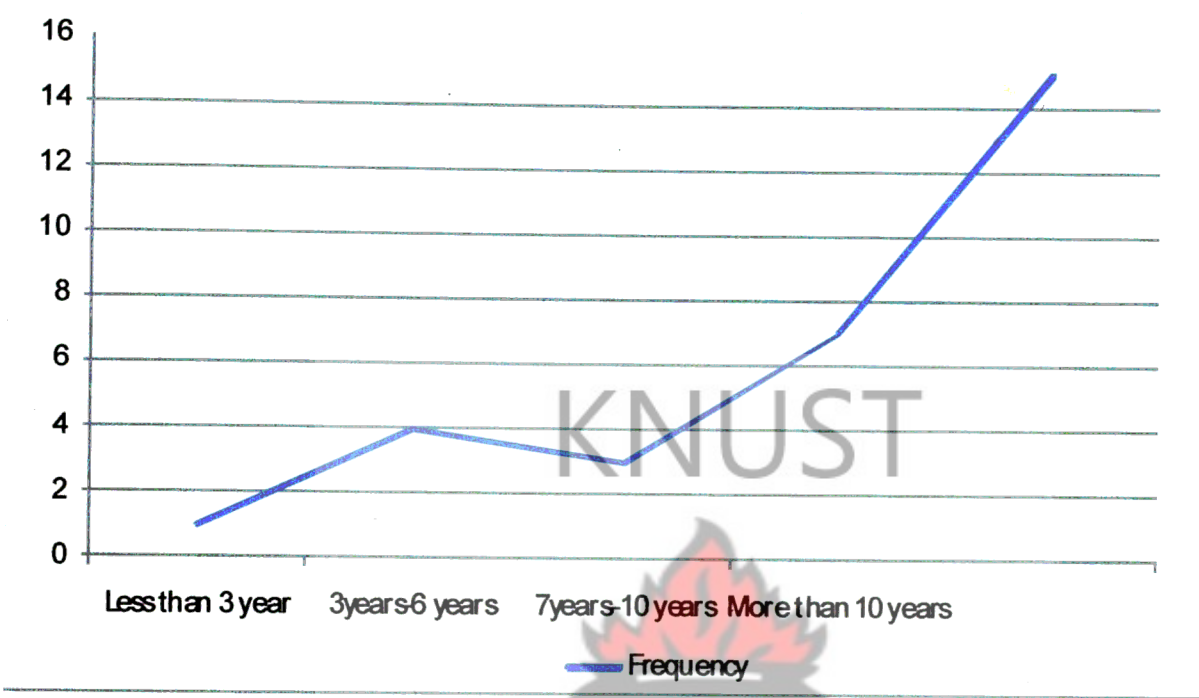
Table 13 Period of Service in Vodafone Ghana, Kumasi Main Office

Period in Service	Frequency	Percentage
Less than3year	1	6
3years-6years	3	20
7years-10years	4	27
More than 10years	7	47
Total	15	100

Source: Authors Fieldwork, July, 2009.

The study considered the working experience of staff of Vodafone Ghana, Kumasi Main Office to be vital to the study. The reason is, it will enable management come out with better policy formulation and implementation of strategies tailored towards the needs of customers especially those that subscribe to the Broadband4U facility and strengthening client relationship with the staff of Vodafone Ghana, Kumasi Main Office.

Figure 6: Graph showing the number of years in Vodafone Ghana, Kumasi Main Office



Source: Authors Fieldwork, July, 2009.

It was revealed that about twenty-seven percent (27%) of the staff had worked between 7years-10years; whilst forty-seven percent (47%) had spent more than 10 years with Vodafone, as depicted in the table 14 and figure 6. This means that Vodafone Ghana had been able to retain its staff force.

Table 14 In-service training on Relationship Marketing and Customer Loyalty

Responses	Frequency	Percentage
Very frequent	7	47
Frequent	5	33
Neutral	3	20
Sometimes	0	0
Total	15	100

Source: Author’s Fieldwork, July, 2009.

Training could assume various forms, including classroom training, mentoring, cross – training, business meetings, team meetings, skilled – based workshops and seminars, job rotation, job enlargement and enrichment, to mention a few.

Table 14 reveals that apart from the twenty percent (20%) of the staff respondents who remained neutral on the issue, the remaining eighty percent (80%) admitted that management frequently organized training programmes on relationship marketing, customer care, loyalty and customer satisfaction. This implies that for Vodafone Ghana to be successful in the Broadband4u facility and strengthen its Relationship Marketing there is the need for management to focus more on understanding the needs and desires of the consumer and this is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes. It is concerned about what Vodafone can do in relation to what the customers want, need or expect from them.

