

Impact of Customer Relationship Management on Organisation Performance of Food and Beverages Industries: A Case Study of Rite Food Limited, Lagos, Nigeria

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ABSTRACT: This study investigated the relationship between CRM and organisation performance of local food and beverages industries in Nigeria. Descriptive survey research design was adopted for the study. The population comprised of all employees of Rite Foods Limited, Lagos State. Sample size of 300 employees was drawn using stratified random sampling technique. Validated questionnaire was used for data collection. Data collected were analyzed using mean, standard deviation and Pearson Product Moment Correlation. Result from the findings showed that there is a significant relationship between Customer Knowledge Management Capability (CKMC), Customer Interaction Management Capability (CIMC), Customer Win-back Capability (CWC) and organisation performance of Rite Foods Limited. The researchers recommended that food and beverage industry should embark on building a stronger CRM capability since it has been established that it contributes significantly to performance and that customer satisfaction and non profit maximization should be the key target of food and beverage companies.

I. INTRODUCTION

Customers are the life wire of any organization be it multinational with millions of employees and a multi-billion turnover, or a sole trader with a handful of regular customers. Customers are crucial elements and placed at the central of all organisations. In recent times, consumers' needs and expectations have changed. In order for organisation to meet their customer needs and expectation, they apply different customer-oriented marketing strategies for achieving competitive advantage. To win customers and encourage them to stay loyal or repurchase the service, most companies have

resorted to meeting and satisfying customer needs by not being only reactive but proactive. They are also interested in finding new ways and means to satisfy the customer.

Today, most companies are aiming for good customer relationship which means better service to the customer. A lot of companies are not just attracting customers, but are working at building long term relationships with customers, suppliers, employees, distributors and the general public (Elaheh, Agghar, Seyyed & Asadolla, 2013). Customer Relationship Management (CRM) is one of the marketing strategies that can be used to create and manage relationships between organizations and customers more effectively. According to Elaheh, et. al. (2013), customer relationship management is a key focus for many organisations now as many company shift away from customer acquisition towards customer-retention and churn reduction strategies dictates a need for best practice CRM processes. Customer Relationship Management is a concept of identifying customer needs; understanding and influencing customer behaviour through ongoing communications strategies and an effort to acquire, retain and satisfy the customer (Waskito, 2018). The concept identifies the long-term value of potential and actual clients whiles seeking a growth in revenue, profits and shareholder worth through the activities of marketing which are channeled to the development, conserving and augmenting successful organizational customer relations (Katarzyna & Anna, 2019). The activities involved in managing customer relationship include a thorough understanding and appreciation of the fundamental sources of value derived by the firm from customers and what the customers on the other hand gives to the organization. Organizations over the years are beginning to realize that

customers have various economic value and importance to the company, and as such are subsequently adapting their customer offerings and communications strategy accordingly. Because of this, organizations are gradually shifting from a product or brand centric marketing to a customer – centric approach.

Customer relationship management is more than simply managing customers and monitoring their behaviour or attitude. It has the potential to change a customer's relationship with a company and increase revenues in the bargain. It also helps to know the customers well enough to decide whom to choose and whom to lose. The objective of CRM is to recognize and treat each and every customer as an individual (Muhammad, Naveed, Haider & Alamdar, 2015). Customer relationship management enables organisations to provide excellent real-time customer service through the effective use of individual account information (Waskito, 2018). Organisations therefore, need to investigate customer needs, build relationships with both existing and potential customers, and will have to satisfy their customers' needs (Muhammad, et al, 2015).

CRM in food and beverages industry is viewed on how the organizations offer the best services for customer and to retain a good relationship with them. Levine (2014) noted that CRM is the utilisation of customer related information or knowledge to deliver relevant products or services to customers. CRM is important in food and beverages industries in order to make better customer information and effective management communicate between organization and customer. The capability aspect of CRM is a multifaceted package containing skills and learning abilities that is practiced through the processes in the organization (Amoako, Arthur, Bandol & Katah, 2012). According to Amoako, et. al. (2012), organisation capabilities are activities or processes that reveal the skills or abilities of a firm with the purpose of constantly creating, sustaining and advancing purposeful relationships with clients. Customer orientation is an organization-wide function of acknowledging and disseminating market intelligence which focuses on the current and future customer's needs and wants. At the same time, Narver and Slater (2013) viewed customer orientation as an organization business culture which is devoted to effectively and efficiently serve customers for superior business performance.

Customer orientation suggests that a firm requires a long-term focus on customers' needs and preferences. Technology is one of the key factors in implementing CRM process. Peppard (2014)

suggests that technological advances currently showing ability and growth in e-business and CRM. The success key elements for CRM implementations have been described in many previous publications. For example, Mendoza (2013) developed a model based on critical success factors (CSFs) that will constitute a guide for companies in the implementation and diagnosis of a CRM strategy. Such as marketing, sales, services, related aspects to the client, organizational aspects, information systems (IS), and software for CRM, Sales Force Automation (SFA), data warehouse and data mining, help desk, internet influence, coordinating the CRM implementation.

