Relationship Marketing and Competitive Advantage of Selected Hotels in Ogun State, Nigeria

Rotimi Jimoh Rahmon & O. O. Adepoju
Department of Management & Accounting,
Lead City University, Ibadan

Article DOI: 10.48028/iiprds/ijrsssms.v6.i1.05

Abstract

This paper investigates the nexus between relationship marketing and the competitive advantage of hotel business in Ogun state Nigeria. The study adopted the cross-sectional survey research design. The population of the study consists of the management staff of hotels in Ogun state, Nigeria. Implying an infinite population, a sample size of 384 was used for the study as the study relied on Krejche and Morgan (1970) in sample size determination. A validated questionnaire was administered and a total of 301 was retrieved for analysis. The data collected were analyzed using multiple regression analysis. Findings revealed that relationship marketing dimensions (Trust and commitment) have a significant effect on the competitive advantage of hotel business in Ogun State, Nigeria (Adj. R2 = 0.222, F (2, 299) = 43.968, p<0.05). It is recommended that managers on hotel businesses in Ogun state and Nigeria at large should ensure adequate implementation of effective relationship marketing practices to achieve a sustainable competitive edge over other competing firm.

Keywords: Relationship marketing, Trust, Commitment, Competitive Advantage

Corresponding Author: Rotimi Jimoh Rahmon
Background to the Study
There is gainsaying that the Nigerian hospitality industry has contributed significantly to the socio-economic development of the country (Timothy and Samson, 2014). The hospitality industry has shown tremendous strength in the aspect of human capital and structural development (Ajake, 2015). According to the National Bureau of Statistics (2015), the Nigerian tourism sector directly contributed N1.56 billion and 1.7 percent to the GDP. It is projected that the hospitality industry will cause a 2.4 percent growth in GDP by mid-2015 and will rise by 5.8 percent per annum in 10 years. Despite these tremendous impacts of the sector to the growth of Nigeria economy, the hospitality sector is faced with poor facilities upgrade which has impugned its productivity, poor services, and unethical behavior of professionals in the industry resulting in poor customer relationship management among others (Adedipe and Adeleke, 2016; Timothy and Samson, 2014). Similarly, consumers have become well aware of their rights through competition and technological advances (Musa and Nasiru, 2020), therefore customer relationship management seems to be a latter issue, but it has been discussed for many years, the background of customer relationship marketing is numerous. Hence, to achieve sustainable competitive advantage, firms need to constantly focus on maintaining a cordial relationship with customers, identification of differential product strategies, building or reshaping core competencies, acquiring unique technologies, and accumulation of intellectual property, all of which can all be harnessed to make the company successful in a highly competitive market place (Srivastava, Franklin and Martinette, 2013). According to Maina (2016), business organizations generally exist to make a profit by offering services and/or products that add value to their customers. Similarly, Wanjau (2013) argued that all company revenue is achieved from a category of customers who are either new or repeat. Therefore, retaining customers substantially proves to be more cost-efficient as compared to seeking new customers (Maina, 2016).

Statement of the Problem
Evidence suggests that customers are more willing to buy a particular product when they perceive the firm to be more customer-centric through understanding their needs and as well delivering a unique service/product experience that leaves a long-lasting commitment. Relationship marketing describes a marketing strategy which stems from direct response marketing campaigns. It emphasizes on customer retention and satisfaction rather than concentrating on sales volumes. Firms that practice relationship marketing acknowledge the long term value of their customers (Frow and Payne, 2009). Christopher at al., (2002) asserted that the term “relationship marketing” stems from the industrial and services marketing literature of the 1980s. According to Matute-Vallejo, Bravo, and Pina, (2010), services success of firms is attached on their capability to uphold long-term interactions with customers that enables a repeat of purchases and communicate positive involvements with the service provider to others (Matute-Vallejo, Bravo, and Pina, 2010). The same way Ndubisi (2007) thinks that constructing relationships with customers enables a company to acquire quality bases of intelligence marketing which assists in good planning marketing strategy. More so, with the level of the increasing Nigerian population, the hospitality industry is currently experiencing an incessant decrease in sales owing to a poor business-customer relationship with its potential and current customers. The major determinant of organization success
especially services-oriented businesses in the competitive environment is the ability to provide effective and efficient service delivery to its customer. Customers are demanding greater fairness and clarity in their interactions with many hotel businesses as their trust and commitment levels are on the decline. Based on these aforementioned problems, it is important to investigate the effect of relationship marketing on competitive advantage of selected hotel in Ogun state Nigeria.

