AN INVESTIGATION ON THE EFFECTS OF RELATIONSHIP MARKETING ON PERFORMANCE OF PRIVATE SECURITY COMPANIES (THE CASE OF BM SECURITY IN NAIROBI)

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MAY 2011
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An investigation on the effects of
DECLARATION

This research project is my own original work and has not been presented to any other body. No part of this research should be produced without my consent or that of Kenyatta University.

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DEDICATION

I dedicate this research project to my dear mother Charity Nkanda (posthumously), my father Francis Nkanda and the rest of my family members.
ACKNOWLEDGMENT

I would like to thank God the Almighty for enabling me through many years of schooling. I would like to acknowledge the following people whose assistance and encouragement has enabled this work to be accomplished; my supervisors Ann Muchemi and James Kilika, classmates, my girlfriend Michelle Maina and my close friends for their endless support. Finally, BM security staff and those who contributed to this research proposal.
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ABBREVIATIONS

BM: Bob Morgan Security

CIT: Cash-In-Transit

RM: Relationship Marketing

B2B: Business-2-Business

CRM: Customer Relationship Management

PQM: Perceived Quality Model

PIMS: Profit Impact of Market Strategy

IMP: International Marketing and Purchasing group

SOCO: Selling Oriented –Customer Oriented

ANOVA: Analysis of Variance

ICT: Information Communication Technology

CSR: Corporate Social Responsibility
ABSTRACT

The overall objective of this research is to investigate the effects of relationship marketing on performance of private security companies. A case of BM Security in Nairobi was used for this study to investigate the effects of RM on the company’s performance. Relationship Marketing involves activities that are directed towards establishing, developing, and maintaining successful relationships. Relationships between customers and business firms have been encouraged as successful business practices worldwide. Building relationships with customers is necessary for a company’s survival and growth in a competitive market. Therefore, companies should strive to attract customers, satisfy them and retain them so as to make profit from them.

The study used descriptive design and being a case study it provided full context of the study objective. The target population was 144 management staff from four business divisions of BM. A stratified simple random sampling technique was used to obtain a study population of 43 respondents from the total population of 144. The researcher used Questionnaires as the data collection tool. The questionnaires were administered to the whole sample population by drop and pick method. Data collected was analyzed using inferential statistics of ANOVA and F-distribution.

The study established that RM has positive effects on performance of BM Security Services Ltd. The findings indicated that as a result of RM activities the number of new customers increased as per 74.5% respondents’ indicated, and that the RM programs impacted positively on the firm’s revenues and profitability. Good communication systems especially use of IT in collecting feedback and addressing customer complaints were found to be vital in enhancing customer satisfaction and retention. However, the research established that majority of the respondents were neutral on sensitive issues like employee satisfaction in their workstations. The objectives of the study were fully realized and the researcher was able to confirm findings of previous studies and RM theorist that indeed greater customer satisfaction, higher rate of customer retention, greater profitability and bigger market share were effects of implementation of relationship marketing program. This study recommends that BM management should increase the employee’s satisfaction and improve customer complaints analysis and response while embracing emerging IT trends. This study suggests areas of further research in effects of relationship marketing on performance of other service companies to compare the findings and check for correlations and deviations. A research investigating the role of relationship marketing on performance in organizations has been suggested to point out key concentration when running an RM program. Lastly, a study to establish how relationship marketing affects customer satisfaction and retention has also been suggested.
DEFINITION OF TERMS

Performance:
This is the company’s current business performance in the local market relative to its major competitors with respect to four items; customer retention, customer satisfaction, client’s database, profitability and market share.

4Ps:
Elements of marketing mix comprising of Product, Price Place and Promotion.

7Ps:
Extended elements of marketing mix comprising of People, Process and Physical evidence in addition to the 4Ps.

SERVQUAL:
This is a service quality framework used to measure customer expectations and experiences.

ANOVA:
This is a general statistical technique that can be used to test the hypothesis that the means among two or more groups are equal, under the assumption that the sampled populations are normally distributed.

Relationship Marketing:
All marketing activities directed toward establishing, developing, and maintaining successful relationships (Morgan and Hunt, 1994)
CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The idea of building a relationship with customers in order to earn their favour was not unknown to the earliest merchants. Personal relationships with suppliers were part of general business practice long before industrialization. Yet the creation of a conceptual framework for understanding relationships, and studying the nature of relationships has been slow to develop. For many years marketing's focus was aimed at acquiring customers, rather than retaining them (Schneider, 1980). Although relationship marketing has been heralded as an effective strategy to attract, maintain and enhance customer relationships (Roberts et al., 2003; Brodie et al., 1997; Berry, 1983; Gronroos, 1994), there is little empirical research that has tested the underlying assumptions upon which much of the relationship marketing literature is based. In the last 20 years, increased competition and technological innovation have led to the exploration of new opportunities for success as well as to an emphasis on strategic relationships (Donaldson and O'Toole, 2002). Lately, the phenomenon of RM has been seen to achieve unprecedented recognition as a major trend in marketing (Coviello et al., 2002). Today, RM has emerged as a dominant field in the marketing area (Ballantyne et al., 2003). While relationships have enjoyed a high degree of attention in marketing research, further conceptual development is needed in order to mature the RM discipline (Brodie et al., 2003).

The term relationship marketing was first contributed by Berry (1983) as a new rubric for services marketing. Early scholarly insights in the 1980s were the identification of service risk points in the customer relationship life cycle (Grönroos, 1983), and an emphasis on developing long-term interactive relationships between suppliers and customers, integrating both services and B2B perspectives (Gummesson, 1987). Also, the foundations for later development of relationship perspectives were set in place by the recognition of the importance of buyer-supplier interaction, service quality, and the extension of the 4Ps to a 7Ps managerial approach in services marketing. In B2B marketing, Jackson (1985) made important distinctions between relationship marketing and what she called transaction marketing. Yet during the 1980s, relationship-based perspectives achieved only a modest impact on mainstream marketing theory and practice (Grönroos, 1994).
Transitionally focused marketing and the 4Ps held firm, thus marginalizing relationship considerations in the competitive quest for new customers. In the 1990s, scholarly and practitioner interest in relationship marketing took off to the extent that it became the key marketing issue of the decade. Also, the first relationship marketing books appeared (Christopher et al., 1991; McKenna, 1991). More recently, there has been a broadening of marketing interest in the phenomena of networks (Moller and Wilson, 1995; Iacobucci, 1996).

Other departures from mainstream marketing thinking have been direct marketing, which emphasizes continuity of direct contact with existing customers, one-to-one (Peppers and Rogers, 1993), and database marketing, supported by the improvement and general availability of relational database technology (Sheth and Parvatiyar, 1995). More recently, customer relationship management (CRM) has become popular with suppliers of new technologies, although not always to the satisfaction of customers. Also, loyalty programmes have become common place in retail marketing, as have in-bound and out-bound technologically enhanced call centres. A necessary caveat, often ignored by practitioners, is that relationship-building demands mutual trust as a corollary to ongoing commitment (Morgan and Hunt, 1994).

With increasing uncertainty in financial markets and more recent dismay at unethical shortcut approaches to creating shareholder value, academic and practitioner interest in the creation and distribution of value among a firm’s stakeholders seems likely to increase. One problematic issue is how value is to be measured and shared over the life of a relationship. The idea of actually sharing value over the life of a relationship begs the question as to who is to ‘do’ the managing and who is to ‘be’ managed. Relationship marketing has tended to highlight the ambiguities in notions of value and it now seems on the edge of taking its next steps, into uncharted territory (Wilson and Jantrania, 1994).

Looking to the future, we see the idea of value exchange as the foundation stone of relationship marketing. This view is based on three different assumptions of value exchange potentialities (Christopher et al., 2002). These value perspectives suggest that: Value is created as an offering and delivered through recurrent transactions within a supplier-managed relationship, Value is created through mutually interactive processes and shared through negotiated agreement within the life of a relationship and Value is created and shared in
interactions that emerge from within networks of relationships. In other words, depending upon how you view the nature of value, so follows your bounded view on the nature of marketing relationships.

1.1.1 Private Security Companies

Security is an important condition for development, and states have traditionally provided it to citizens. However, an increasing phenomenon is the provision of security functions by private actors to states, private organizations and individuals. Security privatisation is, however, not a new phenomenon; it dates back to the early Greek, and Roman armies (Holmqvist 2005). Contemporary private security has two broad forms, one formalized and consisting of individuals and organizations structured along corporate lines and providing services independent of the state. The second form consists of non-state actors who provide security, usually to the poor and marginalized people in developing countries who are unable to procure the services of commercial security. They include individual security provisioning, neighbourhood watch committees and vigilantes among others (Gumedze 2007).