Relationship marketing therefore is a business philosophy based upon the premise that organizations that best understand the needs of individual customers and are able to tailor their products and services accordingly, and will be best positioned to achieve sustainable competitive advantage in the future.

CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This final chapter concludes the study by making a summary of the analysis and findings of the data collected as well as the answers provided to the research questions. The findings provide the basis for the researcher to make certain recommendations that would help practitioners understand the benefits of Relationship Marketing and for management of Vodafone Ghana, Kumasi Main Branch further strengthen the competitive position of the company.

5.2 Summary of findings

Many organizations today are not aware that to succeed in a competitive environment, they have to move from the product and selling philosophies to marketing philosophy. RM is believed to work most effectively when customers are highly involved in the service, there is an element of personal interaction, and customers are willing to engage in relationship building activities.

Among the major findings were that:

- The residential category had the highest subscribers, the reason being that monthly charges for the residential are relatively cheaper compare to those charged for the business category.
- Majority of the respondents interviewed got to know about the Broadband4u service through word of mouth recommendations from family and friends, this shows that subscribers of Vodafone Broadband4U were really comfortable with their services and had been recommending their services to friends and family.

- Majority of the respondent interviewed were very likely or likely to recommend the broadband4u service to other prospective customers. It can be deduced from this finding that the research objective which the researcher sought to find out whether customers of Broadband4u would recommend the service to other people was achieved as well as research objective answered.
- There had been an improvement in customer growth since 2006 as consistently customers had been subscribing to the Vodafone Broadband4U services.
- Out of the four hundred and ten (410) questionnaires analyzed, three hundred and eight (308) respondents were loyal to only Vodafone Broadband4U services. Respondents indicated that they were initially subscribing to other Internet Service Providers especially Africa Online, Internet Ghana and iBurst; however, due to cost of services, slow speed, frequent breaks in connectivity and billing timeliness which were not comparable to Broadband4U facility they were compel to stop using the facilities and succumb to Broadband4U services.
- The major problems encountered by Vodafone Broadband4U subscribers were unannounced disconnection when credit becomes zero and also the facility is only limited to the Vodafone land lines.
- Majority of the respondents did not have any to complaints about the service they were getting from the use of the Broadband4u service. However, there is a small portion of the respondents who did often have complaints about the service they were getting.
- the strategies used in managing customer complaints which include: Creating customer service points to receive and respond to client complaints; Putting structures in place to

feedbacks to management on the service delivery of staff at the customer service points;
Establishing customer data base to assess customer's progress and the complaints and
Continuous development of services that is flexible to suit the needs of aggrieve customers.

- Majority of the respondents were very unlikely to switch to other Internet Service Providers.
- The objective to find out whether customers were satisfied with the Broadband4u service was achieved as most of the respondents interviewed were satisfied with the services provided by Vodafone Ghana. The study noted that reducing customer turnover will have little long-term success unless there is a solid base of service quality and customer satisfaction to build.
- 70% of the respondent interviewed indicated positive cordiality between staff and subscribers of Broadband4U services.
- That majority of the staff interviewed collectively indicated that they often respond to customers complaints.
- Apart from the twenty percent (20%) of the staff respondents who remained neutral on the issue, the remaining eighty percent (80%) admitted that management frequently organized training programmes on relationship marketing, customer care, loyalty and customer satisfaction.

This implies that for Vodafone Ghana to be successful in the Broadband4u facility and strengthen its Relationship Marketing there is the need for management to focus more on understanding the needs and desires of the consumer and this can be achieved by placing

these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes.

5.3 Conclusions

In short, from a firm's perspective, the relationship marketing concept can be viewed as a philosophy of doing business successfully or as a distinct organizational culture/value that puts the buyer-seller relationship at the centre of the firm's strategic or operational marketing.

The Ghanaian telecommunication industry for one, has witnessed significant rise in competition in recent years due largely to the deregulation policy of government and the advent of the internet service providers which calls for managers to put in place strategic policies aimed at gaining competitive edge. The study revealed in cumulative terms that eighty-two percent (82%) of the customers were satisfied with the services provided by Vodafone Ghana. Only 7% were discontent with their services. Again, the study noted that reducing customer turnover will have little long-term success unless there is a solid base of service quality and customer satisfaction to build. It was also revealed that whilst only 8% of the customers indicated that their relationship with clients were not cordial, 22% remained neutral on the issue.

The remaining 70% indicated positive cordiality between staff and subscribers of Broadband4u services. Relationship marketing therefore includes the delivery of sustained or increasing levels of satisfaction and retention of those customers by the maintenance and promotion of the relationship. Subscribers should therefore be surveyed to determine their perception of value received, quality, satisfaction with services and satisfaction with the provider relative to competitors.

