Influence of Customer Relationship Marketing Strategies on Performance of Synthetic Hair Manufacturers in Kenya

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Abstract: As the competitive environment becomes more turbulent, the most important issue the sellers face is no longer to provide excellent, good quality products or services, but also to keep loyal customers who will contribute long-term profit to organizations. CRM as a business strategy identifies, cultivates, and maintains long-term profitable customer relationships. This study therefore sought to explore the influence of CRM strategies on the performance of synthetic hair manufacturers in Kenya. The objectives of the study were to: establish the influence of service quality on performance of synthetic hair manufacturing firms in Kenya, to determine the influence of process automation on performance of synthetic hair manufacturing firms in Kenya, to find out the influence of customer orientation on performance of synthetic hair manufacturing firms in Kenya and to identify the influence of sales force involvement on performance of synthetic hair manufacturing firms in Kenya. The study adopted a descriptive research design. The study targeted 90. The study used self-administered questionnaire as instruments of data collection. The researcher used the SPSS to perform the analysis.

Keywords: Customer Loyalty, Customer Relationship Marketing, Organizational Performance, Hair Industry

I. Introduction

Rapid changes in the operating environment such as globalization, changing customer needs and expectations and competition to provide innovative products have become the standard backdrop for many organizations. To enable these organizations compete effectively, it is critical that they constantly enhance quality of their products and services through various practices such as differentiation of products and services and raising performance through reduction of costs (Chang & Huang 2005). To compete in such competitive and interactive marketplace, marketers are forced to look beyond the traditional 4Ps of marketing strategy for achieving competitive advantage. Therefore, CRM among other marketing strategies has become an alternative means for organizations to build strong, ongoing associations with their customers (Andaleeb, 2006). The development of CRM has received a lot of attention in both academy and practice areas in the last few decades. It was during the last decade of the 20th century that relationship marketing began to dominate the marketing field (Egan, 2001). During this period, relationship marketing became a major trend in marketing and management of business applied and practiced by many all over the world.

1.1 Statement of the Problem

Hair is big business in Africa, and global brands are definitely starting to take notice. Despite limited financial resources, Reuters reports of August 2014 that Africans are spending an estimated $7 billion on their hair. According to Euromonitor International, people in South Africa, Nigeria and Cameroon alone spend about $1.1 billion on hair care products. That includes shampoo, lotions and relaxers. Reportedly, the dry hair (aka weaves, wigs and extensions) industry is estimated to be around $6 billion a year. The African hair industry has become so big that Unilever now has salon in Johannesburg boasting its full line of Motions products. For many African women, the perception of having “Beautiful Hair” is an embedded part of their core being. Some cannot and will not be seen without weave despite the high cost. Weaves and additions come in all different shades and lengths and it usually takes long for you to grow your own hair to the length that you want. The durability of the weave is usually up to 3 weeks depending on how well it is maintained. This poses a challenge to the buyers as they have to make a purchase decision every two weeks. It is thus important that the organizations can lock such customers for repurchase.

1.2 Specific Objectives

- To establish the influence of service quality on performance of synthetic hair manufacturing firms in Kenya.
- To determine the influence of process automation on performance of synthetic hair manufacturing firms in Kenya.

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- To find out the influence of customer orientation on performance of synthetic hair manufacturing firms in Kenya.
- To identify the influence of employee involvement on performance of synthetic hair manufacturing firms in Kenya.

II. Literature Review

2.1 Theoretical Framework

The Six Markets Theory relaxes the assumption that companies marketing activities should concentrate on creating, keeping and retaining profitable customers. Firms should focus on individual sales processes, building long-term relationships with customers and generating repeat purchases. This will create stronger links between the internal processes and the needs of customers, resulting in higher levels of customer satisfaction (Christopher et al., 2002).

The Social Exchange Theory (SET) was based on the works of Homans (1974) and is widely viewed as one of the most influential conceptual paradigms in organizational behavior. The theory suggests that to be an effective competitor (in the global economy) requires one to be a trusted cooperator (in some networks). In the social exchange model, commitment and trust are the key mediating variables because they encourage exchange partners to preserve relationship investments, resist attractive short-term alternatives, and maintain the belief that partners will not act opportunistically. As business partners interact with one another on a regular basis, trust may develop.

According to Dettmer (2001), Theory of Constraint (TOC) is a set of concepts, principles, and tools designed to help manage systems better. TOC adopts the common idiom "a chain is no stronger than its weakest link." This means that processes, organizations, etc., are vulnerable because the weakest person or part can always damage or break them or at least adversely affect the outcome.

