School of Management

Blekinge Institute of Technology

The Effects of Customer Relationship Marketing Practices on Customer Satisfaction among the Customers of Ghana Oil Company Limited

ASAMOAH, FREDA OWUSU nyankomago@yahoo.com OR frow07@student.bth.se

AVOGBEDOH, SOWU **rassoso@yahoo.co.uk** **OR soav08@student.bth.se**

SUPERVISOR: OSSI PESEMAA.

Thesis for the Master's degree in Business Administration

FALL 2011

ABSTRACT

The Ghanaian economy has recently received massive growth for various reasons. However, much of the growth is attributed to the recent discovery of crude oil in commercial quantities. This phenomenon has led to the springing up of many Oil Marketing Companies (OMC'S) which of latest count has 84 OMC'S and counting. This number of OMC's has led to the adoption of various Customer Relationship Marketing (CRM) activities and practices to outwit other competitors in the industry. Ghana Oil Company Limited (GOIL) is one of such OMC's and the focus of this study.

Our study was aimed at studying the complex concept of Customer Satisfaction in the light of the Customer Relationship Marketing practices of the company. We are aware that in order for a company to prosper it must retain its clientele. This study will find out if the CRM practices of GOIL are enough to keep its customers satisfied, loyal and content.

The study made use of questionnaires and randomly selected a sample size which signifies 10 % of the total dealer population and corporate customers and 5 lubricant resellers.

In conclusion, it was revealed that, the main dimensions of perceived service quality in GOIL are Tangibility, responsiveness and empathy and thus needs to be improved to meet the customer's satisfaction.

ACKNOWLEDGEMENT

Our sincere appreciation goes to God Almighty through whose immense support and wisdom we were able to begin and bring this work this far.

We would also wish to say thank you to our supervisor Ossi Pesemma under whose guidance and direction and extreme patience led us each step of the way.

To our families for all their support and understanding, we say God bless you richly.

Table of Contents

List of Tables

List of Figures

CHAPTER ONE

1.0 INTRODUCTION

Ghana was the first sub Saharan nation to gain independence in 1957 from the United Kingdom. Ghana as a country has one of the most stable governments in the African continent, and in 2011 according to a government report it had a GDP of 20.146% which makes it one of the world's fastest growing economies. This is not surprising because it is the second largest producer of cocoa in the world. It also has rich gold reserves which no doubt has contributed to the economy. But the real reason for massive growth in the economy is the recent discovery of oil in Ghana. Oil as they say has become the next big thing in the country and could very well make the country a prosperous nation in the years to come. Our study will focus on Ghana Oil Company Limited (GOIL) which was founded in June 14, 1960 merely two years after the nation gained independence, as the AGIP Ghana Company Limited to market petroleum products in Ghana. The shareholders back then were AGIP SPA of Italy and SNAM S.P.A who eventually transferred their shares to Hydrocarbons International Holdings of Zurich, Switzerland. In 1974 the Government of Ghana acquired the shares of AGIP SPA of Italy and Hydrocarbons International Holdings of Zurich, Switzerland and later renamed it the Ghana Oil Company Limited (GOIL). It later blossomed to have the largest retail network in Ghana for fuel and crude oil by products. Currently it has 18% of the market

share and is one of the first Oil Manufacturing Companies (OMC) in Ghana, which as of latest count now has 84 OMC's and counting. This is no doubt caused by the oil boom in Ghana which was projected by experts as capable of producing 10 billion barrels of oil.

This study will focus on GOIL's use of Customer Relationship Marketing (CRM) strategies and practices. The main objective of the research is therefore to determine whether CRM activities and practices have any consequence on customer satisfaction, loyalty and contentment.

1.1 BACKGROUND OF THE STUDY

Customer Relationship Marketing is a marketing practice that is employed by companies to focus on customer satisfaction, retention and brand loyalty. A company's relationship now with a customer no longer just ends with a sale. In this fast moving society that we live in a company can also profit by keeping a customer happy even after a sale because a happy customer is a loyal customer. But an unhappy one would spell disaster because of the technology that one person wields now. A simple text or blog post can reach hundreds of people and can damage a company's brand image, and even without technology, word of mouth alone can affect a company's fortunes. Various views of marketing practice have been espoused in literature.

The Four Wave of Marketing

One view of Customer Relationship Marketing is that it is one of the four waves of marketing, the other three are Mass Marketing the First Wave, Targeted Marketing the Second Wave, Global Marketing the Third Wave, and Customer Relationship Marketing the Fourth Wave (Sanchez, John G, nd).First was Mass Marketing, and it was built on the principle that if one created a product or service that addressed a need, customers will surely buy it. It was very simple and cost effective. In other words, in mass marketing, mass products and services were distributed and mass marketed. The brand did not really matter at that time. It was more of the product or service. It was a free for all and anyone with an idea and resources to flesh it out was welcome to join the market. This scenario is somewhat comparable to the Oil Marketing industry in Ghana, especially now because there are so much providers of a single product, one can say that there are more OMC's to choose from than the car manufactures that are available there.

Second was Targeted Marketing, this was an aftermath of Mass Marketing, since every one was making the same products and services that were sold to the market it came with a dizzying amount of similar products. If one wanted a product there were tons of them, but what would make you choose one over the other, it was brand consciousness so companies took advantage of this, and it became the birth of the brand conscious society. So even if it was the same product the brand would make the difference. This made all the difference in a sale and companies began to target this and created campaigns based

on this like the Marlboro Man and other brands that still endure until now. In the Ghana Oil Marketing industry this is very applicable because of the sheer number of OMC's. What would differentiate GOIL over the other OMC's in Ghana? Furthermore what would keep a customer satisfied enough to stay with the brand?

Third was Global Marketing this was an offshoot of targeted marketing, since products were now becoming more diverse, so did customers. Since they now had a lot of choices. Brands were now being marketed to people that transcended geography, it was marketing globally, or global marketing, products like watches made specifically for runners, or a beer for the health conscious, the customer was now the target and not just brand image, now you had a brand that was unique and catered to a unique segment of society, like chocolate milk for the old. Companies were exploiting targets that were getting narrower and narrower over the world. There was no more American Brand or British Brand, there was just the brand, and a perfect example of this is the Men's Health magazine brand. Not so much applicable to the Ghana Oil industry as of yet because it has yet to foray into the international market.

