

# Customer Relationship Management and Marketing Performance of Nigerian Commercial Banks

<sup>1</sup>Olunuga O.A. & <sup>2</sup>Adekoya A. G

<sup>1</sup>Department of Finance, Faculty of Management Sciences, University of Lagos, Lagos, Nigeria

<sup>2</sup>Department of Business Administration, Faculty of Management Sciences, University of Lagos, Lagos, Nigeria

Corresponding Email: [oluadeshola2001@yahoo.com](mailto:oluadeshola2001@yahoo.com)

---

## Abstract

*This study investigates the influence of customer relationship management (CRM) on marketing performance of commercial banks in Nigeria. CRM is seen as a key component of a strategy that centred on delivering greater value to customers through high-quality products and services and a willingness to meet their needs. To acquire information from bank managers and consumers of chosen banks, the researchers used a questionnaire survey and observation. A semi-structured interview with bank management and customers was used to enhance the approaches. Statistical approaches were used to analyze the data. According to the findings of the studies, the majority of respondents agree that efficient customer relationship management affects the marketing performance of Nigeria commercial banks. The study concluded that due to stiff competitiveness of the industry and the drive for marketing efficiency, there is a need to establish a strong and effective CRM practices which will ensure that existing customers are retained while attracting new customers.*

**Keywords:** Customer Relationship Management, Marketing Performance, Customer Satisfaction, Patronage and Loyalty

---

## Introduction

Customer relationship management (CRM) has generated increased interest in recent times especially in the banking industry. According to Ong et al, (2017) the rationale behind the preponderance of interest in customer relationship management could be traced to some significant problems in the corporate environment. The workflow automation which is an element of CRM has significant implications on marketing performance (Wamba et al., 2017). As series of automated actions are being created for business processes in order to improve everyday business performance, teams spend more time on the actual work itself and less time on the processes that support them. This often weakens customer relationship if not properly managed CRM is primarily founded on the notion that building a long-term relationship with clients is the key to gaining loyal consumers

who are far more profitable than non-loyal consumers (Mohammed and Rashid 2012). As a result, there is a growing awareness of the need for a new school of thinking in customer relationship management in the marketing profession.

According to Verma and Choudhury (2009), organizations who adopt CRM strategy would reap the benefits of increased sales through better market segmentation, customizing products and services, obtaining higher quality products, gaining access to information, and employee satisfaction, as well as ensuring long-term sustainability.

Organizations are learning that customers offer various economic value to the company, according to Trainor (2012), and they are updating their customer care services and communications strategy as a result. As a result, businesses are shifting their marketing focus away from product or brand-centric approaches and toward a customer-centric approach.

According to Kim (2008), some organizations regard CRM as simply investments in technology and software, but others view CRM more broadly and are more active in creating good and productive customer relationships. Customer orientation, CRM organization, information management, marketing planning capabilities, technical innovation, as well as digital interaction and social networking, are all interconnected variables that influence a firm's marketing performance (Hasan, 2018).

Over time the Nigerian banking sector has become increasingly competitive and banks seek innovative means of customer relation in order to retain existing customers while attracting new ones. Furthermore, considering the growing level of customer base in Nigerian new generation banks which has culminated into long queues and average waiting time for customers, banks are seeking improved customer service in line with the global best practices within the banking sector (Asikhia, (2010). Hawke and Heffenan (2006) asserted that due to the competitiveness of the industry and the drive for marketing efficiency, thus there is constant advocacy for good CRM practices which will ensure that existing customers are retained while attracting potential customers. Workflow automation, customer service as well as digital banking are important elements of customer relationship management, as banks begin to adjust their workflow automation to accommodate the growing number of customers the resultant effect on marketing performance needs to be empirically investigated (Palmatiier et al, 2009). The aim

of the study is, besides other things, to establish the extent in which customer relationship management strategies are implemented in association with the marketing performance of banks.

