DETERMINATION OF THE STRATEGIC RELATIONSHIP MARKETING MIX OF COMPANIES IN THE NIGERIAN SERVICE INDUSTRY USING THE ANALYTIC HIERARCHY PROCESS MODEL

Bolajoko N. Dixon-Ogbechi∗
Faculty of Business Administration
University of Lagos
Akoka – Yaba, Lagos, Nigeria
E-mail: dixonogbechi@yahoo.com

Joseph F. Aiyeku
Bertolon School of Business
Salem State University
Salem, MA, USA
E-mail: jaiyeku@salemstate.edu

Elizabeth Haran
Bertolon School of Business
Salem State University
Salem, MA, USA

Adebola G. Adekoya
Faculty of Business Administration
University of Lagos
Akoka – Yaba, Lagos, Nigeria
E-mail: adebolaadekoya@yahoo.com

ABSTRACT

In recent years there has been a shift to service economy from industrial economy. Also, developing economies like Nigeria rely heavily on service industries and relationships play an important role in effective marketing activities in this sector. This study investigates how companies in the Nigerian service industry can determine their prioritization of strategic relationship marketing variables using the AHP Model. A sample of 17 companies in the Nigerian Service industry based in Lagos was used and marketing managers in these companies were surveyed, with a return rate of 90.9%. This study reveals that AHP provides a way for the decision maker to determine the respondents' priorities in determining the strategic relationship marketing mix. The findings further support findings from previous studies, it shows that the order of importance of relationship marketing variables - trust, relationship commitment, communication, internal marketing and support and cooperation – are the same in both the Nigerian Food and Beverage (physical product) industry and in the Nigerian Service industry.

Keywords: papers, relationship marketing, strategic relationship marketing variables, Nigerian Service Industry, strategic relationship marketing mix

---

∗ Corresponding author

1. Introduction

The Nigerian marketing environment like that in other countries, is made of organizations that embark in the marketing of physical products and marketing of services. However, unlike in developed countries where studies have been conducted extensively on the marketing of services, not much has been done on this in Nigeria. This study seeks to fill this gap in knowledge. Relationship Marketing is one of the contemporary marketing strategies that organizations in both the physical product and service industry can use to gain strategic advantage. Relationship marketing is particularly important in the service industries, given that the intense competition in the marketing environment have made organizations more customer-centric and consequently the motive of businesses has been shifted towards profit maximization through customer satisfaction to retain customers and garner new ones (Maitra, 2009). This can be done by establishing enduring relationships with customers through the effective and efficient adoption of the relationship marketing strategy. To this effect, they need to know the appropriate combination of the strategic relationship marketing mix to use to retain their customers.

2. Theoretical/Conceptual Framework

The marketing of services is more complex than the marketing of physical products; because the nature of service business is relationship based and also because of the peculiar characteristics of services like intangibility, inseparability of production and consumption, perishability, heterogeneity (Webber, 2001; Maitra, 2009) and non-ownership. Furthermore, given the intensive competition in the business environment, the emphasis on relationship is now emerging as the core marketing activity (Maitra, 2009). Thus, in recent times, relationship marketing has become an important strategic option in the competitive business environment especially now that marketing practitioners have recognized that to gain strategic advantage and corporate profitability, there is a need to satisfy existing customers (Kanagal, 2010). Research by various scholars on relationship marketing have revealed relationship marketing variables; however, those that were found to be most prominent were communication, internal marketing, relationship commitment, trust, and support and cooperation (Gabbarino and Johnson, 1999; Simpson and Mato, 1997; Morgan and Hunt 1994; Dixon-Ogbechi, Haran and Aiyeku, 2009a; 2009b)

Previous research has shown that relationship marketing as a strategy, leads to profitability if intelligently practiced (Groonroos, 1994). And also given the fact that research has shown that the increasing importance of service and relationship marketing has led to more attention to analytical models of these topics (Tsuen-Ho and Tsang-Chieh, 2010); This study seeks to see if the application of analytical techniques, specifically the Analytic Hierarchy Process (AHP) in the Nigerian Service industry compares to a similar study on relationship marketing and AHP in the Nigerian food and beverage industry (Dixon-Ogbechi, Haran and Aiyeku, 2009c).