Lastly, Customer Relationship Marketing appeared which is primarily focused on customer satisfaction and retention, rather than just making a sale. It is focused more on the after sales aspect of the business to keep customers loyal to the brand. A company's relationship now with a customer no longer just ends with a sale. In this fast moving society that we live in a company can also profit by keeping a customer happy even after

a sale, because a happy customer is a loyal customer, and in the case of an OMC, there is always that goal of making the customer a loyal one because as long as that customer has a car or vehicle they will need fuel and with so many choices there should be a conscious effort to practice CRM to retain the customer and keep him satisfied. This sprang forth from the fact that products being marketed now are not just consumables but also services, and even if a product was consumable, a brand should always strive for loyalty from a customer. Company's like McDonalds and Coca Cola have thrived on this. They have provided products that have won over customers and have made them loyal; one of the key factors was not just the product development and marketing through advertisements but also involvement in the community and its advocacies. It may not target the customer directly because once you drink a bottle of Coke or eat a Burger you don't really have much left in terms of the product or in the case of OMC's once the fuel is used up you have nothing left, but what keeps you coming back is good CRM practices, this is what was called "defensive marketing" by (Fornell and Wernerfelt, 1987), this prevented customers from defecting to a competitors brand because there was no reason to in the first place if they are kept satisfied with what the brand has to offer, as opposed to offensive marketing which is more expensive and time consuming for a company to engage in.

The importance of this study on the relationship of customer satisfaction and CRM practices with a focus on Ghana Oil Company Limited is very important since GOIL is

one of the oldest OMC's in Ghana and also one of the biggest, having been established right after the independence of Ghana. This study will make a correlation between its CRM practices and how it affects customer satisfaction, loyalty and contentment.

1.2 PROBLEM DISCUSSION

Ghana's Oil industry is booming, this is because of two things; the deregulation of the oil industry and the discovery of oil in Ghana. This opened up the oil industry and encouraged new players to open up shop in Ghana. This has caused cut throat competition in the oil industry where big players and small players are at equal footing trying to gain new customers and keep the old. As one often quoted a study by Jagdish N. Sheth ; it costs five times more to replace a customer rather than to keep him in the first place (Gordon, Ian, 1999). This statement is often quoted when the topic of customer relationship marketing pops up. This underscores the importance of keeping customers happy and keeping them loyal to the brand. Customer Relationship Marketing was defined by (Morgan and Hunt, 1994) as the activities designed to establish, develop and maintain successful relationships with customers. Another stated that, Customer Relationship Marketing's aim is to develop customers into partners rather than just plain customers (Bowen and Shoemaker, 2003). And yet others define it as a company's behavior with a purpose of establishing, maintaining and developing a competitive and profitable customer relationship for the benefit of both the customer and the company

(Hougaard and Bjerre 2002). Does the practice of Customer Relationship Marketing really affect the attitudes of customers towards Ghana Oil Company Limited? What is the state of Ghana Oil Company in terms of Customer Relationship Marketing? Are they effective in keeping and maintaining customers?

1.3 STATEMENT OF THE OBJECTIVES

The specific objective of the thesis is to evaluate the effect of CRM practices on Ghana Oil Company Limited, to determine if the kind of CRM activities that Ghana Oil Company Limited is engaged in is effective in keeping its customers satisfied, content and loyal to the company. The research will make use of the SERVQUAL instrument of Parasuraman, Zeithaml, and Berry (1988). The research will be conducted on Ghana Oil Company Limited customers.

1.4 SCOPE AND DELIMITATIONS OF THE STUDY

This study will be focused and limited to the CRM practices of GOIL and the effects these practices have on customer loyalty, content and ultimately satisfaction. This study will be confined to the target customer and dealership sample size determined in the Method Chapter. It will be limited to the effect of CRM practices on GOIL customers only and not to its effect on its employees or management. No other extraneous variables or control variable were considered.

1.5 THESIS STRUCTURE

The thesis will follow the format suggested in the Masters in Business Administration Course Guide. Consequently, the final thesis will include an Introduction of the study which will mostly introduce and guide the reader on what the whole topic is all about. Then, a background of the study will follow which will emphasize the theoretical importance and practical import of the topic that has been selected. When the background of the study is done, the problem will be discussed so as to connect theoretical problems with existing literature. The discussion will include arguments and references until the problem is then established. Following this, the problems or objectives of the study will ensue which will particularly refer to the aims and purposes of the study. The Delimitations will then be mentioned and this will summarize all parts that are not under the scope of the study and accordingly, it will also name what would be incorporated within the scope of the study. The theories will subsequently be the main and most important part of the thesis – this may also be called the review of related literature and of studies. Within this section, theories that are important to the study will be discussed. Next, a chapter on methodology will give details on how data was collected, gathered and treated within the process.

It will also describe the research designs and strategies that have been employed by the researchers in order to undertake the study and assemble findings. After this discussion of methods and procedures, the findings and results will be next and will then

be analyzed in the following section of the paper. Finally, conclusions and the implications reached within the study will finally make up the entirety of the full paper.

In outline form, the discussed structure of the thesis is as follows:

1. Introduction

a. Background of the Study

b. Problem Discussion

c. Statement of the Problem or Statement of the Objectives

d. Scope and Delimitations of the Study

2. Review of Related Literature [and Studies]

3. Methodology

a. Research Design

b. Variables

c. Data Gathering Tools

e. Treatment of Data

4. Findings and Results

5. Discussions and Conclusions

CHAPTER TWO

Review of Related Literature and Studies

This chapter will tackle and review studies and theories relating to Customer Relationship Marketing with regards to The Ghana Oil Company Limited (GOIL) which is one of the oldest Oil Manufacturing Companies (OMC) in Ghana.

What is Customer Relationship Marketing?

