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RELATIONSHIP MARKETING STRATEGIES AND PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) OUTLETS IN YENAGOA, BAYELSA STATE, NIGERIA

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Abstract

Small and medium-sized enterprises (SMEs) play a vital role in the global economy. This study investigates the relationship between relationship marketing strategies and the performance of SME outlets in Yenagoa, Bayelsa state, Nigeria. The research examines how SMEs that prioritize customer relationship building achieve positive outcomes. The study adopted cross-sectional and judgmental sampling techniques to survey three hundred and sixty-three (363) SMEs Operators. Data were collected using a self-administered four-point Likert scale questionnaire. The data generated were analyze using descriptive statistics and multiple linear regression analysis. The findings reveal a positive correlation between relationship marketing strategies and SME performance. By fostering customer loyalty and repeat business, SMEs can experience increased sales and market share. The study concludes with recommendations for SME owners, policymakers, and future research directions to further explore the potential of relationship marketing for SMEs success.

Key Words: Performance, Relationship Marketing, Small and Medium Enterprises, Strategies.

Introduction

Relationship marketing propagates the idea that a company's long-term success depends on the quality of the relationships it maintains with customers and its capacity to keep them. It is an innovative approach to marketing that entails the creation, nurturing, promotion, and maintenance of value-laden relationships between an organisation and its customers in order to achieve sustainable competitive advantage (Narteh, Agbemabiese, Kodua & Braimah, 2013). Hendrix and Taylor (2016) maintain that relationship marketing is used by firms to gain insights into customers' needs; develop goods and services that perfectly match customers' needs; deliver product to customers in the required shape, form or manner; elicit and resolve customers' complaints and enquiries; and maintain a direct communication link between firms and customers through which customers' concerns are heard and addressed appropriately. In light of the potential importance of relationship marketing in today's marketing environment, Izogo, Ogba and Nwekpa (2019) observe that organizations in Nigeria are adopting the practice of relationship marketing in their marketing activities. Some of the relationship marketing practices applied by organizations, according to Adejoke and Adekemi (2017) include: commitment, customer care, empathy, and communication. Commitment is the

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demonstration of the intention to maintain long-term business relationships with customers (Chen & Zhang, 2017). Magasi (2015) viewed customer care as the provision of supplementary and support services to customers before, during and after purchase to ensure customers are satisfied. Empathy is the display of courtesy, care and concern by service delivery personnel as they interact with customers. Communication is the two-way flow of information between an organization and its target audience to foster mutual understanding (Narteh *et al.*, 2013).

Organizations such as small and medium scale enterprises (SMEs) have been observed displaying strong commitments to their customers by delivering high-quality products and services; paying attention to and resolving customers' complaints; and opening up various channels through which consumers can communicate their concerns and enquiries such as direct telephone lines, corporate email, social media and in-house suggestion boxes (Chen & Zhang, 2017). Organizations are giving greater attention to the practice of empathy in their operations by recruiting, training and orienting personnel and customer service employees to appreciate the value of a customer, and treat him with respect, courtesy, care and concern in order to achieve customer satisfaction and retention (Tong, Souchong & Thirkell, 2019). The application of relationship marketing practices by SMEs in Nigeria and around the world has been confirmed by researchers (Bojei, Julian, Wel & Ahmed, 2018; Izogo, Ogba & Nwekpa, 2019; Adejoke & Adekemi, 2017) to significantly improve customer patronage, satisfaction and retention, while a few studies such as Nam, Nguyen and Nguyen, (2017) revealed that customer retention cannot be significantly improved by relationship marketing practices. This study is therefore conducted to verify whether or not relationship marketing can significantly influence performance of SMEs in Yenagoa, Bayelsa state-Nigeria.