This will ultimately reduce customer switch ratio and improve on market share and subsequently improve profit margins. In this study, it was revealed that only 14% were either very likely or somewhat likely to switch to competitors products. However, majority of them were very unlikely to switch. This represents 32% of the responses. This is true because the costs of customer retention are substantially less than those of customer acquisition.

5.4 Recommendations for Future Policy Implications

From the summary, the study wishes to put forward the following recommendations, which will go a long way to improve customer loyalty through relationship marketing:

- **Prompt Alertness:** In order to avoid frequent break-down there is the need for Vodafone Ghana comes up with better measures providing uninterrupted services to subscribers of Broadband4U. Apart from the email signals, management could also signal users when they spend more than 80% of their credits which will also make them informed on the need to top-up the credit.
- **Improving Customer Turnaround Time:** Management of Vodafone Broadband4U services should be able to put in place appropriate policy measures meant to develop customer turnaround time in enhancing the facility by enhancing the speed of accessing the internet.
- Although, there were positive responses from respondents on ratings on client-staff relationships; customer satisfaction and the possibility of responding to complaints there were still more to be done as some of the respondents provided the opposite views. The Company should therefore strengthen its educational drives on customer service, service quality delivery etc to be able to gain a full grip in the Internet Service Provider (ISP) industry.

- Collaboration: it is also recommended that all the stakeholders in the ISP industry should collaborate, brainstorm and find workable and lasting solution in the marketing of ISP products through relationship marketing strategy.
- The study recommended that Vodafone Ghana should regularly monitor its relationship with its clients in person or over the telephone as it is difficult to retain customers unless they are receiving a base level of quality and value.
- The major problems encountered by Vodafone Broadband4u subscribers were unannounced disconnection when credit becomes zero and that the facility is only limited to the Vodafone land lines. However, management should respond to such complaints by alerting users through email when the credit is about to finish and try to replace the land lines cables with new ones and make it more accessible to subscribers.

5.4.1 Suggestions for Further research

The study will serve as the basis of future research into the followings areas:

- The role of Information and communication technology in improving relationship marketing strategies in improving market share.
- Tools in assessing the benefits of relationship marketing in gaining competitive advantage using the same or similar study area.
- Challenges in implementing relationship marketing strategies in the Internet Service sector

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APPENDIX I

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI
SCHOOL OF BUSINESS
MBA

QUESTIONNAIRE FOR CUSTOMERS OF BROADBAND4U SERVICE

The research study is purely an academic exercise and any information provided in the questionnaire would be treated very *confidential*. The questionnaire is basically to collect data on the *Impact of Customer Relationship Marketing on Customer Loyalty, a case of Vodafone Broadband4u Services, Kumasi*.

Kindly take time out of your busy schedule to complete them. Thank you.

(Please tick your answers)

1. In which of the environment do you use the Broadband4u service?

☐ Home/Residential

☐ Business

2. How did you get to know about the BB4u Service?

☐ Through family/friends (Word of mouth)

☐ TV adverts

☐ Billboards

☐ Radio adverts

☐ On Vodafone website

Others.....

3.

4. In which year did you subscribe to Broadband4u

☐ 2006

☐ 2007

☐ 2008

☐ 2009

5. Have you used any other internet service apart from the Vodafone BB4u?

☐ Yes

☐ No

5. If yes, please tick

☐ Zipnet

☐ Africa Online

☐ Internet Ghana

☐ iBurst

☐ Teledata ICT

☐ Busy Internet

Others.....

6. Are you still using the above network?

☐ Yes

☐ No

7. Do you encounter problems with the use of the BB4u service?

☐ Yes

☐ No

8. If yes, how often

☐ Always

☐ Frequently

☐ Sometimes

☐ Rarely

☐ Never

9. Is there an avenue for you to report your problems to the company?

☐ Yes

☐ No

10. Are your complaints about the services managed in a satisfactory manner?

☐ Yes

☐ No

11. How does the company respond to your complaints about quality of service?

☐ Very promptly

☐ Promptly

☐ Not promptly

☐ None

12. How satisfied are you with Vodafone Broadband4u services?

☐ Satisfied

☐ Very Satisfied

☐ Dissatisfied

☐ Very Dissatisfied

13. What do you like about the Broadband4u service?

- ☐ Competitive Pricing ☐ High Speed
☐ Good Customer Service ☐ Always connected
☐ Billing Timeliness

14. What do you dislike about the service you are getting?

- ☐ Cost/Pricing ☐ Low Speed
☐ Poor Customer Service Personnel ☐ Breaks in connection ☐ None