The existence of numerous non-state security and justice systems in most of the developing world suggests that formal systems are inaccessible to majority of ordinary people, or where they are accessible, they are not effective at delivering security and justice for various reasons. Some reasons attributed to the increasing use of private security, include the impact of globalization and the inability or unwillingness of some of these states, to provide security as a public good. In the broadest sense, security in much of Africa is about protection against local crime and of personal security, protection of land and property, access to justice and resolution of community disputes (DFID 2004). In many developing countries however, the lack of effective public security, and the use of private commercial security by those who can afford it, means that crime and insecurity invariably shift to poor locales. Also, most of the public and private security institutions in the developing world are urban focused, whilst a majority of the poor live in rural areas and are thus excluded from the benefits of policing. Thus, people tend to gravitate toward non-state systems of security and justice because they find the formal systems expensive, slow and difficult to access, with police and prosecutors often biased towards powerful elite interests (Ibeanu & Momoh 2008).
1.1.2 Bob Morgan Security Services

Bob Morgan security was incorporated in Kenya in 1984 by a former Senior Assistant Commissioner of Police and Commanding Officer of the paramilitary General Service Unit Training School. Today the Company is led by a team of both foreign and local experts. The team has exceeded the standards of excellence earlier envisaged through deliberate investment in manpower training & development, effective supervision and pursuit for integrity and efficiency to a manpower strength exceeding 5,200 staffs and an expanded presence in operations covering the entire country with regional offices in Mombasa, Kisumu, Nakuru, Eldoret, Naivasha, Kisii, Nyeri and Meru (BM Company profile 2010).

BM security is a fast paced organization run professionally and has 26 years of experience in provision of wide range of security services which fall under for business divisions: Guarding services, Cash In Transit (CIT) Services ,Courier services and Electronic security. The firm values her clients and has committed to providing quality service to their satisfaction with responsiveness to their needs. It strives to offer cost effective, value added service in a proactive and innovative way embracing the latest technology in security services.BM seeks to perform at the highest ethical standards with expertise through employees who are a principle and important resource. The firm is dedicated to continuous improvement and has a belief in being a responsible corporate citizen by nurturing and protecting the environment and community in which it operates. The vital elements of BM relationship with her clients are contracts, good faith, transparency, good service, honesty and integrity BM operations in Nairobi are subdivided into 4 Operations Branches for effective service delivery. These Branches are; Northern, Southern, Industrial and Central branches. Each branch is headed by a branch manager who is assisted by product managers from all the 4 business division (BM Company profile 2010).
1.2 Statement of the problem

Developing and maintaining long-term customer relationships is critical to business performance as success is often determined by the firm’s ability to grow and maintain a loyal customer base (Verhoef, 2003; Bove and Johnson, 2000). Customer retention is economically more advantageous than constantly seeking new customers (Verhoef, 2003; Reichheld and Sasser, 1990). Relationship marketing, therefore, is emphasised as a strategy that has the potential to induce success.

BM Security has been in existence since 1984 (BM Company profile). However, though it is a renowned brand in private security services provision in Kenya, the company experienced huge losses mainly due to contract terminations by its key customers between the year 2004 and 2007. There company’s had no loyal customers left thus its growth stagnated due to lack repeat purchases, business referrals and new customers. BM corporate image deteriorated and its market share shrunk (BM Strategic Plan, 2007). To reverse this persistent trend the management established a marketing department to steer relationship marketing for the organization from the year 2008. Building relationships with customers is the only way that a company can obtain a permanent competitive advantage and as a result ensure its own survival and growth. (Jorgensen, 2001). This study investigates the effects of relationship marketing on performance of BM Security since the establishment of the firm’s marketing department in 2008.

1.3 Objectives

1.3.1 General objectives

The general objective of this study was to investigate the effects of relationship marketing on performance of BM Security Services Ltd.

1.3.2 Specific Objectives

i. To establish the effects of RM on customer satisfaction and retention

ii. To investigate the effects of RM on customer loyalty and corporate image

iii. To establish the effects of RM on service quality.

iv. To establish the effects of RM on BM profitability.

v. To establish the effects of RM on Market Share.
1.4 Research Questions

i. What are the effects of RM on customer satisfaction and retention?
ii. What are the effects of RM on customer loyalty and corporate image?
iii. What are the effects of RM on service quality?
iv. What are the effects of RM on organization profitability?
v. Is there significant impact of RM on BM market share?

1.5 Significance of the study

1.5.1 BM Security Management

The results of this research empirically demonstrated to BM top management the contribution of RM to the performance of the company. The research has made recommendations to the management on the critical role of RM in doing business in the current competitive market.

1.5.2 BM Marketing Department

BM Marketing department may use the findings of this study as a reference point on its weaknesses thus has a basis to develop new strategies of RM to strengthen the performance.

1.5.3 Marketers in Service Provision Organisations

This study may assist marketers in other service firms to concentrate on relationship marketing factors that significantly contribute to prolonged business partnership with the clients. It may also be used to identify consumers who have a greater propensity to form strong relationships and identify those situations that are most conducive to relationship formation.

1.5.4 Other private security services providers

The study may be beneficial to other Security firms as they will able to craft and execute effective strategies to improve their marketing effectiveness. As a result they may satisfy their clients as well as improve their performance.
1.6 Anticipated Limitations

This study experienced number of limitations. The researcher being a full time employee faced a challenge of time. However, the researcher took leave off work to concentrate on the study. The financial resources required for this study were relatively high thus a challenge. The researcher worked within the budget.

1.7 Scope

The study covered all the four service divisions of BM operations in Nairobi.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is based on the introduction and the research problem presented in chapter one and the previous studies that were earlier done within these constructs. It provided the researcher with a literature review concerning the research area. There are useful contributions expressed by so many authors about RM theory, Attraction and Loyalty programs as important factors of RM. At the end performance literature is discussed as the RM strategies’ outcome and reviews have been outlined to show relationships between variables with emphasize on the effects of RM on performance of the Private Security service providers. At the end of this chapter the conceptual framework has been highlighted.

2.2 History of Relationship Marketing

Berry was the first one who used the term relationship marketing in 1983; it will be indicated that early attempts to formulate a general theory of marketing already included a relationship perspective. However, this perspective did not have the importance it has gained today, because the environmental factors were not as strong as today. Thus there have been in fact two ways to the present-day relationship marketing. The first was realizing the importance of relationships gradually, initially in service marketing and partly in industrial marketing. The second way was through a transformation of business in general, due to rapid and radical changes in the environment. These changes resulted in an emphasis on service, close contact with customers, and a holistic view of the parties and also processes involved in marketing and business (Toivo, 1996).

According to Gronroos (1994) and Liljander and Strandvik (1995), there was a paradigm shift in services marketing. The shift was from a transaction-oriented “marketing mix” view of exchanges to a relationship marketing view. Relationship marketing has emerged in response to the environment’s new claims which aim was blurring boundaries between markets or industries, an increasing fragmentation of markets. This is the one of the best ways that a company can get a permanent competitive advantage and ensure its own survival and growth. It seems that relationship building is considered to be a key factor to success. In traditional marketing and economics, the market is only outside the company but now there are also
markets inside the company so marketing activities can take place between internal customers. It has also shown that internal and external customers interact in networks of relationships (Shani and Chalasani, 1992).

According to Kania and Allen (1999) The use of one-to-one media is essential to remaining competitive in today's globally competitive environment. The World Wide Web (the internet) is the perfect one-to-one medium. The web allows marketers to capture customer knowledge in finite details by creating a relationship with each individual that visits a firm's Web site. Instead of simply talking at their customers, firms now have a way to conduct a two-way dialogue with its customers and can do so on an individual basis. Unfortunately, many firms with presence on the web have been using it as they used billboards or the television. Web presence is an important ingredient of success in relationship marketing, but if it is not coupled with a two-way dialogue, it will prove ineffective. Personalization allows marketers to gather information about each customer like never before possible with traditional marketing vehicles. Personalization helps to increase the likelihood that customers will return again and again to a firm's web site. With the web, firms give customers the power, choice, and means to help the firm build a knowledge base. Relationship marketers no longer have to make guesses and assumptions (Kania 1999). Personalization is a major player on the internet. It allows marketers to discover what is or is not working on the web site. It also allows marketers to gather valuable information for customer information files and to fulfill customer expectations. A website that serves each customer individually will be key to cementing a firm's relationship with a loyal customer base. For instance, American Airlines has a Web site that looks different to each her millions of registered American Advantage flyers. Logging on, each customer is greeted by name, and sometimes by a deftly directed offer (Feldman 1999).