Statement of the Problem

Although researchers have revealed that SMEs around the world are integrating the practice of relationship marketing into their operations (Chen & Zhang, 2017; Tong, Souchong & Thirkell, 2019), Nigerian researchers like (Izogo, Ogba & Nwekpa, 2019; Adejoke & Adekemi, 2017) decry that the adoption of relationship marketing strategies by SMEs in Nigeria is lower, when compared to other countries. According to Izogo, Ogba and Nwekpa (2019), a good number of businesses in Nigeria, especially those regarded as MSMEs (micro, small and medium-sized enterprises) involved in retail trade are yet to fully appreciate and apply relationship marketing practices to their operations. As a consequence, they are oblivious to the value of the customer and are often times rude, impolite and inconsiderate in their interactions with customers, thereby causing customer dissatisfaction, disloyalty and negative word of mouth. Consequently, the inability of SMEs to effectively satisfy customers' needs and retain them through relationship marketing practices has adversely impacted their business operations and led to the failure of many businesses across the country (Izogo, Ogba & Nwekpa, 2019). As a result, researchers in Nigeria and around the world have conducted studies to determine how relationship marketing strategies could best be applied to significantly enhance customer retention and overall organizational performance (Chen & Zhang, 2017; Tong, Souchong & Thirkell, 2019; Bojei, Julian, Wel & Ahmed, 2018). However, the problem

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of this research is how can relationship marketing strategies be significantly applied to improve performance of SMEs outlets in Yenagoa, Bayelsa State, Nigeria?

Given the above rationale, the main objective of the study is to examine the effect of relationship marketing strategies on performance of SMEs in Yenagoa, Bayelsa State-Nigeria. Specifically, the study seeks to:

- 1. examine the effect of mutual gain on performance of SMEs outlets in Yenagoa, Bayelsa State.
- 2. determine the effect of customer care on performance of SMEs outlets in Yenagoa, Bayelsa State.
- 3. establish the effect of mutual trust on performance of SMEs outlets in Yenagoa, Bayelsa state;
- 4. assess the effect of open communication on performance of SMEs outlets in Yenagoa, Bayelsa State.

The following research questions guided the study:

- a. How does mutual gain affect the performance of SMEs outlets in Yenagoa?
- b. To what extent does customer care affect performance of SMEs outlets in Yenagoa?
- c. What is the extent of the effect of mutual trust on the performance of SMEs outlets in Yenagoa?
- d. What is the effect of open communication on the performance of SMEs outlets in Yenagoa?

Based on the above research questions, the following null hypotheses were tested in the study:

- H₀₁: Mutual gain has no significant effect on the performance of SMSs outlets.
- H_{O2}: The effect of Customer Care h on the performance of SMEs outlets is not significant.
- H_{O3}: Mutual trust has no significant effect on performance of SMEs outlets.
- H_{O4}: The effect of Open Communication on the performance of SMEs outlets is not statistically significant.

Literature Review Conceptual Review

Mutual gain and performance

The cornerstone of a win-win relationship is mutual gain. The relationship marketing approach is based on a thought that two (or several) parties establish a business engagement that enables both (or all) parties to gain something. In other words, it is assumed that a win-win situation can be achieved (Storbacka & Lehtinen, 2001; Little and Marandi, 2003; Tzokas & Saren, 2004). The parties may have differing and even conflicting ambitions and goals, but nevertheless, according to relationship marketing the possibilities to achieve mutual gains exist. Furthermore, relationship marketing can be considered "investing in customers ... (and having) an opportunity to make marketing relevant for shareholders, top management, (and) customers" (Gro"nroos, 2003).



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Customer Care Service and Performance

Customer care is how customers are treated when they interact with a brand. It includes all experiences with the company and its employees before, during and after a purchase. Fontanella (2019) argued that customer care remains a critical part of customer service given that it encourages the development of harmonious emotional interrelationships between a brand and its target customers. It is the process of building an emotional connection with customers by offering support, advice and assistance to them at every point of service encounter.

Mutual Trust and Performance

In the marketing context, trust is customers' confidence in the capacity of a firm to effectively and satisfactorily meet their needs and requirements. A customer trusts a firm when he believes and is assured that the firm has the expertise and competency to effectively serve his needs and wants (Bradley, 2018). In the view of Olayinka and Odunlami (2018), trust entails customers' expression of confidence or reliance in the ability of firms to provide products and services that are accurate, reliable, appropriate, valuable and capable of satisfying their needs and expectations.