Customer Relationship Marketing has been defined as company behavior with a purpose of establishing, maintaining and developing a competitive and profitable customer relationship for the benefit of both the customer and the company (Hougaard and Bjerre 2002). The key words here are establishing, meaning one has to win over and attract a customer first; this is done through a strategy called the Marketing Mix which is also called the Four P's. First is the Product which in the case of GOIL is the petroleum based products and services; GOIL has a wide range of products ranging from fuel, lubricants, bitumen, and even LPG and even insecticides, it also has services such as bunkering and advantage card or a fleet card. These products and services give GOIL and advantage over its rivals because it has practically everything that a consumer could ask for in an OMC and more. Second is Price, which is a very important factor in establishing and attracting customers since GOIL does not have a unique product all OMC's typically

have the same product so the pricing has to be competitive and attractive but should still allow significant profits for the company. Third is Promotion of the product, GOIL primarily promotes its products through traditional means of advertising such as the mass media, but also makes use of the internet as a means of promotion. It also uses advocacies such as social responsibility, as of late it has donated to different institutions such as children's homes, a leprosarium and a school for the deaf; these endeavors give perfect product placement for GOIL and enhance the brand image. Lastly is Place or the distribution channels, GOIL currently has the largest retail network for fuel and oil products and currently holds 18% of the market. Maintaining customers and fostering loyalty which in most literatures is the main goal of practicing CRM, this is to maintain a customer's loyalty towards the brand, as well as maintaining the customer's satisfaction to the brand. The others are maintaining and developing and profitable customer relations for the mutual benefit of the customer and the company, here CRM aims to develop certain relationships between customer and brand to satisfy a customers needs and in effect make a company profitable.

In one study that has influenced a lot of CRM practitioners, it was stated that CRM practices are the activities designed to establish, develop and maintain successful relationships with customers, although these authors focused more on commitment and trust (Morgan and Hunt, 1994). Commitment here is not just customer commitment but a mutual commitment or enduring desire between for example GOIL and its customers to

maintain a what called a "valued relationship", this then would be mutually beneficial to both parties, but what commitment is developed, by analysis for the GOIL it is the commitment to provide goods and services that are beneficial and satisfying to a customer, and on the customer end it would be the commitment to patronize GOIL above all other OMC's, such is the relationship developed in this concept. Trust is the precursor of this kind of relationship, this is developed over time through customer experience and this is enhanced by providing customer satisfaction and not taking advantage of the customer by the company, because as stated the goal of CRM is customer retention and satisfaction.

This further relates to one study wherein CRM was viewed as the management approach that involves identifying, attracting, developing and maintaining customer relationships in order to increase retention of profitable customers (Bradshaw and Brash, 2001). In the context of OMC's again underscored is the importance of identifying and attracting customers and as previously stated, GOIL has already established through its long tenure in the OMC industry the knack for indentifying and attracting customers because of its diverse products and services which caters to every need of petroleum customers with not only the basic fuels and lubricants but more, so it has identified the markets for specific petroleum products and filled the needs, thereby attracting customers for products and services that they offer, effectively being a one stop shop for petroleum products and services. The wide range of ever growing products and services also helps in the retention

of customers because if the product that they need is available with GOIL and they are satisfied with it, customers will be retained.

Importance of Customer Relationship Marketing

This underscores the importance of CRM practices and during the last decade of the 20th century, relationship marketing has been seen as the mainstream of thought in planning a marketing strategy both in industrial marketing and consumer marketing (Tseng, Yi Ming 2007). Every company who aims to be competitive should always have CRM practices as part of its business goals. This alone would underscore its importance, a company who is bent on making money and gaining and keeping customers satisfied should always have CRM as one of its main tools. And this could not be more important in the digital age, where the old medium of TV, Radio and Print are no longer just the means of marketing a product. There is the internet, social networking and the like. There is so much for a company to capitalize on in terms of marketing a product and practicing CRM. One can call, browse a webpage, or chat with some one aside from face to face transactions to practice CRM. Furthermore it was stated that it costs five times more to replace a customer rather than to keep him in the first place (Gordon, Ian, 1999). Instead of a company spending all its resources attracting new customers it should also maintain old customers because it is more cost effective for the company to do so.

Customer Retention, Loyalty and Satisfaction

Since retention is the main goal of effective CRM it was stated in another study that the key to retention is through different means and practices to ensure repeat trade from existing customers and by satisfying their requirements above those of competing brands (Gordon 1999). Again the diverse product range of GOIL is a factor in customer retention, but it should also be noted that having the product is not just the edge; it is providing better products and services compared to other OMC's. So if an OMC would offer the same product it GOIL should offer a better quality product, and if the quality is perceived as the same then it should resort to other factors in the marketing mix to mean more to a customer.

This importance of CRM and as previously stated is to develop customers into partners rather than just plain customers (Bowen and Shoemaker, 2003) this is highly applicable to the OMC's in Ghana where there so much to choose from. If a customer sees many OMC's available he would then just mindlessly choose one OMC over the other if there is no proper CRM practiced because in essence all a customer really needs is Gas or Fuel it doesn't really matter from what OMC because in most cases one is neither superior to the other because of standards that OMC's follow which is also applicable to what marketing practitioners described as the "customer loyalty ladder" in Customer Relationship Marketing, in this theory customers could be grouped into subsequent rungs of a ladder as such; "prospects" or people who have not yet purchased the product and are

the prospective buyers who the company aims to make an impression on and the impression most of the times is not the product but the service and after sales service that matters, in the Oil Marketing industry, this could be a vehicle passing by which is low in gas or is looking for a rest stop what makes the impression to them was it how they were treated after the sale or when they needed further assistance, was there a number to call for help. Then there are the "customer" who has now tried the product and would now then progress to, "client" this is when the customer then becomes a habitual patron of the product or brand then would come, "supporter" which is now some one who is progressively using the product that would then develop to, "advocate" who will now tell other people or prospective customers about the product, and finally he becomes a "partner" one who shares in the best interest of the product or brand, the goal of good CRM practice is to turn a customer from a prospects to advocates , because advocates are customers who are more than that, they no longer buy the product but also advertise and encourage others to patronize the product, they feel they have a vested interest in the brand or product.

So then the defining factor is the CRM practices of the company and this would be the difference between customers staying satisfied with a company or switching brands, a company could also make a customer switch with good CRM practices. Other authors on CRM would also suggest that certain levels of relationship duration would also give effect to different levels of consumption experience, giving different results, as well as

satisfaction and loyalty with different relationship marketing tactics. (Wulf et al 2001).
Meaning the longer a customer is with a company the more meaningful their relationship
becomes and the more diverse the effects it would have on both the customer and
company. This would be applicable to GOIL because it has been such an old player in the
Oil marketing industry that it would have had opportunity to nurture long lasting
customer relationships that spans generations since it first started in 1960. According
Buchanan and Giles (1990), long term customers are less inclined to switch over to other
brands and are less critical of pricing and this translates for a steady volume of sales and
that these customers are also more likely to try out other products in a company's profile.
How the would a company strive to make long time customers? The answer is to keep
them loyal and satisfied through pro active CRM practices. The authors also go on to
state that loyal customers tend to be less demanding and easier to satisfy because they are
already familiar with a way a company operates and have no other agenda than to
patronize a product. This though can only be achieved if the customer is a long time
customer and as previously stated already in the "partner" phase of the customer ladder
enunciated earlier in the chapter, there are many rungs to be passed before a customer
reaches this phase but effective CRM practices should ensure customer satisfaction.