**2.3 Concept of Relationship marketing**

Relationship marketing is an important strategy and is one of the important aspects of marketing in these two decades. The first researchers who defined relationship marketing as "all marketing activities directed toward establishing, developing, and maintaining successful relationships" were Morgan and Hunt (1994). These Relationships can exist between the organization and its customers, and also between the organization and other organizations and stakeholders. Relationships between customers and business firms have been consistently
encouraged as successful business practices worldwide. The connection with marketing has seldom been established formally in the development of marketing theory (Yau, 2000).

2.4 Relationship Marketing Programs

Since relationship marketing includes all activities directed towards the establishment, development and maintenance of exchange relationships (Morgan and Hunt, 1994) the activities of a relational strategy should comprise of; Attraction (creating relationships); loyalty (developing relationships); Interaction (maintaining relationships). According to above objectives, we can distinguish three types of relationship marketing activities: those oriented to attract consumers; those oriented to retain customers and to create loyalty; and those oriented to maintain that relationship (Izduierdo et al., 2005).

2.4.1 Customer Attraction Program

Attraction as a driver of customer commitment means something that makes the service provider interested to a given customer or the other way round so attraction can be based on financial, technology or social constructs. Consequently, even social contacts that are highly appreciated may form a source of attraction that can lead to a business relationship. If attraction exists between two parties, the basis for a relationship is developing. Indeed, understanding the role of attraction in a customer commitment decision is the key issue that little attention has been paid on it the service-marketing area (Grönroos, 2001). The firm can create trust by means of signals sent to the market: warranty, reputation, service quality (investments on quality and technology) or advertising and promotions (Izquierdo et al., 2003) and according to Morgan and Hunt (1994), trust will initiate relationship in consumer market.

2.4.2 Customer Loyalty Programs

Loyalty has been largely studied in the consumer context and service market (Rauyruen, 2005). There are two main streams of research in loyalty: behavioural loyalty, attitudinal loyalty and composite loyalty. Marketing managers should develop creative ways to attract new customers and keep them for a long run. One of the most popular marketing tools used for this purpose is a loyalty instrument. These loyalty instruments can vary anywhere and upgrades to customers who accumulate certain levels of points to that offer in-store cards and give discounts on selected items within the store (Kumar and Petersen, 2005).
An early school of thought argued that behaviour (past purchases of the brand/product) completely accounts for loyalty. Consistent with this viewpoint is the observation that in behavioural loyalty studies the focus was on interpreting patterns of repeat purchasing in primarily panel data as a manifestation of loyalty. Loyalty in this behavioural manner is believed to be stochastic not deterministic. On the other hand, attitudinal concepts can be defined as providing positive word of mouth recommending the service to others and encouraging others to use the service. There was a need to extend classical definitions and measurement approaches of loyalty. It was suggested that the attitudinal components for additional understanding of the representation of behavioural loyalty should be studied (Rauyruen, 2005).

Commitment to customers and service qualities enhance satisfaction, which leads to close and successful relationships. If we admit that, it is more profitable holding on to existing customers than winning new customers (Berry, 1995), the company will try to achieve the satisfaction of their existing customers providing them inducement such as discounts, free products or fidelity cards. These loyalty programs are structured marketing attempts, which reward, and therefore encourage, loyal behaviour. Loyalty program customers should show changes in repeat-purchase loyalty which is not evident amongst non-program members. Decreased switching to non-program brands, increased repeat-purchase rates, increased used frequency or greater propensity to be exclusively loyal (Izquierdo et al, 2005).

In order to maintain customer loyalty, a supplier must enhance all four aspects of relationship quality which are trust, commitment, satisfaction and service quality. Specifically, in order to enhance customer’s trust, a supplier should promote the customer’s trust in the supplier. In efforts to emphasize commitment, a supplier should focus on building affective aspects of commitment more than calculative aspects. Satisfaction appear to be an important factor in maintaining purchase intentions though service quality will strongly enhance both purchase intentions and attitudinal loyalty (Rauyruen, 2005).

Successful loyalty programs need to make offers to encourage customers to continue to make purchases form the company, but more important, successful loyalty programs need to manage loyalty and profitability properly. However many managers in the past have felt that the most profitable customers in the firm are the loyal ones whereas other shows that the most loyal customers are not necessarily, the most profitable. We can say that loyal customers cost less to serve, loyal customers pay higher prices for the same goods, and loyal customers do
more marketing on behalf of the company. The results of customers divided into four
different categories are; Low profitability and short tenure, High profitability and short
tenure, Low profitability and long tenure, High profitability and long tenure (Kumar and
Peterson, 2005).

Earlier, the focus of loyalty was brand loyalty with respect to tangible goods. Brand loyalty
defined as the proportion of a purchase of a household devoted to a brand it purchase most
often. Over time Foci have continued to expand, reflecting the wider perspective of
marketing to work into other types of loyalty such as vendor loyalty. Few studies have
discussed on customer loyalty of services (Caruana, 2002).

2.4.2.1 Measurement of Customer's Loyalty

The degree of customers' loyalty is measured as the percentage of loyal customers, the
percentage of incomes associated with loyal customers and the rise of loyal customers after
the implementation of relationship marketing activities. Commitment to customers and
service quality enhance satisfaction, which leads to close and successful relationships (Buttle,
1996). While we understand this marketing fact that that holding on to existing customers is
more profitable than winning new customers the firm will try to make their existing customer
more satisfied and provide them incentives such as discounts, free products or free
consultancy. These loyalty programs are structured marketing efforts, which reward, and
therefore encourage, loyal behaviour (Izquierdo et al., 2005).

2.4.2.2 Dimensions of Customer Loyalty

Customer attitude is difficult to measure, for financial and practical purposes; customer
retention is generally used as an indicator of customer loyalty. However, attitude and
behaviour can be very different. Different loyalty types can be matched with different forms
of relationships; Truly loyal customers are willing to seek out a particular service, location or
brand. Spuriously Loyal customers tend to be more motivated by impulse, convenience, and
habit—that is, if the conditions are right. Latent loyalty applies to customer who is loyal
simply because they have no other choice. No loyalty. Obviously there will always be some
customers who display no loyalty to a particular company or brand (Sheth, 2002).
2.4.3 Bonus Program

One of the activities which will shape customers' long relationship is giving bonus. When the customers gain something more than what they expect it results in value and repeat-purchase rates be increased, used frequency to be loyal will be increased. Bonus includes the offer of price reductions, gifts or free services to existing customers (Izquierdo et al, 2005).

2.4.4 Personal Contact

The activities of contacting customers in order to remind them of future offering is Contact with customers, to find out if they are satisfied or finding the reason of why they do buy from the company yet (Izquierdo et al., 2005). The number of contact times a company makes with their customer and the different ways of contacting via telephone one, e-mail, direct mail, etc. will affect the customer purchasing behaviours and in turn help to determine and enhance customer's lifetime value. While it is important to keep the firm, brand, or product at the top of the consideration set, there is a point in which the amount of communication with the customer will stimulus the customer's saturation point fast and this cause to worsen the relationship and the value that customer brings back to the company in the future. (Kumar and Petersen, 2005)

2.4.5 Interaction Program

The interaction can be defined in programs such as contacting customers, answering adequately to their complaints, enhancing personal and friendly relations with them and customizing services. Many companies perceive that the best initial approach toward relationship marketing is investing in complaint handling process to show commitment to customer. Satisfaction with handling complaint has direct impact on trust and commitment and can cancel out the original negative experience if handled to the customer's satisfaction or delight (Izquiredo et al. 2005).

2.4.6 Value Creation in service

Customer relationship marketing goal is to provide increased value to the customer and results in a lifetime value for the service provider. The reason is due the fact that, higher customer's value will raise customer satisfaction; thereby customer loyalty will be instilling; which, in turn, creates higher profit due to increased volume resulting from positive word-of-
mouth and repeat purchases (Liu et al., 2000). "Customer value creation is at the heart of relationships between services recipients and service providers" (Batiz-Lazo, 2001). In order to build up a lasting and successful customer relationship the provider needs to have a deep understanding of the customer's business activities in which the customer creates value for himself. The basic idea in the value creation approach is that by knowing the customer's value creation process the provider can better identify the problems that the customer has faced in his business activities (Helander and Hirvonen, 2001).