2.2 Empirical Evidence

2.2.1 Effect of Service Quality on Firm Performance

Richard et al., (2000) describes quality as a process of delivering to satisfy the customer and adds that quality is about how consistently a product or a service delivered meets or exceeds the external and internal customers’ expectations and needs. The process of defining quality is abstract because how one defines it is subjective because quality depends on one’s perception. Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001).

Customer Satisfaction Indicators cover the key elements of how customers feel about interactions with them. There are many different indicators that can assist track depending on the industry. Some attributes include response time to customers query, call, email, or chat with questions (Evans, 2008). Reliability is the ability to perform the promised service dependably and accurately and courtesy is the politeness, respect and propriety shown by the service, usually contact staff, in dealing with the customer and his or her property. This includes the ability of staff to be unobtrusive and uninterfering when appropriate (Preety et al., 2013).

2.2.2 Effect of Process Automation on Firm Performance

Johannesson et al., (2001) examine Process Automation is a business strategy where firms attempt to gain a competitive advantage by ensuring organization activities are being performed in the best way possible and focus on excellence in whatever the organization does to ensure efficiency in the operations. Business Process Automation (BPA) solutions provide the tools, technologies, and infrastructure to automate complex business processes end to end in order to help increase competitive advantage and deliver tremendous value and visibility to your business, customers, and trading partners.

BPA boosts individual and team efficiency which enables organizations to deliver results faster and greater predictability. It leads to better decision making by providing real-time insight into key business metrics and gives broader insight into essential business processes critical to a business and provides real-time analytics that enable you to make better decisions faster. BPA further leads to enhanced operational excellence (Premaratne, 2009). Before automation of various services organizations normally experience problems in service quality such as delay in service, lack of accuracy in the data due to manual transfer, lack of consistency in handling data as a result of lack of standard and more so there is the problem of lack of completeness of data, (Premaratne, 2009).

2.2.3 Effect of Customer Orientation on Firm Performance

Deming (2003) states the approach to quality and loyalty focuses on "customers" as measures of achievement. In this sense, customers’ ideas must be taken seriously and transformed into actionable information to evaluate the impact of the improvement efforts and to reinforce the customer focus within the
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organization. In order to achieve customer satisfaction, the quality process must be improved continuously until customer demands are met (Crosby, 2000). Response of a customer request in a prompt and professional manner is the key ingredient to effective customer service. Poor relations with clients has been proven to be an excellent way of making sure that the business or service involved does not do as well as companies that put their customer needs first.

Responding to a customer’s request in a prompt and professional manner does not mean that you have to fawn all over them; it means that you are courteous and showing them that you are taking what they want seriously. Employees provide an essential service for any industry. Whether a company is product or service oriented, it usually relies heavily on employees such as sales force in order to identify and meet their customers’ demands. Companies today rely more on employees than ever before to improve service and cut lead time. Due to this, every company’s approach to sales team should be part of their strategic plan.

2.2.4 Effect of Employee Involvement on Firm Performance

Lagrosen (2005) states that employee involvement was conceived to mean a ‘feeling of psychological ownership among organizational members. The traditional employee involvement is narrow-minded and job-centered rather than process centered. The main aim for the total involvement of employee is to boost internal and external customer’s satisfaction by developing a flexible environment which allows for innovation and improved service delivery. The CRM Practices approach involves achieving broad employee interest, participation and contribution in the process of service delivery. The concept assumes a companywide quality service culture, which gives freedom to employees in taking decisions that affect their job. Thus, employees are encouraged to perform function such as information processing, problem solving and decision making. Amah et al., (2013) similarly pointed out that intrinsic motivation is at the heart of improved organizational performance, where empowerment and involvement in decision making is viewed as essential for sustained result.