Diversity in Products and Services

Even more applicable to the Ghana Oil Industry is the statement that relationship
marketing can be applied when there are competitive product alternatives for a customer

to choose from (Berry, Leonard 1983) in the ever growing oil industry of Ghana there are 84 OMC's and counting and there will be more because Ghana is now fast becoming a power in the African oil industry due to the discovery of vast oil fields, this number of competitors is a lot since in other countries there are no more than 4 or 5 OMC's and in a country that now produces oil it would be very tempting to a customer to try other OMC's because as the old adage states that the one who benefits most from stiff competition is the consumer, because oil products in itself are the same regulated quality and OMC's will do literally everything, from aggressive marketing campaigns to going the extra mile through value added services to gain customers and keep them satisfied long enough to maintain brand loyalty. So there factors far more diverse than say the quality of the diesel you buy from OMC A and OMC B, because there would be no noticeable difference, since fuel is just used to power machines and cars. So when a customer is retained what is developed? The answer to that is customer loyalty, which in one study stated that it should be the center of business strategy rather than maximizing profits and shareholder satisfaction (Reicheld 1996). Based on this assumption customer loyalty should be the main goal of management above all, but that does not mean profits and shareholders are not important because customer loyalty and satisfaction pays dividends and has a trickle down effect on profit and therefore shareholder satisfaction. So how does a company mean more to a customer? In the case of GOIL as it has done so by providing value added services like advantage cards or fleet cards, it is providing a multitude of products from fuel to bitumen to pesticides, it also has advocacies such as

donating organizations that cater to socially responsible practices and it has also made full use of the internet with its informative website. But does this have an effect on customer satisfaction, theoretically they are practicing CRM and the effect will be proven by gathering data through the next chapters.

In order for one to study customer satisfaction, loyalty and contentment there should be a tool that needs to be used in order to measure its effects. One such tool was developed by Parasuarman, A., Zeithaml, V. A., and. Berry, L. L. (1988). This tool is called the SERVQUAL tool. This is very efficient tool for us to be able to assess service quality. Despite having 10m different aspects, we are going to be focusing on 5 different aspects only. They are the following:

- Reliability- which is being able to deliver what is promised about the service. Examples of this are consistency, quality of service and product quality (Parasuarman, Zeithaml and Berry 1988).

- Assurance- is the ability of the employees to foster trust and confidence to the customers. Are they competent enough? Are they knowledgeable enough? Are they trustworthy? These and many more are the considerations in this area (Parasuarman, Zeithaml and Berry 1988).

- Tangibles- as the name implies, these are the physical aspects of the service. This can include facilities, tools and even the appearance of its employees (Parasuarman, Zeithaml and Berry 1988).

- Empathy- this is the attention and care given to customers. Getting this message across is very important to the customer; this is a way of making the customers feel important and pampered (Parasuarman, Zeithaml and Berry 1988).

- Responsiveness- This is a very important aspect as it deals with how personnel are ready, willing and able to respond to a customer's concern (Parasuarman, Zeithaml and Berry 1988).

These are the variables that will be addressed in the data gathering section of this study. As we progress through the study we will be able to prove if GOIL is able to provide satisfaction to their customers and gain their loyalty.

CHAPTER THREE

METHODOLOGY

3.0 Method

The study's aim is to determine whether Customer Relationship Marketing plays a major role in customer satisfaction in the Oil retailing Industry in Ghana. It will seek to find out if it is vital for Oil marketing companies to devote time, energy and money in customer relationship marketing and whether by doing this, they can survive the ever increasing competition in the industry and grow subsequently. Ghana is one of the Oil producing countries in Africa. It is the newest country in Africa to tap into its oil reserves.

The unique situation has caused many capitalists to provide funding for new OMC's to be set up. This has upset the balance in the OMC industry of Ghana and resulted in the growing number of OMC's which is now at 84. In a country whose population is close to 25 million people, the retention of customers is very important. This study is focused on GOIL and the customer relationship practices that it applies and how it affects customer satisfaction. Customer satisfaction leads to customer retention and brand loyalty. Customer retention and brand loyalty is very important in a country that has so many

OMC's. This is even more important for GOIL because it is one of the biggest and oldest OMC's in Ghana.

a. Research Design

The research is anchored on a survey questionnaire method which aims to study the determined sample size and on existing condition based on a given set of sample. The study aims only to understand the nature of the existing condition and is not bent on the introduction of extraneous variables that may affect the relationship of the existing variables within the study. The survey method that is utilized is done through the questionnaire method – the use of questionnaires to gather information from the sample. Simple random techniques would be employed in selecting the study's sample size. Customers will be selected for the study for specific reasons.

Questionnaires will be distributed to customers who are patronizing the GOIL dealer at that time. The customers will be given ample time to answer the questionnaires to get more candid results and so as not to have any effect on the subsequent results. A sample size which signifies 10% of the total dealer population and corporate customers and 5 lubricant resellers which offer a high degree of representation would be chosen from the southern zone which controls 60% of GOIL's revenue. The current dealer population

stands at 150 so we will be distributing these questionnaires at 15 randomly selected dealers and the 5 lubricant distributors. We have determined that for each dealer we should get at least 10 usable responses. This number is for us to get at least 200 responses.

Data Collection

Survey respondents were chosen randomly from the customers of GOIL of which the least age was 18 years old. A group of individuals was hired to hand out the questionnaire until we achieved 200 respondents. Respondents were asked not to write their names on the questionnaire and were assured that all responses would be treated anonymously.