15. How likely are you to recommend Broadband4u to your friends/colleagues?

- ☐ Very Likely ☐ Somewhat Likely
☐ Somewhat Unlikely ☐ Very Unlikely

16. Do you find the service provider friendly?

- ☐ Yes ☐ No

17. How many times do you contact the Broadband4u Customer Support before your problem is resolved?

- ☐ Once ☐ Twice ☐ Three times
☐ More than three times ☐ Do not make contact at all

18. In your opinion, what has been the relationship between you and the company?

- ☐ Very Cordial ☐ Cordial ☐ Not Cordial

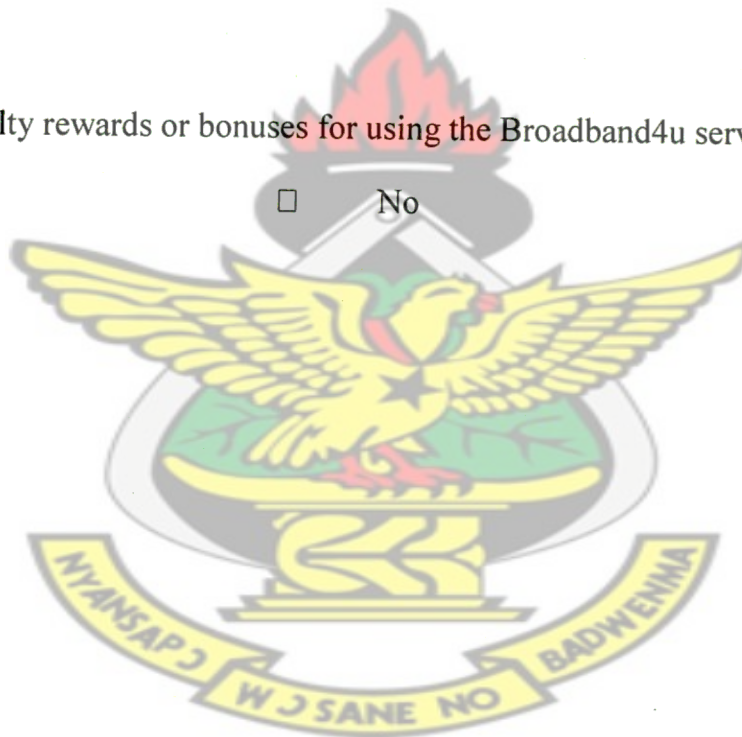
19. Which of the following best describes your relationship with the company? Do you see yourself as a

- ☐ *Customer* that is someone who purchases either your product or service.
- ☐ *Client* that is someone who do business with the company on a repeated basis
- ☐ *Support* that is someone who likes the company but only supports the company passively
- ☐ *Purchaser* that is someone who do business just once with the company
- ☐ *Advocate* that is someone who actively recommends the BB4u service to others and who does the company's marketing for them.

20. Are you given loyalty rewards or bonuses for using the Broadband4u service?

☐ Yes

☐ No



APPENDIX II

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI SCHOOL OF BUSINESS MBA

QUESTIONNAIRE FOR MANAGEMENT/STAFF

The research study is purely an academic exercise and any information provided in the questionnaire would be treated very *confidential*. The questionnaire is basically to collect data on the *Impact of Customer Relationship Marketing on Customer Loyalty, a case of Vodafone Broadband4u Services, Kumasi*.

Kindly take time out of your busy schedule to complete them. Thank you.

Please tick your answers.

1. Indicate if you are

☐ Male

☐ Female

2. Indicate your position within Vodafone Ghana.

☐ Principal Officer

☐

Assistant Manager

☐

Manager

☐ Chief Manager

3. Indicate your educational status

☐ Secondary

☐

Tertiary

☐

Professional

Other.....

4. How long have you been with Vodafone Ghana?

☐ 6 months – 1 year

☐ 1 year – 5 years

☐ 5 years – 10 years

☐ 10 years and above

5. How do you perceive the relationship between staff and customers who use the Broadband service?

☐ Excellent

☐

Good

☐

Poor

☐

Very Poor

6. How often do you give feedback to your customers?

☐ Very Often ☐ Often ☐ Not Often ☐ Sometimes

7. Do you have a customer database where you have all records regarding your customers?

☐ Yes ☐ No ☐ Not all

8. How often do you interact and educate your customers on the benefits, conditions and other implications of your products?

☐ Very Often ☐ Often ☐ Not Often

☐ Sometimes

9. How frequently does the company organize training on customer loyalty, customer satisfaction and relationship marketing?

☐ Very frequent ☐ Frequent ☐ Not at all
☐ Sometimes

10. Does the company offer after sales service to customers who have purchased or used your product/service in the form of post-out survey forms, follow-up calls or simply an email survey form

☐ Yes ☐ Sometimes ☐ No

