

TRUST AND CUSTOMER RETENTION OF FAST FOOD OUTLETS IN PORT HARCOURT

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ABSTRACT

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

Keywords: Trust, Customers Retention, Fast Food Outlet

INTRODUCTION

To retain existing customers and seize new customers, the businesses have to keep trying to provide quality service excellence, and strive to establish a good relationship to its customers with a way to communicate a communicative and build trust and commitment in order to realize a good cooperation among businesses with customers. If this is done, will surely give a guarantee for the business to continue to operate and generate long-term profitability, not only in the field of financial profit alone but can also be obtained profits have spiritual and social benefits. Barry et al., (2008) states that, the value of long-term relationships with customers, and the evidence is strong enough that validate the impact of gains derived from a strong relationship.

Relationship marketing consideration is a fundamental aspect of marketing that has been discussed among scholars and marketing practitioners for over last 20 years. In business management, Relationship marketing practices was one of the most controversial factors that were rising to prominence. In fact, it was a unifying force within marketing that served as the generic context for all marketing transactions, whether products or services, consumer or industrial (Mattsson, 1997). Literally, researchers have given different definitions to relationship marketing. However, they mostly possess common denominators. Comprehensively, a definition addresses that relationship marketing identifies, develops, and enhances relationships among all associate business personnel along with its customers. Furthermore, it focuses fully on potential profitability and future objectives which can be brought up only by loyal and committed relational exchanges (Egan, 2001).

Relationship marketing aims to create relationship with consumers so that they can be satisfied and retained, whereas transactional marketing intends to make the sale and look for new customers (Vence, 2002). To build a relationship then there are several factors that can be used to measure Relationship marketing is defined by the company, trust, commitment, communication and conflict management (Ndubisi, 2007). Trust can be built in a way to keep promises to customers, provide security in every transaction and providing quality service, showing concern for the customer and provide a sense of security.

The definition of marketing has changed emphasis from purely transaction driven to being process driven. The process approach combines both transactional (related to fast-moving consumer goods) and relational (related to services) qualities, which strives to establish, maintain, and enhance mutually beneficial relationships with customers so as to satisfy the objectives of all parties. This new definition of marketing realizes the value of the lifetime customer and the importance of preventing customer defections. Customers are demanding more; therefore marketers of fast food products must work to meet those demands. Marketers, just like the adult butterfly must court their customers, build a relationship with them, and exchange vital information. Maintaining customers as the new definition mentions requires the establishment of relationships that are characterized by trust, respect, and commitment.

Customers want to be enticed and proven so that they get value for their money. Organizations on the other hand, venture into several strategies and techniques to ensure that they obtain new customers and retain their customers for as long as it is possible. In today's business, more organizations are capitalizing on strong customer-supplier relationship. This allows the supplier to get invaluable information on how best to serve the customers and keep them from defecting to competing companies.

From preliminary investigation, it was observed that customer retention in fast food outlets is relatively low and this in-turn has effect on the sales performance of fast food outlets in Port Harcourt. This is as a result of poor relationship approach put forward by the firm. Customers complained of lack of trust, no proper communication and zero commitment in terms of quality products. It is on this premise that this study is designed to solve the myriad of problems facing fast food outlets by introducing the concept of relationship marketing consideration with its dimension such as trust and customer retention measures as repeat patronage and referral. Against this backdrop, we want to ascertain if there is a nexus between relationship marketing strategies and customer retention of fast -food outlets in Port Harcourt.

Research Hypotheses

The following hypotheses was formulated to guide the study: '

Ho₁: There is no significant relationship between trust and repeat patronage of fast food outlets in Port Harcourt.

Ho₂: There is no significant relationship between trust and referrals of fast food outlets in Port Harcourt.

Trust

Conceptualizing trust as existing when one party has confidence in an exchange partner's reliability and integrity. Trust is defined as a willingness to rely on an exchange partner in whom one has confidence. The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has

high integrity, which are associated with such qualities as consistent, competent, honest, fair, responsible, helpful, and benevolent. Ndubisi (2007) focus on the perceived outcomes of trust when they define it as the firm's belief that another company will perform actions that will result in positive outcomes for the firm as well as not take unexpected actions that result in negative outcomes.