Methodological principle to reduce data

We limited the number of questions through factor analysis. Factor analysis is a statistical technique that shows how fewer questions can capture as much of the information as if we had a longer questionnaire. This is the value of factor analysis. Basically, the results indicate which questions can be dropped and still retain most of the information because the questions are highly related and eliminating questions means you lose only a minimal amount of the original information. The smaller number of questions also increases the quality of the information because respondents are happy to answer a reasonable number of questions, but either refuse to finish a long questionnaire or just put any answer to finish it.

Parasuraman, Zeithaml, and Berry developed SERVQUAL to measure service quality (1988). SERVQUAL was specifically developed for the marketing sector. Since 1988 Parasuraman, Zeithaml, and Berry have fine tuned SERVQUAL as a response to the needs and suggestions of various researchers who have used it.

b. Variables

This study on the effects of Customer Relationship Marketing practices on customer satisfaction among the customers of Ghana Oil Company Limited has two variables. The independent variable in this study would be the CRM methods that Ghana Oil Company Limited implements. This variable is not affected by any other variable and that which exerts an effect on the dependent variable. The dependent variable would be the resulting customer satisfaction, retention and loyalty that are the result of the CRM practices by the company. From this customer satisfaction we will be using the measurement Service Quality.

c. Data Gathering Tools

The study made use of questionnaires with open and closed questions for primary data collection from customers. A self administered questionnaire was used so that the respondents can use their free time to answer the question without being time pressured

so as not to affect their answers. It has been proven that questionnaires administered in this manner are more convenient and provide more candid answers as opposed to when the respondent is time pressured.

Closed questionnaire steers clear of discrepancies in the responses and at the same time allow respondents to freely express their views on the subject matter. Part 1 of the questionnaire was divided between what the customer expected as being provided and what they actually experienced. Part 1 to 3 of the questionnaire was given a rating of 1 to 7, 1 being the response not at all and 7 being to a very large extent to the questions posed. Part 4 was used to gather other data such as demographics and other background information about the customer. The subsequent data gathered was inputted into database and analyzed using SPSS.

d. Treatment of Data

SERVQUAL instrument

The instrument of survey/questionnaire used was focused mainly in determining the following dimensions;

Dimensions	Definition	Items in scale
Reliability	The ability to perform the promised service dependably and accurately	7
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence	7
Tangibles	The appearance of physical facilities, equipment, personnel and communication materials	7
Empathy	The provision of caring, individualized attention to customers	7
Responsiveness	The willingness to help customers and to provide prompt service	7

After the survey, data were put on a database and analyzed using SPSS software. In our model (figure 1) we put the results together by assuming that service quality is the gap between the expectations from visitors in relation to what they actually experience. Service quality is thus represented by the following function: (SQ) = (Expectations – Experiences). Using this formula the software generated a number of ratios that we labelled SQ1a, SQ1b, SQ1c, SQ1d, SQ2a…SQ3n…SQ4n.

30

Figure 1 Quality Model
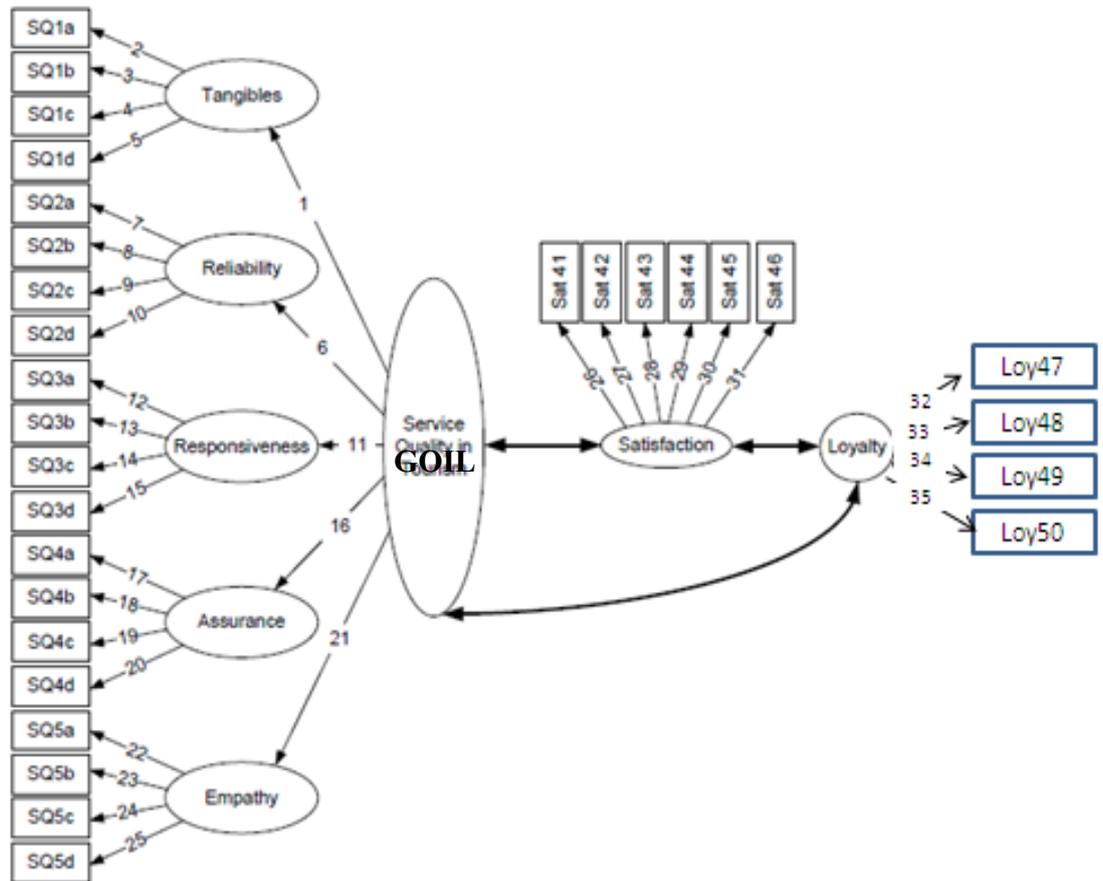
CHAPTER FOUR

4.0 Results and Analysis

In Table 1 and 2 presents background information about the respondents. We examined the groups and if there was any reason to suspect differences within these groups. None of our controls indicated that we should go further in these analyses.