Value creation and value sharing can be regarded as the reason for collaborative relationships to live. The purpose of the interaction between suppliers and customers is to create and to share value. Some authors suggest that value can only be obtained if customers are willing to engage in long term relationships and perceive them as valuable. Previous researchers studied relationships from the customer's point of view and analyze how relationship marketing helps to create value to customers. The process of developing customer-firm relationships starts when the firm invests in activities directed towards attracting customers and positioning on the market. However, a greater effort is needed in order to make these customers loyal. Attraction and loyalty programs are necessary in the process of creating customers-firm relationships that are valuable both to customers and the firm (Izquierdo et al., 2005).

2.4.7 Internal Marketing
Meager empirical research on internal marketing has focused on outcomes at the employee level. These include job satisfaction (Ahmed, Rafiq, and Saad 2003; Hwang and Chi 2005), work motivation (Bell, Menguc, and Stefani 2004), and organizational commitment (Caruana and Calleja 1998; Mukherjee and Malhotra 2006). Few studies have explicitly examined customer-related outcome of internal marketing, such as service quality (Bell and Menguc 2002; Bell, Menguc). Previous research on internal marketing, both conceptual and empirical, concurs on three important themes. First, it is crucial that employees are "well-attuned to the mission, goals, strategies, and systems of the company" (Gummesson 1987). Second, internal marketing builds on the formation of a corporate identity or collective mind (Ahmed and Rafiq 2002). Third, internal marketing must go beyond short-term marketing training programs and evolve into a management philosophy that requires multilevel management to continuously encourage and enhance employees' understanding of their roles and organizations (Berry, Hensel, and Burke 1976).
2.5 Satisfaction

Satisfaction and dissatisfaction are seen as two ends of a scale which are related to each other but only have slight difference from each other, where the location is defined by a comparison between expectations and outcome. A customer will be satisfied when the outcome of the service meets his or her expectations and also when the service quality is more than those expectations, the service provider is having the delighted customer. Overall satisfaction with the providing of a service that is needed by the customer is a function of the buyer’s degree of satisfaction with various aspects of the service offered (Gounaris, 2005).

Liljander and Strandvik (1995) presented a model which broadens the discussion on satisfaction, quality and value by including customer relationship specifications they also draw on both traditional service quality literature and relationship studies within industrial marketing. Instead of saying that satisfaction is linked to transactions and service quality is linked to a global attitude of the service, it is suggested that quality precedes satisfaction and the satisfaction can be measured also for some other transactions. Although satisfaction applies to both tangible and intangible goods the emphasis should be on the service setting where the concept has been the subject of investigation in many studies. The expectancy/disconfirmation paradigm in process theory provides the infrastructure for the vast majority of satisfaction studies and encompasses four constructs; Expectations, performance, disconfirmation and satisfaction (Liljander and Strandvik, 1995).

Close relationship does exist between customers’ loyalty and high levels of customers’ satisfaction which brings customer delight. Firms should not only meet their customers’ expectations, but they should try to excite them in one or another way. Loyalty, building satisfaction and profitability is not something that can be decided upon in a second or a day and then be implemented. It can only come from building and sustaining close and long term relationships, therefore we can conclude that in services much attention must be paid to relationship marketing. Relationship marketing replaced traditional, transaction oriented, approaches of marketing by placing more emphasis on the creation of customer value by means of developing and maintaining relationships (Ossel et al., 2003).
2.6 Business marketing relationships

Relationship marketing (RM) was known as an strategic approach to industrial and service markets, and was considered to be unsuitable in other marketing contexts (O'Malley and Tynan, 2000). Business-to-business marketing has been changed during the past thirty years both in the phenomenon studied and also in its conceptual process. Many such as International Marketing and Purchasing (IMP) Group has been active. In B2B marketing research believe that if B2B marketing research starts with relationships between organizations and networks it is a strong possibility that a new set of findings emerge, different set of assumption be shaped and different processes be found (Leek et al. 2003).

There is no exact definition of relationship marketing, we can strongly say that it has flexible boundaries but many practitioners and academic people are continuing lecturing about the Relationship marketing. The core of relationship marketing is relations, maintenance of relations between the company and the actors in its micro -environment, such as suppliers, market intermediaries, the public and specially customers as the most important actor. The idea is first and foremost to create customer loyalty so that a stable, mutually profitable and long-term relationship is enhanced (Raavald & Gronroos, 1996). The idea of relationship and also relationship building being extended to other areas such as distribution, service and consumers these is as the result of strong interest in relations between industrial companies. So we must also build relations to middlemen, service suppliers and end consumers (Jørgensen, 2001).

Relationships in the industrial marketing literature have been described as the exchange between all mutually committed parties. In the service marketing the subject has not been clearly debated. The simplest form of a relationship is when the customer has purchased from the same service provider at least twice. In its simplest form, however, a relationship is characterized by positive commitment by both the service provider and the customer. Liljander and Strandvik (1995) proposed that a relationship term should be defined from the customer's point of view as this corresponds to a market oriented perspective. The customer can be committed both negatively and positively toward the service provider, or she/he can be indifferent. A negatively committed customer will try to end up the relationship as soon as possible, but is usually unable to do so in the short period of time because of different bonds which serve as exit barriers (Liljander and Strandvik, 1995).
According to the marketing fact that customer retention is five times more important than attracting new customer, companies are adopting relationship marketing principles and designing strategies to develop close and long-lasting relationships with the most profitable customers. The long term-orientation which emphasizes commitment to customers is extremely important (Sheth and Parvatiyar, 1995).

2.7 Service Quality

Gilbert (1996) suggested that quality should play role of the chief facilitator to achieve the objectives of relationship marketing, such as commitment to the brand, emotional involvement, and active interaction. In this study Attraction in industrial market is measured by Service quality. Buzzell and Gale (1987) in Profit Impact of Market Strategy (PIMS) state that companies that offer superior service can charge eight percent more for their products and also achieving above average market share growth. Offering a service with high quality is one visible way by which a company can compare itself with its competitors in building a close relationship with customers and attaining a competitive advantage. Creating strong customer-focused relationships requires understanding the needs of specific customers and the firm’s success in meeting these needs. Such as, a means to measure the perceptions of customers’ experiences in the services encounter is important (Parasuraman et al., 1991). Delivering more effective service quality than others is one of the ways that a firm can be a successful in achieving today’s business environment (Lai et al., 2007). Grönroos (2000) described service quality in terms of seven perceived scale: Professionalism and skills; Attitudes and behavior; Accessibility and flexibility; Reliability and trustworthiness; Service recovery; Serviscape; and Reputation credibility. Customer perceived service quality has been given increased attention due to its specific contribution to business competitiveness. SERVQUAL, a model developed by Parasuraman et al. (1988), is the most prominent and widely used model for measuring service quality. In the SERVQUAL scale, Parasuraman et al. (1988) identified five determinants of tangibles, reliability, responsiveness, assurance and empathy as part of the 22-item SERVQUAL scale for measuring service quality.
2.7.1 Service quality in B2B context

Service quality has a critical concern in B2B marketing of services because of its impact on the organizational customers’ own service to their customers. For instance, poor shipping services can have extreme consequences on the exports business of the organizations that may increase claims, face loss of orders, lower prices, delayed payments and generally lower supplier ratings (Mehta and Durvasula, 1998).

Service quality definitions revolve around the idea which is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Lewis and Booms, 1983; Lehtinen and Lehtinen, 1982; Gronroos, 1984). At a higher level, and basically from a customer's perspective, they see quality as being two dimensional, consisting of process and output quality (Caruana et al., 2000).

Researchers have done a large number of studies on the service quality measurement and the majority has been implied on the consumer sector by using parasuraman’s instrument modified in 1991 and some other alternatives. Some studies conducted service quality on the B2B context but most failed and shows that SERVQUAL is not a suitable measure for measuring service quality in the business to business context. Responded to the claim for developing and validating an instrument for measuring perceived service quality in the B2B services by testing the psychometric properties of SERVQUAL Vis-à-Vis an alternative measure, INDSERV (Gounaris, 2005).

