

Imperatives of Effective Management of Customers' Relationship Marketing for Efficient Operations in Industrial Marketing Organizations in Delta State, Nigeria

Omogbiya, S. O.

*Department of Business Administration,
Delta State Polytechnic, Ozoro, Delta State, Nigeria*

ABSTRACT

This study investigates the imperatives of effective management of customers' relationship marketing for efficient operations in industrial marketing organizations. Structured questionnaire was employed in the course of gathering relevant data for the study and administered on ninety senior employees of six industrial marketing organizations in Delta State. Data analysis was made using simple percentage and table. The results show that there is positive relationship between effective management of customers relationship marketing and efficient operations in industrial marketing organizations. The study therefore concludes that effective management of customers' relationship marketing creates opportunities for industrial marketing organizations to gain competitive advantage, improvement in profitability and cost reductions. The study however, recommends provision of fast mechanism for managing and scheduling follow-ups sales calls among other strategies for improved customers' relationship marketing in industrial marketing organizations.

Keywords: *Customer relationship, efficient operations, industrial marketing.*

INTRODUCTION

In an industrial market, the strength of relationship between buyer and seller is very important, as often there is high level of involvement during and after the buying process is included. A poor purchasing decision from an organizational buying perspective could be fairly catastrophic and therefore every opportunity has to be taken to ensure that the risk inherent in the decision, and therefore in the relationship, is reduced. According to Berry (1983) and Theodore (1983), relationship marketing in industrial markets can be traced back to 1980. Berry (1983) and Theodore (1983), a marketing theorist broadened the scope of marketing beyond individual transactions. In practice, relationship marketing originated in industrial and business to business markets where long-term contracts have been quite common for many years. According to Berry (1983), relationship marketing can be applied when there are alternatives to choose from; when the customer makes the selection decision and when there is an ongoing and periodic desire for the product or service. Fornell (1987) used the term "defensive marketing" to describe attempt to reduce customer turnover and increase customer loyalty. This customer retention approach was contrasted with "offensive marketing" which involved obtaining new customers and increasing customers' purchase frequency. Defensive marketing according to Fornell (1987), focuses on reducing or managing the dissatisfaction of your customers, while offensive marketing

focuses on “liberating” dissatisfied customers from your competitors and generating new customers. Amue (2006) views relationship marketing as the development, growth and maintenance of long-term and cost-effective exchange relationships with individual customers, suppliers, employee and other partners for mutual benefit. In relationship marketing, the term customer takes on a new meaning, employees also serve customers within an organization as well as outside; individual employees and their department are customers of and suppliers to one another. They must apply the same high standards of customers’ satisfaction to intradepartmental relationships as they do to external customer relationship (Uturu, 2006). Olayinka (2006) defines relationship marketing as the series of activities designed to secure and maintain a longer-term commitment, through the creation and delivery of value to the customers. Foundations for a cordial relationship with the customers are laid at the point of their acquisition.

On the other hand, Uturu (2006) views industrial marketing as a process of marketing products for use in further production of goods and services to organizations such as private and public commercial enterprises, government agencies, and institutions. He also opines that industrial marketing is the marketing of goods and services to industrial customers for use in the production of goods and services, for use to facilitate the operations of businesses and for use by non-profit institutions. Industrial marketing therefore represents activities of people who purchase material and service in order to manufacture, assemble, resell, or facilitate business operations. The participants in the industrial marketing process are manufacturers, wholesalers, retailers, agents, government and non-profit institutions who utilize the goods and services to actualize their business needs or public needs as the case maybe (Amue, 2006).

Bamgboye (2005) lists some of the characteristics of the industrial market to include: (i) the industrial market deals with very fewer but for larger buyer than the consumer market does; (ii) it is over concentrated in one geographical location; (iii) demand for product is derived demand; (iv) purchases involve more buyers and more professional efforts; (v) there is a high degree of relationship that exists between the buyer and the seller; and (vi) greater emphasis on personal selling. Firms on customer acquisition invest substantial resources – men, materials, money and time. Customer acquisition follows the simple process of lead generation, lead qualification, and account conversion. When this process is carefully managed, it results in customer satisfaction which in turn results in customer loyalty. Worsam (2000) warns that a situation of customer defection faces every firm and this should be managed properly for the following reasons; (i) the cost of acquiring new customers is higher than that of retaining existing ones; (ii) acquiring new customers and retaining old ones increases customers base and adds to sales volume; and (iii) existing customers who are satisfied speak well of the organization. Osho (2005) listed systems used in managing customers’ relationship in industrial market to include:

- i. **Sales Force Automation (SFA):** This system automates some of the organization critical sales and sales force management, contact management, quote management, forecasting, sales administration, keeping track of customer preferences, buying habits and demographics as well as staff performance.

