THE IMPACT OF RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION – A CASE STUDY OF BOTSWANA MEAT COMMISSION (B.M.C)

ERNEST BONI LETSO **BAGOPI**

Student ID # 20970498

Mini-dissertation submitted in partial fulfillment of the requirements for Masters Degree in Business Administration at the University of North West – Mafikeng Campus.

Supervisor. Dr. A.A. Agboola

February 2010

ACKNOWLEDGEMENT

I would like to thank the B.M.C management for allowing me to carry out this research with their organization. B.M.C customers have been helpful in completing the questionnaire and their feedback has immensely contributed to my being able to consolidate this research.

Lastly I would like to thank my family for giving me support throughout. I have not been able to spend as my much time as I should have with them, but they stood by my side.

ABSTRACT

The study examined the effects of relationship marketing on customer satisfaction. The Botswana Meat Commission (B.M.C) was used as a case study. Both primary and secondary data were used for the study. The instruments used for primary data collection were questionnaire and interview methods.

The findings of the study revealed that there was no evidence of concerted efforts of B.M.C to promote relationship marketing with the customers. None of the respondents had been invited for an event by B.M.C and all of the respondents indicated that they had not received a complimentary message from B.M.C. Forty-four percent of the respondents gave a rating of their relationship with B.M.C outside the commercial setup bad, 56% of them rated it as unsatisfactory. None of them rated the relationship good or excellent. Eight-eight percent of the respondents indicated that they had never been visited by B.M.C officials. Attraction of customers to B.M.C was majorly based on the quality of products and lack of formidable competition. This explains why most customers were still loyal and committed in doing business with B.M.C.

The study concluded that there was a significant gap that B.M.C had created between the organization and the customers and as such has left customers disgruntled and were only stuck with B.M.C because they did not have much choice. The findings have implications for strategic leadership in ensuring that the right culture is cultivated internally to prepare for the right atmosphere when implementing relationship marketing.

List of tables

List of Figures

List of appendix

TABLE OF CONTENTS

CHAPTER 1

1.0 Introduction

Every business organization is concerned with customer satisfaction. To achieve this they employ various strategies to gain competitive advantage in their industry. One of these strategies is relationship marketing. This study examines the effects of relationship marketing on customer satisfaction.

1.1 Importance of marketing

In today's business every successful organization faces challenges that are capable of impacting negatively on their life cycle. Even organizations that are internationally recognized and set the standards, struggle to maintain position and market share. Every organization needs good marketing strategy for sustenance; therefore marketing is an essential component to the prosperity of all organizations. Marketing strategies according to Carpenter (2004) include amongst others, obtaining new customers, branding, and keeping old customers and all these are performed to improve sales.

The interesting fact is that marketing costs of all goods impact consumers and this is because it is already incorporated in the price of the product. Therefore consumers pay for all marketing costs of purchased products hence the definition by Perreault (2004), that marketing can be considered an activity created by communicating, delivering and exchanging offerings that hold value to society.

Relationship marketing is a value adding concept in that it builds long term, trusting, “win-win” and mutually beneficial relationships between an organization and its valued customers. Trust and commitment are key elements to retain customers. A strong relationship between customers and suppliers engenders trust that is necessary for customers to obligate to the product (Du Plessis et al 2008). Marketing is surely moving away from individual focus transactions and encourages a culture of value-laden relationships and even marketing networks.

The objective of relationship marketing is to deliver continuous value to customers and to measure the success by long-term customer satisfaction. Every organization should be concerned with customer satisfaction, and the principle behind this is meeting customer needs and wants continuously. For an organization to survive and withstand the pressures of their competitors, it has to constantly meet the ever changing needs, requirements and wants of its customers.

1.2 Background

Botswana Meat Commission (B.M.C) as an organization is no exception. It has to satisfy its customers to be continuously in business. B.M.C as the sole exporter of lean beef from Botswana, features prominently in markets throughout the world, and has achieved an excellent reputation for quality (Botswana Review, 2005: Vol. 26). As a government parastatal, it was established in 1966 by an Act of Parliament (B.M.C Act of 1966 Chapter 74.04), to co-ordinate the production of beef from the national herd of 2 to 3 million, which is grazed on chemically free grass land covering much of the country's 580 000km^2. In ensuring that it remains competitive in the global arena and keeps its customers, B.M.C has successfully implemented International Organization of Standards (ISO) 9002 accredited in 1996 through South African Bureau of Standard (S.A.B.S). (I.S.O) as a quality organization ensures that companies affiliated to it produce constant quality products which meet customer specification at all times. In 2002 the ISO 9002 standard was revised to ISO 9001:2000, and B.M.C was also accredited by S.A.B.S in 2001. This is a clear indication that B.M.C produces quality products which compete in the global market. The Commission is the second turnover contributor to the country's economy after mining. It also supplies the local market which is significantly important. The local market (which according to annual reports 2006 and 2007 has been contributing 20% and 22% on turnover respectively) customers are segmented into four major target markets being wholesalers and or manufacturers, retail supermarkets and or chain supermarkets, and retail butcheries, and the Botswana government (Botswana Review, 2005: Vol. 26). In ensuring adherence to ISO standards, the following quality policy and objectives have been adopted.

1.2.1 Quality Policy

B.M.C is committed to the organization's endeavor to manufacture products of consistent quality, which meet statutory, regulatory and customer requirements at all times. According to the 2007 B.M.C Annual Report, the key elements of the B.M.C quality policy are as follows:

(a) To meet expectations of all it's stakeholders.

(b) To establish measurable quality objectives, that is consistent with the mission statement and quality policy.

(c) To ensure continued achievement of quality objectives, develop, implement and maintain a quality management system that conforms to the requirements of ISO 9001:2000 Standard.

(d) To have commitment to continually improve production processes products, human resources and the effectiveness of quality management system.

1.2.2 QUALITY OBJECTIVES

The quality objectives as outlined in the policy and strategic plan are as follows (B.M.C Annual report 2007)

(a) Customer Satisfaction.

(b) Livestock Producer Satisfaction.

(c) Continual development of Human Resources.

(d) Continual Improvement of the Quality Management System.

Measurements of the quality objectives are departmental objectives, key performance areas and procedures. Performance based measurements have been put in place at various functional levels to ensure that the quality objectives are achieved to facilitate effective and efficient review by management.

1.2.3 Strategic Plan

In 1998 B.M.C engaged LCM Management and Business Development Consultants to facilitate the formulation of the Strategic Plan. The approach taken was that the consultants were to conduct research, analyze the market and formulate the strategic plan with minimum involvement of the management and staff.

The study identified the following strategic options:

1. Remove fear and free the mind of people.
2. Actively pursue human resource training and development strategies to improve the commission's intelligence quotient.
3. Attract and retain quality employees through sound remuneration and benefits structure.
4. Empower people through delegation and encourage risk taking.
5. Introduce performance based pay system and recognize creativity and innovation.

6. Think beyond ISO 9002 and introduced other strategic thrusts like Total Quality Management, and Performance Management System.
7. Introduce green arrears and institutionalize discussion forums.
8. Establish an effective market analysis capability within B.M.C through research and development to enable it to identify the nature of opportunities in the target markets.
9. Lessen bureaucracy by engaging participative and bottom-up management system.
10. Introduce a two-way communication system to enhance performance feedback.
11. Fully commit to the strategic plan and the institutionalization of the strategic management.
12. Improve the quality of technology and equipment in all Lines of Business with a view to improving productivity and quality products.
13. Emphasize and exploit the product differentiation through packaging of the products.
14. Introduce and implement a practical product costing system to support marketing and pricing.
15. Create product loyalty through aggressive marketing/promotion of the key products.
16. Lobby the Government into privatizing the Commission so as to gain full autonomy of running the organization.

17. Diversify into beef substitute products and processes like chicken, game, ostrich and fisheries.
18. Collaborate with organizations that are likely to create and/or market substitute products.
19. Improve the understanding of the socio-cultural environment, where B.M.C sells its products in order to gain competitive advantage.
20. Build an organization culture that promotes transparency and mutual trust.

The following critical strategic options were identified from the above list and were to be prioritized.

1. Attract and retain quality employees through sound remuneration and benefits structure.
2. Empower people through delegation and encourage risk taking.
3. Introduce and implement a practical product costing system to support marketing and pricing.
4. Establish an effective market analysis capability within B.M.C through research and development to enable it to identify the nature of opportunities in the target markets.
5. Improve the quality of technology and equipment in all Lines of Business with a view to improving productivity and quality products.

The critical strategic options above were supposed to be implemented by 2003, but there was no action plan to carry out the implementation. Almost all of them have not been implemented at the time of this study.

The Commission owns two abattoirs, one in Lobatse, a town about 75 km south of Gaborone City, and it is the headquarters with a plant capacity to slaughter 800 cattle and 500 small-stocks per day. The Lobatse plant was constructed as a complete abattoir, encompassing canning, tanning and by-products plants and is responsible to supply customers in the southern, eastern, and some central parts of the country. The other abattoir, which is about 500 km from the capital city of Gaborone, north eastern part of the country in a city called Francistown, has a capacity to slaughter 400 cattle and 150 small stock per day, aimed at supplying customers in the northern, western, and some central parts of the country.

The commission's products include the following;

(a) Boneless beef: - frozen and chilled.

(b) Bone-in beef

(c) Red and green offal.

(d) Canned products: – corned beef, corned meat, stewed steak, canned tongue, and pet food.

(e) By-products:- hides, gall stones, ox gall, blood and carcass meal, tallow, beef extract, horns and hooves.

1.3 Problem Statement

B.M.C sells beef products to its various customers in the local market. In ensuring that customers are satisfied, it implemented International Standard Organization (ISO) with one of the major objectives being customer satisfaction. According to Hoyle (2001) ISO is a family of quality management and quality assurance standards developed by the International Organization for Standardization. B.M.C implemented this to produce better quality products therefore giving customers a piece of mind about the standard of products. However an observation has been made at B.M.C that, some customers are not satisfied with its services (Beef Digest, First Quarter 2007). B.M.C is also faced with a great challenge of meeting international standards in order to compete both locally and internationally. This case study will be used to assess how B.M.C uses relationship marketing in improving its customer satisfaction in the local market.

1.4 Research Scope and Objectives

The scope of this study is the B.M.C's local market which according to the B.M.C Annual Report (2006), contributes about 20% of the turnover. This is done to explore the kinds of relationship marketing activities that can affect relationship quality between supplier and customer. The objective of the study is to investigate the effects of relationship marketing on repeat purchase and customer loyalty, which are indices for measuring customer satisfaction.

The specific objectives of the study are to:

(i) Examine the trend of the B.M.C's share in the local market.

(ii) Determine the loyalty of B.M.C customers to its products.

(iii) Examine factors that influence customers patronage and assess which customers are choosing B.M.C products and why, and which ones have switched to the products of other competitors and why.

(iv) To identify major attractions of B.M.C competitors to the customers, and determine the effects of demographics and attitudes impact on where and how customers shop.