2.7.2 A new model for measuring quality in a B2B setting

Gounaris (2005) proposed a new model, INDSERV, which is based on the idea that four dimensions combine to form the industrial customer’s perception of service quality: Firstly, potential quality; this relates to the search attributes use by customer in order to evaluate the provider’s ability to perform the service before the relationship has actually started. Potential quality is particularly important for B2B services because of the increased complexity and degree of customization that characterizes them, which results in a greater degree of uncertainty regarding the performance of the service, even if the provider is selected from a list of existing providers. Secondly, Hard quality; this pertains to what is being performed in the service process. It refers to the service blueprint the provider uses, the accuracy with which the service is delivered and so on. Thirdly, Soft quality; this is concerned with how the
service is performed during the service process. It relates to the front-line personnel and the interaction they develop with the customers’ employees. It captures how open the service provider is to new ideas and suggestions from the customers, the service provider’s benevolence and communicated willingness to watch the customer’s best interest. These qualities help to develop a positive climate during the service encounter and facilitate the process of aligning the provider’s service with the customer’s specific requirements. Lastly, output quality; this explains the customer’s concern regarding the actual offering delivered. It captures the results of the technical efforts to deliver the service, and also the impact that the service delivered eventually produces for the buying organization (Gounaris, 2005).

2.7.3 Relationship Value

Value of a relationship is studied in Wilson and Jantrania (1995)’s research, which is a very useful contribution in business relationship and its success issue. In a long-term relationship with the supplier the benefit concept takes a deeper meaning. Safety, credibility, security and continuity all together increase the trust for the supplier also support and enhance customer loyalty. The customer-perceived value needs to get a deeper meaning which does not relate only to episodes, but to the expectations of the customer and the company’s responsibility to meet these expectations in a long-term relationship (Ravald and Gröönroos, 1996).

According to Wilson and Jantrania (1995) value means a great many things to great many people. Value is a concept that is widely used in different fields in different contexts. They start with reviewing the way in which value is being used in some fields such as finance, accounting, purchasing, microeconomics and marketing. Then relationship value is conceptualized in three dimensions: economic, psychological or behavioural, and strategic. Increasing the benefit means adding something to the core product that the customer perceives important, beneficial and of unique value. The problem is to find an alternative to providing superior value which improves the performance of the company as well as the benefits of the customers in the long run. It must be examined that how a company can add value to the offering by reducing the customer-perceived sacrifice. Companies should look at things from the customer’s perspective, and this is a core aspect in relationship marketing. The company needs a thorough understanding of the customer’s value chain in order to be able to reduce the customer-perceived sacrifice. The company should get close to the customer to be able to understand his needs, preferences and all the activities which constitute his value chain (Wilson and Jantrania, 1995).
2.7.4 Personalized Relationship

Personalized relationships is defined as the value that customer gives to a friendly relationship with employees, to personalized treatment and to confidence on employee (Izquierdo et al., 2005).

2.8 Performance Measurement

By the 1980’s researchers realized that traditional performance measure were insufficient to manage organizations competing in modern market (Johnson and Kaplan, 1987). There are a large number of performance measurement framework and multiple processes for the design of performance measurement systems. When it comes down to it, the organizational context, performance measurement content and process will all impact on the outcome. At present, there is a continuing debate in the performance measurement literature, whether performance measurement has a positive impact on business performance or not. Many researchers working to redevelop performance measurement system presume that their efforts will have a positive impact on the organization’s overall performance (Bourne et al., 1999).

There are a large number of published papers on the impact of performance measurement about organizational performance. Although these studies show that the majority of papers found that performance measurement had a positive influence on organizational performance, further analysis propose that with using the more carefully research methods the less likely performance measurement would have a positive impact on the organizational performance. The conclusion is that the research findings are different and all cannot be true in this case, while some researches have found that the use of non-financial performance measures has a positive impact on business performance (Ittner and Larcker, 1998, 2003; Banker et al., 2000; Cited by Bourne et al., 2005) others found no relationship (Perera et al., 1997; Neely et al., 2004; Cited by Bourne et al., 2005).

Performance measurement has been identified in four main processes which are: being design, implementation, use and refreshing. In many organizations the problem with the performance measures used is that they are rarely integrated with each other or aligned to the business processes (Neely, 1999).

Different performance measurement used in the literature, many studies define performance outcome as business performance which are related to the profitability and can be return of
investmen. in the study of Izquierdo’s the emphasis was on the Market performance, which refers to: the companies’s market position improvement that is, building awareness about products and penetration in the market; “shaping customers’ perceptions of the organization and their products (Srivastava et al., 1999; cited by Izquierdo et al., 2005); “and the rise in customer loyalty and retention (Evans and Laskin, 1994; Cited by Izquierdo et al., 2005). Ittner and Larcker (2003) suggest that performance measurement is used to: Help direct the allocation of resources, assess and communicate progress towards strategic objectives and to evaluate managerial performance. The impact of performance measurement shows us a way of introducing individual strategic extend targets; and ensures that when the business performance is fading, corporate management knows when to move. The need for organizations to establish their strategies align with their performance measurement systems is well established in the literature. According to measures of marketing output, we can propose that the value created by relationship marketing with customers is reflected in two aspects: market performance and economic performance (Izquierdo et al., 2005).

2.8.1 Market Performance

Market performance is the firm’s market position improvement that is, building product awareness and market penetrations also shaping customers’ perceptions of the organization and their products and the rise in customer loyalty and retention. Market position (either awareness or penetration), should be the programs and activities’ first result that addressed to attract customers; it could be consumers’ cognitive response that the company sends to the market as a signal. The loyalty programs’ result is increasing in repeat-purchase loyalty with no increase in penetration. (Izquierdo et al., 2005)

Customers’ perception of the company’s image represents consumers’ affective answer to the company’s marketing activities. Attraction and loyalty programs can form customers’ perception about the company or the service it provides. If the customer has an image of friendly relationship, personalized treatment or service quality, we could say that their loyalty program has had success. Otherwise, if the customer frequents a service provider only because of promotions, price reductions and advertising, attraction programs have been successful, but loyalty programs probably have failed (Izquierdo et al., 2005).

Loyalty is the activities that test out the interaction and customers’ repeat-purchase and implies a behavioural answer. Anticipations of positive reinforcements cause relational
behaviours. Researchers have not decided entirely about the effect of loyalty programs on loyalty. When it comes to relationships with firms, customers are involving in a wide range of different things. Many customers do not really want a long-term relationship and act out of self-interest, getting more for less (Izquierdo et al., 2005).

2.8.2 Market Position

Market position is a composite index that meets customers’ awareness of the firm and raise in penetration (number of customers) after the implementation of relationship marketing activities (Izquierdo et al., 2005).

2.8.3 Customer’s Perception

Supplier evaluations and audits, providing performance feedback to suppliers, and supplier certification, should provide both the buyer and supplier with important information exchange that should ultimately help buyers to improve their own performance” (Krause, 2006). Service quality models mostly just observe the one specific service episode’s quality. They do not explain development of customer’s perception of service quality over time when the customer keeps on using the service (Liljander and Strandvik, 1995).

2.8.4 Image

In the service marketing literature, corporate image was first identified as an important factor in the overall evaluation of the service and the company. Except image as a function of accumulation of purchasing/consumption experience over time, most organizations also provides complex and noisy informational environments such as advertising, direct marketing in order to attract new and maintain existing customers. In the Perceived Quality Model (PQM), perceived quality is a function of expected quality (generated from market communication, image, word-of-mouth, and customer needs) and experienced quality (generated from technical quality and functional quality). Corporate image is a filter which influences the perception of the operation of the company. Corporate image is created a halo effect on customers’ satisfaction judgment. Customer’s satisfaction toward the received service, improved their attitude toward the company. This attitude will then affect the consumers’ satisfaction with the organization. So we can strongly admit that Image is one of the most important factors that will shape the customer perception about the firm (Andreassen et al, 1998).
According to Izquierdo et al. (2005) there are three types if image used in their study also the customers’ perception in this study will be measured with three variables: Expert image, that refers to the perception of good reputation in the market, workers’ skills and the quality of the service. Convenience image, which consists of “the proximity to the customer”, “rapid answer to the customer’s needs” and “being respectful and polite to the customers; Promotional image refers to the perception of a firm that performs activities such as advertising, promotion and price reduction (Izquierdo et al.). Cravens and Piercy (2003) define promotion strategy in other words which consists of planning, implementing, and controlling an organization’s communications to its customers and other target audiences. Izquierdo et al. (2005) stated that achieving management’s preferred communications objectives with each audience is the purpose of promotion in the marketing program. Promotion strategy consists of a group of connected communications activities. it combines advertising, personal selling, sale promotion, direct marketing, and public relations into an integrated program for communicating with buyers and others who influence purchasing decisions (Cravens et al., 2003).