Each organization has its own culture and this culture will lead the organization's performance. According to Muhammad, et. al. (2015), CRM requires changes to an organizational culture and structure. Waskito (2018) emphasize that cultural values such as courtesy, empathy and harmony should be considered when delivering banking service to improve customer satisfaction. Meanwhile, Siriprasoetsin, Tuamsuk, and Vongprasert (2016) identified that organizational culture and communication are the most difficult factors to overcome since the providers and staff involves need to change attitudes and encourage themselves to accept new concepts in CRM. According to Fahmi and Ahmad (2018), there are four 4 dimensions of CRM capability. These were, Customer Knowledge Management Capability (CKMC), Customer Interaction Management Capability (CIMC), Customer Relationship Upgrading Capability (CRUC), and Customer Win-back Capability (CWC). CKMC relates to all the actions and processes that is meant to gather and analyze the information of customers, coming up with and dispersing indepth knowledge of customer in order to create and maintain a portfolio of customer relationships with the aim of ensuring greater profitability. For firms to effectively develop working customer management capability, it needs to gain knowledge in the desires of clients and likely customers, their needs and preference, the profitability of the existing customers and the prospective ones, and all other factors that has the ability to influence the needs of customers (Wang, 2012).

Customer Interaction Management Capability (CIMC) is the ability of a firm to recognize, secure, keep, and partner with existing customers and prospective customers who are likely to be profitable. The skill required recognizing, securing, keeping and partner with profitable clients is a major and critical success factor for every organization (Wang, 2012).

Customer Win Back (CWC) on the other hand has to do with the process of re-establishing relationship with customers who are lost or not active. A firm losing customers frequently will experience negative outcomes in performance.

Organisation performance on the other hand can be viewed in many aspects and connotations depend on the application. Abang and Maw (2016) attributed organisation performance as bottom line profit, doing better than competitors, maximum organization effectiveness and achieving specific organization objectives. In fact, Laitinen (2012) defined organisation performance as the ability of an object to produce results in a dimension determined a priori, in relations to a target. Cho and Punick (2015) confirmed that top managers increasingly relate quality to organisation performance and hence it has been viewed as one of the important key variables in achieving long-term competitive advantage. This is further supported by Yun and Good (2013) that loyalty is positively related to the company's profitability and the long-term growth.

In this paper, organizational performance measure will focused on customer satisfaction and employee satisfaction. Organization needs to design the process well and systematically monitor, analyse, and improve its performance to improve customer outcomes. There are, in fact, a few related studies on CRM in Africa in general and Nigeria particular in comparison to the wide number of studies in Europe, America, and different parts of Asian continents. Moreover, these few studies in the Nigeria context focused their investigation on CRM and organisation performance in multinational company with little or no empirical work on local food and beverages industry. Therefore, the aim of the present paper is to examine the relationship between CRM and organisation performance of local food and beverages industries in Nigeria using Rite Foods Limited as a case study.

II. STATEMENT OF THE PROBLEM

Since the main goal of an organization is to satisfy the needs of customers which will lead to increased profit. This indicates that without the existence of customers business activities will be futile. Business owners often concentrate on the improvement of their products, this is one of the basic features of the production concept. Often they ignore their customer care and relationship; as a result, many of their customers move their purchasing interests to organizations who can serve them better. The problem here is that they fail to understand that customers' value, care and concern

is far above the product quality. So organizations tend to try their best as much as possible to retain their customers and even attract more.

Organizations at times are faced with the problems of, effectively targeting customers, developing strategy to achieve target behaviors, behaviour maintenance and segmentation of customers based on customer profile and customer life-cycle stage. Various methods and strategies have been employed by organizations in order to make sure that they will achieve the above stated. But their efforts seem futile. It is against this backdrop that this study wants to examine the impact customer relationship management on organizational performance.

