Relationship Marketing and Customer Satisfaction at Safaricom: A Case of M-Pesa Services in Kajiado Central, Kenya

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Abstract:
This study sought to establish the effects of relationship marketing on customer satisfaction: a case of M-pesa Services in Kajiado Central, Kenya. The objective of the study was to determinate relationship establishment on customer Satisfaction in Safaricom. The study an informed by the following theory: relationship marketing theory, the commitment-trust theory and social exchange theory. Quantitative method approach was used in this study. Furthermore, correlation design was used. The target population was confined to approximately 20,000 M-Pesa users from six selected areas in Kajiado Central. The six clustered areas included: Eiti, Esukuta, Hospital, Majengo, Market and Olopurupurana. The researcher employed two sampling techniques namely: cluster sampling and purposive sampling. The Sample size was 140 respondents. The study used self-administered questionnaires to collect the data. The validity of the research instruments was determined through expert knowledge in this area. A pilot study of ten respondents from OngataRongai was carried to test the reliability of the instruments. Descriptive and inferential statistics were used to analyse data. The research outcome revealed that there was a significant and positive effect of relationship establishment on customer satisfaction in Safaricom and the effect was significant because the p-value is less than the set value of 0.05. The study deduced that the relationship establishment had explanatory power on customer satisfaction in Safaricom in that it accounted for its variability. The regression results indicated that relationship development had overall significant relationship with customer satisfaction in Safaricom. The study also concluded that Safaricom should encourage their agents to have relationship development with their customers. The study recommends that Safaricom should therefore, strive to improve on their relationship establishment. It also recommends that Safaricom should encourage relationship development techniques because this study established a positive effect on customer satisfaction in Safaricom. The study also recommends that Safaricom need to encourage their employees and agents to have relationship maintenance activities in their operations.

Keywords: M-pesa services, customer satisfaction, commitment, brand reputation, relationship marketing

1. Background to the Study

Business environment globally is highly competitive thus companies are not able to survive with a transactional attitude towards customers. Hollensen (2008) affirms that Relationship Marketing (RM) is the most suitable approach for satisfying and maintaining customers. For this purpose, today customer satisfaction has been articulated as a vital theoretical and practical matter for most of the marketers and researchers (Akoth & Kung’a, 2016). Relationship marketing tactics have been globally applied by various international companies to enhance positive attitude among the customers. It is worth noting too, affirms the authors that various sales promotions can be used in creating, developing and maintaining relationship between customers and sellers. For the last two decades RM has been in the limelight for both academicians and practitioners.

Currently the economy in Africa has become more technological and service oriented. These changes have necessitated the need to focus on how various companies investing in Africa can create, develop and maintain a long-lasting relationship with the potential customers. Therefore, customer segmentation and differentiation are required for the purpose of matching the service offered and the revenue received. Nowadays the decisions of customers are based on the relationship the customers have with the company offering the services. It is, therefore, appropriate for companies in Africa to create rapport with the customers in order to win their trust (Tushar, 2014).

The business environment in Africa is continually experiencing competition even though the continent has potential for growth and abundant business opportunities. The business environment in which organizations operate is turbulent, dynamic and chaotic in nature, and this calls for rapid response strategies to ensure continuous growth, customer satisfaction and sustainability in the competitive environment (Mumassabba, Muchibi, Mutua & Musiega, 2015). The need for firms in Africa particularly in service industries has become more competitive thus more companies have shifted focus relational marketing for the purpose of establishing, developing and maintaining relationship with their customers (Momanyi, 2014).
With the changing business environment, firms in Kenya are finding it increasingly difficult to find an industry environment in which there are good enough conditions that allow a rate of return above the competitive level. For instance, Companies offering mobile money in Kenya have been forced to apply relationship marketing tactics that are more customer oriented in order to remain relevant in today's competitive market (Gitari, 2010). Furthermore, Relationship marketing entails creating mutual bonds between a seller and buyer through commitment and by meeting consumers’ needs and wants (Stan Mack, 2017).

1.1. Safaricom Limited

Safaricom is the Kenya's largest cellular phone provider. Safaricom commenced operating in Kenya in 1993, by that time it was one of the departments of Kenya Post and Telecommunication Corporation. Safaricom Company uses its broad band to provide five major services namely: Sms, voice services, M-shwari, M-pesa and data services. Currently Safaricom enjoys the widest mobile network in the Country with a subscriber base of over 26 million (Safaricom, 2017). According to Safaricom report that was released on March 2018.Safaricom Company reported revenue of Kshs. 224.5 billion which indicated 10 % increase compared to the previous financial year.