2.8.5 Profitability

All relationship marketing activities are ultimately evaluated on the basis of the company’s overall profitability. However, as a firm’s profitability is influenced by a number of variables largely independent of relationship marketing activities, it seems appropriate to conceptualize relationship marketing outcomes on a more concrete level when investigating possible antecedents. Two constructs are referred to in the marketing literature as key relationship marketing outcomes: customer loyalty and (positive) customer word-of-mouth communication. Customer loyalty, as we conceptualize it, focuses on a customer’s repeat purchase behavior that is triggered by a marketer’s activities. Evolving out of, and contradictory to, early definitions that were solely behavioral, customer loyalty today is usually viewed as comprising both behavioral and attitudinal components (Day 1969; Jacoby and Kyner 1973). Loyalty is a primary goal of relationship marketing and sometimes even equated with the relationship marketing concept itself (Sheth, 1996). The connection between loyalty and profitability has been the focus of both theoretical and empirical studies (Oliver 1999; Payne and Rickard 1997; Reichheld and Sasser 1990). This body of research has found customer loyalty to positively influence profitability through cost reduction effects and increased revenues per customer (Berry, 1995). With regard to cost reduction effects, it is widely
reported that retaining loyal customers is less cost intensive than gaining new ones and that expenses for customer care decrease during later phases of the relationship life cycle due to the growing expertise of experienced customers. Customer loyalty is also reported to contribute to increased revenues along the relationship life cycle because of cross-selling activities and increased customer penetration rates (Dwyer, Schurr, and Oh 1987). Positive word-of-mouth communication, defined as all informal communications between a customer and others.

2.9 Conclusion

Since relationship marketing includes all activities directed towards the establishment, development and maintenance of exchange relationships, the activities of a relational strategy should comprise the next objectives: attraction (creating relationships); loyalty (developing relationships); and interaction (maintaining relationships). There is an art to absorb customer by using different techniques such as RM in order to manipulate companies' policies ahead of them (Rauyruen, 2005). We can propose that the value created by relationship marketing with customers is will reflected in market performance. Market performance refers to: the improvement of the firm’s market position that is, building product awareness and penetration in the market; shaping customers’ perceptions of the organization and their products; and the rise in customer loyalty and retention. In the empirical research of this study, the focus will be on services because the interpersonal nature of services makes them particularly well suited for relationship building (Berry, 1995). Certainly, a relationship with a service provider is particularly valuable to the customer because it engenders the trust that is necessary to ensure quality service and preserve the relationship and because many services require the interaction between customers and service providers. And the sector of private security services has been chosen for different reasons, owing to the economic risk and technical complexity of security services like high involvement that is between service provider and the customer.
2.10 Empirical Review

Several studies have empirically demonstrated a positive association between RM strategies and business performance (Naidu et al., 1999; Palmatier and Gopalakrishna, 2005). Within a banking context, Keltner (1995) found that German banks, in contrast to American banks, managed to maintain a stable market position during the 1980’s and early 1990’s as a consequence of relationship oriented banking strategies. RM will not automatically lead to stronger customer relationships; rather, customers will exhibit different levels of relationship closeness and strength (Berry, 1995; Liljander and Strandvik, 1995). In order to be attractive, RM strategies should enhance customers’ perceived benefits of engaging in relationships (O’Malley and Tynan, 2000). However, all customers do not want to engage in relationships and, in fact, it has been suggested that close customer relationships in banking are rare, and that they are being further weakened by the increase in self-service technologies (O’Loughlin et al., 2004). An alternative is to look upon new technologies as relationship facilitators (Sweeney and Morrison, 2004) and to use them strategically in customer relationship management (Payne and Frow, 2005). One of the basic tenets of relationship marketing is customer orientation. Already the SOCO (selling orientation-customer orientation) scale, developed by Saxe and Weitz (1982), was based on the premise that customer oriented sales people strive to increase customers’ long-term satisfaction. Selling oriented sales people were considered to prioritise the achievement of an immediate sale at the expense of customer needs. Subsequent research has shown that the degree of customer orientation indeed has an effect on a firm’s relationships with its customers (Clark, 1997). In a study of financial services, Bejou et al. (1998) found that customer oriented employees had a positive impact, while sales oriented employees had a negative impact, on customers’ relationship satisfaction.

The role of Relationship Marketing in Competitive Marketing Strategy has also been studied. A relationship orientation implies that the focus of marketing is on retaining customers by maintaining and strengthening win-win relationships over time (Payne and, 1997; Gronroos, 1990; Tzokas and Saren, 1996; Daskou, 1997; Berry, 1983). This approach implies that relationships are more likely to develop in situations where the customer comes in more frequent contact with the service provider (Bove and Johnson, 2000; Barnes, 1997; Doney and Cannon, 1997; Crosby et al., 1990), where the service is continuously delivered over an
extended time period (Bennett, 1996; Berry, 1995) and where the customer perceives the relationship to be important (Ward et al., 1997). Both transaction theories and social exchange theories should be used dependent on context to model relational transactions. Relationship Marketing (RM) is one of the streams of conceptual and empirical work in strategic marketing (Steinman, Deshpande and Farley, 2000). RM is defined as the identification, establishment, maintenance, enhancement, modification and termination of relationships with customers to create value for customers and profit for organization by a series of ongoing exchanges that have both a history and a future. Such exchanges are called relational exchanges. Relational exchanges can be examined under transaction cost analysis or social exchange theory depending on the context. Relationships with intermediate customers, ultimate customers and other key publics (vendors, government) in the business process is important in CMS as outlined in the framework of marketing strategy. Relationships are a cornerstone of Marketing Strategy. The role of RM in CMS includes; guide moments of truth, RM to improve profitability, RM builds partnering, Addresses ‘Customer Better’, Buy in of Customer attention, Protect Emotional well being, Understand consumer psyche, Build trust with customer. All these roles are observed empirically in the hotel industry. However the role of RM varies from hotel to hotel, with some placing emphasis on RM practices whereas others depend on their extraordinary operations and services to engage the customer on a continuous basis. RM practices in hotels include loyalty programs (dedicated loyalty programs are sometimes included), frequency marketing, tie-up with credit card companies, database marketing (local and central databases, segment focus), direct marketing, guest relationship program, preferred partner programs, direct email, newsletter, food festivals. RM serves to provide competitive edge only when a good product backs it; excellent operations and a good service delivery set up (Sudarshan D, 1995).
2.11 Conceptual Framework

This study was aimed at investigating the effects of RM on performance of private security firms. The independent variables were the RM Programs employed by BM as they determine the intervening variables which lead to the dependent variable; BM performance, whose indicators are customer satisfaction, customer retention, profitability and market share. The conceptual framework applied was highlighted as below;

Figure 1.1 Conceptual Framework

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Intervening Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship Marketing</td>
<td>Business Referrals</td>
<td>Performance:</td>
</tr>
<tr>
<td>Attraction &amp; Loyalty Programs</td>
<td>Repeat business</td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Use of ICT</td>
<td>Customer feedback</td>
<td>Customer retention</td>
</tr>
<tr>
<td>CSR Programs</td>
<td>Employee satisfaction</td>
<td>Profitability</td>
</tr>
<tr>
<td>Service Quality</td>
<td>Employee retention</td>
<td>Market Share</td>
</tr>
<tr>
<td>Employee empowerment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Author, 2010)
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents information pertaining to research methodology used in the study. It consists of the research design, population, sampling design, population, data collection instruments, data analysis and presentation method.

3.2 Research Design
In this study, a descriptive study was used. Coopers and Schindler (2003) states that if the research is concerned with finding out about the who, why, what, where, when, or how much, then the study is descriptive. This research design was the most appropriate in this study because it to was used to evaluate relationship marketing as a strategy that can be used to enhance the performance of private security firms in general and BM Security in particular. A case study was used because according to Coopers and Schindler (2003), it places more emphasis on a full contextual analysis of fewer events or conditions and their interrelations.