- ii. **Customers Service and Support (CSS):** This system automates some services requests, customers' complaints, product returns and information requests.
- iii. **Enterprise Marketing Automation (EMA):** This provides information about the business environment, including competitors, industry trend, and macro environmental variables. The intent of EMA applications is to improve marketing campaign efficiencies.

This study therefore examines customer relationship marketing and industrial markets from various points of view. The importance of building customer relationship marketing, the characteristics of industrial marketing and systems used in managing customers' relationship in industrial market are also x-rayed.

METHOD

The population of the study consists of industrial marketing organizations operating in Delta State. The study made use of 90 employees randomly selected from six purposive sampled industrial marketing organizations from four towns of Warri, Sapele, Ughelli and Aladja in Delta State. The reasons for the use of these towns are because they are major towns in Delta State where several businesses thrive. Structured questionnaire was used for data collection. The methods of data analysis include simple percentage. The analytical details relating to the findings are presented on tables.

RESULTS AND DISCUSSION

Table 2 shows that 96.67% of the respondents are of the view that effective management of customer relationship marketing has significant relationship with cost reductions in industrial marketing organizations while 3.33% stood against. Table 3 reveals that 95.55% of the respondents agreed that effective management of customers relationship marketing has significant relationship with gaining competitive advantage in industrial marketing organizations as against "No" at 4.45%. It indicates therefore, that there is significant relationship between effective management of customers relationship marketing and cost reductions in industrial marketing organizations. Improvement in customer service, decrease customer turnover, decrease marketing cost, increase sales revenue and thereby increase profit margins. It is cost effective maintaining existing customers than attracting new ones. Effective management of customers relationship marketing has significant relationship with gaining competitive advantage. Relationship marketing gives a company new opportunities to gain a competitive edge by moving customers up a loyalty hierarchy from new customers to regular purchasers, then to loyal supporters of the firm and its goods and services and to advocates who not only buy its products but recommends them to others.

Table 1: Industrial marketing firms studied with number of respondents in Delta State

S/N	Organizations	No. of Respondents
1.	Beta Glass Plc, Ughelli	25
2.	Delta Steel Complex, Aladja	24
3.	Eternit Nigeria Plc, Sapele	20
4.	Mix and Baker Ltd, Warri	6
5.	Industrial Gas Ltd, Warri	10
6.	Vita Foam Plc, Sapele	5
	Total	90

Source: Survey, 2013

Table 2: Effective management of customers relationship marketing and cost reductions in industrial marketing organizations

Option	Frequency of Occurrence	Percentage (%)
Yes	87	96.67
No	3	3.33
Total	90	100

Source: Survey, 2013

Table 3: Effective management of customers relationship marketing and its relationship with gaining competitive advantage

Option	Frequency of Occurrence	Percentage (%)
Yes	86	95.55
No	4	4.45
Total	90	100

Source: Survey, 2013

CONCLUSION AND RECOMMENDATIONS

This study aims at examining imperatives of effective management of customers relationship marketing for effective operations in industrial marketing organizations. It is a survey of selected organizations in Delta State. From the study, it suffices to conclude that effective management of customer relationship marketing is very vital for cost minimization, customers retention and to gain competitive advantage in industrial marketing organizations. Based on these, the following strategies are recommended based on the findings of this study for effective management of customers relationship marketing in industrial marketing organizations.

- i. **Provision of product information:** Products use information and technical assistance on websites that is accessible 24 hours a day, 7 days a week or 4 weeks a month. This accessibility helps to identify potential problems quickly, before they occur.
- ii. **Provision of mechanism for handling problems:** Another obvious strategy of improving customer relationship in industrial markets is providing user-friendly

mechanism for registering customer complaints. Complaints that are not registered with the company cannot be resolved, and are a major source of customer dissatisfaction. Management should provide a fast response mechanism for handling problems and complaints. Complaints that are resolved quickly can increase customer satisfaction.

- iii. **Provision of corrective device:** Management of industrial markets should make available a fast response mechanism for correcting products/services deficiency. Another strategy of improving relationship is the provision of fast mechanism for managing and scheduling, maintenance, repair and on-going support (improve efficiency and effectiveness).
- iv. **Organizational buyer personal identification:** Identification of how each individual customer define quality, and then design a service strategy for each customer based on these individual requirements and expectations.
- v. **Provision of mechanism to track all points of contact:** Provision of mechanism to track all points of contact between an industrial customer and the company and it should be done in an integrated way so that all sources and types of contact are included, and all users of the system see the same view of the customer (reduces confusion).

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