Table 1. Age of Respondents

	Number of Respondent	%
18-25 Years	53	26.5%
26 - 35 Years	55	27.5%
36 - 45 Years	38	19.0%
46 - 55 Years	31	15.5%
56 - 65 Years	18	9.0%
65 - Older	5	2.5%

We wanted the respondents to be at least 18 years old. In our sample we find a relatively well balanced distribution between the ages 18-66 years (see Table 1). This would attest to the wide ranging appeal of GOIL among a wide range of the adult population.

Table 2. Gender and Social Status of Respondents

Gender	Social Status	Number of Respondent	%	Total %
Male	Married	56	28.0%	
	Shared Household	28	14.0%	58.0%
	Single	32	16.0%	
Female	Married	40	20.0%	
				42.0%
	Shared Household	28	14.0%	
	Single	16	8.0%	

There is fair distribution of GOIL customers by gender (58% male vs. 42% female) and most of them are married with 48% followed by shared households with 28% and the 24% are single.

The results are discussed below and show the results of the model with five dimensions of servqual (= expectation – experienced). The dimensions were compared using t-test to determine the significance of service quality.

On table 3 shows the overall statistics (N, mean, std. dev, std error mean) of servqual (experienced vs. expectations)

33

Table 3. Servqual Dimensions Statistics

	P-E	N	Mean	Std. Deviation	Std. Error Mean
tangibility	Experienced	800	6.04	.567	.020
	Expectation	800	4.68	.692	.024
reliability	Experienced	800	5.96	.645	.023
	Expectation	800	4.97	.677	.024
responsiveness	Experienced	800	5.45	.807	.029
	Expectation	800	4.99	.691	.024
assurance	Experienced	800	5.24	.746	.026
	Expectation	800	4.85	.811	.029
empathy	Experienced	800	5.42	.664	.023
	Expectation	800	5.03	.663	.023

On table 4 shows the significance of each dimension showing the F,P (sig) and t value, df, Mean difference (experience – expectation), std error difference, and confidence interval at 95%. Tangibility, responsiveness, and empathy shows to be significant with F and P value of (160.65, 0.000), (125.06, 0.000), and (70.79, 0.000) respectively while reliability and assurance are not, though GOIL still get a positive mean score on this dimension which means they still satisfied their customers.

Table 4. Independent Samples Test of Servqual Dimensions

		Levene's Test for Equality of Variances		t-test for Equality of Means							
										95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference		Lower	Upper
tangibility	Equal variances assumed	160.658	.000	42.880	1598	.000	1.36	.032		1.294	1.418
	Equal variances not assumed			42.880	1538.805	.000	1.36	.032		1.294	1.418
reliability	Equal variances assumed	2.230	.136	29.977	1598	.000	.99	.033		.926	1.056
	Equal variances not assumed			29.977	1594.338	.000	.99	.033		.926	1.056
responsiveness	Equal variances assumed	125.057	.000	12.246	1598	.000	.46	.038		.386	.534
	Equal variances not assumed			12.246	1561.403	.000	.46	.038		.386	.534
assurance	Equal variances assumed	2.289	.130	10.009	1598	.000	.39	.039		.314	.466
	Equal variances not assumed			10.009	1586.743	.000	.39	.039		.314	.466
empathy	Equal variances assumed	70.794	.000	11.716	1598	.000	.39	.033		.324	.454
	Equal variances not assumed			11.716	1597.997	.000	.39	.033		.324	.454

To test the servqual model each item per dimensions were also analyzed to determine it's significant. On table 5 shows the overall statistics (N, mean, std. dev, std error mean) of sub-dimension of servqual - Tangibility (SQ1a, SQ1b, SQ1c, SQ1d), Reliability (SQ2a, SQ2b, SQ2c, SQ2d), Responsiveness (SQ3a, SQ3b, SQ3c, SQ3d), Assurance (SQ4a, SQ4b, SQ4c, SQ4d), and Empathy (SQ5a, SQ5b, SQ5c, SQ5d).

Table 5. Group Statistics of Each Sub-items per Dimension

Dimesion	Sub-item	P - E	N	Mean	Std. Deviation	Std. Error Mean
Tangebility	sq1a	Experienced	200	6.145	0.5965	0.0422
		Expectation	200	4.955	0.5426	0.0384
	sq1b	Experienced	200	5.975	0.3536	0.0250
		Expectation	200	4.78	0.5414	0.0383
	sq1c	Experienced	200	5.95	0.7071	0.0500
		Expectation	200	4.405	0.6023	0.0426
	sq1d	Experienced	200	6.07	0.5353	0.0379
		Expectation	200	4.575	0.8935	0.0632
Reliability	sq2a	Experienced	200	6.21	0.5360	0.0379
		Expectation	200	5.145	0.6212	0.0439
	sq2b	Experienced	200	6.18	0.5088	0.0360
		Expectation	200	5.225	0.5883	0.0416
	sq2c	Experienced	200	5.54	0.6861	0.0485
		Expectation	200	4.72	0.6509	0.0460
	sq2d	Experienced	200	5.91	0.6031	0.0426
		Expectation	200	4.785	0.7009	0.0496
Responsiveness	sq3a	Experienced	200	4.98	0.7086	0.0501
		Expectation	200	4.805	0.8664	0.0613
	sq3b	Experienced	200	5.935	0.7094	0.0502
		Expectation	200	5.24	0.7315	0.0517
	sq3c	Experienced	200	5.215	0.6331	0.0448
		Expectation	200	4.96	0.5096	0.0360
	sq3d	Experienced	200	5.67	0.8027	0.0568
		Expectation	200	4.955	0.5238	0.0370
Assurance	sq4a	Experienced	200	5.66	0.6216	0.0440
		Expectation	200	4.875	0.7225	0.0511
	sq4b	Experienced	200	5.17	0.6506	0.0460
		Expectation	200	4.99	0.7434	0.0526
	sq4c	Experienced	200	5.29	0.8482	0.0600
		Expectation	200	4.805	0.8837	0.0625
	sq4d	Experienced	200	4.825	0.5883	0.0416
		Expectation	200	4.715	0.8646	0.0611
Empathy	sq5a	Experienced	200	5.085	0.7073	0.0500
		Expectation	200	5.05	0.7071	0.0500
	sq5b	Experienced	200	5.685	0.5265	0.0372
		Expectation	200	5.14	0.7571	0.0535
	sq5c	Experienced	200	5.085	0.4678	0.0331
		Expectation	200	4.965	0.4057	0.0287
	sq5d	Experienced	200	5.81	0.5706	200.0000
		Expectation	200	4.955	0.7110	200.0000

On table 6 shows the significance of each sub items per dimension showing the F,P (sig) and t value, df, Mean difference (experience − expectation), std error difference, and confidence interval at 95%. For tangibility the sub items sq1a, sq1b, sq1d are significant in servqual; for reliability only sq2d is significant; for responsiveness sq3a, sq3c, sq3d are significant; for assurance only sq4d is significant; and for empathy sq5b, sq5c are significant. The significant value were determined by it F and P value of table 6. If F is greater than 1 and P is less than 0.05 the parameter/item is said to be significant else if one of the two conditions were met is said to be insignificant.