3.3 Population
The population of the study comprised of BM management staffs who are the drivers of day to day activities of RM. These included; 8 top managers of BM Security, 15 marketing department staff, 42 guarding division staff, 21 CIT department personnel, 30 from electronic security division and 28 courier division staff totalling to a population of 144.

3.4 Sampling Design
This being a case study, sampling was performed for the purpose of generating respondents from the case firm. The researcher used stratified random sampling to arrive at a good sample. According to Mugenda and Mugenda(1999) a good research representation sample is one that is at least 10% of the population. Data was collected from a sample of 43 respondents of the total population of 144. This sample was 30% of the total target population which is way above the 10%.
Table 3.0 Population Sample

<table>
<thead>
<tr>
<th>Category</th>
<th>Target population</th>
<th>Proportion</th>
<th>Sample Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>8</td>
<td>0.3</td>
<td>2</td>
</tr>
<tr>
<td>Marketing Department</td>
<td>15</td>
<td>0.3</td>
<td>5</td>
</tr>
<tr>
<td>Guarding Division</td>
<td>42</td>
<td>0.3</td>
<td>13</td>
</tr>
<tr>
<td>CIT Division</td>
<td>21</td>
<td>0.3</td>
<td>6</td>
</tr>
<tr>
<td>Electronic Security Division</td>
<td>30</td>
<td>0.3</td>
<td>9</td>
</tr>
<tr>
<td>Courier Division</td>
<td>28</td>
<td>0.3</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>114</td>
<td></td>
<td>43 Respondents</td>
</tr>
</tbody>
</table>

Source: (Author, 2010)

3.5 Data Collection, Analysis and Presentation

The study relied on objective and subjective data. The objective data was gotten from existing records while the subjective data was gotten from the respondents. Data from the respondents was collected through a questionnaire that was semi structured to allow for provision of adequate information on the subject matter that was being researched on. The questionnaire was dropped and picked later on. Data collected was both qualitative and quantitative. Qualitative data was analyzed using content analysis whereas quantitative data was analyzed using inferential statistics of ANOVA and F-distribution. Data collected was presented using pie charts, graphs and tables to provide easy interpretation.
CHAPTER FOUR
RESULTS AND DISCUSSIONS

4.1 Introduction
The data that was collected from 43 respondents was analyzed using SPSS. Qualitative data was analyzed using content analysis whereas quantitative data was analyzed using inferential statistics which included ANOVA tests. The data collected was presented using pie charts, graphs and frequency tables.

4.2 BACKGROUND DATA

4.2.1 Gender

Table 4.1 Gender

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Female</td>
<td>16</td>
<td>37.2</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>27</td>
<td>62.8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>43</td>
<td>100.0</td>
</tr>
</tbody>
</table>

As shown by figure 4.1 above, the majority of the respondents (62.8%) were male while the rest (37.2%) were female. From the research, the male respondents were the majority to indicate that most of the respondents who were targeted were male. This was fair in so far as balance was concerned within the different divisions within BM. This portrays the really picture in the security industry where many security companies employ more men than women.
4.2.2 Age

Table 4.2 Age

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Up to 30 years</td>
<td>16</td>
<td>37.2</td>
</tr>
<tr>
<td></td>
<td>31-40 years</td>
<td>20</td>
<td>46.5</td>
</tr>
<tr>
<td></td>
<td>41-50 years</td>
<td>7</td>
<td>16.3</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>43</td>
<td>100.0</td>
</tr>
</tbody>
</table>

From figure 4.2 above 37.2% of the respondents were aged up to 30 years, 46.5% were aged between 31-40 while 16.3% were aged between 41-50. From the findings, the majority of the respondents were in the age bracket of 31-40. Generally 83.7% of the people who work in BM are below 40 years old, this shows that security companies in Kenya rely on employing young people who are energetic and can withstand harsh and risky working conditions in security companies compared to old people.

4.2.3 Level of Education

Table 4.3 Level of Education

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Diploma</td>
<td>11</td>
<td>25.6</td>
</tr>
<tr>
<td></td>
<td>Masters degree</td>
<td>12</td>
<td>27.9</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>5</td>
<td>11.6</td>
</tr>
<tr>
<td></td>
<td>Undergraduate</td>
<td>15</td>
<td>34.9</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>43</td>
<td>100.0</td>
</tr>
</tbody>
</table>
As shown by figure 4.3 on the level of education of the sampled respondents 34.9% of them were university graduates, 25.6% had attained diploma certification, 27.9% had masters’ degree while 11.6% had other certifications. From the findings, the majority of the respondents were university graduates. They were instrumental in the study since they had much knowledge or information about the topic of study. This shows that BM focuses on academic qualification when recruiting the company managers where they concentrate on recruiting graduates to fill top positions in the company. This depicts the true picture in any company which fills majority of its management staff focusing on graduate level as a minimum qualification.

4.2.4 Length of Time Worked

Table 4.4 Length of Time Worked

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>28</td>
<td>65.1</td>
<td>65.1</td>
</tr>
<tr>
<td>5-10 years</td>
<td>15</td>
<td>34.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

With regard to how long the respondents had worked for BM, figure 4.4 above shows the majority (65.1%) had worked for less than 5 years. The remainder (34.9%) had worked for between 5-10 years. This was a good mix to get information from those who had worked for long and those who had not worked for long for BM. This brought good and balanced responses on the subject of study. This findings shows the reality in job market since they is a lot of mobility as far as working is concern in Kenya. Many employees always search for greener pastures and this encourage them to move from one position to another both inside the company and outside.
4.2.5 Departments

Table 4.5 Departments

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Cash-in-transit services</td>
<td>4</td>
<td>9.3</td>
<td>9.3</td>
</tr>
<tr>
<td>Courier Services</td>
<td>8</td>
<td>18.6</td>
<td>27.9</td>
</tr>
<tr>
<td>Executive Management</td>
<td>11</td>
<td>25.6</td>
<td>53.5</td>
</tr>
<tr>
<td>Electronic Security</td>
<td>4</td>
<td>9.3</td>
<td>62.8</td>
</tr>
<tr>
<td>Guarding services</td>
<td>16</td>
<td>37.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

As shown by figure 4.5 above, the respondents that were sampled during the research were drawn from different departments within BM. 9.3% were from the Cash-in-transit services department, 18.6% from the Courier services, 25.6% from the Executive Management, 9.3% from Electronic Security while 37.2% were from the Guarding services department. This portrays the true picture of a security company since the core business is to provide security and hence guarding services department have more employees compared to other departments.
4.3 MANAGEMENT COMMITMENT TO RELATIONSHIP MARKETING IN BM

4.3.1 Introduction

The respondents were asked to give their views on a series of statements describing the management commitment to implementation of Relationship Marketing in the organization. They were required to indicate the extent to which they agreed or disagreed with each of the statements given as it applied to BM. The mean and standard deviation of each variable was computed and the information was reported on the basis of the scale.

Table 4.6 Mean and Standard Deviation of Management Commitment to RM

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM Introduced to employees by top management</td>
<td>43</td>
<td>4.07</td>
<td>.457</td>
</tr>
<tr>
<td>To management has publicized a RM policy in all level of organization</td>
<td>43</td>
<td>3.44</td>
<td>1.119</td>
</tr>
<tr>
<td>Employees are provided with information on RM activities</td>
<td>43</td>
<td>3.88</td>
<td>1.199</td>
</tr>
<tr>
<td>Relationship between management and employees</td>
<td>43</td>
<td>4.16</td>
<td>.754</td>
</tr>
<tr>
<td>Top Management Commit Resources to RM</td>
<td>43</td>
<td>4.07</td>
<td>.961</td>
</tr>
<tr>
<td>Management Encourages high achievement by reducing fear of failure</td>
<td>43</td>
<td>3.65</td>
<td>1.110</td>
</tr>
<tr>
<td>Employees Understand what management wants to achieve by application of RM</td>
<td>43</td>
<td>3.79</td>
<td>.861</td>
</tr>
<tr>
<td>Employees are satisfied in their current work stations and work they do</td>
<td>43</td>
<td>3.23</td>
<td>.571</td>
</tr>
<tr>
<td>Management has goodwill to building relationships with the company's customers.</td>
<td>43</td>
<td>4.14</td>
<td>.743</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>43</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3.2 Introduction of Relationship Management

From table 4.6 the mean of this variable is 4.07 which is neutral using the Likert scale this represents that many respondents agree that the introduction of relationship management affects relationship marketing on performance of private security companies. The standard deviation of .457 is very small and this suggests that all the respondents agree that there is a relationship between introduction of relationship management and relationship marketing on performance of private security company's.