The overall outcome of the study is to assist B.M.C in gathering all relevant information for improving its products, marketing strategies, and distribution channels in the local market.

CHAPTER 2

2.0 Literature review

2.1 Introduction

Relationship marketing has been defined by Peter (2005) is a process of identifying, establishing, maintaining and enhancing, as well as terminating relationships with customers and other stakeholders when necessary so that the objectives of all parties involved are met. It is an approach that emphasizes the continuing relationships that should exist between the organization and its customers. This chapter reviews literature on what relationship marketing is as perceived by different writers, when it originated, how it can contribute to customer satisfaction and the overall performance of any business organization. There are past researches, which have been done on the importance of relationship marketing and these will be noted and compared with the B.M.C situation. The discussion on this chapter is in three folds: the conceptual meaning of relationship marketing, the theoretical background and empirical studies.

2.1.1 Conceptual Approach

The idea of relationship marketing originated in the 1950's Hennig (2000). There are two schools of thought on this concept. The first is the Industrial Marketing and Purchasing (IMP), and the second is the Nordic School.

2.1.2 Industrial Marketing and Purchasing (IMP)

According to Hakansson (2000) Industrial Marketing and Purchasing advises that, networks of companies are the main focus where relationships are seen as the criteria for developing and managing the networks. Gummesson (2002) supports IMP, and emphasizes on the long term nature of the relationship, referring to it as marketing based on relationships, networks and interaction, with recognition that marketing is embedded in the total management of the networks of the selling organization, its market and society. It is directed to a long term win-win relationship with individual customers, and value is jointly created between the parties involved. In support of the IMP, Rust (2000) contend that understanding relationship marketing requires a clear distinction between discrete transaction which has a distinct beginning, a short duration, a sharp ending by performance and a relational exchange which traces back to previous agreements and lasts longer, reflecting an on-going process. Gupta (2008) retains that according to this school of thought, relationship marketing happens when an organization involves in proactively creating, developing and maintaining committed, interactive and beneficial exchanges with selected customers or partners over time.

2.1.3 The Nordic School

According to Fournier (2002) the Nordic scholars believe that in-house marketing and engaging the whole company in relationship development with customers account for the effectiveness of marketing and service delivery. In emphasizing the argument, Fournier (2002) views relationship marketing as a broad type of relatively long term individual human business relationship involving a degree of collaboration and interdependence, which is based on the expectation of a fulfillment of promises in interactive marketing exchanges. Some scholars have gone further to test the concept and an argument by Katz (2008), a study by Crosby, Evans and Cowles has revealed that a relationship quality model was used to examine the nature, consequences and antecedents of relationship quality as perceived by customers. This model suggests that future sales opportunities defend mostly a relationship quality whereas the ability to convert those opportunities into sales relies more on convectional source characteristics of similarity and expertise. This study defined the exogenous variables affecting relationship quality as salesperson attributes and relational selling behavior. Furthermore, the study revealed the following list of variables that may influence relationship quality: customer confidence, customer contact, and effective communication.

(a) Customer confidence

This is created when an employee or an organization provides service as promised and continues to put customer needs and interests ahead. Shani (2001) argues that, to build long term service relationship, organizations should be able to keep promises. To support this view, Peter (2005) says keeping promises is the core of building a mutual beneficial relationship. Keeping customer promises wins customer loyalty as espoused by Webster (2002), that trustworthiness is the belief that a seller promises are reliable, and it is the trustworthiness between customers and organizations that influences customer attributes and purchase patterns.

(b) Customer contact

According to Sull (2009), customer contact is among the behaviors often shown as essential in establishing and maintaining interpersonal relationships. In a relational sales setting, customer contact is critical for employees, who are often brought in to solve complex and ill-structured problems. Furthermore, Houston (2004), explains that during the encounters, customers receive snapshots of an organization `s quality and each encounter contributes to the customers overall satisfaction and willingness to do business with the organization in the future.

(c) Effective communication

According to Bass (2003), timely communication fosters trust by helping to resolve disputes, and reduce the uncertainties of purchase decisions whilst Cannie (2001), reiterates that two rather than one-sided communication helps customers to build trust and satisfaction and eventually has a positive effect on repeat purchase. An argument by Cannie (2001), is that past communication is an antecedent of trust, while Sull (2009), maintains that communication is positively related to trust.

The role of trust in relationship marketing, particularly its importance in a long-term sales relationship, has begun to receive attention and can lead to satisfaction Peter (2005).

Customer's trust requires confidence that sellers can be relied on to behave so that long-term interest will be served, leading to satisfaction and loyalty. According to Copulsky (2000), satisfaction is an emotional state that occurs in response to an evaluation of interaction experiences.

In their theory of relationship marketing Rust (2000), proposed a general theory of relationship marketing that postulated that relationship commitments are the key mediating variables in a successful relationship between antecedents and consequences. Repeat purchase is an important consequence measure and a relationship's value between an organization and the customer. According to Katz (2008), repeat purchase is assumed to be rooted in continuously, ensuring the parties' willingness to prolong the cooperation. An argument is that positive continuity will result in word of mouth, and this is an interpersonal communication between individuals who exert purchase influence through communication. Customers actively seek experiences of other customers regarding certain consumption situations and if happy may be positively influenced and influence others to join the experience, as Sull (2009) advise that word of mouth is regarded as the most powerful form of advertising.

The world according to Ganesan (2004) has become more service and technology driven, therefore a strong bond between buyers and sellers will be increasingly essential. In order to succeed in the highly competitive market, organizations must employ the right technology to be more efficient and effective. Thus they will become more customer-oriented, delivering superior value to customers and maintaining that status to retain and attract more customers.

The benefits of relationship marketing as outlined by Peter (2005) are derived from the continuity patronage of committed customers who are not price sensitive over time and this leads to a decrease in marketing costs and an improvement of overall profitability. Ganesan (2004) holds that, committed customers are less likely to switch to a competitor simply because of a minor price increase, and they tend to spend more than comparable non-committed clients.

As a result of increasing interest in relationship marketing, which led to a number of attempts in sizing the antecedents and the effects of relationship quality, Ganesan (2004), advises that if an organization uses the four relationship marketing inputs being, understanding customer satisfaction, building service partnership, employee empowerment, and total quality management, four positive outcomes will be borne, and they are customer satisfaction, customer loyalty, quality products and better profits.

Kotler and Dubois (2000) in response developed the principles of personal selling and negotiation. This principle reiterates that transactions are oriented, and their aim is to help marketers effect an immediate sale to a customer. The concept behind this principle is to guide sellers' dealings with customers and namely that of relationship management. The seller who knows how to build and manage strong relationships with key customers will have plenty of future sales from these customers and therefore relationship management is a key skill needed by marketers. Sales people working with key customers must do more than call when they think customers might be ready to place orders. They should call or visit at other times, taking customers to dinner, making useful suggestion about their business. They should follow the fortunes of these key accounts, know their problems and opportunities, and be ready to serve them in a number of ways. According to Kotler and Dubois (2000), a relationship manager represents the latest step in the evolution of the sales person, though originally salespersons were order takers. Then they evolved to account representatives, who dealt with a number of people in the buying organization who could influence purchases. Now they are evolving into relationship managers, who plan and service the entire relationship with the customers. Relationship management as argued by Duplessis et al (2008), will undoubtedly play a larger role in the future, because of increased buyer concentration, among others. As the buyers in an industry become fewer and larger, each one counts more. It is highly desirable that a relationship manager be assigned to each important customer. The relationship manager would plan and coordinate the company's services to serve the customer well, and the following are the main steps in establishing a relationship management program in an organization:

(i) Identify the key customers meriting relationship management.

(ii) Assign a skilled relationship manager to each key customer.

(iii)Develop a clear job description for relationship managers.

(iv)Appoint an overall manager to supervise the relationship managers

(v) Each relationship manager must develop long range and annual customer relationship plans.

2.2 Theoretical Context

Porter in relation to relationship marketing, developed a model to show the effect of location on competition using four interrelated influence, depicted graphically in the figure 1 below. The four attributes constitute the playing field in which clusters in nations operate. This attributes according to Porter (1998), are:

a) **Factor conditions:**

These are a nation endowment of factors of production such as skilled labor or infrastructure, which are necessary to compete in a given industry. Factor inputs include tangible assets (such as physical structure), information, the legal system, and university research institutions which support the cluster. Porter argues that in order to increase productivity and customer satisfaction, factor inputs must improve their efficiency, quality and ultimately specialization to particular cluster areas.

b) Demand Conditions:

This explains the nature and characteristics of local demand for the industry's product or service. Demand conditions in home markets can mean the difference between a firm operating in a low-cost imitative, high volume product or service market to a higher end market where differentiation and quality are important. The importance of local demand is the pressures and signals that such demand bears on industry. The presence of sophisticated local buyers pressurizes firms to improve and also provide important signal on market demands.

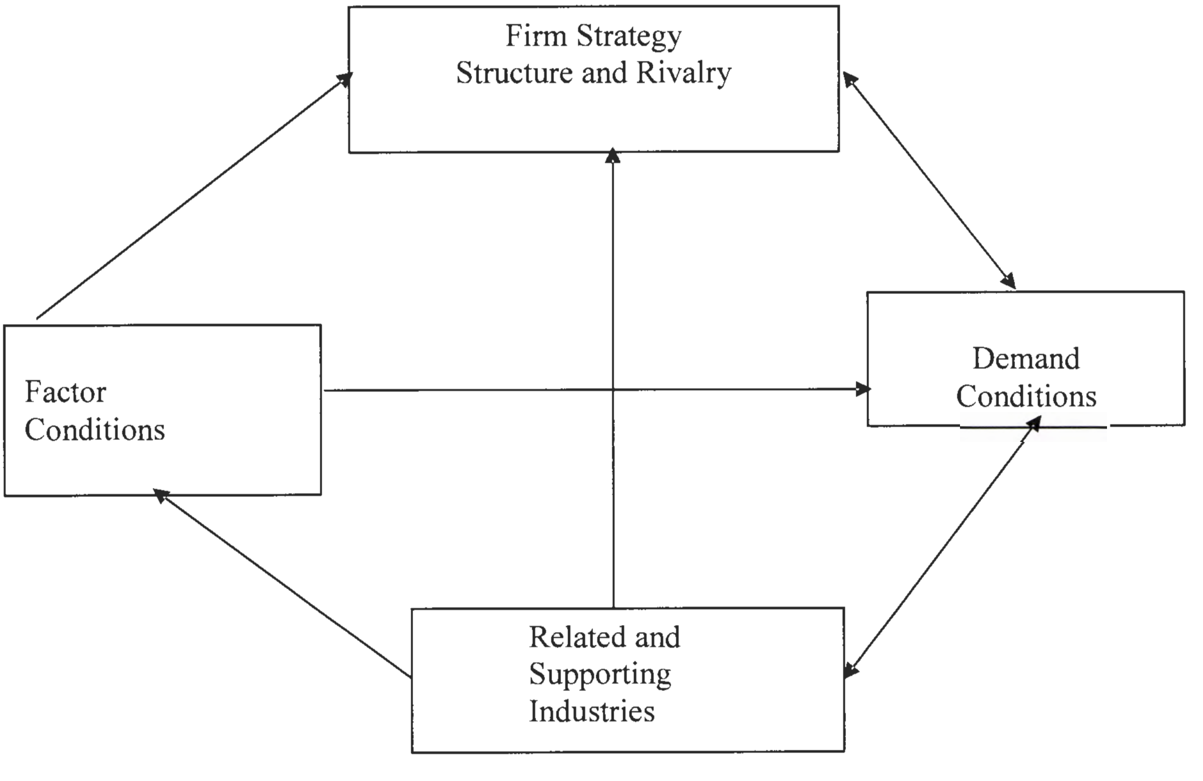
c) Related and supporting Industries:

This refers to the presence or absence in the nation of supplier industries and other related industries that are internationally competitive. The presence of capable locally based supplier who because of their close proximity to buyers are in touch with market demands, is an important of cluster. Reduction in transaction cost, ease of sourcing inputs and access to specialized inputs areas some of the benefits, which accrue to firms within clusters. Due to the close relationship between firms and supporting institutions i.e. university access to technology, information and labor, which is tailored to the needs of the cluster, is facilitated.

d) **Firm Strategy, Structure and Rivalry:**

This relates to conditions in the nation governing how companies are created, organized, and managed as well as the nature of domestic rivalry in the industry climate. The context to rivalry refers to the local context in which firms operate and the intensity of local competition. Since cluster firms are firms operating within close proximity of one another, offering similar products or services, these firms must work hard at attracting and retaining customers, therefore innovation and productivity are essential to expanding and retaining market share.