The AHP model was developed by Saaty in 1980, and later improved upon in subsequent years (Saaty, 2000). It is a decision-making model which can be adapted for any analysis involving pair-wise comparison; it entails breaking down a problem into a hierarchy of interrelated decision elements and then using the pair-wise comparisons of the users to give the orders in which factors affect a decision, consistency of the respondents, and, depending on the particular problem, a prioritized list of the decisions to be made. Thus, the AHP is used in this study because it is easy to use; over-specification of judgment; built-in consistency tests; use of appropriate measurement scales; and it agrees well with the behaviour of customers, since they base their judgment on knowledge and experience and then make decisions accordingly (Al-Harbi, 2001; Lai, Trueblood, and Wong, 1992). Figures 1 and 2 show the diagrammatic representation of the AHP model and conceptual model for this study, respectively.
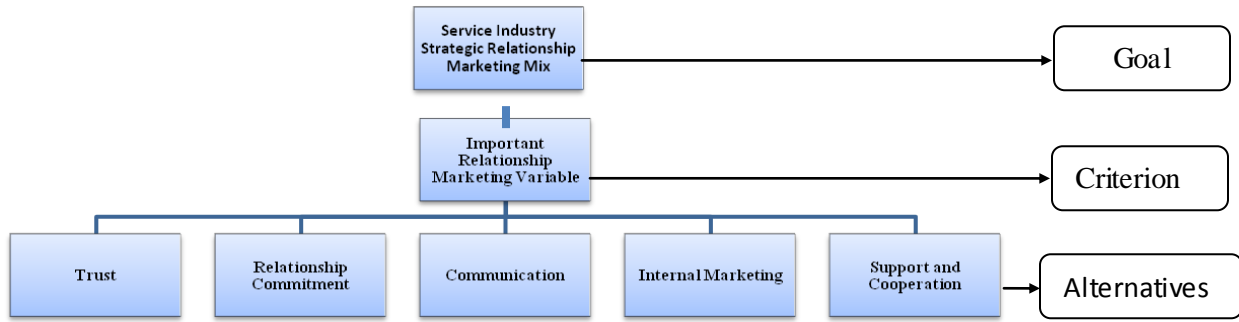
Figure1. Service Industry Strategic Relationship Marketing Mix Hierarchy (Dixon-Ogbechi, *et al.*, 2009b)

Figure 1 depicts the Service Industry Strategic Relationship Marketing Mix Hierarchy. At the highest level of the hierarchy is the goal which is to determine the service industry strategic relationship marketing mix. At the middle or intermediate level of the hierarchy is the criterion which is the important relationship marketing variable. And at the lowest level are the alternatives to be evaluated.
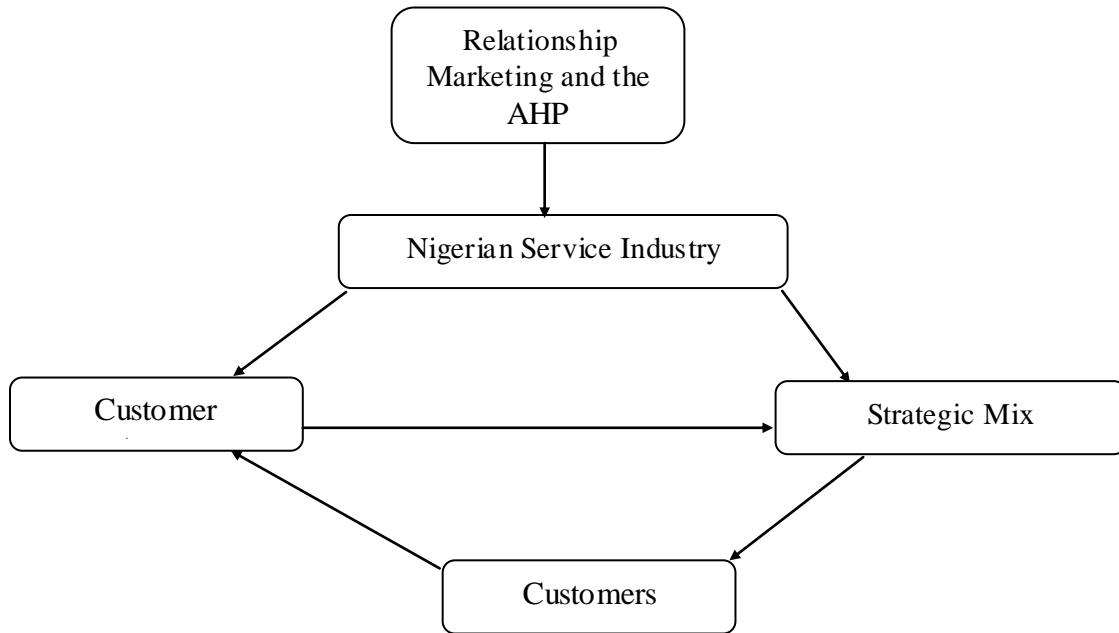

Figure 2. Conceptual Model of Relational Interaction in the Nigerian Service Industry

Figure 2 depicts a model of the relational interaction in the service industry and how this portion of the study fits into the overall process proposed. Essentially this is to see how relationship marketing and the analytic hierarchy process can be used by companies in the Nigerian Service Industry to develop their

strategic relationship marketing mix. This strategic relationship marketing mix will be directed to customers and it will affect customer patronage.