III. OBJECTIVE OF THE STUDY

The study aimed to:

1. examine the impact of Customer Knowledge Management Capability (CKMC) on organisation performance of Rite Foods Limited
2. determine the impact of Customer Interaction Management Capability (CIMC) on organisation performance of Rite Foods Limited
3. ascertain the impact of Customer Win-back Capability (CWC) on organisation performance of Rite Foods Limited

Research Hypotheses

The following null hypotheses was formulated to guide the study

H₀₁. There is no significant relationship between Customer Knowledge Management Capability (CKMC) and organisation performance of Rite Foods Limited

H₀₂. There is no significant relationship between Customer Interaction Management Capability (CIMC) and organisation performance of Rite Foods Limited

H₀₃. There is no significant relationship between Customer Win-back Capability (CWC) and organisation performance of Rite Foods Limited

IV. METHODOLOGY

The study adopted descriptive research design. The population comprise of all employees of Rite Foods Limited in Lagos state. A sample size of 300 employees was drawn using the stratified random sampling techniques. The instruments used for data collection was the questionnaire titled: Customer Relationship Management and Organizational Performance Questionnaire (CRMOPQ) with 20 items built on the four point scale of Strongly Agree(SA), Agree

(A) Strongly Disagree (DS), Disagree (D), which has been developed by the researchers. The instrument was validated by experts in Business Management and Marketing. The reliability of this instrument was determined using split half and

reliability index of 0.82 obtained. Data was analysed using mean and standard deviation for the research question and Pearson Product Moment Correlation to test the hypotheses at 0.05 level of significance.

V. RESULTS

Table 1: Customer Knowledge Management Capability

S/N	Items	Mean	STD. DEV	Remark
1.	We have formal system for identifying potential customers	2.10	1.08	Disagreed
2.	Customer information is fully integrated in new product introduction	2.75	1.15	Agreed
3.	My organization study customers actions and needs for the introduction of new product	3.32	0.87	Agreed
4.	My organization regularly use customers to test and evaluate new products	3.24	0.81	Agreed
5.	We have a formal system for identifying which of the potential customers are more valuable	2.20	0.99	Disagreed
Grand Mean		2.72		

Table 1 revealed that the respondents agreed to all items except item 1(2.10, 1.08) and 5(2.20, 0.99). Standard Deviation ranged from 0.81 to 1.15 implying that the mean responses were not far from each other. With the grand mean score 2.72

exceeding the statistical benchmark 2.50 set, It can be concluded that Customer Knowledge Management Capability (CKMC) has great impact on organisation performance of Rite Foods Limited

Table 2: Customer Interaction Management Capability

S/N	Items	Mean	STD. DEV	Remark
1.	My company regularly meets customers to learn and know their current and potential needs for new product	2.43	1.08	Disagreed
2.	My organisation is good at creating relationships with keys customers	3.56	0.79	Agreed
3.	My organisation maintains an interactive two-way communication with customers	3.17	0.72	Agreed
4.	We have a continual dialogue with each customer and use well developed methods to improve our relationships	2.32	1.01	Disagreed
5.	We are good at maintaining relationship with key customers	2.87	0.97	Agreed
Grand Mean		2.87		

Table 2 revealed that the respondents agree to all items except item 1(2.43, 1.08) and 4(2.32, 1.01). Standard Deviation ranged from 0.72 to 1.08 indicating that the mean responses were not far from each other. Also, with the grand mean

score 2.87 exceeding the statistical benchmark 2.50 set. It can be deduced that Customer Interaction Management Capability (CIMC) is of great impact on organisation performance of Rite Foods Limited

Table 3: Customer win-back Capability

S/N	Items	Mean	STD. DEV	Remark
1.	We apologize or compensate in time for the inconvenience or lost that we bring to customers	3.19	0.82	Agreed

2.	We have a systematic process/approach to reestablish relations with valued lost customers and inactive customers	3.07	0.62	Agreed
3.	When we find that customers are unhappy with the appropriateness of our products or service, we take corrective actions immediately	3.25	0.97	Agreed
4.	We maintain positive relationships with migrating or unattractive customer on a regular basis	2.28	1.06	Disagreed
5.	We provide current customers with incentive for acquiring new potentials	2.92	0.75	Agreed
Grand Mean		2.94		

Table 3 showed that the respondents agreed to all items except item 4(2.28, 1.06). Standard Deviation ranged from 0.62 to 1.06 indicating that the mean responses were not far from each other. Grand mean score 2.94 exceeded

the statistical benchmark 2.50 set. It can therefore be concluded that Customer Win-back Capability (CWC) will have great impact on organisation performance of Rite Foods Limited.

Table 4: Relationship between Customer Knowledge Management Capability (CKMC) and organisation performance

Variables	Mean	SD	N	df	r-cal.	r-tab.	P-value	Decision
CKMC	11.59	1.82						
			300	298	0.197	0.113	0.002	Rejected
Organisation Performance	12.13	2.47						
P<0.05								

Table 4 reveals that the calculated 'r' value (r-cal. = 0.197) is greater than the 'r' tabulated (r-tab. = 0.113) given at 298 degrees of freedom and 0.05 level of significance, hence, the null hypothesis which says that there is no significant relationship between Customer

Knowledge Management Capability (CKMC) and organisation performance of Rite Foods Limited is rejected. It then means that, there is a significant relationship between Customer Knowledge Management Capability (CKMC) and organisation performance of Rite Foods Limited.