Indeed, we would expect such outcomes from a partner on whose integrity one can rely confidently. Absent from our definition of trust is the behavioral intention of willingness incorporated by Moorman, Deshpande, and Zaltman (1992). They argue that this behavioral intention is a critical facet of trust's conceptualization because if one believes that a partner is trustworthy without being willing to rely on that partner, trust is limited. The Willingness to act is implicit in the conceptualization of trust and, therefore, one could not label a trading partner as trustworthy if one were not willing to take actions that otherwise would entail risk. More simply, genuine confidence that a partner can rely on another indeed will imply the behavioral intention to rely. If one is confident, then one would be willing; if one is not willing, then one is not genuinely confident. We believe that, though it certainly would be appropriate to have items incorporating stated willingness in a measure of trust, willingness is unnecessary or redundant in its definition. Thus, just as behavioral intention is best viewed as an outcome of attitude and not as part of its definition (Fishbein & Ajzen 1975), willingness to rely should be viewed, as an outcome (or, alternatively, a potential indicator) of trust and not as apart of how one defines it. `

Like commitment, trust also has been studied widely in the social exchange literature (Fox, 1974; Scanzoni, 1979) and others. For example, in organizational behavior, the study of norms of trust is considered a characteristic distinguishing management-theory from organizational economics (Barney, 1990; Donaldson, 1990). In communications, a key construct has been source credibility, originally defined as trust of the speaker by the listener. In services marketing, Berry and Parasuraman (1991) find that customer-company relationships require trust. Indeed, they contend, effective services marketing depends on the management of trust because the customer typically must buy a service, before experiencing it. In strategic alliances, Sherman (1992) concludes that the biggest stumbling block to the success of alliances is the lack of trust.

Customer Retention

Customer retention has a direct impact on long term customer lifetime value, which is a more profitable avenue for firms that seek to pursue growth and sustainability or those that seek to protect themselves from market shrinkage resulting from a contracting economy (Gee et al., 2008). Supporting this argument, Lombard (2009) notes that today the pressure on companies to retain customers is fuelled by the market where customer acquisition is slow. Customer retention is important when loyalty is decreasing and sales cycles are aggravating the business environment. Under these circumstances, losing an important customer to a competitor would impact significantly on the organisation's profitability and growth.

To measure customer retention, therefore, a number of factors need to be taken into account. These include the customer retention rate over time, the customer retention rate by market segment in terms of the different services or products offered, and share earned of the customer's wallet (Payne, 2000). Measuring the customer retention rate is seen as the initial step in improving loyalty to, and the profitability of, a service organization (Payne,

2000a), yet many organizations do not understand the importance of improving customer retention rates, and the impact of these on profitability.

Theoretical Review

The study adopted the Knowledge-Based Theory. The knowledge-based view is engaged in exploring knowledge as a resource, particularly when considering the role of knowledge sharing in consumer relationship building. The knowledge-based approach also presents a new way to consider the firm and its relationship to the individual consumer, as well as its potential success outcomes (Alguezai & Filieri, 2014). In defining this term within the marketing context, Mejri and Umemoto (2010) present knowledge as a complex phenomenon that arrives from networks, cultures, and entrepreneurialship. Furthermore, within this approach, knowledge is both acquired and applied in a variety of ways, some of which are more subtle and complex than others (Mejri & Umemoto, 2010). Knowledge is important when it comes to making decisions regarding customers. Knowing about the customer tastes and preferences or grievances helps the telecommunication companies improve on their services. The current popular trend on information gathering in the telecommunication companies is through social media (Della et al, 2015; Tichafa & Nyoni, 2017). Martin-de Castro (2015) argues that knowledge, when considered as a resource, is important to competitive advantage over time, as it fosters innovation. With additional knowledge, potential outcomes are improved; knowledge is a resource that replicates itself. Alguezai & Filieri (2014) also argue that competitive success is linked to innovation, creating a strong emphasis on knowledge and the importance of building and sharing it. Historically, this theory has focused on elements such as a firm's capabilities, how products are diversified, and how these elements ultimately affect consumer outcomes (Nath, et al 2010). As in the case of the knowledge-based approach, this could be seen to be limiting to the growth or progression of the theory.

Research Design

The study adopted the descriptive research design.

Population for the Study

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

Sample Size and Sampling Techniques

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

Source of Data

Both primary and secondary data sources were used in this study. The primary data was obtained through the administration of questionnaires to the respondents, while the

secondary data was collected from published materials such as journals, articles, seminar papers, textbooks, periodicals and the like. »

Instrument for Data Collection

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

Validity of Instrument

The face and content validity of the questionnaire was established by the researcher's supervisor and two other experts in Marketing Department, Faculty of Business Studies. Three copies of the questionnaire was given to three lecturers in Ignatius Ajuru University. A copy of the questionnaire was given to a lecturer who specializes in measurement and evaluation in research and two copies of the instrument was given to lecturers in marketing department. The comment, observations, and suggestions of these lecturers at the same time with the supervisors' contributions was incorporated in the final draft of the instrument.

Reliability of Instrument

A test re-test method was used to establish the reliability of the questionnaire. Stakeholder comprising of ten employees knowledgeable in relationship marketing was used to establish the reliability of the questionnaire. Ten copies of the questionnaire was administered to them, and after two weeks, the same questionnaire was re-administered to the same respondents. The responses on the questionnaire from the first administration was correlated with the responses from the second administration using Cronbah Alpha for reliability of the entire instrument. The statistical packages for social science (SPSS) version IBM 25 was used.