1.2. M-pesa Services

This refers to a money transfer system which is operated by Safaricom. ‘Pesa’ means ‘money’ in English. This money transfer system was launched by Safaricom in 2007. According to Safaricom's annual report there are approximately twenty-six million M-pesa users in Kenya. It has been estimated that more than 184 billion shillings have been transacted since 2007. It has also been estimated that Safaricom’s M-pesa Services recorded an estimate of Ksh.62.9 billion in the latest financial report which accounted for 28% of service revenue (Safaricom, 2018). It is worth noting too that M-pesa services enable the customers to use their mobile phones for the purposes of sending or receiving money (Aker & Mbiti, 2010).

1.3. Statement of the Problem

The mobile money company is becoming one of the fastest growing industries world-wide and marketers in mobile money sector are employing various relationship marketing tactics to acquire, maintain and developing relationship between service provider and customer. In today's competitive market, relationship marketing plays an important function towards acquiring, maintaining and maximizing customer profitability. One of the majoraims of relationship marketing is to understand and treat customers well hence satisfying their needs (Hougaard&Bjerre, 2009). There are currently three major players in the telephony sector in Kenya namely; Safaricom, Airtel and Telkom – Kenya. These players are now forced to differentiate themselves from each other through provision of high quality and value-added service to client in order to satisfy their customers and to remain relevant. (Beltyukova, 2017). Safaricom’s M-pesa is a key mobile money transfer that is widely used in Kenya and globally. It is currently the country’s leading mobile money transfer service. According to Safaricom’s annual report there are approximately twenty-six million M-pesa users in Kenya (Safaricom, 2017). Despite tremendous growth in Safaricom, there has been an alarming rise of unsatisfied customers. According to Communication Authority of Kenya Annual Report (CA, 2017), the formal complaints have increased by 70.6%. Some of the areas of concern include system delays on M-pesa services which force consumers to wait longer in order to be able to operate their accounts. It is worth noting that, customers are not only interested in the services that they receive but also on how they receive it. Thus, this research aims to bridge this gap by analyzing relationship marketing on customer satisfaction in Safaricom: A case of M-pesa users in Kajiado Central Kenya.

Objective of the Study

The research was guided by the following objective: to analyze the determinant of relationship establishment on Customer Satisfaction in Safaricom

2. Literature Review

The study was informed by the following three theories:

2.1. Relationship Marketing Theory

Developed by Hougaard, S. and Bjerre, M. (2009). The theory states that the essence relationship marketing is to enable a firm to create and promote a relationship with customers for mutual benefit and maximization of profit. It is focally vital for firms that are aspiring to create and maintain relationship with customers to adopt holistic approaches of Relationship Marketing hence integrating external and internal networks (Cook, 2011). This theory would be appropriate since it would help a researcher to identify various ways in which Safaricom Company has established relationship with its customers and to look at how they have impacted on M-pesa users in Kajiado. Furthermore, the researcher would use two indicators that are vital in establishing relationship in business namely communication and brand reputation.

2.2. The Commitment-Trust Theory

Proposed by Morgan and Hunt in 1994. They argued that both commitment and trust are fundamental factors that are focally important in developing a relationship in business. According to Stan (2017) Company’s sales persons have to be committed in order to develop a relationship with a potential customer. This commitment could be viewed in the way they handle customers in terms of providing information, customer care services and make contacts with the customer. Liang & Wang (2008) also noted that service providers could develop a relationship with customers by being concerned.
with their needs and wants. When a client has trust in a product of a particular company, he/she could continue using that product and even recommend it to others (Zhang & Feng, 2009).

2.3. Social Exchange Theory

Forward by George Homans. It states that in order for any relationship to be maintained there are numerous mutual exchanges that bring about various reciprocal obligation to each person involve in a relationship. Hence relationship would be maintained through various reciprocal norms and relational bonds. If one employs cost benefit analysis in maintaining relationship, then it means that if one sees that the cost of maintaining a relationship outweighs the benefit that one perceives then one can stop the relationship and vice-versa (George Homans, 1958). The theory would be useful in carrying out this research since M-pesa services involve interaction between M-pesa users and agents. There is, therefore, social exchange that is involved.

2.3.1. The Determinant of Relationship Establishment on Customer Satisfaction

Woods (2008), on his study on relationship marketing on customer satisfaction found out that communication is an important tool towards establishing relationship in business. Some of the communication methods that were found to be effective towards establishing a mutual relationship include use of internet, word of mouth, advertisement through media, internet and various social medias. In addition, Kiyani, Rizvi & Khan (2012) in their research study about brand reputation in automobile industries deduced that brand trust enhances repeat purchase.

2.3.2. The Determinant of Relationship Development on Customer Satisfaction

BolanleOdunlami&IbojoAjayi (2016) conducted a research among students in Nigeria. It was found out that there is 1% shift in relationship marketing and 81.1% shift in customer satisfaction. He found out that relationship marketing influences customer satisfaction. Nurharyani (2011) carried out a research study in Utara University, Malaysia. Nurharyani collected data from 237 informants who were mainly university students. Nurharyani found out that trust and commitment are key indicators in developing relationship between customers and the company. Therefore, if companies want to satisfy their customers, then they need to look into issues related to trust, and commitment.