**Literature Review**

**Relationship Marketing**

Customer Relationship Management (CRM) is the central business strategy that incorporates internal processes and functions as well as external networks to build and generate value for the benefit of targeted customers (Musa and Nasiru, 2020). It focuses on quality customer information and is permitted through IT (Buttle, 2015). Relationship marketing aims at building long-term relationships with customers, generating further business and ultimate profit (Salah and Abou-Shouk, 2019). It is designed to contribute to strengthening brand awareness and increase understanding of consumer needs (Mensah and Mensah, 2018). Relationship marketing is the retention of customers through varying means to ensure repeated trade from preexisting customers by satisfying requirements above those of competing companies through a mutually beneficial relationship (Okwara and Iwuoha, 2019). They further posited that the technique is counterbalancing new customers and opportunities with current and existing customers as a means of maximizing profit and counteracting the "leaky bucket theory of business" in which new customers gained in older direct marketing-oriented businesses were at the expense of or coincided with the loss of older customers. The implementation of relationship marketing is commonly seen as a way to accomplish sustainable strategies in service-making businesses (Musa and Nasiru, 2020). Benefits of relationship marketing to competitive companies' include; customer retention and attraction, understanding customer characteristics, delivery and meeting expectations, repeat business, prevents negative transition, word-of-mouth marketing, increasing customer base, reduced marketing costs, minimization of customer price sensitivity, and customer identification with the company (Doyle and Stern, 2006; Mwangi, 2013). Various studies have stated various dimensions of relationship marketing (Hashem, 2012; Jesri, Ahmadi and Fatahpooor, 2013; Jumaev and Hanaysha, 2012; Khan, 2013; Salah and Abou-Shouk, 2019) among others. However, this study considers commitment and trust as dimensions of customer relationship marketing.

**Commitment**

Marketing scholars have documented that relationships can be built upon multiple forms of commitment (Salah and Abou-Shouk, 2019). Social bonding can be a contributing factor of a potential emersion of trust and commitment, although the impact of social bonding might differ depending on the customer segment commitment is a desire to maintain a valued relationship, and can be based on many facets (Martensson and Neij, 2013). Commitment in marketing refers to an orientation that specific intentions and behaviors characterize to realize value for both parties over the long term (Taleghani, Gilaninia and Mousavian, 2011).
Trust

Trust is the faith that exists between parties (Salah and Abou-Shouk, 2019). In reality, it is the bond that keeps in touch with two parties for a longer time (Khan, 2013; Martensson and Neij, 2013). Trust indicates that each person of relationship, to what extent can be considered other person promise and is defined as the willingness to trust and reliance to the audience (Jesri, Ahmadi and Fatehipoor, 2013). The major determinant of improved customer loyalty and retention is trust (Martensson and Neij, 2013). In any unpredictable business environment, trust becomes a vital aspect on which such relationships exist (Maina, 2016). Trust has been posited as a major determinant of relationship commitment (Salah and Abou-Shouk, 2019). Creating trust in the customer's mindsets is its commitment. To increase the levels of trust, companies must focus on keeping promises to their customers and consistently carry their best interests at heart (Jumaev and Hanaysha, 2012). In achieving a superior competitive advantage, business organizations need to inspire and maintain a good trust network built delivering unique proposition with its target audience as this will not only increase the level of customer advocacy but as well enabling the firm enjoys a dominant stance in the dynamic and hyper-competitive environment.

Sustainable Competitive Advantage

Barney, 1991 defines competitive advantage as when a firm is applying a value-creating strategy not concurrently being employed by any existing or budding competitors, and also posits that a firm is said to have a sustained competitive advantage when it is realizing a value-creating strategy not simultaneously being carried out by any present or probable competitors and when these other firms are incapable to reproduce the benefits of this strategy. Coyne Kevin (1986) argues that to create a sustainable competitive advantage, customers need to recognize the differences between a firm's products and those of the competitors. These differences must have been created due to the firm's resources that are not accessible by its competitors (Coyne Kevin, 1986). Other researchers have more accurately explained special resources and skills that contribute to the creation of sustainable competitive advantage (Hakkak and Ghodsi, 2015).