Figure 1: Determination of National Competitive Advantage



(Source: Porter, 1998)

Porter came up with the value chain concept which is an analytical approach based on the model. Unlike traditional methods of analyzing competitive advantage within enterprises, which focus mainly on production, value chain approach is that all the activities undertaken by an enterprise, and how they interact, are important for value added and therefore competitive advantage. It thus broadens the scope for improvement and service productivity growth by taking a wider and more holistic view of the sources of growth. It can be used at enterprise level, or at industry level which so broader to reveal important sources of competitive advantage and or constraints to competitiveness.

The value chain as outlined by Porter (1998), disaggregates the activities of the enterprises and identifies those that are strategically relevant in order to understand cost and existing potential sources of differentiation. These are the building physically and technologically distinct activities the enterprise performs. They are the building blocks it uses to create a service or product that has value to buyers. Value activities are divided into two broad types, primary activity and support activities. Primary activities are activities involved in the physical creation of the service or product, its sales and transfer to the buyer and after sales service. Support activities support the primary activities and each by providing purchased inputs, technology, human resources and organizational factions such as administration.

A theory on the six markets model distinguishes a variety of fundamental markets which are to be considered and addressed by organizations to effectively achieve their objectives. He indentifies the markets which he claims are central to relationship marketing and they are internal markets, supplier markets, recruitment markets, referral markets, influence markets and customer markets.

Payne et al (1991) argue that the central market and customer market are supported by five important markets. To be effective and provide value, marketers must consider all the six markets as shown in the following figure 2.

Figure 2: Six Markets Model Theory

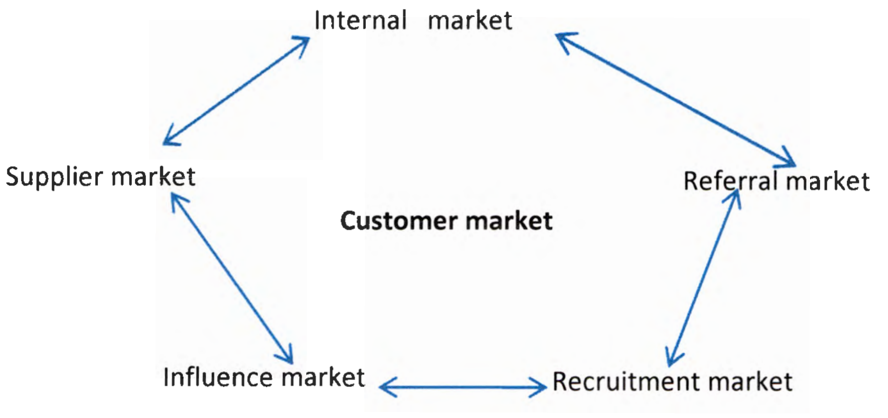


Figure 2: Source: Payne et al (1001:p21)

This model addresses relationship marketing at the organizational level. It presents for consideration six role-oriented market domains or 'markets' each representing dimensions of relationship marketing and, involving relationships with a number of parties, organizations or individuals, who can potentially contribute, directly or indirectly, to an organization's market place effectiveness. The six market models according to McKenna (2001) were initially presented with the configuration emphasizing internal marketing's role as an integrator and facilitator, supporting the management of relationship with parties within each market. The model has since been revised on a number of occasions as understanding of the nature of relationship marketing and the potential contributions from the various parties deepened. Most importantly, though, subsequent representations all place customers rather than the focal organization at the centre of the framework, a perspective endorsed by Cravens and Piercy in their discussion of the cornerstones of relationship marketing. According to Porter (1998), placing customers at the centre of the six markets model focuses on purpose of relationship marketing. It focuses on the purpose of relationship marketing, the creation of customer value, satisfaction and loyalty, leading to improved profitability in the longer term. A brief examination of each market follows;

a) **Customer market.**

McKenna (2001) says the work of management consultants Bain and company, directly links customer retention to profitability in a number of mainly service situations, and has done much to promote the benefits of customer retention through relationship building to the business community as a whole. Organizations market both to trade customers and consumers, but their relative power within the value system is likely to determine which relationships are cultivated most effectively. For the manufacturer of consumer goods, the rising power of retailers has focused their attention on these relationships, while retailers and distributors are pouring considerable effort into managing direct relationships with increasingly fickle consumers.

b) **Internal market.**

Payne et al (1991) says, this describes how to break up bureaucracy and make a company work more productively by bringing the logic of the market system and free enterprises into the organization.

c) **Referral market.**

This is developing and implementing a marketing plan to stimulate referrals. It is often the most effective part of an overall marketing plan and the best use of resources; however the effects make take time to see.

d) **Influence market.**

This involves a wide range of sub markets like government regulators, standards bodies, bankers etc. The activities are typically carried out by the public relations department, but relationship marketers according to Payne et al (1991) feel that marketing to all six markets is the responsibility of everyone in the organization.

e) **Supplier market.**

This involves all producers of raw materials needed hence their need to supply consistent quality raw materials at the right price, time and quantity.

f) Recruitment market.

This involves the availability of right skilled labor.

Many organizations according to Meldrum (1999), have adopted the sis markets model developed by Payne, in order to develop for each of their influence markets and some examples of them are Coca Cola, Walmaart and Virgin Atlantic.

Kotler and Dubois (2000) developed a customer loyalty relationship ladder and stages theory. The theory evaluates clients' relationship in various stages, and the theory developers encourages organizations to evaluate their customers relationship stage in order to assess the investment needs to make them climb up the ladder and become more profitable and provide customers with customized services or products in order to create higher attachment and switching costs. The following figure 3, summarizes the relationship stages developed by Kotler and Dubois.

Figure 3: Relationship Stages – Ladder of Customer Loyalty

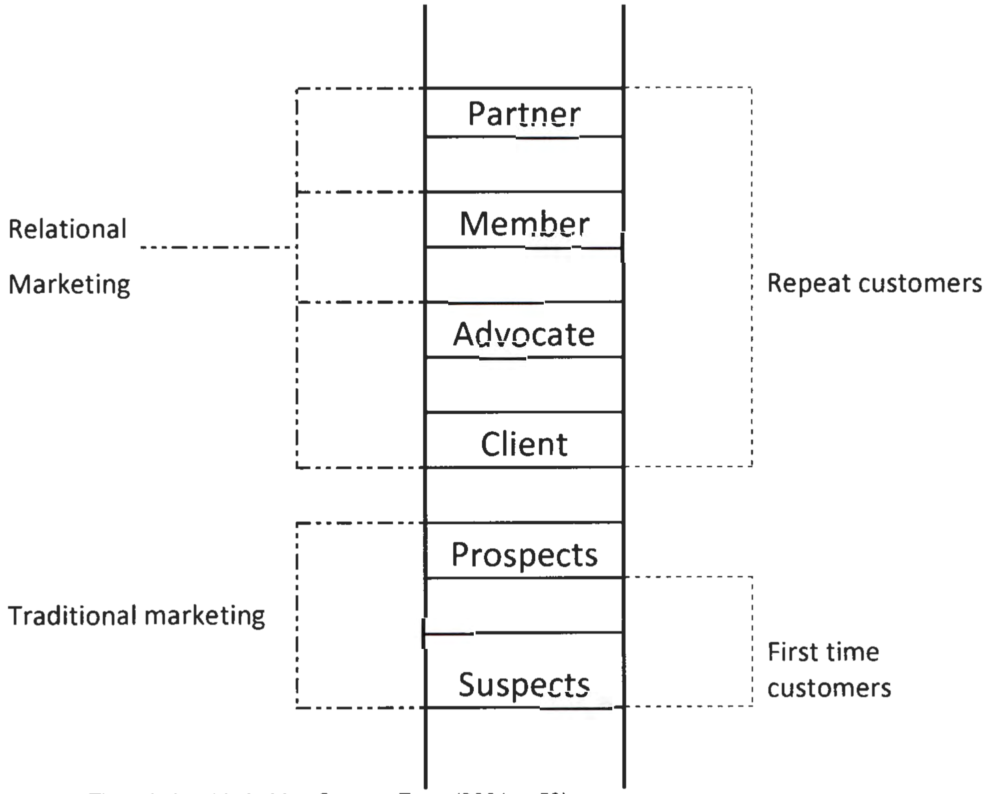


Figure 3: The relationship ladder. Source: Egan (2001: p.59)

This model of relationship stages include the all aspects of prospects, customers, clients, advocates, members and partners which are identifiable aspects in Payne's theory and the following a brief definition of the ladder stages.

a) Suspect. Someone who comes across a company's promotion. They are potential suspect for the company.
b) Prospect. If the person is interested in the company's promotion, they become potential prospect.
c) Customers. Someone who purchases a product or a service.
d) Client. Those who come back for more product or service.

e) Advocates. Those who promotes on the company's behalf. They are so happy about the company's product and or service that they tell others.

According to Egan (2004), Kotler's model of relationship ladder with the aspects of 'suspects' being the very first step of the ladder and the first time customers which are both located in the bottom area of the ladder, characterizing a traditional marketing concept feel.