### **Literature Review**

There is no universally accepted definition of customer relationship management. However, one common submission in literature is that customer relationship management is an inevitable process of business organizations Gaur and Xu (2009). According to Eichorn (2018) CRM is a veritable channel through which financial resources flow into the banks and it is a major foundation for improving marketing practices in financial institutions. CRM, according to Mohammed and Rashid (2012), is a strategic strategy that allows firms to employ internal resources (people, process, and technology) to manage customer relationships across their life cycles in order to gain a competitive edge and improve performance. Consumer orientation, according to Asikhia (2010), can be established by a favorable interaction between the customer and the service provider.

According to Zhou et al. (2009), customer orientation improves organizational performance by allowing organizations to better understand their customers and, as a result, enabling them to deliver an appropriate plan to meet their demands. The customer's perspective is uncontrollable. In order to urge their peers to focus more on customers and participate in more personalized negotiations, marketers at a company are required to collaborate with their colleagues. CRM ensures that customers are satisfied with their purchases and that sales are produced by giving clients with the high-quality services they demand. Customers that receive excellent service become loyal. Customers who are satisfied because they purchased a product as a result of the company's services grow into dependable clients. Loyal consumers, on the other hand, are a constant source of money for the organization.

Clients that are loyal are more lucrative, less price sensitive, and more likely to recommend the bank to their friends. According to Verma and Choudhury (2009), client loyalty is ensured by service performance; clients who buy more persuade others to buy, hence providing exceptional services and maximizes sales. Marketing, sales, and services are the methods by which the client interacts with the firm. In addition to these procedures, the human aspect (people) plays an important part in CRM strategy, both for employees in the firm (who must undergo

a culture transformation) and for customers (Morgan, Vorhies & Mason, 2009). Technology, according to Rahimi & Kozak (2017), is what makes CRM strategy execution easier. Customer relationship management software continues to be the fastest growing category of customer management. It focused on information technology to promote and raise awareness, which might help with efficient customer relationship management.

### **Resource Based View Theory**

The theoretical underpinning for CRM theorists is found mostly in Resource Based View (RBV) theory (Trainor, 2012; Keramati, Mehrabi, and Mojir, 2010) and the dynamic capabilities perspective (Maklan & Knox, 2009).

The RBV demonstrates how a corporation uses a set of resources to maintain and keep a competitive advantage (Rapp et al., 2010). Depending on the firm's specialized, valuable, and distinct resources, this leads to enhanced performance (Keramati et al., 2010). The company's assets, knowledge, and processes allow it to implement specialized strategies aimed at boosting efficiency and effectiveness (Rapp et al., 2010). The dynamic capabilities perspective outlines how companies leverage resources and capabilities to improve performance and gain a competitive advantage by putting them to good use. Capabilities refer to the development of a resource mix that allows businesses to outperform their competitors (Zablah et al., 2004). RBV theory, which states that a firm's assets and capabilities drive to performance (Wade & Hulland, 2004), has been echoed in IT and marketing literature. Customers' time, knowledge, experience, opinions, views, and aspirations with enterprises and their products and services are commonly used as inputs in CRM. At the same time, the outputs include bonuses, promotional information, campaigns, cheaper expenses, and the quality of products and services linked with them (Wagner, Eggert, & Lindemann, 2010).

### **Customer Relationship Management**

Customer Relationship Management (CRM) is a business approach aimed at satisfying and maintaining a long-term relationship with customers. Customer relationship management, according to Van Doorn et al. (2010), is the fundamental element of a strategy that focuses on offering superior customer value through elements and services of exceptional quality and a willingness to satisfy specific requirements. CRM is a technology solution that extends independent databases and tools for sales force automation in some firms, combining marketing and sales

departments to optimize efforts on realized targets. Previously, corporations used technology to manage customer relationships, but with the rise of social media, digital marketing and social networking have become more prevalent in customer relationship management. As a result, marketers are realizing that these technologies are effective tools for achieving CRM goals (Rahimi & Kozak 2017). To optimize the revenue provided by interactions, CRM business strategy includes marketing, operations, sales, customer service, human resources, finance, information technology, and the internet (Choudhury & Harrigan 2014).