3. Methodology

3.1 Objectives of study

This study aims to investigate how the Analytic Hierarchy Process Model (AHP) can be used by companies in the Nigerian Service industry to develop their strategic relationship marketing mix. To this effect, it sought to:

i.   Determine the relative importance of the relationship marketing variables for companies in the Nigerian Service industry using the Analytical Hierarchy Process model.

ii.   Determine the strategic relationship marketing mix of companies in the Nigerian food and beverage industry using the Analytical Hierarchy Process model.

3.2 Research design

The population of this study is made up of companies in the Nigerian Service industry based in Lagos metropolis. A sample of 17 companies in the Nigerian Service industry based in Lagos was drawn using the multistage sampling technique. Judgmental sampling technique was used to select the companies and the category of employees to study in the selected companies, while the disproportionate stratified sampling technique was used to select the individual employees sampled in the units. Questions for this study were generated by making use of variables identified from previous empirical studies that can be used to measure the five relationship marketing variables found to be most prominent in literature, namely: Trust, Relationship Commitment, Communication, Internal Marketing and Support and Cooperation. The instrument used was a slightly modified validated instrument used for previous studies by Dixon-Ogbechi *et al.* (2009a). Overall 800 questionnaires were administered, and 727 were completed, with a return rate of 90.9%. The instruments were administered over a period of one month, several research assistants administered the instruments manually to ensure effective and efficient coverage and increase response rate.

3.3 Identification and Measurement of Variables

From literature search the following dependent and independent variables are identified:

Dependent Variables: Service Industry Strategic Relationship Marketing Mix (SISRMX)

Independent Variables: Relationship marketing variables such as: - Trust (T), Relationship Commitment (RC), Communication (C), Internal Marketing (IM), and Support and Cooperation (SC).

Therefore, we posit that: Service Industry Strategic Relationship Marketing Mix is a function of the relative importance ranking of Trust, Relationship Commitment, Communication, Internal Marketing, and Support and Cooperation. That is: SISRMX= f(T,RC,C,IM,SC).

Service Industry Strategic Relationship Marketing Mix (SISRMX): a 9-points relative importance scaled questions were used to measure the relative importance of the relationship marketing variables in the service industry strategic relationship marketing mix. The Expert Choice (EC8) software was used to analyse the relative importance scaled data while the SPSS was used to analyse the demographic data.

4. RESULTS

4.1 Demographic description

The descriptive analysis of the respondents from these companies showed: a male predominance, 54.3%, over female 39.9%; the respondents to be young, with 87.2% less than 40 years old; their marital status (46.5% single, 44.8% married) was fairly equal; their religion showed a Christian predominance, 75.9% over, Muslim 15.7%; with regards to level within the organization, 41.5% reported they were in middle management, 31.6% in lower management, and 10.5% in top level management. The breakdown further reveals that with regards to working experience 85% had less than ten years working experience and 87.5% with less than ten years experience in a marketing department; while about forty nine percent (48.6%) had a B.Sc. or equivalent.

4.2 The AHP Consistency Ratios (CR)
The results showed that the consistency ratios (CR) of all the AHP analyzed data for the companies were all acceptable because they did not exceed 0.10.

4.3 Results on Relative Importance of Relationship Marketing Variables -AHP Model
Tables 1 presents the results of the respondents' pair-wise comparison of the relationship variable concepts such as: trust, relationship commitment, communications, internal marketing and support and cooperation. This was obtained by aggregating the results obtained from the Expert Choice analysis of the responses and obtaining the mean of the ranking of each variable.

Table 1. Service Companies' Relative Importance Mean Ranking of Relationship Marketing variables

Variables	Mean
Trust	.417
Relationship Commitment	.363
Communication	.095
Internal Marketing	.084
Support and Cooperation	.040

Table 1 clearly reveals that the variable Trust is clearly regarded as the priority when compared against any of the other variables, by the majority of the respondents. Relationship Commitment is of secondary importance followed by Communication, Internal Marketing and Support and Cooperation. The above mentioned ordered list is very consistent among respondents in the physical product industry, as revealed in a similar study by Dixon-Ogbechi, *et al.* (2009c) in the Nigerian Food and Beverage industry.