2.3 Empirical studies

A similar study with the Botswana Meat Commission has not been done or available, but there is a case study at Croatia and China on the subject. The purpose of the study as Douglas and Linda (2007) argues, was to link the western concept of relationship marketing to the Chinese cultural framework *guanxi,* and to evaluate the impact of the ideas on the competitive structure within a developing, transforming nation. Basing on the arguments on classic bribery, it postulated a negative relationship between the existence of relationship marketing and the extent of competition. The propositions were tested using the responses to self administered questionnaires from 105 Croatian executives. It was asserted that this developing, transforming nation that is emerging from a state controlled economic system and moving to a market system was particularly suitable for such a test. Even though the measurement properties of the instruments were found to be satisfactory, the central hypothesis was not supported and the relationship was found to be significant but in the opposite direction so that the data suggested that, the greater the use of relationship marketing techniques, the greater the competition in the market place.

Berry (2002) argues that researches in marketing have established a paradigm shift from transaction orientation to relationship orientation and summarized these findings; that customers are the lifeblood of any business organization and strategies should be redesigned and organizations restructured to attract, nurture, retain and recover lost customers for survival, as well as maintaining cutting edge. Managing relationship with a customer has come under the limelight in the wake of globalization, where customer delight is the only key to success of more so the very existence .The concept of customer knowledge management as James and Morison (2006) reiterates, is now gaining wide acceptance and is recognized as a powerful tool for business development and to have an edge over the competitors on account of the universal traits of human behavior. In many areas of customer management, the exchange of information has traditionally been a key to good relationship with customers .The term “customer” according to James and Morison (2008), should be widely defined as organizations’ stakeholders, such as consumers, suppliers, partners, joint ventures and alliances, and competitors. These customers have a relationship with the organization – past, present or future. Knowledge derived from these relationships is referred to as “customer knowledge”. Relationship management has assumed the top most importance in service organizations. These organizations have started establishing direct relationship with the consumers through continuous interaction by way of organizing customer meets, and instituting periodical customer attitude surveys. The new knowledge gathered has been playing a pivotal role in innovation in every industry to cope with the emerging challenges.

According to Jordaan (2004), relationship in business is an age-old concept but modern marketers took fancy to it only recently. Though relationship marketing was introduced in the services marketing to establish long-term profitable relationship with all stakeholders of the business, its presence was noticeable elsewhere. Since the customers are the major stakeholders of the business, the marketers have coined the new term customer relationship marketing (CRM), to evince special interest in customers. It is established that building closer relationship with customers results in better returns to companies.

Customer knowledge according to Jordaan (2004), is knowledge that resides within the customers, not knowledge about them. The processes that a firm employs to manage the identification, acquisition and utilization of customer knowledge are collectively referred to as customer knowledge management (CKM).

The customer today as advised by Jordaan (2004), needs to be regarded as an important knowledgeable entity by companies therefore smart companies are prolific customer knowledge managers, and there are major implications for firms developing a CKM capability. Such companies are more likely to have an external perspective and outlook on knowledge creation and renewal. Through CKM, as a strategic process, companies emancipate their customers from passive recipients of products and services, to empowerment as knowledge partners. Customer knowledge managers focus on generating growth for the organization and value for the customer through motivation to share individuals' knowledge and to engage in active dialogue with the firm and with each other. Customer knowledge management is also about innovation and growth. By managing the knowledge of their customers, corporations are more likely to sense the emerging market opportunities before their competitors. Thus, CKM is about gaining, sharing and expanding the knowledge residing in customers, to both customer and corporate benefit.

A customer knowledge management (CKM) strategy as discussed by Malan (2007), has numerous aspects, but the basic theme for the company is to become more customer–centric. Developing a customer– focused organization and building competitive advantages based on strong customer relationships and high retention rates can be facilitated by relationship marketing strategies. CKM is a business strategy which comprises of acquisition of information and knowledge about customer behavior, their needs, habits and desires so that company can sell more of their products or service efficiently. Given the importance of information as the engine of marketing world, it's not surprising that customer knowledge management is becoming an integral part of the relationship marketing landscape.

In today's tough competitive environment, advanced knowledge, as argued by Thomas (2008), is an essential requirement for success. The argument is that companies are therefore placing greater emphasis upon the acquisition and utilization of knowledge to provide the much needed knowledge support to an organization. Successful companies should not only possess customer knowledge but be able to use it to make critical business decisions hence customer knowledge is more vital to business success today than ever before.

2.4 Customer satisfaction

Customer satisfaction according to Du Plessis et al (2008) can be viewed as an outcome of a consumption activity or experience, and it can represent a process of what was received and what was expected. He further says satisfied customers are the only true assets of an organization and customer satisfaction is the only justification for an organization's existence. According to him, customers are strongly value-oriented and in a value-driven organization three distinct value principles have been identified, namely, operational excellence, product leadership and customer intimacy. The following are certain steps to attain customer satisfaction are;

(i)To communicate with customers

(ii) Manage the overall experience

(iii) Handle difficult situations with empathy and in a dignified manner

(iv) Cultivate a service culture with employees and task teams

(v) Learn how to implement and control services processes

Satisfied customers and especially highly satisfied customers will return and buy again. They become loyal and as they repeat their purchases, they are building an organization's profits. This strategy also reduces the number of relationships customers form with competitors, thereby reducing their opportunities to penetrate the customer's business. Some of the reasons customer retention can increase profits are:

(i) Total acquisition costs decline
(ii) Satisfied repeat customers refer new customers
(iii) Word of mouth advertising is free
(iv) Long-established customers buy more than new customers
(v) Loyal customers are less price sensitive
(vi) Long-established customers cost less to serve because their likes and dislikes, their needs, and their particular operations become known, which prevents costly errors.

Therefore as mentioned by Bowen and Shoemaker (1998), committed customer's behavior includes spreading positive word of mouth, making business referrals, providing references, publicity and serving on advisory boards, and according to the findings of McKenna (2001), a 5% increase in customer retention translated into a 25% to 125% increase in profitability. Kotler (2000), have demonstrated that the cost of retaining a loyal customer is approximately one fifth that of acquiring a new one. These indicate that building long term relationship with clients is an important strategy for improving the profitability of the organization.

2.5 Conclusion

The chapter started by explaining what relationship marketing is perceived to be by different authors in relation to IMP and the Nordic schools of thought. Relationship marketing was further discussed using Kotler's principles of personal selling and negotiation and Potter's theory to show how organizations can adopt it. The theory of six markets model by Payne, and the relationship ladder stages theory by Kotler were also summarized to show how relationship marketing concepts can be adopted. The chapter further discussed how relationship marketing can impact on competitiveness using the Croatian study, which agrees that the greater the use of relationship marketing techniques, the greater the competition in the market place. A research summary on knowledge management, customer knowledge management, relationship management was also discussed. Lastly, the chapter defines what customer satisfaction is and how satisfied customers can give an organization mileage.

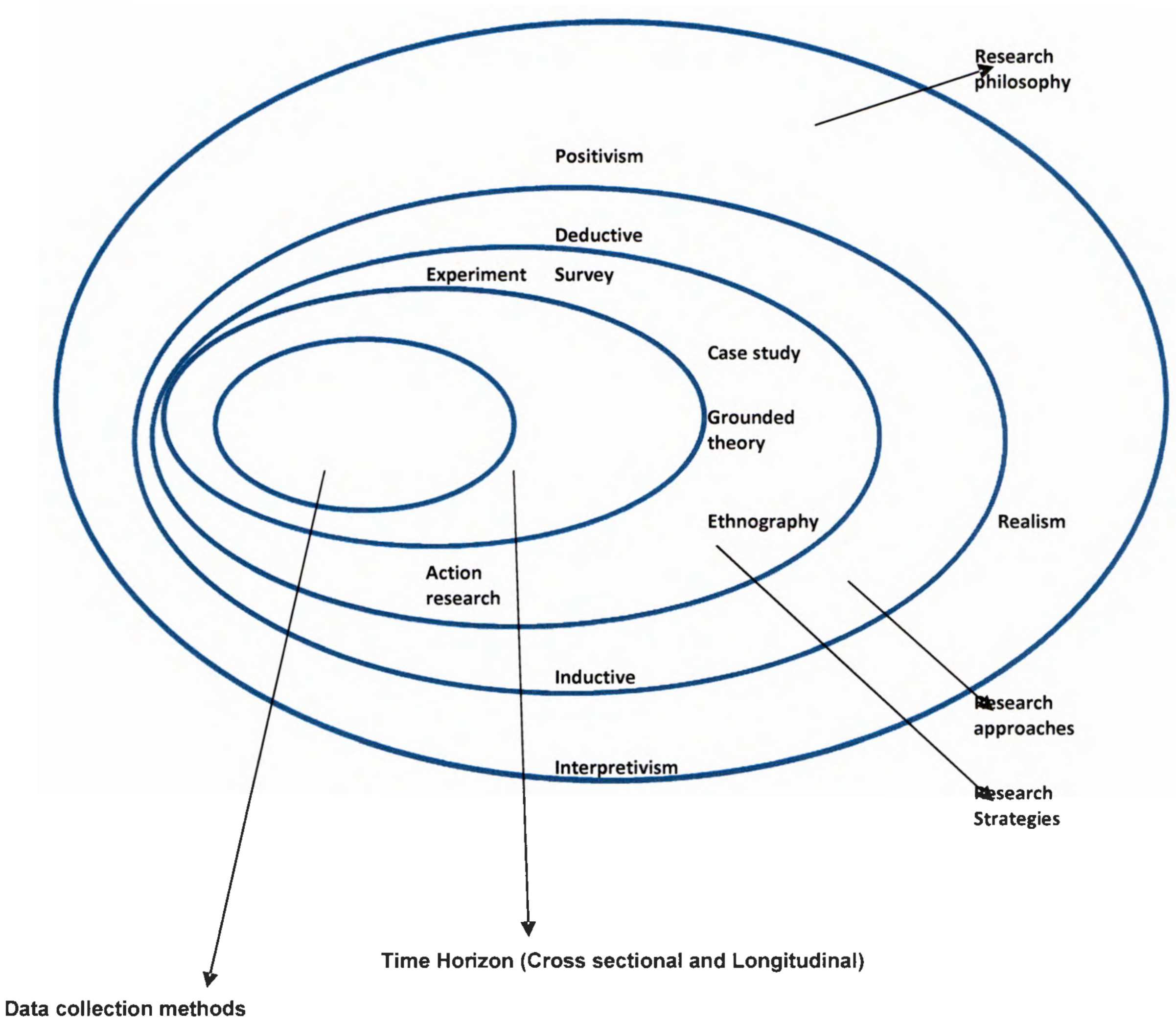
Chapter 3

3.0 Research Design and Methodology

The purpose of this chapter is to describe the research methodology used in this study. The review of the literature from the previous chapter was used to inform the research. Relevant research instruments were identified and used to collect data from local customers to attain their views on relationship marketing.

High quality research, regardless of philosophy, demands that appropriate methods be used to address the research problem at hand and in order to select appropriate methods. Researchers must first understand the types of data they will obtain when using particular research methods. Once a research method has been established Eldabi *et al* (2002) and the questions that need to be addressed have been identified, it is necessary to decide on the kind of data to be collected, and to determine how it is to be analyzed. Data analysis may be essentially qualitative or quantitative in nature and often depends on the research approach of the researcher. The research approach used in this study was based on the research process onion by Eldabi *et al* (2002). The advantage of using the onion is that it provides a framework with all the research methods options identified, research philosophies, approaches, strategies, time horizons and data collection methods.