### **Relationship Marketing**

Relationship marketing focuses on establishing, nurturing, and keeping connections with customers (Laverin & Liljander, 2006). Traditional marketing in banking was centered on attracting and retaining customers. Relationship marketing has replaced traditional marketing in today's marketing. The transition from traditional marketing to relationship marketing include an emphasis on maintaining more lucrative consumers while also recruiting new customers through innovative goods that address specific requirements. Relationship marketing emphasized on obtaining customer's loyalty based on the idea that these major customers require continued attention (Tajeddini, 2010). According to Zhang (2011) relationship marketing is the process of building, developing, and building relationships with consumers and other partners in order to support and improve a company's profitability and client base. Customer orientation, as supported by relationship marketing, is evidently, to regulate the profitability generated by the relationship with the clients demand (Gaurav (2008). Gaurr and Xu (2009) added that relationship marketing techniques in financial services are founded on the concept that customers are involved in a stable connection and that retaining customers requires developing a profitable and sustainable long-term customer relationship. Create and sustain vendor-customer trust and commitment, resulting in increased customer satisfaction and loyalty, as well as cost savings due to a better understanding of client demands.

### **Empirical Review**

In the hospitality industry, Muhammed and Rashid (2012) examined the relationship between CRM aspects and marketing performance. As a result, they developed a conceptual model that describes the theoretical relationships between CRM characteristics and hotel marketing success, using marketing capabilities as a mediating variable. Customer orientation, according to the findings, is one of the

market's positive sources; it aids organizations in understanding customers and, as a result, in producing a suitable plan to meet their demands. The survey also discovered that service businesses, such as hotels, require a greater grasp of customer orientation and its critical importance to their success. The study indicated that delivery of service in a hotel occurs when there is interaction between service providers and the service users, therefore hoteliers should focus on customer engagement to improve service experience. A positive relationship between the consumer and the service provider might help you become more customer oriented. Increased organizational performance is a result of customer focus.

Opara and Simon (2019) investigated the relationship marketing commitments and business innovativeness of quoted deposit money banks in Nigeria. The study revealed that relationship marketing commitments is a positive factor for business innovativeness of quoted deposit money banks in Nigeria. Hence, significant investment made by the banks on relationship marketing commitments and business innovativeness do enhance firm's competitive advantage and achievement of desired corporate objectives. They concluded that significant investments made by the banks on relationship marketing commitment and business innovativeness do enhance firms' competitive advantage and achievement of desired corporate objectives.

Customer relationship management and value generation in the Nigerian mobile phone business were explored by Ighomereho, Agada, and Olabode (2012). Client relationship management, according to the study, promotes customer loyalty, which leads to increased profit. As a company's customers are satisfied, its market share grows, resulting in increased profit. They suggested that carriers use the data obtained during SIM card registration to develop a CRM program.

In summary, there exist some areas in the understanding of this research branch that deserve further empirical investigation based on the literature reviewed on customer relationship management. This is because most of the studies reviewed have concentrated more on customer relationship management and marketing performance in hospitality sector, mobile phone industry and business innovativeness, CRM effect on banking industry and marketing performance seems scarce, which is the main reason why banks commit more fund on ICT infrastructure and staff training.

## **Methodology**

To collect data for analysis, a survey method was used. The selected commercial banks in Nigeria were the study's target population, and a census survey was conducted on organizations that included licensed commercial banks. The research used both qualitative and quantitative methods to collect primary data. The qualitative information was gathered through semi-structured interviews with bank management and clients, while the quantitative information was gathered through a structured questionnaire. The unit of analysis was the organization, and the target respondents were managers and customers of selected commercial banks of Lagos Metropolis where almost all headquarters of commercial banks are located. The bank managers responded to the section on the relationship marketing while the customers responded to the section on the customers' satisfaction, patronage and loyalty. Ninety five (95) out of one hundred and twenty (120) questionnaires were properly completed, returned and analyzed using regression analysis, the nature and depth of the nexus between CRM and Nigerian commercial banks' marketing performance were determined. For organizational data and multiple choice questions, the mean ratings for questions with a Likert scale were determined using SPSS regression software. Tables were used to present the information.