Theoretical Review

This study is anchored on the commitment-trust theory as propounded by Morgan and Hunt (1994). The theory stipulates that relationship commitment and trust are essential to creating and maintaining long-term RM a position that has been supported by Brown, Crosno, and Tong (2018). They claim that relationship engagement, an enduring desire to sustain a valued relationship, is focused on research based on the theory of social interaction, marriage, and organizational behavior and trust, the confidence in an exchange partner's reliability and integrity (Morgan and Hunt, 1994), represent the key elements that explain a relationship's impact on sustainable competitive advantage. Therefore, dedicated partners devote additional time and work to preserve and improve partnership ties, which have a positive effect on cooperation, financial success, and other positive results, such as competitive advantage (Morgan and Hunt 1994). The intangibility features in service-oriented businesses inclusive of hotel business is often a challenge for customers, sometimes before service consumption. In such a purchase situation, the buyer has no choice but to trust the service claims portrayed by
the seller. The determinant of customer loyalty and retention depends majorly on how well the firm can surpass customer's service expectations; create a favorable brand positioning and as well maintain superior product standardization to address subsequent customer service consumption.

Empirical Review
Musa and Nasiru (2020) studied the impact of customer relationship management on the marketing performance of selected gas stations in Adamawa state. The study revealed that there is significant relationship between variables of the study since \( r = 0.96 \) and \( 0.95, P < 0.05, df = 1 \). The result also revealed that sometimes their customers are not happy with the gas station operating hours because at times they close earlier than expected from customers, also the management failed to give intrinsic rewards (e.g., employee job satisfaction, sense of achievement) for employees is not considered as a critical factor for attaining the gas station's quality objectives. Wetosi, Geoffrey, and Kibet (2017) carried out a study on relationship marketing strategies and competitive advantage in selected commercial banks in Uasin-Gishu County. They concluded that customer focus played a role in the marketing of the banks' products, all scores were above average on the statements which supported the competitive advantage of the organization. On the influence of customers' communication on Competitive advantage, the study pointed out that it was to a very large extent influencing the banks to gain their competitive advantage. It was also established that the bank staff greatly influence this by frequently communicating to its customers hence gaining a competitive base with other banks.

Conversely, Shonubi and Akintaro (2016) also conducted a study on the impact of effective communication on organizational performance, literature review based. The research findings no doubt have validated the synergies relationship between communication approach and efficient organizational performance. Their study failed to state clearly the area of study, and qualitative data will not give adequate information about respondents under study. Evidence suggests that no known study has conducted a study on the nexus between relationship marketing and sustainable competitive advantage using trust and commitment as dimensions of relationship marketing on hotels in Ogun state, Nigeria. Therefore, this study hypnotized that;

\[ H_1: \text{Relationship marketing have no effect on competitive advantage of selected hotel in Ogun state.} \]

Conceptual Framework
The conceptual framework that was used in the study explains various variables investigated. These variables led to the conceptual framework of the current study as shown in figure 1 below:
Methodology
This study adopted the cross-sectional survey research design. This research design enabled the researcher to collect unprejudiced data from the study targets and describe the nexus between the variables. The population of this study consists of the management staff of hotels in Ogun state, Nigeria. Implying an infinite population, a sample size of 384 was used for the study. The study relied on Krejche and Morgan (1970) to use that figure, but only 301 questionnaires were returned in good condition, which is 78% of the total questionnaires sent out this a good percentage for the study. All the items used in the questionnaire were measured using a 6-item scale ranging from very low (1) to very high (6). Reliability was measured using Cronbach’s Alpha at an average level of 0.7%. Hair, Black, Barry, Anderson, and Tatham (2010) argued that a Cronbach’s Alpha equal or greater than 0.7 is regarded to be an indication of reliability. Therefore, the researcher considered the Alpha coefficient greater than 0.7 to indicate the reliability of the research instrument. The reliability coefficient of the instrument for each sub-variable of the study is presented in the table 1 below:

Table 1: Reliability Coefficient of the Research Instrument

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Items</th>
<th>Cronbach’s Alpha</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>5</td>
<td>0.79</td>
<td>Reliable</td>
</tr>
<tr>
<td>Commitment</td>
<td>5</td>
<td>0.74</td>
<td>Reliable</td>
</tr>
<tr>
<td>Competitive</td>
<td>5</td>
<td>0.86</td>
<td>Reliable</td>
</tr>
<tr>
<td>Advantage</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field survey, 2022