Figure 4: The research process onion



(adapted from Saunders et al, 2003, p83)

3.1 Research philosophy

3.1.1 Positivism, interpretive and realism

The research philosophy for this study is interpretive. This according to Eldabi *at el* (2002) includes a qualitative research approach focusing on people's beliefs and interpretation of the world, enabling them to give a meaning to what they perceive. Positivism philosophy focuses on a quantitative research approach built on hypothetical deductive methods and it assumes that the world exists independently of those who live in it. According to Burnes (2004), realism assumes that there is reality that is independent of human thought and beliefs, and according to Eldabi *at el* (2002), shares some aspects with both positivism and interpretive. Interpretive will be used in the study because customers' views will be sought to understand their perceptions and experience in relation to the research questions.

3.2 Research approach

3. 2.1 Deductive and inductive

The deductive and inductive research approaches have been identified. The inductive approach in which development of theory follows data collection, and which owes more to the interpretive philosophy (Eldabi *et al* 2002) was used in this study. In the approach, concepts, insights and understanding are developed from patterns of data. The deductive approach according to Yin (1994) involves developing theory and hypothesis and testing the hypothesis, and uses linear logic to arrive at conclusions.

3.3 Research strategy

The are a number of research strategies identified from the literature which include case study, survey, grounded theory, ethnography, experience and action research. The case study will be used for this study because it is an effective method of meeting the research objective.

3.3.1 Case study

An argument by Yin (1994) is that the case study research strategy combines observations of behavior with observations of attitude and perceptions of research participants. It is descriptive and more qualitative than quantitative. Eldabi *et al* (2002) argues that a case study employs methods of data collection that rely heavily on the interviewing skills of researchers such as interviews, observation, and questionnaires.

A research for this dissertation was conducted with B.M.C customers in the local market, a beef producing organization and will be represented as a 'case study', defined by Hussey & Hussey (1997), as 'an extensive examination of a single instance of a phenomenon of interest'.

The most prominent characteristic of the case study research is described by Yin (1994), as follows:

(i) A case study is an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.

(ii) Cases study research aims not only to explore certain phenomena, but also to understand them in a particular context.

(iii) How and why questions are explanatory, and likely to be used in case study research.

(iv) A case study illuminates a decision or set of decisions- why they were taken, how they were implemented, and with what results.

(v) A case study as a research strategy comprises an all-encompassing method- with the logic of design incorporating specific approaches to data collection and data analysis. In this sense, the case study is not either a data collection tactic or a merely design feature alone, but a comprehensive research strategy.

(vi) Case study research uses multiple methods for collecting data, which may be both qualitative and quantitative.

(vii) A case study is typically used when contextual conditions are the subject of research.

According to Hussey & Hussey (1997), case studies are often described as exploratory research used in areas where there are few theories or a deficient body of knowledge.

3.3.2 Survey

A survey research according to Eldabi *et al* (2002) is usually associated with the deductive approach. Yins (1994), describes survey as mostly cross sectional, descriptive, and more quantitative than qualitative. Data is collected by using questionnaires and structures interviews. Similarities between case study and survey include the common data collection methods of interviews, and questionnaires which can both be self administered. The difference include size of population, where the case study involves only a single phenomenon within its real life context while the survey is useful in describing characteristics of a large population, which can be administered from remote locations.

3.3.3 Grounded theory

This is a theory building strategy and Eldabi et al (2002) say it is built through a combination of inductive and deductive approaches. Yin (1994) regard the strategy as one of the best known theories of qualitative research whose data collection can occur over extended periods of time and entail the use of multiple interviews with the same participants.

3.3.4 Ethnography

This strategy is characterized by observation of participants and description of behavior of cases. It is rooted in the inductive approach and according to Eldabi et al (2002), it interprets the social world the research subjects inhabit in the way in which they interpret it. It is time consuming and takes place over an extended time period. The research strategy chosen for the study as it is the effective way of meeting the research objectives.

3.3.5 Time Horizons

Cross sectional and longitudinal

The cross-sectional time horizon involves the study of a particular phenomenon at a particular time, the snapshot approach as regarded by Eldabi *et al* (2002) will be used for this study to understand how it uses relationship market in interacting with its customers, as opposed to the longitudinal time horizon, the diary perspective which according to Eldabi *et al* (2002) has the capacity to study change and development.

3.4 Data collection methods

The instruments used for collecting primary data include interviews, questionnaires, sampling, and observation. Secondary data were collected from books periodicals and the internet.

3.4.1 Interviews

These are associated with both positivist and interpretive methodologies. They are a method of collecting data in which selected participants are asked questions in order to find out what they do, think or feel. Interviews make it easy to compare answers and may be face to face, voice to voice or conducted with individuals or a group of individuals. A positivist approach suggests structured, closed questions, and an interpretive approach suggests unstructured questions where the questions have not been prepared before hand. Unstructured or semi structured interviews are likely to be time consuming. Questions are likely to be open-ended and probes may be used to explore answers in more depth.

3.4.2 Questionnaires

These are associated with both positivism and interpretive methodologies. It is a list of carefully structured questions, chosen after considerable testing with a view to eliciting reliable responses from a chosen sample (Eldabi et al 2002). The purpose is to find out what a selected group of participants do, think, or feel. Questionnaires are not as costly and time consuming as interviews. Problems associated with the questionnaire include the question design concerned with the type of question, their wording, the reliability and validity of the responses. The presentation is crucial in that the purpose of the questionnaire must be apparent and the respondents must know the context in which the questions are being asked.

3.4.3 Sampling

According to Hussey and Hussey (1997), selecting a sample is a fundamental element of a positivist study. A sample is made up of some of the members of a population. According to Eldabi *et al* (2002), sampling techniques can be divided into two groups of probability or representative sampling and non-probability or judgmental sampling. Probability sampling includes simple random sampling, which involves choosing numbers at random and systematic sampling where the population is divided by the required sample size and the sample is chosen by the 'nth' subject, stratified sampling where all members of a population are represented. Stratified sampling overcomes the problem of under or over representing more members of the population. Stratified sampling has been adopted for this study.

3.4.4 Observation

This is associated with either positivistic or interpretive methodology. It can take place in a natural setting. There are two ways in which observation can be conducted, that is non-participant, and participant observation. Non participant observation involves observing and recording what people are doing in terms of their actions and their behavior without the researcher being involved. Participant observation is a method of collecting data where the researcher is fully involved with the participants and the phenomena being observed. In this study participant observation has been adopted.

3.4.5 Secondary data

This refers to data that has already been collected for other purposes, and it includes both raw data and published summaries, Eldabi *et al* (2002)

3.5 Data Analysis

3.5.1 Qualitative methods

Qualitative researchers consider that it is not possible to assign meaning to a phenomenon without describing the context and understanding the position of the people who affect, or are affected by the phenomenon Miliken (2001). Given (2006) states that qualitative research, by nature, can address most why questions.

3.5.2 Quantitative methods

Eldabi *et al* (2002) note that quantitative research methods rely on the measurement and statistical data analysis to determine the relationship between one set of data to another and that, measurement of these variables may produce quantifiable conclusions. Quantitative research is considered unable to take account of the differences between people and the objects of natural sciences. According to Given (2006), quantitative approach is appropriate for counting incidents related to human behavior, but these approaches cannot explain the occurrence of the behavior. For purposes of this study both methods will be used, the qualitative method will used to obtain customers perceptions during primary data collection and both methods will be used during data analysis to determine relationships between different participants.

3.6 Data collection

The research population consists of local customers, who are about eighty five in number around the country.

3.6.1 Interview instrument

Interviews were conducted to obtain data on the key issues about the relationship with customers, and to obtain more detailed information on issues as Given (2006) argues, before embarking on questionnaires. Two interviews of about 15 minutes each with the General Manager (Marketing) and the Sales manager were planned to obtain an inside view of practice of relationship marketing at B. M. C. However the General Manager (Marketing) was unavailable at the time of the study. The interviews were followed by distribution of questionnaires to customers.

3.6.2 The questionnaire instrument

This method was chosen for this study as it is a convenient way to obtain primary data in form of customer opinions. The questionnaire was based on an extensive review of literature on relationship marketing, emphasizing the main activities related to customer satisfaction.

It consisted of a 45 questions. Eighty questionnaires were distributed to customers throughout the country. As per Curry and Kdasah (2002), the attitudinal types of questions were used to investigate the extent of agreement or disagreement of respondents. Care was taken in designing the questionnaire to achieve the required objective and eliminate bias. The data collection instrument was pilot tested with a few customers around Gaborone.

Questions 1-10 were about the customer's length of relationship with B. M. C. their customer category, the type of products they buy from, their estimated annual purchases, and if they had alternate suppliers. Question 11-20 focused on relationship assessment, that is, trust and commitment between the customer and. Question 21-33 collected data on the flow of information between B. M. C. and the customer in processing of orders until execution, whilst question 34-37 focused on the trading terms. The last questions from 38-45 will be focusing on overall customer satisfaction.
The questionnaires were distributed and collected by the researcher to ensure a reasonable response rate.

3.6.3 Reliability

The questionnaires were anonymous and were individually collected. This was meant to increase the reliability of the collected data.

3.6.4 Validity

Post data interviews were conducted to confirm the validity of the collected data findings.

3.7 Limitations of the research approach

The major limitation of the research approach is that the data is self reported and hence cannot generate knowledge that could be described as definitive.

3.8 Ethics

The researcher sought authorization from top management to perform the research. Approximate interviewing was disclosed before the interview, and no customer was forced to participate. Information obtained was confidential and the researcher would not disclose responses made by individual customers unless by consent.

Chapter 4

4.0 Findings

This chapter details the findings of the research based on the data obtained from the respondents through interviews and questionnaires.

4.1 Interviews – Pre Data collection

The General Manager (Marketing) was not available for the interview. The Sales Manager was interviewed to obtain an internal view and perception on their relationship with their customers. Information from the interview informed among other things that B.M.C had not done a pre-assessment of their relationship with their customers.

From the distributed 80 questionnaires, a total of 78 completed questionnaires (Appendix I) were collected two of which were not usable. This represents a response rate of 97.5 percent.

4.2 Research findings.

As outlined earlier, questions 1 to 10 relate to the length of relationship and the type of business transaction between B.M.C and its customers.

From table 1, thirty eight percent of the respondents have been doing business with B.M.C for more than 10 years, whilst 33% of the respondents fall within 5 to

10 years business relationship. Those who fall within 1-5 years are only 22%, followed by 6% of new customers who have stayed for less than 12 months with B.M.C. This shows that the majority of the customers are loyal to B.M.C

Table 1 Customers length of stay with B.M.C

	Less than 12 months	1-5 yrs	5-10 yrs	more than 10 yrs	Total
Respondents	5	17	26	30	**78**
Percentage	6%	22%	33%	38%	**100%**

Source: Research survey. 2008

Table 2 indicates the customer category respondents as butcheries, retailers, wholesalers, and By-products (or hides & skins) at 26%, 29%, 40%, and 5% respectively. Indications are that the majority of B.M.C customers hold a wholesale trading license.