## **Data Analysis and Discussion of Results**

The purpose of this study was to see how customer relationship management affected the marketing performance of Nigerian commercial banks. The tests were carried out using regression analysis at 5% significance level ( $\alpha=0.005$ ). To test the hypotheses, composite scores for variables with multiple measures have to be computed. Composite scores were computed in this case to represent responses to the many attributes that characterized marketing performance. Similarly, composite scores were produced to represent responses to the numerous customer relationship management attributes that were utilized as input to the evaluation. The following is a summary of the evaluation and its findings

### **Ho: Customer relationship management has no significant influence on customer satisfaction**

This hypothesis was tested by regressing customer relationship management on marketing performance guided by the  $Y=\beta_0+\beta_1X$  where X represented customer relationship management and Y denoted marketing performance. The results of the regression for effect of customer relationship management on marketing performance are represented in table 1 below

**Table: 1**

Variables	Coefficients	Std. Error	T-Stat.	Pro.
Constant	3.133	0.172	17.835	0.001
Customer relationship management	0.177	0.054	3.153	0.001
R-Square	0.058			
Adjusted R <sup>2</sup>	0.054			
S.E. of Regression	0.631			
F-Statistics	8.820			
Pro. F(Stat)	0.001			
DF	116			

The results presented in table 1 indicate that the influence of customer relationship management on customer satisfaction was positive and significant ( $R^2=0.058$ ,  $F=8.820$ ,  $p<0.05$ ). From the table, 5.8% of the variation in customer satisfaction was explained by variation in customer relationship management. It also suggested that customer relationship management accounted for 5.8% of the variation in customer satisfaction of commercial banks, ( $R$  square= $0.058$ ,  $p<0.05$ ),  $\beta$  was also statistically significant ( $\beta$  0.177,  $t=17.835$ ,  $p<0.05$ ). The probability value of the first hypothesis tested showed 0.001 which was less than 0.05 ( $p<0.05$ ). The p-value is statistically significant and therefore the null hypothesis is rejected. Overall regression results presented in table 1 indicate that customer relationship management has a positive significant influence on customer satisfaction. The hypothesis that says there is no significant relationship between customer relationship management and customer satisfaction is rejected. The hypothesis that customer relationship management influences customer satisfaction was therefore confirmed.

**Ho: Customer relationship management has no significance influence on customer patronage**

The influence of customer relationship management on customer was tested and the results were as presented in table 2 below



**Table: 2**

Variables	Coefficients	Std. Error	T-Stat.	Pro.
Constant	3.125	0.162	19.672	0.000
Customer relationship management	0.173	0.059	4.147	0.000
R-Square	0.057			
Adjusted R <sup>2</sup>	0.053			
S.E. of Regression	0.721			
F-Statistics	6.652			
Pro. F(Stat)	0.001			
DF	116			

The results presented in table 2 show that the influence of customer relationship management on customer patronage was positive and significant ( $R^2=0.057$ ,  $F=6.652$ ,  $p< 0.05$ ). From the table, 5.7% of the variation in the customer patronage was explained by variation in customer relationship management ( $R$  square= $0.057$ ,  $p< 0.05$ ).  $\beta =0.173$ .  $T=19.672$ ,  $p< 0.05$ ). Overall regression results presented in table 2 indicate that customer relationship management has significant effect on customer patronage. The hypothesis that customer relationship management has no significant influence on customer patronage is rejected and alternative hypothesis that customer relationship management influences customer patronage is confirmed.

**H<sub>0</sub>: Customer relationship management has no significance influence on customer loyalty**

The influence of customer relationship management on customer loyalty was tested and the results were as presented in table 3 below.