Open Communication and Performance

Communication is simply the flow of information between a firm and its customers. The purpose of communication is to establish mutual understanding and a cordial relationship between the firm and its customers. Consistent communication enables firms to understand the needs, requirements, preferences and attitudes of customers towards their goods and service (Ibrahim, Jubril & Al-mustapha, 2015).

Theoretical framework

The study anchored on the customer bonding theory of relationship marketing, propounded by Warren, Mason and Fibenachi (2005).

Customer bonding theory (Warren, Mason & Fibenachi (2005)

The customer bonding theory of relationship marketing was developed by Warren, Mason and Fibenachi in 2005. It was developed in a bid to enable business firms operating in a modern business environment achieve sustainable competitive advantage. The main premise of the theory is that in an era of intensive competition, customer sophistication and selectiveness as well as technological dynamism, business firms should transcend the transactional marketing approach, and embrace the relationship marketing approach by bonding with customers to create long lasting and value-laden relationships that benefit both the firm and the customer (Warren, Mason & Fibenachi, 2005). The customer bonding theory of relationship marketing is rooted in the belief that it is far less costly to retain an existing customer than it is to acquire a new one. In other words, relationship marketing enables the business firm to create loyal brand ambassadors out of their customers; people who will buy, rebuy, and most importantly spread positive word of mouth about the firm, its products and services absolutely free of charge, and this is very effective.

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Application of the theory

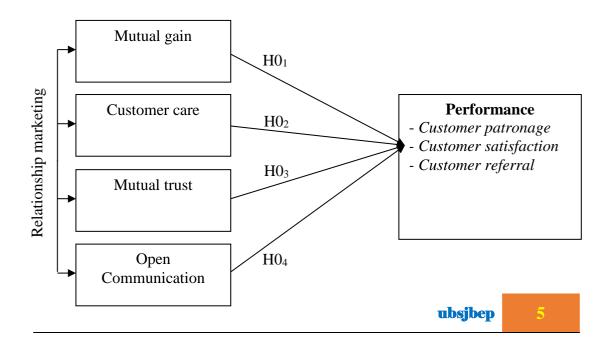
The relevance of this theory to the study is that the organizations, such as SMEs to sustainably gain competitive advantage (in terms of performance), it must consistently commit to efforts aimed at bonding with customers, rather than operating in a transactional system of marketing. The major criticism of this theory is that, customer bonding theory may not work well for certain industries and businesses, but not necessarily for all.

Empirical Review

Etim, Etuk, James and Ekpe (2021) examine effect of relationship marketing on customer retention in the telecommunications industry. The study adopted survey research design. A structured questionnaire was used to obtain primary data from 198 customers of MTN Nigeria Plc and Globacom Nigeria Plc in Calabar. The data were analyzed and interpreted using descriptive statistics, while the hypotheses developed for the study were tested using multiple linear regression. Consequently, the findings of the study revealed that customer care, communication, trust building and service quality had significant positive effects on customer retention of telecommunication firms in Calabar.

Similarly, Ibrahim, Jubril and Al-mustapha (2015) conducted a study on the "Impact of relationship marketing on customer loyalty to privately-owned hospitals in Kaduna". The study drew a sample of 168 customers of privately-owned hospitals in Kaduna from whom primary data were obtained using a research questionnaire. Data analysis was done for the study using simple regression in the Statistical Package for the Social Sciences (SPSS 21). The findings of the study revealed that all independent variables tested (communication, customer care, service quality and building trust) had significant positive impacts on customer loyalty to privately owned hospitals in Kaduna. Therefore, the study concluded that there is a significant positive impact of relationship marketing on customer loyalty to privately-owned hospitals in Nigeria.