Table 2 – Customer trading licensed category

	Butchery	Retailer	Wholesaler	By products or Hides and skin	Total
Respondents	20	23	31	4	**78**
Percentage	26%	29%	40%	5%	**100%**

Source: Research survey. 2008

From table three, only 3% of the customers make annual purchases below 10 thousand pula, 9% each contributes between 10 thousand and 50 thousand to B.M.C's annual sales. Seventeen percent of the customers contribute between 100 thousand and 200 thousand to the B.M.C's annual sales while 15% represents a turnover range of 200 thousand to 500 thousand. Forty seven percent make sales of 500 thousand and more. This shows that most of B.M.C customers spend more than half a million on the company's product..

Table 3 Respondents purchase category

	0-10K	10k-50K	50K-100K	100K-200K	200K-500K	500K and more	Total
Respondents	2	7	7	13	12	37	**78**
Percentage	3%	9%	9%	17%	15%	47%	**100%**

Source: Research survey. 2008

The respondents are categorized into those who buy chilled fresh boxed beef, frozen boxed beef, carcass, canned products and others (by-products), and their respective distribution are 13%, 36%, 33%, 16% and 2%. This shows that frozen boxed beef and carcasses consumption are the most patronized of the company's products.

Table four shows that 46% of the customers' are influenced by product quality, 16% by price, and 36% buy from B.M.C for convenience. This shows that B.M.C product quality gives it a competitive advantage.

Table 4 Respondents reasons for buying from B.M.C

	Product quality	No choice	Price	Convenience	Total
Respondents	33	7	6	26	**72**
Percentage	46%	10%	8%	36%	**100%**

Source: Research survey. 2008

Findings show that even though majority of customers are attracted by quality products at B.M.C, 60% of them buy the same products from other suppliers whilst 40% are only reliant on B.M.C. Of the 40% who have additional suppliers, 36% of them do that for price comparison, 16% influenced by quality and 49% are forced by product shortage at B.M.C.

Twenty-four percent of the respondents believed that B.M.C is price competitive while 53% feels is not, and 23% are not sure if it is price competitive or not.

According to table 5, none of the respondents claims that the stock is never available, 36% of them say the stock is sometimes available.

Table 5 Stock availability rating

	Never	Sometimes	Frequent	Always	Total
Respondents	0	28	35	15	**78**
Percentage	0%	36%	45%	19%	**100%**

Source: Research survey. 2008

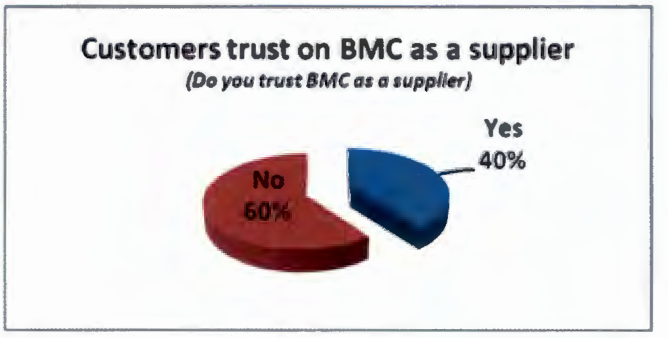
Research findings indicates that all of the respondents do not receive price confirmation from B.M.C before the order is confirmed because fixed price list for different trading license categories had been pre-determined.

Questions 11 to 20 focused on the relationship assessment between B.M.C and its customers.

Table 6 shows that out of the 78 respondents 60% of the customers indicate that they do not trust B.M.C as a supplier whilst 40% indicate their trust on B.M.C as supplier. This implies that majority of the customers do not really trust B.M.C

Table 6, and Graph 1. Respondents trust on B.M.C

	Yes	No	Total
Respondents	31	47	78
Percentage	40%	60%	100%

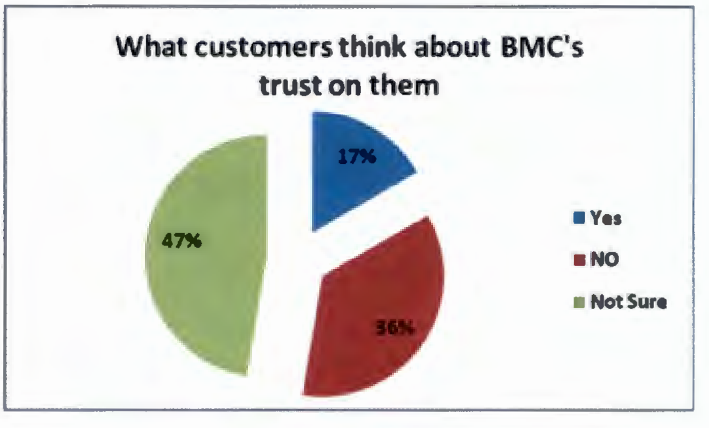


Source: Research survey. 2008

As indicated in table 7 and graph 2, 17% of the respondents believe that B.M.C trust them, whilst only 36% have a different perception, leaving the 47% not sure about B.M.C's trust on them. This shows that majority of the respondents do believe that B.M.C trusts them.

Table 7, and Graph 2. Customers perception about B.M.C trust

	Yes	NO	Not Sure	Total
Respondents	13	28	37	**78**
Percentage	17%	36%	47%	**100%**



Source: Research survey. 2008

Questions 13 to 20 of the questionnaire focus on the commitment of customers to B.M.C, and the relationship between them.

Findings reveal that respondents' commitment as customers to B.M.C differs, 83% are committed customers and 17% are not committed to B.M.C. This is another sign of high customer loyalty.

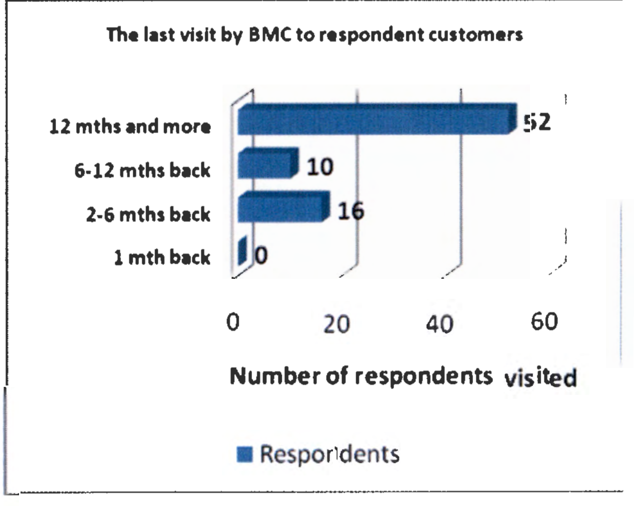
Responses however reveal that the company does not show equal level of commitment to the customers. Twenty six percent of the customers rate the B.M.C's commitment bad, 46% of them rate it as unsatisfactory, while only 28% rate it as commitment good and none rates it as excellent. Customers register disappointment with B.M.C's low commitment on them.

Out of the total 78 respondents, none of them indicates to have been invited for an event by B.M.C, and all of the respondents indicate they have not received a complimentary message from B.M.C. Forty-four percent of the respondents give a rating of their relationship with B.M.C outside the commercial setup bad, 56% of them rate it as unsatisfactory. None of them rated the relationship good or excellent. Eighty three percent of the respondents indicate that they have never been visited by B.M.C officials, 17% indicating that they sometimes receive visitors from B.M.C. None of them have received frequent visitors. As table 8 and graph 3 show, majority of the respondents (67%), reports that the last time they had visitors from B.M.C was more than 12 months back, whilst 13 % reports to have had visitors from B.M.C only in the last six to twelve months back.

Findings give an indication that 37% of the customers have contact person at B.M.C when 63% indicates not to have any specific contact person.

Table 8, and Graph 3. Customer visits

	1 mth back	2-6 mths back	6-12 mths back	12 mths and more	Total
Respondents	0	16	10	52	78
%	0%	21%	13%	67%	100%



Source: Research survey. 2008

Questions from 21 to 20 focus on the processing of orders for B.M.C customers.

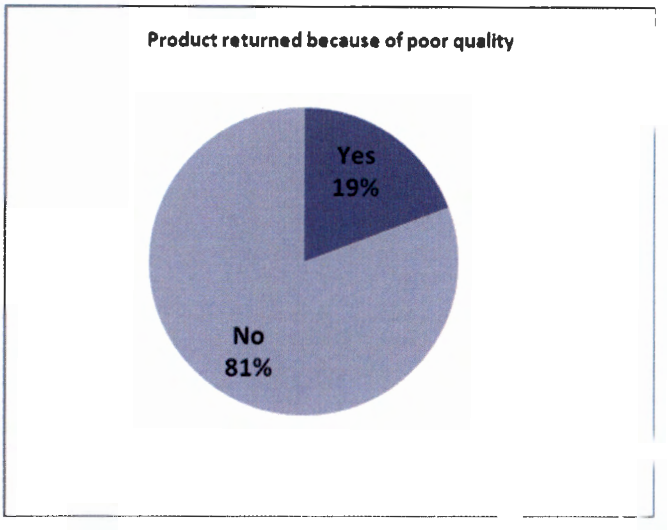
None of the respondents' claimed to have been informed ahead of any price changes, and all of them affirm that they do not receive invoices in advance before collection of order. Respondents indicate that when there is a problem with an order placed with B.M.C, there are instances where B.M.C communicates back to them on that problem. However 15% of the respondents say they never get the communication from B.M.C. Fifty four percent of the respondents indicate that they sometimes get such communication, 24% say they frequently get the notification and 6% report to always receive notification. This shows a communication deficiency from B.M.C to its customers.

Loading of orders is reported as never delayed by 13% of the respondents, 15% report that sometimes there are delays. Forty percent indicate that there are frequent orders loading delays while 32% claim there is always a delay when loading orders. Thirteen percent of the respondents report that they never receive the correct order they placed, 19% indicates that they sometimes receive correct orders. However 46% reports to frequently receiving the correct orders placed while 22% claim that they always receive the correct order.
Majority (72%) of the respondents gave an unsatisfactory rating on the collection of orders, 25% gave bad rating, 3% gave good rating while nobody gave an excellent rating. Sixty nine percent of the respondents rate overall order process unsatisfactory, when 28% rate it bad. Only 3%, and 0%, gives an overall order rating process of good and excellent respectively. All the respondents said that processing of orders at B.M.C is not timely.

Majority (48%) of the respondents indicate that B.M.C's quality of packaging is good, whilst 24% rate it excellent. Only 15% of the respondents' rated packaging unsatisfactory, while 13% rate it bad. Table 9 shows that 19% of respondents have returned product as a result of poor quality whilst 81% have not had any problem with product quality.

Table 9, Graph 4. Product returned as a result of quality

	Yes	No	Total
Respondents	15	63	**78**
Percentage	19%	81%	**100%**



Source: Research survey. 2008

Findings show that 19% of the respondents rate the quality of products badly, 35% rates it well, while 46% rate the product quality excellent.