**Table: 3**

Variables	Coefficients	Std. Error	T-Stat.	Pro.
Constant	3.124	0.178	19.652	0.003
Customer relationship management	0.182	0.064	3.147	0.003
R-Square	0.059			
Adjusted R <sup>2</sup>	0.056			
S.E. of Regression	0.751			
F-Statistics	8.475			
Pro. F(Stat)	0.003			
DF	116			

The results presented in table 3 show that the influence of customer relationship management on customer loyalty was positive and significant ( $R^2=0.059$ ,  $F=8.475$ ,  $p < 0.05$ ). From the table, 5.9% of the variation in the customer loyalty was explained by variation in customer relationship management ( $R$  square=0.059,  $p < 0.05$ ).  $\beta = 0.182$ ,  $t=19.652$ ,  $p < 0.05$ ). Overall regression results presented in table 3 indicate that customer relationship management has significant influence on customer loyalty. The hypothesis that customer relationship management has no significant influence on customer loyalty is rejected and alternative hypothesis that customer relationship management influences customer loyalty is confirmed.

### Conclusion and Recommendations

The study revealed that customer relationship management has helped increase customers' satisfaction, patronage and loyalty with improved attraction of new customers and retention of existing ones. This implies that CRM significantly affects customer satisfaction, patronage and loyalty which are the outcomes of marketing performance in the Nigerian commercial banks. The major conclusion from the result of the study is that efficient CRM is critical and important in maintaining a strong banking system in Nigeria. With excellent CRM banks can improve their ability to attract wealthy customers, elevate banks' profitability performance, lower bank operation costs and/or create greater customer loyalty. Where banks offer poor customer relationship management they would hardly

satisfy their customers which often increases customer dissatisfaction and reduces the inflow of income. Banks should therefore lay more emphasis on good practice of CRM in order to attract more customers and subsequently increase their earnings. Monetary and regulatory authorities and bank management should be focused in terms of banks customer needs and using the correct marketing strategy in rendering their services to achieve corporate goals, rather, than acquiring formal strategy because other banks are in competition with them. Banks should have feedback mechanism from customers on whether or not they enjoy better relationship with the bank. This should help strengthen banks customer relations departments with more value added services and benefits that will help increase patronage and attract loyal customers. However, much needs to be done in the area of creating awareness about the availability of banking products and services through effective marketing and right promotion. Also it is essential that banks get to know their customers and establish a professional relationship with their customers so as to empower them with the knowledge of what the customer needs. Finally, a successful bank is one that prioritizes customer satisfaction. Each bank should strive to build a reservoir of recurring customers as well as customers interested in additional goods and services. Consumers' relationships should always be valued, and banks should be generous in thanking or congratulating customers for their patronage

## **References**

- Asikhia, O. (2010), Customer orientation and firm performance among Nigerian small and medium scale businesses, *International Journal of Marketing Studies*, 2(1): 197-213.
- Choudhury, M. M., & Harrigan, P. (2014), CRM to social CRM: the integration of new technologies into customer relationship management. *Journal of Strategic Marketing*, 22(2): 149-176.
- Eichorn, F. L. (2018). Internal customer relationship management (ICRM): A framework for achieving customer relationship management from the inside out. Management, Express publisher.
- Gaur, S., & Xu, Y. (2009), Consumer comfort and its role in relationship marketing outcomes: Conference Proceedings. 8(4): 296-298.
- Gaurav, K. (2008). Impact of relationship marketing strategy on customer loyalty, *ICFAI Journal of Management Research*, 7 (11): 7-21.