III. Research Methodology

The researcher used descriptive research design a scientific method which involves observing and describing the behavior of a subject without interfering with it in any way. (Mugenda and Mugenda, 2008). The study adopted a descriptive research design to investigate influence CRM components on organizational performance of synthetic hair manufacturing firms in Kenya. Descriptive research method permits a researcher to explore and describe the phenomena as it is and give actual information that can be used to solve some problems (Ngechu, 2004). According to Cooper and Schindler (2003), it describes the characteristics of the target group under study by focusing on the what, where and how of a phenomenon. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Bryman, 2008). Descriptive survey design allows for the collection of large data from sizable population. This research method is proposed as it is the most effective method that would fit with the purpose of the study. Reliability of the study was enhanced through pilot study that was conducted to enable the researcher identify items that required modification. Regression Analysis was used to measure the degree of correlation between independent and dependent variables. The Equation took the form:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E \]

Where:

- \( Y \) = Firms Performance (Dependent variable)
- \( \beta_0 \) = Constant
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) = Regression Co-efficient. Define the amount by which \( Y \) changed for every unit change of predictor variables. The significance of each of the co-efficient was tested at 95 percent level of confidence to explain the variable that explains most of the problem.

3.1 Reliability Analysis

Cronbach’s Alpha type of reliability co-efficient was used was taking into account a value of 0.7 or higher as being sufficient (Sekaran, 2003; Castillo, 2009). All variables were subjected to Cronbach’s Alpha so as to ascertain their internal consistency. Cronbach’s Alpha was .778 which was above the minimum required and therefore the data was considered as reliable.

IV. Findings And Discussions

4.2.1 Service Quality

According to the findings, it was established that customer relationship marketing strategies influence the firms’ performance as it provided customers with the information that they need on the product and thus
increases sales thus promoting customer loyalty to the brand. Customers are much more likely to make a repeat purchase if they product they bought meet and exceeds their expectations. The study confirmed those of Pretty et al., (2013) who found that service quality is an entity that bears on the products ability to satisfy the stated and implied needs of the customers.

4.2.2 Process Automation
According to the findings, the respondents indicated that automation process was difficult and it would impact negatively on firm performance. The study revealed that the process automation is only slightly of help according to the respondents as most requirements were already met and that the process automation was too slow or too late.

4.2.3 Customer Orientation
The study findings revealed that the organizations responded to the customers’ needs or complaints very fast. The findings also revealed that the company makes the response to the customers’ complaints so as to avoid conflict with the customers and create a good relationship with them through enhancing customer satisfaction. The findings agree with those of Crosby(2000) that lack of attending to customers query results to poor relations with clients has been proven to be an excellent way of making sure that the business or service involved does not do as well as companies that put their customer needs first. The findings also showed that the organization responds rapidly since it helps them in understanding the consumer behavior and their product preference.

4.2.4 Employee Involvement
The study revealed that employees were involved in various decision making processes in the organization. The findings revealed that they were involved since employee involvement in decision making boosts their morale and thus increasing productivity. Amah et al., (2013) similarly pointed out that intrinsic motivation is at the heart of improved organizational performance, where empowerment and involvement in decision making is viewed as essential for sustained result The study also revealed that since employees deal with the clients themselves they have a better insight on the behavior of the consumer and thus are involved in decision making. From the findings it was also revealed that the employees are involved so as to improve customer services.

4.2.5 Regression Analysis
The data findings analyzed showed that taking all other independent variables at zero, a unit increase in service quality will lead to 0.037 increase in firms performance; a unit increase in process automation will lead to 0.002 decrease in firms performance; a unit increase in customer orientation will lead to 0.003 decrease in firms performance while a unit increase in free cash flow will lead to 0.119 in firms performance.

The Equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$) becomes:

$$Y= 0.443 + 0.037 X_1 - 0.002X_2 - 0.003X_3 + 0.032X_4 + \epsilon$$

Where: $Y =$ Firms Performance, $X_1 =$ Service Quality, $X_2 =$ Process Automation, $X_3 =$ Customer Orientation, $X_4 =$ Employee Involvement, $\beta_0 =$ Constant,

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<thead>
<tr>
<th>R</th>
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Table 1: Model Summary

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<td>Total</td>
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Table 2 ANOVA (Analysis of Variance)

a. Predictors: (Constant), service quality, process automation, customer orientation, employee involvement

b. Predictors: (Constant) service quality, process automation, customer orientation, employee involvement
Dependent variable: Service Quality, Process Automation, Customer Orientation and Employee Involvement.

V. Conclusions

The study concludes that Customer Relationship Marketing strategies influence firm performance. The study also concludes that service quality enables the company to maintain communication with the customers. The study also concludes that customer service representatives have all queries resolved to the complete satisfaction of customers. The study concludes that organization respond to customers’ needs or complains fast. The study concludes that rapid response to customers’ needs avoids conflict with the customers, promotes customer satisfaction and customer loyalty. The study also concludes Process Automation would hardly be of any value to the organizations.

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