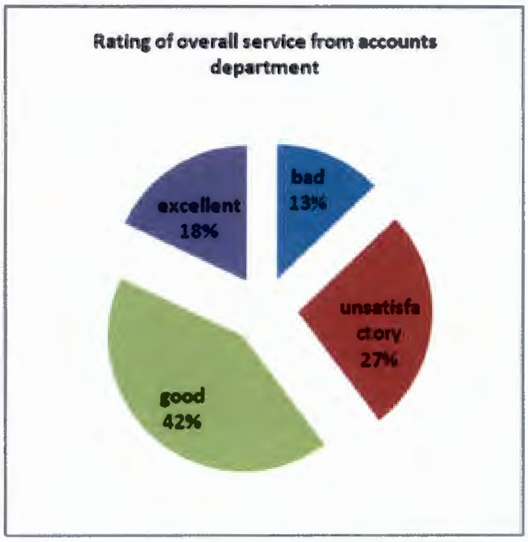
Amongst those who returned products as a result of poor quality, only 27% reported unsatisfactory response from B.M.C, whilst 73% reported good response. Seven percent of those who return products are unsatisfied with the return process, whilst 93% give a good rating on the returns process.

Questions 34 to 36 relate to issues dealing with trading terms as well as the level of service received from accounts department.

Of the 78 respondents, 42% of them have an account (credit customers) with BMC, while 58% of them are cash customers (no account). Forty percent of the respondents are satisfied with their current payment method while 60% is not satisfied. Forty-two percent of the customers receive statements of accounts and 58% does not. Respondents overall rating of accounts department as shown in table 10, graph 5, was that 13% of the respondents rated overall service from accounts department bad, and 27% unsatisfactory. Majority at 42% rated it good and 18% excellent.

Table 10, Graph 5. Customers' rating of accounts department

	bad	unsatisfactory	good	excellent	**Total**
Respondents	10	21	33	14	**78**
Percentage	13%	27%	42%	18%	**100%**



Source: Research survey. 2008

The last set of questions ranging from 38 to 45 relate to customers satisfaction. These questions help to assess if customers at the end of the day are happy with what is on offer.

Fifty six percent of the respondents agree that B.M.C has an order deliver service, 44% indicate that the delivery service is done sometimes. Findings indicate that 17% of the respondents rate the delivery service badly, when 46% unsatisfactory and 37% rate it good.

Findings show that 47% of the respondents agree that they have at some time received either incorrect product or wrong quantities supplied, whilst 53% reports not to have received incorrect product or quantities. After receiving either wrong product or quantities, 76% of the 47% reports to have made a formal complaint to B.M.C, whilst 24% have not. From those who registered their complaints, 88% reports to have been successfully assisted in resolving their complaint, while 12% indicate that their complaints were not resolved amicably. From those who registered their complaints, 4% reports that it is very difficult to register a complaint, 33% says it is just difficult to do so, while 63% find it easy to register a complaints.

All the 78 respondents indicate that they have never been involved in a B.M.C customer satisfaction survey before, and respondents overall satisfaction (table 11, graph 6) with B.M.C indicates that 22% rate it bad, 41% unsatisfactory, and 37% satisfactory. None rated overall satisfaction good or excellent.

Table 11, Graph 6. Customer overall satisfaction

	bad	unsatisfactory	satisfactory	good	excellent	Total
Respondents	17	31	28	0	0	**76**
Percentage	22%	41%	37%	0%	0%	**100%**

Source: Research survey. 2008

4.3 Reliability and validity of findings

The sales manager's as outlined in the previous chapter was interviewed following the final data analysis, and this is to compare if the research findings reflect the situation at B.M.C. The sales manager's answer reflects that the findings of the collected data give a picture of the situation at B.M.C. The manager was asked to answer question 15, question 17, and question 44 in a slightly different way and the answers given were in line with the findings made.

CHAPTER 5

5.0 Analysis

This chapter focuses on the analysis and interpretations of major findings. Findings are matched with the literature as related to the research question and the objectives.

5.1 Relationship length and business transactions

Questions 1 – 10

Findings reveal that majority of customers have been with B.M.C for more than 5 years and this signals customer loyalty and commitment. The implication is that B.M.C engages in proactively creating, developing, and maintain committed, interactive and profitable exchanges with selected customers over time. Majority of these customers are wholesalers trading license customers, and the bulk of the customers are those who buy products worth more than 500 thousands pula per annum. However majority of them still have other suppliers for the same products beside B.M.C. They do this for different reasons, amongst which are competitive price and frequent product shortage. Some B.M.C customers' report that they purchase directly from the farmers as it is cheaper. Some reported that B.M.C reserve the whole carcass product for the European market and this is a key reason for purchase from an alternative supplier. A number of customers reported transport issues as one of the reasons for not relying on B.M.C for supply. The restriction imposed on transport by B.M.C where different product types cannot be packaged in the same vehicle is felt to be prohibitive. A number of customers stated their transport facilities are restricted and they could therefore not free up sufficient vehicles to make multiple trips to collect orders. Alternative suppliers are therefore sourced as a result.

However, quality product is reported as a significant motivating factor in choosing B.M.C for meat products. B.M.C is reported to be one of the few sources of Halal meat in Botswana (B.M.C Annual report 2007) which the customers. The chain supermarkets, big wholesale distributors, and other trade outlets require Halal to meet their customer demands. This encourages patronage of B.M.C products.

5.1.1 Relationship assessment

Findings reveal that majority of customers do not trust B.M.C. This seriously impairs relationship marketing that is based on trust and commitment to retain customers. A strong relationship between a supplier and a customer engenders trust that is necessary for customers to obligate to the product. A number of customers in the wholesale category falling under those whose annual purchases are more than 500 thousand pula have on the general additional comments indicated that B.M.C discriminates its customers. Some of the customers reports that recently one of the equally massive wholesale customers has been given selective distributorship of some of B.M.C products. Their argument is that the distributorship should have been open to everyone to tender since they all have similar facilities and the financial backup, therefore hand picking indicates favoritism. This has left other customers questioning B.M.C's commitment to them as customers and discourages long term commitment and loyalty.

B.M.C has not been able to have a relationship with its customers outside working hours. This does not promote loyalty which is an important aspect of relationship marketing. There is completely no culture of interacting with customers and this is indicated by B.M.C having not invited any of the customers for an event. Majority of the customers have not had B.M.C official visits, therefore have not been able to bond with B.M.C as a supplier, and those customers who have been with B.M.C for long are not necessarily there as a result of the B.M.C's efforts on customer retention, but for other reasons.

Some customers have contact person at B.M.C but state that they find it better for themselves to identify with someone from sales department directly. This shows it is easier to relate with sales persons than passing through an intermediary.

5.1.2 Order processing

Findings indicate that customers are concerned with the delay in order processing. Some customers feel that certain B.M.C staff fails to take adequate responsibility for processing orders and ensuring they are fulfilled. Customers report to have a B.M.C price list therefore does not really need a price conformation before an order is made because B.M.C does not have promotional prices. The main problem is when B.M.C changes their whole price list. It is reported that customers are informed in less than three days that there will be a price change. They feel B.M.C does not communicate with them in time so that they can sensitize their customers.

Some customers raise concern that if there is a problem with an order, they are often not aware of it, until they arrive to collect their orders.

Customers share their concern that the collection process was 'rigid' and took too long. The process of confirming orders between departments is felt to detract from the service, and there was another concern over security, with security personnel labeled as non customer friendly. Processing of orders is reported as a major concern with customers having to wait for long periods of time before the trucks are loaded. Several customers reports that it takes the whole morning for an order to be loaded. There is a perception that B.M.C loads their delivery trucks ahead of other customers who are forced to wait.

In rating the overall order process, customers reported a number of areas of concern with the ordering process. The main concern related to a lack of feedback over problems with orders and several customers feeling that B.M.C is not pro active enough in this area. Several customers feel they have to do all the chasing, and one of the customers reported that one only finds the problem if they find it themselves.

Concern has also been raised in that customers report not to be receiving invoices in time. The invoice is only printed when the customer is there for collection and this force the customer to send the driver with an open cheque and therefore an inconvenience.

However majority of customers have high satisfaction for B.M.C's product quality and packaging. A high level of satisfaction with the quality of packaging supplied is reported, and some of the customers concern is that smaller packaging denominations be introduced for easier handling.

5.2 Conclusion

Analysis of the findings indicates that B.M.C is distant from its customers. There are currently no programs in place that bring the two together except the strict commercial set up of a buyer and a seller. In this case buyers do not have much contribution to what the seller does and this affects the service level the buyer receives because there is little knowledge the seller has about the buyer, so the seller does not have the right ingredients to prepare for the demands of the buyer.

5.2.1 Reference to the research objective

The aim of the research is to investigate whether relationship marketing influences consequences such as repeat purchase and customer loyalty, which are some of the major corner stones of measuring customer satisfaction.

5.2.2 Reference to the research questions

The research question about trust and commitment is the right tool to measure if there is relationship between stakeholders. The question on relationship outside business transaction would help assess if stakeholders have the interest of each other to be able to share ideas of betterment, growth, competiveness, hence if a stakeholder benefits from feedback or advice from another stakeholder, chances of growth are eminent hence the growth can indirectly benefit the originator of the idea. The understanding from the research findings show that the environment is not the right one to achieve customer satisfaction and loyalty

CHAPTER 6

6.0 Recommendations

The following recommendations are made to help B.M.C improve in satisfying its customers with the aim of retaining customers and at same time attracting a sizeable market growth. The recommendations are focused on the B.M.C General Manager Marketing for him to asses review and implement to revive the marketing strategy in place.

The organization has to carry out an internal organizational culture review. This will assist it identify if the problem is the mindset of the employees, or the organizational structure, or the strategy. An organization that can measure internal customer satisfaction will find it easier to deal with external customers; hence the priority is the customer. Findings have indicated that though customers stay with B.M.C for long, they mainly remain doing business with B.M.C for quality of product being produces. They on the other hand are not happy with B.M.C's service delivery, and this is a challenge for B.M.C to improve on its service quality. In doing so, B.M.C will have two strong competitive advantages being product quality and service delivery. A combination of the two will make it difficult for the competitors in the industry life cycle.

In addressing a big problem indicated by majority of the customers in order processing delays, service level agreements between departments will give an indication to customers of what to expect. This will help Sales department publish a standard timeframe for processing orders and communicate it to the customers. This would enable customers to plan ahead and would perhaps add to a higher satisfaction level in this area.

In dealing with the issue of relationship building, B.M.C should introduce sales representative to promote its brand. A sales representative as an individual in the employ B.M.C to represent that it and sell its merchandise to customers in store outlets or visited customers will close the gap between the customers and B.M.C. They will make ease of information between B.M.C and the customers hence they develop the special bond with customers. They normally on a daily basis contact and visit current customers for feedback in order to inform the employer in time so that necessary steps are taken to implement strategies that will help satisfy the ever changing customer needs and demands. They also contacts prospective customers and develop product interest. They are the link between suppliers and customers.