Conceptual Framework



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Figure 1: Conceptual model of the study. Source: Researcher's concept (2024)

Materials and Methods

The study adopted cross-sectional survey research design, which will enable the collection of necessary primary data from target respondents at a single period of time for analysis and generation of findings. The population includes all operators of SMEs (both registered and unregistered) in Yenagoa, Bayelsa State. The actual numerical size of the population is however unknown. Therefore, the researcher adopted the Topman sample size determination procedure to statistically determine the sample size for the study. Topman formula states thus:

n = Z²Pq

e²

Where

n: Sample size required

Z: Tabular statistical unit (1.96)

P: Probability of positive response (0.8)

q: Probability of negative response (0.2)

e: Margin of error (5%)

The researcher conducted a pilot survey by interviewing a random sample of 30 SMEs customers in Yenagoa. Out of the 30 respondents interviewed, 21 representing 70 percent said that they were positive, while 9 respondents representing 30 percent said that they were negative. At the end of the survey, a probability of negative responses (q) was 0.3. By simple substitution, the Topman formula is applied thus:

 $\begin{array}{rcl} n & = & 1.96^2 \, (0.7 \, x \, 0.3) \\ & & 0.05^2 \\ & = & 3.8416 \, (0.21) \\ & & 0.0025 \\ & = & 0.806736 \\ & & 0.0025 \\ & = & 368.6944 \\ n & = & 369 \, \text{approximately} \end{array}$

The convenience sampling technique was adopted to select and administer questionnaires to SMEs operators to participate in the questionnaire survey. This sampling technique is appropriate for the study, because the population is infinite; and it will enable the researcher to obtain required primary data from respondents who will be easily accessible, readily available and willing to participate in the questionnaire survey, thereby minimizing time wastage in sampling. Data was obtained from respondents (SMEs operators) through primary source (questionnaire).

To examine relationship marketing strategies and customer retention of SMEs in Yenagoa, Bayelsa State, the researcher made use of the relationship marketing strategies and Performance Questionnaire (RMSPQ) as the data collection instrument. The questionnaire is structured into two major sections. The first section focuses on eliciting information from the respondents on their demographic data. The second section focuses

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on entrepreneurial competency dimensions and performance measured on a four point Likert scale as followed:

SA- (Strongly Agree) = 4 points A - (Agree) = 3 points D - (Disagreed) = 2 points SD - (Strongly disagree) = 1 point

Subsequently, the instrument was adopted as reliable as all its measurement scales produced Cronbach alpha coefficients of 0.82 and above.

Table 1: Reliability Estimates

S/N	Variables	No. of items	Cronbach Values
1	Mutual gain	4	0.82
2	Customer care	4	0.84
3	Mutual trust	4	0.87
4	Open communication	4	0.92
5	Performance	4	0.90

Source: Field work, 2024

The multiple regression model is shown below:

Y = bo + b1x1 + b2x2 + b3x3 + b4x4 + b5x5 + b6x6 + E

Where:

Y= Performance

b1= mutual gain

b2= customer care

b3= mutual trust

b4= Open communication

(b1 to b4 are regression coefficients)

bo=Slope

E= Error

The data of this study was analyzed using descriptive statistics precisely while multiple regression was adopted to test the hypotheses of the study at 0.05 level of significance with the aid of SPSS version 23.

Results and Discussion

Data presentation and interpretation

Table 2: Administration and return of questionnaire

S/N	Option	Frequency	Percentage
1	Number of questionnaire	363	98.37
2	completed and returned Number of questionnaire not returned/discarded	06	1.63
-	Total	369	100

Source: Field Survey, 2024

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Table 2 reveals that 369 copies of questionnaire were administered. 363, representing 98.37 percent were duly completed and returned. On the other hand, 06 representing 1.63 percent copies of questionnaire were not returned. Therefore, analysis of this study was based on 363 copies of questionnaire.

Preliminary data analysis

This unit tested the following items: missing values, outliers, normality, multi-co linearity, KMO, linearity, and normal probability plots test for regression.