Table 5: Relationship between Customer Interaction Management Capability (CIMC) and organisation performance.

Variables	Mean	SD	N	df	r-cal.	r-tab.	P-value	Decision
CIMC	18.56	2.68						
			300	298	0.29	0.113	0.003	Rejected
Organisation Performance	12.13	2.47						
P<0.05								

Table 5 reveals that the calculated 'r' value (r-cal. = 0.29) is greater than the 'r' tabulated (r-tab. = 0.113) given at 298 degrees of freedom and 0.05 level of significance, hence, the null hypothesis which says that there is no significant relationship between Customer Interaction

Management Capability (CIMC) and organisation performance is rejected. It then means that, there is a significant relationship between Customer Interaction Management Capability (CIMC) and organisation performance.

Table 6: Relationship between Customer Win-back Capability (CWC) and organisation performance of Rite Foods Limited.

Variables	Mean	SD	N	df	r-cal.	r-tab.	P-value	Decision
CWC	9.93	2.72						
Organisation Performance	12.13	2.47	300	298	0.35	0.113	0.003	Rejected

$P < 0.05$

Table 6 reveals that the calculated ‘r’ value (r-cal. = 0.35) is greater than the ‘r’ tabulated (r-tab. = 0.113) given at 298 degrees of freedom and 0.05 level of significance, hence, the null hypothesis which says that there is no significant relationship between Customer Win-back Capability (CWC) and organisation performance of Rite Foods Limited is rejected. It then means that, there is a significant relationship between Customer Win-back Capability (CWC) and organisation performance of Rite Foods Limited.

VI. DISCUSSION OF FINDING

Result of hypothesis one shows that there is a significant relationship between Customer Knowledge Management Capability (CKMC) and organisation performance of Rite Foods Limited. The r-calculated 0.197 is greater than r-critical 0.113 at 0.05 level of significance. This implies that gathering and analyzing customers information and coming up with indepth knowledge have great influence on organisation performance. This is consonance with Katarzyna and Anna (2019) submission that customer knowledge management capabilities and business performance had the positive relationship with each other Good knowledge management capabilities enhanced business performance and automatically increased organisation performance. The finding is also in tandem with Muhammad, Naveed, Haider and Alamdar (2015) that that if customer knowledge management capabilities is increased then organizational performance will increase automatically in positive manner.

Result of second hypothesis revealed that there is a significant relationship between Customer Interaction Management Capability (CIMC) and organisation performance of Rite Foods Limited. The r-calculated 0.29 is greater than r-critical 0.113 at 0.05 level of significance. This implies that the ways and manner organisation recognize, secure, keep and relates existing customers and prospective customers play crucial roles in organisation development or profit maximization. This agreed with Mack (2015) who concluded that ability of a firm to recognize, secure, keep, and partner with

existing customers and prospective customers will greatly enhance organisation performance. The finding is also in agreement with Shavazi, Moshabaki, Hoseini and Naiej (2013) views that recognizing, securing, keeping and partner with profitable clients is a major and critical success factor for every organization.

Result of third hypothesis tested showed that there is a significant relationship between Customer Win-back Capability (CWC) and organisation performance of Rite Foods Limited. The r-calculated 0.35 is greater than r-critical 0.113 at 0.05 level of significance. This implies that re-establishing good relationship with customers who are lost or not active will go a long way in improving the growth and survival of an organisation. This is in consonance with Yun and Good (2017) who studied the impact of customer relationship management (CRM) on firm performance using a hierarchical construct model in which their results revealed a positive and significant path between a superior customer win-back capability and firm performance. The finding also corroborated with Fahmi and Ahmad (2018) who concluded that superior customer win-back capability is positively associated with human analytics and business architecture.

VII. CONCLUSION

This paper has empirically investigated impact of customer relationship management on organisation performance food and beverages industry. The finding has empirically showed that effective and proactive CRM plays a pivotal role in performance of Rite Food Limited. The study have vividly showed that for Rite Foods Limited to effectively develop working customer management capability, it needs to gain knowledge of the desires of clients, their needs, preference of the existing customers and the prospective ones. Based on the result from the findings of this study, it was concluded that there is a significant relationship between Customer Knowledge Management Capability (CKMC), Customer Interaction Management Capability (CIMC), Customer Win-

back Capability (CWC) and organisation performance of Rite Foods Limited.

RECOMMENDATIONS

Based on the conclusion above, the following recommendations were proffered:

1. Food and beverage industry should embark on building a stronger CRM capability since it has been established that it contributes significantly to performance.
2. Food and beverage companies should put customers first in order to ensure greater knowledge about them and to be able to satisfy their needs.
3. Training on effective communication skills must be embarked on for the owners and staff of food and beverages companies.
4. Customer satisfaction and not profit maximization should be the key target of food and beverage companies.

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