Multiple regression analysis was used to predict the value of a dependent variable based on the value of two or more independent variables. The study hypotheses were therefore tested using multiple regression analysis where the significance level was set at 0.05. In this regression analysis, standardized coefficients (Standardized Beta) were used for all analyses.
Model Specification

\[ Y = f(X) \]
\[ Y = \text{Dependent variable} \]
\[ X = \text{Independent variable} \]

Where \( Y = \text{Sustainable competitive advantage (SCA)} \)
\( X = \text{Relationship Marketing (RM)} \)
\( x_1, x_2 \)
\( x_1 = \text{Trust and } x_2 = \text{Commitment} \)

Given the above dimensions the model below for the hypothesis will be tested.

\[ H_0: \text{Relationship marketing have no effect on sustainable competitive advantage of hotel business in Ogun state, Nigeria.} \]
\[ Y = f(X) \]
\[ Y = \alpha_0 + \beta X + \mu_i \ldots \ldots \ldots \text{(eq 1).} \]
\[ Y = \alpha_0 + \beta R M_i + \mu_i \]

Apriori Expectations

In the study, it is expected that relationship marketing and its dimension will have an effect on competitive advantage of selected hotel in Ogun state, Nigeria. Therefore, if \( p \leq 0.05, \beta_i \neq 0; \) \( H_0 \) will be rejected.

Findings and Discussion

Result

Demographic Characteristics

Findings revealed that 59.3% of respondents are male while others are female. 26.5% of respondents are between 31 and 40 years, 33% are between 20 and 30 years, 21.4% are between 41 and 50 years, 11.2% are more than 50 years, and 7.9% of respondents are less than 20 years. 46.5% of respondents have a university qualification, 7.9% have college qualification, 39.1% have a secondary qualification, and 6.5% have other qualifications. 43% of the respondents are top staff while 57% are middle and operational staff.

Hypothesis Testing

Table 2: Model Summary of Effect of Relationship Marketing on competitive advantage (SCA) of hotel business in Ogun state, Nigeria.

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.477</td>
<td>.227</td>
<td>.222</td>
<td>1.42787</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant): Trust, Commitment

Source: Field Survey, 2022
Table 2 shows the results of multiple regression analysis for the effect of relationship marketing on the sustainable competitive advantage of hotel business in Ogun State, Nigeria. The table presents a model which establishes how fit the model equation is to the data. The adj. R2 was adopted to establish the predictive power of the study's model. From the findings, relationship marketing dimensions (Trust and Commitment) have a significant effect on the sustainable competitive advantage of hotel business in Ogun State, Nigeria (R = 0.477, p<0.05). The adjusted R2 of 0.222 revealed that relationship marketing dimensions account for 22% of the sustainable competitive advantage of hotel business in Ogun State, Nigeria while 78% of sustainable competitive advantage is as a result of other factors apart from relationship marketing dimensions (Adj. R2 = 0.222). This implies that relationship marketing dimensions influence 22% of the sustainable competitive advantage of hotel business in Ogun State, Nigeria.

Table 3: ANOVA for Relationship Marketing and Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>179.283</td>
<td>2</td>
<td>89.642</td>
<td>43.968</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>609.604</td>
<td>299</td>
<td>2.039</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>788.887</td>
<td>301</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage
b. Predictors: (Constant): Trust, Commitment

Source: Field Survey, 2022

Table 3 present the ANOVA result (Overall model significance) of regression test which shows that the joint relationship marketing dimensions have a significant effect on sustainable competitive advantage of hotel business in Ogun state, Nigeria. This can be explained by the F value (43.968) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, at 95% confidence level, relationship marketing affects sustainable competitive advantage (Adj. R² = 0.222, F (2, 299) = 43.968, p<0.05).

Table 4: Regression Coefficient of Effect of Relationship Marketing on Competitive Advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>I (Constant)</td>
<td>.665</td>
<td>.234</td>
<td></td>
<td>2.840</td>
</tr>
<tr>
<td>Trust</td>
<td>.522</td>
<td>.061</td>
<td>.436</td>
<td>8.513</td>
</tr>
<tr>
<td>Commitment</td>
<td>.242</td>
<td>.049</td>
<td>.252</td>
<td>4.925</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage

Source: Field Survey, 2022
Table 4 presents the results of regression coefficients which revealed that a positive effect was reported for two variable of relationship marketing. Further, the results indicated that at 95% confidence level, Trust ($\beta = 0.522, p<0.05$) and commitment ($\beta = 0.242, p<0.05$). The results implied that relationship marketing dimensions have a significant effect on sustainable competitive advantage of hotel business in Ogun state, Nigeria. From the results, the equation for the regression model is expressed as:

$$CA = 0.665 + 0.522T + 0.242C$$

Where SCA = Sustainable Competitive Advantage
T = Trust
C = Commitment

According to the regression equation established, taking all factors constant at zero, sustainable competitive advantage (SCA) of hotel business in Ogun State, Nigeria was 0.665. The result also means that taking all other independent variables at zero, a unit change in Trust will lead to a 0.522 increase in sustainable competitive advantage (SCA) of hotel business in Ogun State, Nigeria. Similarly, a unit change in customer commitment will lead to a 0.242 increase in sustainable competitive advantage (SCA) of hotel business in Ogun State, Nigeria. Overall, Trust had the highest effect on sustainable competitive advantage (SCA) of hotel business in Ogun State, Nigeria with a coefficient of 0.552 and t value of 8.513. Based on these results, we can state that relationship marketing affects sustainable competitive advantage (SCA) of hotel business in Ogun State, Nigeria.

Discussion
The result of the multiple regression analysis of relationship marketing and competitive advantage (CA) revealed that relationship marketing affects sustainable competitive advantage (SCA) of hotel business in Ogun State, Nigeria. This is in line with the finding of Maina (2016) that relationship marketing strategies that are well stipulated greatly influence in successfully achieving and sustaining competitive advantage within the pre-hospital industry. The findings revealed that the use of technology facilitates organizations in achieving competitive advantage through enhancing organizational processes and understanding customer behavior. This is however limited by the high costs involved in technological integration. The companies are also keen on acquiring customers and more resources are used to acquire new ones than maintain the existing relationships. Also, Wetosi, Geoffrey, and Kibet (2017) concluded that customer focus played a role in the marketing of the bank’s products, all scores were above average on the statements which supported the competitive advantage of the organization. Similarly, Mwangi (2013) concluded that relationship managers and other staff in related departments understand that marketing as a form of marketing developed from direct response marketing campaigns which emphasize customer retention and satisfaction, rather than a dominant focus on sales transactions. In addition, Musa and Nasiru (2020) revealed that there is significant relationship between variables of the study since ($r = 0.96$ and $0.95$, $P < 0.05$, $df = 1$). The result also revealed that sometimes their customers are not happy with the gas station operating hours because at times they close
earlier than expected from customers, also the management failed to give intrinsic rewards (e.g., employee job satisfaction, sense of achievement) for employees is not considered as a critical factor for attaining the gas station's quality objectives. There are consensus studies and findings of this study that relationship marketing affects sustainable competitive advantage (SCA) of hotel business in Ogun State, Nigeria.

Conclusion and Recommendation
The study concluded that relationship marketing (trust and commitment) affects Sustainable Competitive Advantage (SCA) of hotel business in Ogun State, Nigeria subject to the result of the multiple regression analysis. This study is in line with the findings of Maina (2016). The study revealed a strong link between relationship marketing and sustainable competitive advantage. Each of the tested objective; customer trust, brand strategy, use of technology and customer acquisition, positively correlates with sustainable competitive advantage with each aspect having a statistically insignificant relationship with sustainable competitive advantage. On the other hand, sustainable competitive advantage directly impacts the organizations” overall performance. Therefore, it is recommended that managers on hotel businesses in Ogun state and Nigeria at large should ensure adequate implementation of effective relationship marketing practices to achieve a sustainable competitive edge over other competing firms. Coltman (2013) suggests that the concept of relationship marketing should be used as more than just a tool, but as part of a deeply rooted strategic strategy that allows businesses to be competitively beneficial to their competitors. The results of the study imply that relationship marketing is a worthwhile strategy which the Hotels managers should be committed to gain sustainable competitive advantage in the hyper-competitive industry with changing marketing environment. The results would also allow marketing managers to persuade senior management and company owners about the problems of relationship marketing to be introduced due to widespread perception that relationship marketing practices may have a significant impact on sustainable competitive advantage owing to the growing competitive stance in the marketplace.

Suggestion for Further Study
Contrast should be carried out between the hotel industry and other businesses. Additionally, for better generalization concerns, the sample size should be increased. The focus of further research should be on these constraints, and scholars are invited to evaluate and refine the research model in other sectors of hospitality and tourism.
Reference


Maina, V. (2016). *Relationship marketing and sustainable competitive advantage in large pre-hospital service companies in Kenya*. Degree of Master of Business Administration, School of Business, University of Nairobi