5. Discussion

The results of the AHP analysis are clear and consistent. The marketing personnel of companies in the Nigerian service industry rank and weight the relationship marketing variables in the order hypothesized: trust, relationship commitment, communication, internal marketing and support and communication. These results were true also for respondents in the physical product industry, as revealed in a similar study by Dixon-Ogbechi, *et al.* (2009c) in the Nigerian Food and Beverage industry; despite the differences in the marketing of products and physical products due to the nature of services. Furthermore, the quantitative values i.e. the mean weightings obtained through the AHP analysis indicate the strategic relationship mix for the service industry. Thus, in designing their relationship marketing strategies, companies in the Nigerian service industry should ensure that the Trust element is 41.7%, Relationship Commitment element is 36.3%, the Communication element is 09.5%, the Internal Marketing element is 08.4% and the Support and Cooperation element is 04%, in their strategic mix.

6. Conclusion and Implications

This study clearly reveals that AHP is invaluable in that it provides a way for the decision maker to ascertain not just the opinions of the respondents on certain facets of, in this case, relationship marketing, but to be able to determine the respondents' priorities in determining the strategic relationship marketing mix. The findings from this study further supports findings from previous studies on the relative importance of the variables; and it shows that the order of importance of these variables - trust, relationship commitment, communication, internal marketing and support and cooperation – are the same in both the Food and beverage (physical product) industry and in the Nigerian Service industry. Apart from determining the relative priorities, the AHP process yields weightings that have been given to the relationship marketing variables, these weightings can be used as a basis for resource allocation. For instance, companies in the Nigerian Service industry could allocate 41.7% of their resources to Trust

building activities; 36.3% to Relationship Commitment building activities; 09.5% to Communication activities; 08.4% for Internal Marketing activities and 04% to Support and Cooperative activities.

REFERENCES

Al-Harbi K.M.A.-S. (2001). "Application of The AHP in Project Management". *International Journal of Project Management*, January, 19(1): 19-27.

Dixon-Ogbechi, Bolajoko Nkemdinim, Elizabeth M., Haran & Joseph Aiyeku (2009a). "Relationship Marketing as a Strategic Tool for Multinationals in the Nigerian Food and Beverage Industry". *The Journal of Current Research in Global Business*, Winter, 12(17).

Dixon-Ogbechi, Bolajoko Nkemdinim, Elizabeth Haran & Joseph Aiyeku (2009b). "Relationship Marketing as a Strategic Tool for Indigenous Companies in the Nigerian Food and Beverage Industry". *Journal of Global Business Development* ,1(1): 145-157.

Dixon-Ogbechi, Bolajoko N., Haran, Elizabeth M. & Aiyeku, Joseph (2009c). "Application of the Analytic Hierarchy Process in Determining Relative Importance of Relationship Marketing Variables for Companies in the Nigerian Food and Beverage Industry". *International Symposium on The Analytic Hierarchy Process (ISAHP 2009) For Complex Decision Making, Pittsburgh, USA – Proceedings. No. 21, pp. 1-15.*
Garbarino, E., & Johnson, M. S., (1999). "The Different Roles of Satisfaction, Trust, and Commitment in Customer Relationships". *Journal of Marketing*, April, 63, 70-87.

Groonroos, C. (1994). "Quo Vadis Marketing? Towards a Paradigm Shift in Marketing". *Journal of Marketing Management,* 18, 347-360.

Kanagal, Nagasimha (2010). Role of Relationship Marketing in Competitive Marketing Strategy. *Journal of Management and Marketing Research. http://www.aabri.com/manuscripts/09204.pdf. Retrieved 24th November, 2010.*

Lai, V.S., Trueblood, R.P. & Wong, B.K. (1992). Software selection: a case study of the application of the analytical hierarchical process to the selection of a multimedia authoring system. *Information & Management*, 25(2).

Maitra, Paul Sunetra (2009). Importance of Relationship Marketing in Service Sector. *http://www.articles base.com/marketing-articles/importance-of-relationship-marketing-in-service-sector-1073220.html. Retrieved 24th November, 2010.*

Morgan, R. M., & Hunt, S. D. (1994). "The Commitment-Trust Theory of Relationship Marketing". *Journal of Marketing,* 58, 20-38.

Saaty, T.L. (2000). *Fundamentals of Decision Making And Priority Theory With Analytical Hierarchy Process.* Pittsburgh, PA: RWS Publications.

Simpson, J. T., & Mato, D. T. (1997). Relationship Management: A Call for Fewer Influence Attempts? *Journal of Business Research*, 39(7), 209-18.

Tsuen-Ho Hsu & Tsang-Chieh Lee (2010). "An Evaluating Model For Relationship Marketing Strategy".*http://www.google.com/search?client=firefox-a&rls=org.mozilla%3Aen- US%3Aofficial& channel=s&hl=en&source=hp&q=Tsuen-Ho+Hsu+%26+Tsang Chieh+Lee+(2010).+An+Evaluating+ Model+For+Relationship+Marketing+Strategy&btnG=Google+Search.*

Webber, Sheila (2001). Marketing Information Services. *http://dis.shef.ac.uk/shiela/marketing/ services.htm.*