2.3.3. The Determinant of Relationship Maintenance on Customer Satisfaction

Kamran, Hamidreza&Mahdi (2014), carried out a research on relationship maintenance in RM in regards to customer satisfaction in Melli Bank. From the analysis it vindicated that reciprocity, bonding, empathy and shared values are vital in maintaining a relationship between a firm and customers. Furthermore, they concluded that reciprocity and bonding are key in maintaining a business to customer relationship. Milna&Anusree (2017) carried out a research to assess the effect of RM towards customer satisfaction among users of Philips Carbon Black in Chennai and Kerala. They identified three relational bonds namely: financial, structural and social. A financial bond refers to various short term financial incentives such as coupons and discount. Social bonds refer to one on one interaction due to frequent purchase. Structural bonds refer to value-added services that a company offers to frequent buyers for the purpose of increasing sales. The authors found out that these relational bonds help in maintaining relationship between a firm and customer, hence assist in building a long-term relationship in business.

3. Research Methodology

The study employed descriptive research design. The study targeted 20,000 M-pesa users from six selected areas in Kajiado Central, which included Eiti, Esukuta, Hospital, Majengo Market and Olupurupurana. The choice of the target population was based on M-pesa subscribers. Cluster sampling was used to arrive at a sample size of 140 respondents. The cluster sampling was suitable because it was more effective for sampling population that is within a particular geographical area. Furthermore, it is cost efficient. The sample size of each cluster was proportionately sampled based on the percentage distribution of the target population. The sampling points were M-pesa agents' shops and Safaricom distributors' shops. The data collection instrument was the questionnaire, whose validity was ascertained by research experts. A pilot study was carried to test for reliability of the instrument.

4. Major Findings of the Study

4.1. Response Rate

The study targeted a sample of 140 participants. The study collected data from 116 respondents, a return rate of 82.9% which is viewed as very good according to Mugenda&Mugenda (2008).

The research findings revealed that there was a significant and positive effect between relationship establishment and customer satisfaction in Safaricom (β= .415, p-value = 0.048). The relationship was significant because the p-value is less than the set value of 0.05 (p – value = 0.048). The results as well showed that relationship establishment had explanatory power on customer satisfaction in Safaricom in that it accounted for 17.3 percent of its variability (Rsquare = 0.173). At the individual level, all the indicators of relationship establishment had positive and significant effect on customer satisfaction in Safaricom since the ANOVA results show that the relationship between relationship establishment and customer satisfaction in Safaricom had a p-value of 0.048 which is less the 0.05.

The research outcome revealed that there was a positive effect of relationship maintenance on customer satisfaction in Safaricom but was not statistically significant (β=.238, p-value = .079). The effect was not statistically significant because the p-value is greater than the set value of.05 (p – value = .079).
The results as well showed that relationship maintenance had explanatory power on customer satisfaction in Safaricom in that it accounted for 5.6 percent of its variability (R^2 = .056).

At the individual level, all the indicators of relationship maintenance had positive and significant effect on customer satisfaction in Safaricom since the ANOVA results show that the relationship between relationship maintenance and customer satisfaction in Safaricom had a p-value of 0.079 which is more than the 0.05.

The research findings revealed that there was a significant and positive relationship between relationship establishment and customer satisfaction in Safaricom (β = .415, p-value = 0.048). The relationship was significant because the p-value is less than the set value of 0.05; the study recommends that Safaricom need to encourage their employees and agents to have relationship maintenance activities in their operations since this study has found it to have a positive impact on customer satisfaction in Safaricom.

The affiliation between relationship development and customer satisfaction was determined by the use of Pearson product moment correlation analysis. The study found that there is a positive correlation between relationship development and customer satisfaction which was statistically significant. All the indicators of relationship development had statistically significant association with customer satisfaction at Safaricom.

6. Recommendations

Based on the findings and conclusions of the study, the following recommendations were made:

- The study recommends that Safaricom should therefore, strive to improve on their relationship establishment because it has been found by the study to have explanatory power on customer satisfaction in Safaricom and also accounted for customer satisfaction variability. This means that Safaricom M-pesa need to make efforts to increase on their relationship establishment because it has also been found by this study to have a positive effect on customer satisfaction in Safaricom.

- Based on the study results, the study recommends that Safaricom should encourage relationship development because it has been found by this study that relationship development has a positive effect on customer satisfaction in Safaricom.

- Based on the fact that the research outcome revealed that there was a significant and positive effect of relationship maintenance on customer satisfaction in Safaricom and the effect was significant because the p-value is less than the set value of 0.05; the study recommends that Safaricom need to encourage their employees and agents to have relationship maintenance activities in their operations since this study has found it to have a positive impact on customer satisfaction in Safaricom.

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