Methods of Data Analysis *

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

Results

Research Question One: To what extent does trust relate with repeat patronage of Fast food outlets in Port Harcourt?

Testing of Hypothesis 'One**Relationship between trust and repeat patronage of Fast food outlets in Port Harcourt**

Correlations			
		Trust	Repeat Patronage
Trust	Pearson Correlation	1	.289
	Sig. (2-tailed)		.000
	N	240	240
Repeat Patronage	Pearson Correlation	.289**	1
	Sig. (2-tailed)	.000	
	N	240	240

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

Source: SPSS output, 2023.

The SPSS output on Table above shows that a Pearson product moment Correlation was run to assess the relationship between trust and repeat patronage of food and beverages firm in Rivers State using a sample of 240 respondents. The strength and direction. of the relationship between the variables are indicated by the R-value is 0.289. This means there is a weak and positive relationship between trust and repeat patronage. Furthermore, significance of the relationship is shown by the probability value which is 0.000 less than the threshold of 0.05 indicating that the relationship between the variables is statistically significant. In other words, there is a weak, positive and statistically significant relationship between trust and repeat patronage ($r = 0.289$, $N = 240$, $p = 0.000 < 0.05$). In view of this result, we reject the null hypothesis which states that there is no significant relationship between trust and repeat patronage of food and beverage companies; and therefore, we accept that there is a significant relationship between trust and repeat patronage of food and beverage companies in Rivers State.

Research Question Two: To what extent does trust relate with referrals of fast food outlets in Port Harcourt

Testing of Hypothesis Two**Relationship between trust and referrals of Fast food outlets in Port Harcourt**

Correlations			
		Trust	Referrals
Trust	Pearson Correlation	1	.964**
	Sig. (2-tailed)		.000
	N	240	240
Referrals	Pearson Correlation	.961**	1
	Sig. (2-tailed)	.000	
	N	240	240

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

Source: SPSS output, 2023.

The SPSS output on Table above shows that a Pearson product moment correlation was run to assess the relationship between trust and customer referrals of fast food outlets in Port Harcourt using a sample of 240 respondents. The strength and direction of the relationship between the variables are indicated by the R-value' is 0.964. This means there is a very strong and positive relationship between trust and customer referrals.

Furthermore, significance of the relationship is shown by the probability value which is 0.000 less than the threshold of 0.05 indicating that the relationship between the variables is statistically significant. In other words, there is a very strong, positive and statistically significant relationship between trust and repeat customer referrals ($r= 0.964$, $N = 240$, $p = 0.000 < 0.05$). In view of this result, we reject the null hypothesis which states that there is no significant relationship between trust and customer referrals of food and beverage companies; and therefore, we accept that there is a significant relationship between trust and customer referrals of fast food outlets in Port Harcourt

Discussion of Findings

Trust and Repeat Patronage

Analysis of data revealed that there is a weak and positive relationship between trust and repeat patronage of Fast food outlets in Rivers State. This is indicated by the r-value of 0.289 and a probability value of 0.000. In view of this result, the null hypothesis which states that there is no significant relationship between trust and repeat patronage of fast food outlets in Port Harcourt was rejected and the alternate hypothesis accepted. This means, there is a significant relationship between trust and repeat patronage of Fast food outlets in Port Harcourt. This finding is in line with Hakim (2017) who carried out a study to analyze and determine the effect of relationship marketing dimensions that consists of trust, commitment, communication and conflict management on customer loyalty. In his study it was also revealed that trust in relationship marketing has a positive and significant effect in increasing the customers' loyalty or business partners. Likewise the commitment dimension has a positive and significant effect in increasing customer loyalty.

Trust and Customer Referrals

Analysis of data revealed that there is a very strong and positive relationship between trust and customer referrals of Fast food outlets in Rivers State. This is indicated by the r-value of 0.961 and a probability value of 0.000. In view of this result, the null hypothesis which states that there is no significant relationship between trust and customer referrals of fast food outlets in Port Harcourt was rejected and the alternate hypothesis accepted. This means, there is a significant relationship between trust and customer referrals of fast food outlets in Port Harcourt. This finding is supported by Nasir (2015) who carried out a study on customer retention strategies and customer loyalty. The finding of the study shows that the significance of customer retention marketing strategies for the company by revealing the economics of retention marketing programs.

CONCLUSION

The findings revealed some managerial implications for relationship marketing. Managers can plan their marketing strategies by this study as it identified the significant variables which influence customer satisfaction. i

Fast food outlets in Port Harcourt can explore relationship marketing dimensions such as building customer's trust. Secondly, customers tend to stay in business once the owners of enterprises are interested in their welfare by ensuring that good quality products and services are offered to them to meet their respective needs and wants.

RECOMMENDATIONS

Following the findings, the following recommendations were made:

1. Fast food outlets in Rivers State should be trust with customers as this will help them to increase repeat patronage customer referrals.
2. Always monitor the firm reputation to the public because it has significant influence on the activities of the organization.

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