Kolmogorov-Smirnov Test

Table 3: One-Sample Kolmogorov-Smirnov Test

	N	Normal	Most		Extrem	eKolmogorov-	Asymp.
		Parameters ^{a,b}	Differen	nces		Smirnov Z	Sig. (2-
		MeanStd.	Absolut	tePositiv	eNegative	e	tailed)
		Deviation	ı				
MUTUAL GAIN	363	310.293.133	.222	.222	100	4.237	.060
CUSTOMER CARE	363	310.613.512	.232	.232	103	4.428	.062
MUTUAL TRUST	363	310.763.791	.246	.246	117	4.684	.061
OPEN COMM.	363	310.673.804	.275	.275	129	5.246	.054
PERFORMANCE	E363	310.153.634	.293	.293	149	5.580	.059
a. Test distribution	n is	Normal.					
b. Calculated from	n da	ta.					

Source: SPSS, 2024

Decision: the table 6 above shows that the Asump. Sig > 0.05, it is ruled that the data is normally distributed. From the table above, it is revealed that all the five (5) constructs (mutual gain, customer care, mutual trust, open communication and performance) were normally distributed.

Normal Probability plot test for regression

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Performance

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Figure 2: Normal P-P plot of regression standardized residual

Source: SPSS, 2024

Table 4: Descriptive Statistics

N	Mean	Std. Deviation	
363	10.29	3.133	
363	10.61	3.512	
363	10.76	3.791	
363	10.67	3.804	
363	10.15	3.634	
363			
	363 363 363 363 363	363 10.29 363 10.61 363 10.76 363 10.67 363 10.15	363 10.29 3.133 363 10.61 3.512 363 10.76 3.791 363 10.67 3.804 363 10.15 3.634

Source: SPSS, 2024

Multicollinearity

Table 5: Coefficients^a

Model Unstanda Coefficien		· · · · · · · · · · · · · · · · · · ·		T Sig. Collinearity Statistics			
	В	Std. Error	Beta		Tolerance	VIF	
(Constant)	.222	.189		1.170	.243		
MUTUAL GAIN	125	.036	108	- 3.435	.001.221	4.532	
CUSTOMER 1CARE	028	.041	027	669	.504.136	7.333	
¹MUTUAL TRUST	.119	.038	.125	3.165	.002.141	7.099	
OPEN COMM.	.140	.039	.147	3.559	.000.128	7.787	

a. Dependent Variable: PERFORMANCE

Source: SPSS, 2024

Decision Rule: if the VIF value lies between 1-10, then there is no multicollinearity. If the VIF<1or>10, then there is multicollinearity (Keller & Warrack, 2017). Therefore, table 5 above reveals that, there is no problem with multi-collinearity in any construct of this study.

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KMO

Table 6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy. .872

	Approx. Chi-Square	18563.086
Bartlett's Test of Sphericity	Df	595
	Sig.	.000

Source: SPSS, 2024

KMO and Bartlett's test value at .872 in table 6 above shows that there is sampling adequacy in the data set of the study.

Table 7a: Model Summary

Mod	lel R	R Sq	uare A	Adjusted R Square Std. Error of the Estimate					ate
1	.960ª	.922	.9	21		1.022			
_ I	Duadiatana	(Constant)	mutual (~~in	austaman	0040	mutual	tanzat	0000

a. Predictors: (Constant), mutual gain, customer care, mutual trust, open communication.

Source: SPSS output, 2024

Table 7b: ANOVA^a

Model		Sum	ofDf	Mean Square	F	Sig.
		Squares				
'	Regression	4407.593	6	734.599	703.629	.000 ^b
1	Residual	371.669	356	1.044		
	Total	4779.262	362			

a. Dependent Variable: PERFORMANCE

Source: SPSS output, 2024

Table 7c: Coefficients^a

7. 1. F	Coefficients		
3. 1 17			
Std. Error	Beta		
189		1.170	.243
036	0.373	-3.435	.001
041	0.147	669	.000
038	.125	3.165	.002
039	.479	3.559	.000
(((036 041 038	189 036 0.373 041 0.147 038 .125	189 1.170 036 0.373 -3.435 041 0.147669 038 .125 3.165

b. Predictors: (Constant), mutual gain, customer care, mutual trust, open communication.