- Guerrero, L. K., Andersen, P. A., & Afifi, W. A. (2007), *Close encounters: Communication in relationships* (2nd ed.). Washington, DC: Sage Publications.
- Hasan, A. A. T. (2018). Customer Relationship Management (CRM) Practices of City Bank in customer retention perspective in Bangladesh. *Global Journal of Management and Business Research*, 32 (2): 4-20.
- Hawke, A. & Heffernan, T.W. (2006), Interpersonal liking in lender-customer relationships in the Australian banking sector, *International Journal of Bank Marketing*, 24 (3): 140-57.
- Ighomereho, O.S, Agada, S.A & Olabode, O.S (2012), Customer relationship management and value creation in the mobile phone industry, *Journal of Management and Business Research*, 10(1), 275-288
- Keramati, A. Mehrabi, H. & Mojir, N. (2010). A process-oriented perspective on customer relationship management and organizational performance: An empirical investigation. *Journal of Industrial Marketing Management*, 39 (3): 1170– 1185.
- Kim, B.Y. (2008), Mediated effects of customer orientation on customer relationship management performance, *International Journal of Hospitality and Tourism Administration*, 9(2), 192-218.
- Leverin, A. & Liljander, V. (2006). Does relationship marketing improve customer satisfaction and loyalty, *International Journal of Marketing Bank*, 24 (4):232-51.
- Maklan, S., & Knox, S. (2009). Dynamic capabilities: The missing link in CRM investments. *European Journal of Marketing*, 43 (5): 1392– 1410.
- Mohammed, A. A. & Rashid, B. (2012). Customer Relationship Management (CRM) in hotel Industry, A framework proposal on the relationship among CRM dimensions, marketing capabilities and Hotel performance. *International Review of Management and Marketing*, 2(4): 220-230.
- Morgan, N.A., Vorhies, D.W., Mason, C.H. (2009). Market orientation, marketing capabilities and firm performance, *Strategic Management Journal*, 30 (8), 909 -920.
- Ong, K. S., Nguyen, B., Syed Alwi, S. F. (2017). Consumer-based virtual brand personality (CBVBP), customer satisfaction and brand loyalty in the online banking industry. *International Journal of Bank Marketing*, 35(3): 370-390.
- Opara, B.C., and Simeon, B. (2019) Relationship marketing commitment and business innovativeness of quoted deposit money banks in Nigeria, *Journal of Research and Development Studies*, 3(1), 107-114

- Palmatier, R. W., Jarvis, C. B., Bechhoff, J. R., and Kardes, F. R. (2009), The role of customer gratitude in relationship marketing. *Journal of Marketing*, 73 (5): 1- 18
- Rahimi, R., & Kozak, M. (2017). Impact of customer relationship management on customer satisfaction: The case of a budget hotel chain. *Journal of Travel and Tourism Marketing*, 34(1): 40-51.
- Rapp, A., Trainor, K. J., & Agnihotri, R. (2010). Performance implications of customer linking capabilities: Examining the complementary role of customer orientation and CRM technology. *Journal of Business Research*, 63 (4): 1229-1236.
- Tajeddini, K. (2010). Effect of customer orientation and entrepreneurial orientation on innovativeness: Evidence from the hotel industry in Switzerland. *Tourism Management Journal*, 31(2), 221–231.
- Trainor, K. J. (2012). Relating social media technologies to performance: A capabilities-based perspective. *Journal of Personal Selling and Sales Management*, 32(3): 317– 331.
- Van Doorn, K. N. L., Mittal, V., Nass, S., Pick, D., Pirner, P., & Verhoef, P. C. (2010). Customer engagement behavior: Theoretical foundations and research directions. *Journal of Service Research*, 13 (4): 253–266.
- Verma, S., & Chaudhuri, R. (2009), Effect of CRM on customer satisfaction in service sector in India. *Journal of Marketing & Communication*, 5(2), 92-102
- Wade, M., & Hulland, J. (2004). The resource-based view and information systems research: Review extension, and suggestions for future research. *MIS Quarterly*, 28 (2): 107– 142.
- Wagner, S. M., Eggert, A., and Lindemann, E, (2010). Creating and appropriating value in collaborative relationships. *Journal of Business Research*, 63 (3):840– 848.
- Wamba, S. F. Gunasekaran, A. Akter, S. Renb, S. J. F., Dubey, R. & Childe, S. J. (2017).Big data analytics and firm performance: Effects of dynamic capabilities. *Journal of Business Research*, 70 (4): 356-365.
- Zablah, A. R., Bellenger, D. N., & Johnston, W. J. (2004). An evaluation of divergent perspectives on customer relationship management: Towards a common understanding of an emerging phenomenon, *Industrial marketing management*, 33(6), 475-489.
- Zhang, Z. (2011). Customer knowledge management and the strategies of social software, *Business Process Manufacturing Journal*, 17 (8): 82 –106.

Zhou, K. Z., Brown, J. R., & Dev, C. S. (2009). Market orientation, competitive advantage, and performance: A demand-based perspective. *Journal of Business Research*, 62 (11), 1063-1070.