A good sales representative monitor stocks for the customer and recommends to the customer orders to be placed. Because of the close monitoring, they even suggest to customers, the frequency of placing orders. On a daily basis, they update the organization with current development in the market. They normally would pick that some products are slow moving and they recommend appropriate marketing tools that can be used to enhanced sales of such affected products. It is noted that lack of follow up by is specified as a reason for failure to purchase with several customers stating that if B.M.C got in contact with them they would reinitiate their business, hence the need for sales representatives. Once the gap between B.M.C and the customers is closed, then majority of the complaints will be addressed easily because the findings show evidence that they are merely small set backs which can be controlled.

7.0 References and bibliography

Bass, F. (2003). The Future of Research in Marketing: Marketing Science, Journal of Marketing Research. Vol.XX, February, pp.5-11.

Botswana Meat Commission Act. Cap 74:04. Botswana Government printer. Gaborone

Botswana Meat Commission, Annual Reports (2006-2007)

Botswana Meat Commission. Beef Digest, first quarter (2007)

Botswana Review, Vol.26 (2005)

Berry, Leornard L. (2002), 'Relationship Marketing of Services – Journal of Marketing Research. Perspectives from 1983 and 2000', 1(1), pp.59-78.

Bowen, A. Shoemaker, B. (1998), The benefits of committed customers – Journal of Marketing. 43(May).pp.14-22.

Burnes, B. (2004). Managing Change. 4th Edition Prentice Hall England.

Cannie, K. (2001). Keeping Customers for Life. American Management Association, New York.

Carpenter, Karen. (2004). The Difference between marketing and sales. Circuitree, 17(12),84.

Copulsky, R. (2000). Relationship Marketing. Positioning for the Future, The Journal of Business Strategy. Feb/March, pp.32-38.

Curry, A and Kdasah, N. (2002). 'The Yin and Yang of quality systems evaluation'. Management Auditing Journal, volume 17, number 7, pp.424-429.

Douglas, A. Linda, A. (2007). The Cultural effect. Effect on Relationship marketing. Harvard Business Review, (February).

Du Plessis, F., Yolanda, J. (2008). Intergrated Marketing Communication. 2nd Edition. New Africa Books. Claremont. SA.

Egan, J. (2004). Relationship marketing: Exploring relational strategies in marketing management. Financial Times/ Prentice Hall, Limited, Harlow.

Eldabi, T., Irani, Z., Paul, R.J. and Love , P.E.D. (2002). 'Quantitative and Qualitative decision making methods in simulation modeling'. Management Decision, volume 40, number 1, pp.64-73.

Fournier, S. (2002). "Delivering on the Relationship in CRM". Customer Relationship Management Conference. Durham.

Ganesan, S. (2004). Determinants of Long Term Orientation in Buyer-Seller Relationships, Journal of Marketing, Vol.61, October, pp.9-16

Given, L. (2006). Qualitative research in evidence – based practice: A valuable partnership. Library Hi Tech, volume 24, number 3, pp.376-386.

Gummesson, E. (2002). 'Relationship Marketing in the New Economy', Journal of Relationship Marketing, 1(1), pp.37-58.

Gupta, S. (2009). What is a Free Customer Worth, Harvard Business Review, Boston, November

Hakansson, H. and Snehota, J. (2000). 'The IMP Perspective: Assets and Liabilities of Business Relationships', in Handbook of Relationship Marketing. Sage publications, pp.69-93.

Hennig, T. (2000). Relationship Marketing: Gaining Competitive Advantage through Customer Satisfaction and Customer Retention. Berlin Heidelberg, New York.

Houston, F. (2004). Marketing Exchange Relationships, Transactions, and their Media. Quorum Books, Westport, CT.

Hussey, J. and Hussey, R. (1997). Business Research: A practical guide for undergraduate and postgraduate students. Palgrave, New York.

James, F. and Morrison, F. (2006). Customer Loyalty. Managing and knowing customers, Harvard Business Review,Boston, (April)

Jordaan, Y. and Prinsloo, M. (2004). Grasping Services Marketing, 2nd edition, ANT production, Cape Town.

Katz, M. (2008). Understanding Customer Relationships: Marketing CIF, Bank Systems and Equipment, vol.25.Iss.4, April,pp.60-75.

Kotler, P and Dubois, B. (2000). Marketing Management, 10th edition, Public – Inion Editions, Paris.

Malan. M. (2007). Customer knowledge management. The power to boost sales. Succeed, (March).

McKenna, E. (2001). Relationship Marketing. Successful Strategies for the Age of the Customer. Addison-Wesley Publishing Co., Reading, MA.

Meldrum, M. (1999). ' Relationship marketing : managing multiple markets", In marketing management: A relationship marketing perspective. (Ed) Marketing and logistics Group (London). Macmillan, p.29.

Milliken, J. (2001). Qualitative research and marketing management. Management Decision, volume 39, number 1, pp.71-78.

Payne, A. Ballantyne, A. Christopher, P. (1991). 'Relationship marketing: The six markets Framework', Working paper. Cranfield School of Management, Cranfield University, UK.

Perreault, W. D. (2004). Basic marketing: A Global Management Approach (15th Edition), The McGraw Hill Companies.

Peter, J. (2005) Consumer Behaviour and Marketing Strategy. 7th Edition. McGraw-Hill, International edition, Irwin, New York.

Porter, M.E. (1998). Competitive advantage: Creating and Sustaining superior performance, Free Press, New York.

Rust, T. (2000). Driving Customer Equity: How Customer Lifetime Value is Reshaping Corporate Strategy. Free Press, New York.

Shani, D. (2001). Exploiting Niches Using Relationship Marketing. The Journal of Consumer Marketing, pp.46-63.

Sull, D. (2009). Hoe to Thrive in Turbulence Markets, Harvard Business Review, Boston, (February)

Thomas, F. (2008). Managing knowledge; Modern competitive advantage, Harvard Business Review, Boston (June)

Webster, F. (2002). The Changing Role of Marketing in the Corporation, Journal of Marketing. Vol. 56. No.6, pp.4-20

Yin, R.K. (1994), Case Study Research: Design and Methods, 2nd ed. Sage Publications, thousand Oaks, California

APPENDIX 1

Customer satisfaction Questionnaire

Topic

The impact of relationship marketing on customer satisfaction. A case study of Botswana Meat commission.

Dear Customer

This questionnaire is part of MBA student's requirement in completion of the mini dissertation. The student's dissertation's topic is relationship marketing's effects on customer satisfaction and case study of Botswana Meat Commission. BMC customers are therefore pleaded to cooperate and assist the student in gathering information by providing feedback as per the following questions. Customers' cooperation in answering the questions is highly appreciated.

1. How long have you been a BMC customer?

   Less than 12 months ☐ One-five years ☐ Five-ten years ☐ More than ten years ☐

2. What category of customers do you fall under?

   Butchery ☐ Retail ☐ Wholesale ☐ Hides and skin ☐

3. What is the annual purchase value of goods at BMC?

   0 to 10K ☐ 10k to 50k ☐ 50k to 100k ☐ 100k to 200k ☐

4. Which products do you frequently buy from BMC?

   Fresh Chilled boxed ☐ Frozen boxed ☐ Whole carcass ☐ Canned product ☐

5. What are your reasons for buying from BMC?

   Product quality ☐ No choice ☐ Value for money ☐ Convenience ☐

   Quantity acquired ☐ Other (specify) ☐

6. Do you have other suppliers for the same products you buy from BMC?

   Yes ☐ No ☐

7. Why do you from buy from other suppliers?

   Price ☐ Quality ☐ No product at BMC ☐ Other (please specify) ☐

8. Would you say BMC is price competitive?

   Yes ☐ NO ☐ Not sure ☐

9. How do you rate stock availability at BMC?

Never ☐ Sometimes ☐ Frequently ☐ Always ☐

10. Do you receive price confirmation before the order is processed?

Yes ☐ NO ☐

If NO, why? ____

____

11. Do you trust BMC as a supplier?

Yes ☐ No ☐

12. Do you think BMC trust you as a customer?

Yes ☐ No ☐ Not sure ☐

If No
why?____

____

13. Are you a committed BMC customer?

Yes ☐ No ☐

If No
why?____

____

14. How do you rate BMC commitment as your supplier?

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

15. Have you been invited by BMC for an event?

Yes ☐ NO ☐

16. Have you received a complimentary message from BMC?

Never ☐ Sometimes ☐ Frequently ☐ Always ☐

17. How do you rate your relationship with BMC outside the current commercial one?

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

18. Do you have contact person at BMC?

Yes ☐ NO ☐

If No
why?____

____

19. How often do BMC officials visit you?

Never ☐ Sometimes ☐ Frequently ☐ Always ☐

20. When was the last time you had visitors from BMC at your premises?

One month back ☐ two-six months back ☐ six-twelve months back ☐ more than twelve months back ☐

21. Are you informed in time of the price changes?

Yes ☐ NO ☐

22. Do you receive invoices in advance for order collection?

Yes ☐ NO ☐

23. Does BMC communicate back if there is a problem with an order?

Never ☐ Sometimes ☐ Frequently ☐ Always ☐

24. Are there delays in loading of the order?

Never ☐ Sometimes ☐ Frequently ☐ Always ☐

25. Do you always receive the correct order placed?

Never ☐ Sometimes ☐ Frequently ☐ Always ☐

26. Would you say order processing is quick at BMC?

Yes ☐ NO ☐

27. What is your rating on the collection of orders?

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

28. What is your rating on the overall order process?

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

29. How would you rate the quality of packaging?

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

30. Have you returned an item as a result of poor quality?

Yes ☐ NO ☐

31. If yes for above how was the response?

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

32. How would you rate the returns process

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

33. How do you rate the quality of products you buy from BMC.

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

34. Do you have an account with BMC

Yes ☐ NO ☐

35. Are you satisfied with the payment method?

Yes ☐ NO ☐

36.Do you receive statements of accounts?

Yes ☐ NO ☐

If NO, why? ____

____

37. How would you rate the overall service you receive from accounts department

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

38. Does BMC offer a delivery service?

Yes ☐ Sometimes ☐ NO ☐

39. Have you received incorrect product or quantities?

Yes ☐ NO ☐

40. Have you complained formally?

Yes ☐ NO ☐

41. Was the complaint satisfactorily resolved?

Yes ☐ NO ☐

42. How easy is it to complain?

Very difficult ☐ Difficult ☐ Easy ☐ Very easy ☐

Never complained ☐ Not easy to get feedback ☐

43. How would you rate delivery service?

Bad ☐ Unsatisfactory ☐ Good ☐ Excellent ☐

44. Have you been involved in a BMC customer satisfaction survey before?

Yes ☐ NO ☐

If NO, why? ____

____

45. How do you rate your overall satisfaction with BMC service?

Bad ☐ Unsatisfactory ☐ Satisfactory ☐ Good ☐
Excellent ☐

General additional comments

____

____

____

____

____

____

Thank you for your feedback

Please note that you are assured of confidentiality.