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a. Dependent Variable: PERFORMANCE

Source: SPSS output, 2024

The regression tables (Table 7a, 7b and 7c) showing influence of customer relationship strategies (mutual gain, customer care, mutual trust, and open communication) on performance of SMEs outlets. Table 7a, which is the model summary reveals that the relationship between both variables is 96 percent (as seen in the R column). The R^2 value (0.922) signifies that up to 92.2 percent of performance of SMEs outlets is caused by the service customer relationship strategies when other variables are held constant. This relationship is strong and statistically significant. This indicates that the model has a good fit in estimating the population mean.

The F-test (703.629, p<0.05) of the relationship in Table 7b indicates that the overall prediction of the independent variable to the dependent variable is statistically significant, therefore, the regression model provides sufficient evidence to conclude that customer relationship strategies significantly influence performance of SMEs outlets.

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Table 7c is the coefficients table, which provides the necessary information on the capability of each service customer relationship strategies variable to predict performance of SMEs outlets. From the table it can be seen that all four variables significantly influence performance of SMEs outlets positively as their p values are less than 0.05 with positive t-test values. Additionally, the standardized beta coefficient column in Table 7c shows the individual contributions of each of the variables to the model. It can be seen that with a beta coefficient of 0.479 (47.9 percent) open communication makes the highest and most positive contribution to the model. This is followed by mutual gain with beta coefficient of 0.373 (37.3 percent). Next is customer care which contributes 14.7 percent to the model. Mutual trust contributes 12.5 percent.

Discussion of findings

Influence of relationship marketing strategies on performance SMEs outlets. The major findings of this study in a comprehensive form which was backed up by previous studies. Accordingly, the mean and standard deviation of the mutual gain, customer trust, mutual trust, and open communication dimensions of customer relationship strategies in the above section were revealed to be 10.29, 10.61, 10.76, 10.67 and 10.15 while 3.133, 3.512, 3.791, 3.804 and 3.634 respectively. Hence, from these descriptive statistics, we can observe that the respondents assured the variable had a positive influence on performance of SMEs outlets. Moreover, there is a statistically significant effect with the values of beta = 0.394, and p < 0.05, which means that increasing or decreasing the activity of relationship marketing strategies by one unit or per cent will result in an increment or decrement in the performance of SMEs outlets by 39.40 per cent. Similar results obtained from previous research, Etim, Etuk, James and Ekpe (2021) found that customer care, communication, trust building and service quality had significant positive effects on customer retention of telecommunication firms in Calabar. This was also confirmed with Similarly, Ibrahim, Jubril and Al-mustapha (2015) which found that there is a significant positive impact of relationship marketing on customer loyalty to privatelyowned hospitals in Nigeria.



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Conclusion and Recommendations

In conclusion, this study investigated the relationship between relationship marketing strategies and the performance of SME outlets. The findings highlight the positive impact of relationship marketing on SME performance. By prioritizing customer relationships, SMEs can cultivate loyalty, encourage repeat business, and ultimately achieve greater sales and market share.

However, it is important to acknowledge that limitations exist in this study. Further research could explore the specific relationship marketing strategies that are most effective for different SME industries and target markets. Additionally, future studies could examine the long-term effects of relationship marketing strategies on SME sustainability and growth.

Based on these finding, the study recommended that:

- 1. SMEs owners and Managers should develop targeted loyalty programs to reward repeat customers and encourage them to return to your business. Consider offering discounts, points programs, or exclusive benefits to loyal customers.
- 2. SMEs owners should Utilize social media and email marketing to connect with customers.
- **3.** Policymakers should Provide educational programs on relationship marketing for SMEs.
- 4. Further research should be carried out to examine the impact of relationship marketing on customer lifetime value for SMEs.

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