Table 6. Independent Samples Test of Each sub-item per Dimension

Dimesion	Sub item		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
			F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Tangebility	sq1a	Equal variances assumed	8.320	0.004	20.871	398.000	0.000	1.190	0.057	1.078	1.302
		Equal variances not assumed			20.871	394.493	0.000	1.190	0.057	1.078	1.302
	sq1b	Equal variances assumed	82.434	0.000	26.137	398.000	0.000	1.195	0.046	1.105	1.285
		Equal variances not assumed			26.137	342.628	0.000	1.195	0.046	1.105	1.285
	sq1c	Equal variances assumed	0.678	0.411	23.523	398.000	0.000	1.545	0.066	1.416	1.674
		Equal variances not assumed			23.523	388.182	0.000	1.545	0.066	1.416	1.674
	sq1d	Equal variances assumed	132.151	0.000	20.298	398.000	0.000	1.495	0.074	1.350	1.640
		Equal variances not assumed			20.298	325.542	0.000	1.495	0.074	1.350	1.640
Reliability	sq2a	Equal variances assumed	0.001	0.982	18.356	398.000	0.000	1.065	0.058	0.951	1.179
		Equal variances not assumed			18.356	389.648	0.000	1.065	0.058	0.951	1.179
	sq2b	Equal variances assumed	3.663	0.056	17.364	398.000	0.000	0.955	0.055	0.847	1.063
		Equal variances not assumed			17.364	389.898	0.000	0.955	0.055	0.847	1.063
	sq2c	Equal variances assumed	1.215	0.271	12.262	398.000	0.000	0.820	0.067	0.689	0.951
		Equal variances not assumed			12.262	396.903	0.000	0.820	0.067	0.689	0.951
	sq2d	Equal variances assumed	6.488	0.011	17.207	398.000	0.000	1.125	0.065	0.996	1.254
		Equal variances not assumed			17.207	389.339	0.000	1.125	0.065	0.996	1.254
Responsiveness	sq3a	Equal variances assumed	9.256	0.003	2.211	398.000	0.028	0.175	0.079	0.019	0.331
		Equal variances not assumed			2.211	382.921	0.028	0.175	0.079	0.019	0.331
	sq3b	Equal variances assumed	1.926	0.166	9.645	398.000	0.000	0.695	0.072	0.553	0.837
		Equal variances not assumed			9.645	397.627	0.000	0.695	0.072	0.553	0.837
	sq3c	Equal variances assumed	34.454	0.000	4.437	398.000	0.000	0.255	0.057	0.142	0.368
		Equal variances not assumed			4.437	380.633	0.000	0.255	0.057	0.142	0.368
	sq3d	Equal variances assumed	82.405	0.000	10.550	398.000	0.000	0.715	0.068	0.582	0.848
		Equal variances not assumed			10.550	342.457	0.000	0.715	0.068	0.582	0.848
Assurance	sq4a	Equal variances assumed	1.166	0.281	11.648	398.000	0.000	0.785	0.067	0.653	0.917
		Equal variances not assumed			11.648	389.317	0.000	0.785	0.067	0.653	0.917
	sq4b	Equal variances assumed	0.047	0.828	2.577	398.000	0.010	0.180	0.070	0.043	0.317
		Equal variances not assumed			2.577	391.118	0.010	0.180	0.070	0.043	0.317
	sq4c	Equal variances assumed	0.003	0.957	5.600	398.000	0.000	0.485	0.087	0.315	0.655
		Equal variances not assumed			5.600	397.335	0.000	0.485	0.087	0.315	0.655
	sq4d	Equal variances assumed	50.767	0.000	1.488	398.000	0.138	0.110	0.074	-0.035	0.255
		Equal variances not assumed			1.488	350.747	0.138	0.110	0.074	-0.035	0.255
Empathy	sq5a	Equal variances assumed	0.139	0.709	0.495	398.000	0.621	0.035	0.071	-0.104	0.174
		Equal variances not assumed			0.495	398.000	0.621	0.035	0.071	-0.104	0.174
	sq5b	Equal variances assumed	7.338	0.007	8.358	398.000	0.000	0.545	0.065	0.417	0.673
		Equal variances not assumed			8.358	354.967	0.000	0.545	0.065	0.417	0.673
	sq5c	Equal variances assumed	6.198	0.013	2.741	398.000	0.006	0.120	0.044	0.034	0.206
		Equal variances not assumed			2.741	390.185	0.006	0.120	0.044	0.034	0.206
	sq5d	Equal variances assumed	0.184	0.668	13.264	398.000	0.000	0.855	0.064	0.728	0.982
		Equal variances not assumed			13.264	380.169	0.000	0.855	0.064	0.728	0.982

On table 7 and 8 shows the statistics (N, Mean, Std dev, std. error mean) and t-test (t, df, P (sig. 2-tailed), lower and upper confidence interval of the difference @ 95%) of Satisfaction and Loyalty based on the serve qual model on figure 1 - Sat1, Sat2, Sat3, Sat4 for satisfaction; and Loy1, Loy2, Loy3, Loy4 for loyalty. The same with the five dimension GOIL company gets a significant positive views from the customer with average score of ~>4.0 (1 to 7 ranking and 1 being the lowest) – based on the P value <0.05.

Table 7 One-Sample Statistics for Sub-items of Satisfaction and Loyalty A

	N	Mean	Std. Deviation	Std. Error Mean
SAT 1	200	4.36	.695	.049
SAT 2	200	4.19	1.049	.074
SAT 3	200	4.96	.841	.059
SAT 4	200	5.16	.916	.065
SAT 5	200	5.23	.788	.056
LOY 1	200	3.93	.865	.061
LOY 2	200	4.80	.937	.066
LOY 3	200	4.74	1.025	.072
LOY 4	200	4.39	.918	.065

Table 8 One-Sample Test for Sub-items of Satisfaction and Loyalty   B

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
SAT 1	88.738	199	.000	4.36	4.26	4.46
SAT 2	56.513	199	.000	4.19	4.04	4.34
SAT 3	83.368	199	.000	4.96	4.84	5.07
SAT 4	79.687	199	.000	5.16	5.03	5.29
SAT 5	93.918	199	.000	5.23	5.12	5.34
LOY 1	64.226	199	.000	3.93	3.81	4.05
LOY 2	72.396	199	.000	4.80	4.66	4.93
LOY 3	65.348	199	.000	4.74	4.59	4.88
LOY 4	67.688	199	.000	4.39	4.27	4.52

Overall the GOIL is doing well in terms of their service quality. The relationship of customers' expectation against experience has a mean value of greater than zero (SQ = expectation - experience) as show in Table 4. This study also shows that most of the customers are satisfied on their service and that the GOIL already got the customers trust

through loyalty with the survey mean score of greater than four (also shown in table 4) – rating score range is 1 to 7, and 7 being to the large extent.

However there are several limitations that need to be acknowledged and might affect the total service quality of GOIL. The data were collected in a small though important number of customers. The questionnaires were distributed during the summer months and the location of the facility does have a longer drive. It is possible that customers availing GOIL products in shorter drive and on different seasons might have different perceptions of the service quality. Also, the measurement of customers' perceptions was limited to a single GOIL attributes or branch only and might be different to the other branches.

CHAPTER FIVE

5.0 Discussions and Conclusions

As we come to a close in this study we again go back to the questions that were posed in the beginning of the study. That is to determine if the kind of CRM activities that Ghana Oil Company Limited is engaged in is effective in keeping its customers satisfied, content and loyal to the company. The results of the questionnaires would point to the affirmative especially with the tangibles which are the equipment and facilities that they have. Among the five dimensions, GOIL got the highest score on tangible area and are consistently positive SQ. While the four remaining areas are the most unstable area (as shown on estimate of table 4) with estimates of negative value, these can be attributed to difference of treatment from different employee. Possible tasks for GOIL to make consistent on the four areas are, training to employees, better benefits, and reward system to employees – though that is already outside the scope of this study.

There are points of improvement though, but the difference though is not too big. There are things that need continual improvement like training. These are but normal in a company like GOIL. What we recommend is for GOIL to balance its CRM methods and for it to get the buy in of its employees who are the "face" of the company. If it does more to take care of their employees then the effect would trickle down to the service that these employees provide to their customers. In hindsight GOIL despite of its age has not fallen behind, but it must not forget to use everything in its arsenal to remain relevant.

5.1 Limitations and Future Research

This study was undertaken to take stock of how one Oil Manufacturing Company was faring in terms of customer satisfaction by way of its CRM practices. Our study has quite a few limitations. One of these was that it was limited only to one OMC which is GOIL. It would have been much better if we were able to peg the data taken from other OMC's. Another limitation was the sample size that we were able to get, it would have been much better if the study covered a wider range of GOIL customers. And yet another was the instrument that was used togather and measure the data. Future reaserch can be done with these in mind in order to have more data and come up with other conclusions that could add the knowledge already available for these kinds of studies. Customer satisfaction is a very broad concept, it would be nice if we can explore other aspects of such in the future.

Reference List

Berry, Leonard (1983). "Relationship Marketing . American Marketing Association", Chicago. p. 146. ISBN 0877571619.

Bradshaw D, Brash C (2001). "Management Customer Relationships in the E-Business World: How to Personalize Computer Relationships for Increased Profitability". Int. J. Retail Distrib. Manage. 29 (12): 520 – 530.

Bouldin, W., Kalra, A., Staelin, R., C. & Zeithaml. V. A. (1991). A Dynamic Process Model of Service Quality: From Expectations to behavioural Intentions.

Bowen, J. T. and Shoemaker, S. (2003). "Loyalty: A Strategic Commitment", Cornell Hotel and Restaurant Administration Quarterly, Oct-Dec 2003, 44, 5/6, pp.31-46.

Buchanan, R. and Gilles, C. (1990) "Value managed relationship: The key to customer retention and profitability", European Management Journal, vol 8, no 4, 1990

Dick, A. A. & Basu, U. (1994). Customer Loyalty: Towards and integrated conceptual framework, Journal of the Academy of Marketing Science 22 (2): 99-113.

"Ghana: The World's Fastest Growing Economy in 2011". Press Centre The Presidency Republic of Ghana. Tuesday 04/01/2011. Retrieved, 13 June 2011.

Gordon, Ian (1999). "Relationship Marketing: New Strategies, Techniques and Technologies to Win the Customers You Want and Keep Them Forever". John Wiley and Sons Publishers. p. 336. ISBN 047164173

Sanchez, John G , "Building Customer Relationships for Enduring Profits in a Wired Economy", 13315 Daystrom Court Dallas, Texas

Hougaard, S. and Bjerre, M. (2002). "Strategic Relationship Marketing", Samfundslitteratur Press. ISBN 87-593-0840-0.

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

Parasuarman, A., Zeithaml, V. A., and. Berry, L. L. (1988). SERVQUAL: A multiple-Item scale for measuring consumer perceptions of service quality, Journal of

Retailing 64 (1): 12-40

Reicheld, Frederick (1996). The Loyalty Effect: The hidden force behind growth, profits and lasting value. Watertown MA.: Business Harvard Review.

Reichheld, F. F and Sasser, W. E. (1990). Zero Defections: Quality comes to Services. Harvard

Business Review, September-October, pp. 105-111.

Rust, R. and Zahorik, A. (1993). Customer Satisfaction, Customer Retention and Market Share.

Journal of Retailing, 69(2), pp. 193-215.

Tseng, Yi Ming (2007)."The Impacts of Relationship Marketing Tactics on Relationship Quality in Service Industry", The Business Review, Cambridge; Summer 2007, 7 (2), pp.310-314. Vol.26, No.2, pp.101-114.

Wulf, K. D., Odekerken-schroder, G. and Iacobucci, D. (2001). "Investments in consumer relationships: a cross-country and cross-industry exploration." Journal of Marketing,Vol. 65, No.4, pp. 33-50