4.3.3 Publication of Relationship Management

From table 4.6 the mean of this variable is 3.44 which is neutral using the likert scale this represents that the respondents were neutral that publication of relationship management affects relationship marketing on performance of private security companies. The standard deviation of 1.119 is small and this shows that there is some relationship between publication of relationship management and relationship marketing on performance of private security company's.

4.3.4 Provision of Information on Relationship Management Activities

From table 4.6 the mean of this variable is 3.88 which is neutral from likert scale this represents that respondents felt that the provision of information on relationship management activities affects relationship marketing on performance of private security companies. The standard deviation of 1.199 is small and this suggests that there is a relationship between provision of information on relationship management activities and relationship marketing on performance of private security companies.

4.3.5 Relationship between Management and Employees

From table 4.6 the mean of this variable is 4.16 which is agree from Likert scale this represents that respondents felt that relationship between Management and Employees affects relationship marketing on performance of private security companies. The standard deviation of 0.754 is very small and this suggests that there is a strong relationship between relationship between Management and Employees and relationship marketing on performance of private security companies.
4.3.6 Commitment of Resources to Relationship Management Programs

From table 4.6 the mean of this variable is 4.07 which is agree from likert scale this represents that respondents felt that commitment of resources to relationship management programs affects relationship marketing on performance of private security companies. The standard deviation of 0.961 is very small and this suggests that there is a strong relationship between commitment of resources to relationship management programs and relationship marketing on performance of private security companies.

4.3.7 Management encouraging High Achievement

From table 4.6 the mean of this variable is 3.65 which is neutral from likert scale this represents that respondents felt that management encouraging high achievement affects relationship marketing on performance of private security companies. The standard deviation of 1.110 is small and this suggests that there is a relationship between management encouraging high achievement and relationship marketing on performance of private security companies.

4.3.8 Employees understanding of achievement by Application of RM

From table 4.6 the mean of this variable is 3.79 which is neutral from Likert scale this represents that respondents felt that employees understanding of achievement by application of RM affects relationship marketing on performance of private security companies. The standard deviation of 0.861 is very small and this suggests that there is a strong relationship between employees understanding of achievement by application of RM and relationship marketing on performance of private security companies.

4.3.9 Employees Satisfaction in their Current Workstations

From table 4.6 the mean of this variable is 3.23 which is neutral from Likert scale this represents that respondents felt that employees satisfaction in their current workstations affects relationship marketing on performance of private security companies. The standard deviation of 0.571 is very small and this suggests that there is a strong relationship between employee’s satisfaction in their current workstations and relationship marketing on performance of private security companies.
4.3.10 Management's Goodwill to Building Relationships with Customers

From table 4.6 the mean of this variable is 4.14 which is agree from likert scale this represents that respondents felt that management's goodwill to building relationships with customers affects relationship marketing on performance of private security companies. The standard deviation of 0.743 is very small and this suggests that there is a strong relationship between management's goodwill to building relationships with customers management's goodwill to building relationships with customers and relationship marketing on performance of private security companies.

4.4 CUSTOMER SATISFACTION AND RETENTION

4.4.1 Introduction

The respondents were presented with a series of statements on the emphasis on customer satisfaction and retention in the organization. They were required to indicate the extent to which they agreed or disagreed with each of the statements given as it applied to BM.

4.4.2 Communication systems with Customers

Figure 4.1 Communication systems with Customers

![Figure 4.1 Communication systems with Customers](image)

Figure 4.1 shows 48.8% of the respondents agreed that BM set up good communication systems with its customers. 25.6% strongly agreed, 18.6% were neutral while 7.0% disagreed. This suggests that indeed this organization had set up good communication systems with its customers and this ensured profitability.
4.4.3 Usage of IT for Communication to Customers

Figure 4.2 Usage of IT for Communication to Customers

We use IT to communicate with customers

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>20.9%</td>
</tr>
<tr>
<td>Agree</td>
<td>55.8%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>9.3%</td>
</tr>
<tr>
<td>Disagree</td>
<td>7.0%</td>
</tr>
<tr>
<td>Neutral</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

From figure 4.2 above on the usage of Information Technology by BM to communicate with its customers, 55.8% of the respondents agreed on this issue. 20.9% strongly agreed, 7.0% were neutral, a similar percentage disagreed while 9.3% strongly disagreed. This shows that BM used IT to communicate with its customers.
4.4.4 Collection of Customer Feedback

Figure 4.3 Collection of Customer Feedback

We collect Customers' Feedback Periodically

<table>
<thead>
<tr>
<th>Feedback Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>9.3%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>18.6%</td>
</tr>
<tr>
<td>Neutral</td>
<td>16.3%</td>
</tr>
<tr>
<td>Agree</td>
<td>55.8%</td>
</tr>
</tbody>
</table>

Figure 4.3 above shows 55.8% of the respondents agreed that this organization collected customers' feedback periodically. 9.3% strongly agreed, 16.3% were neutral while 18.6% strongly disagreed. This suggested that the management of BM ensured that customer's feedback was taken periodically to improve on its services.

4.4.5 Answering Customer Complaints

Figure 4.4 Answering Customer Complaints

Concern about answering Customers Complaints

<table>
<thead>
<tr>
<th>Feedback Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>25.6%</td>
</tr>
<tr>
<td>Neutral</td>
<td>25.6%</td>
</tr>
<tr>
<td>Agree</td>
<td>48.8%</td>
</tr>
</tbody>
</table>
With regard to answering customers' complaints figure 4.4 shows 48.8% of the respondents agreed that this was the position, 25.6% strongly agreed while 16.3% were neutral. From the findings, BM was concerned about answering customer complaints.

4.4.6 Formulation of Procedures for Reacting to Complaints

Figure 4.5 Formulation of Procedures for Reacting to Complaints

![Formulation of Procedures for Reading Complaints](image)

On the issue of the formulation of procedures for reacting to complaints, figure 4.5 above shows 53.5% of the respondents agreed that there were policies in place, 27.9% strongly agreed, 9.3% strongly disagreed while the same percentage was neutral.
4.4.7 Corrective Actions

Figure 4.6 Corrective Actions

From figure 4.6 above, 39.5% of the respondents agreed that BM undertook corrective actions to avoid situations that resulted to customer complaints. 32.6% strongly agreed, 9.3% strongly disagreed while 18.6 were neutral.

4.4.8 Analysis of Customer Complaints and Comments

Figure 4.7 Analysis of Customer Complaints and Comments
On the issue of continual analysis of customer complaints and comments, figure 4.7 shows 46.5% of the respondents agreed that BM undertook to analyze customer complaints and comments. 18.6% strongly agreed, 9.3% disagreed while 25.6 were neutral.

4.4.9 BM Customers’ General Satisfaction

Figure 4.8 BM Customers’ General Satisfaction

From Figure 4.8 above, 51.2% of the respondents were neutral on the issue of BM customers being generally satisfied. 30.2% agreed while 18.6% disagreed. These figures suggested that there was some disquiet about BM’s customers’ satisfaction with its services.
4.4.10: ANOVA Table of Customer Satisfaction and Retention

This includes ways that are used by the company to satisfy and retain customers. These are using IT to communicate with customers, collecting feedback, concerned about the complaints, procedures for reading complaints, have corrected actions, analysis of customer's complaints, customers generally satisfied and implementation of relationship management. From the ANOVA table the F-statistics were computed using SPSS and their respective significant levels.

<table>
<thead>
<tr>
<th></th>
<th>Df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>We use IT to communicate with customers</td>
<td>3</td>
<td>12.613</td>
<td>.000</td>
</tr>
<tr>
<td>We collect Customers' Feedback Periodically</td>
<td>3</td>
<td>68.219</td>
<td>.000</td>
</tr>
<tr>
<td>We are concerned about answering customers complaints</td>
<td>3</td>
<td>1.947</td>
<td>.138</td>
</tr>
<tr>
<td>We have formulated procedures for reading complaints</td>
<td>3</td>
<td>30.307</td>
<td>.000</td>
</tr>
<tr>
<td>We have corrected actions</td>
<td>3</td>
<td>6.776</td>
<td>.001</td>
</tr>
<tr>
<td>We continually analyze customer complaints and comments</td>
<td>3</td>
<td>11.682</td>
<td>.000</td>
</tr>
<tr>
<td>BM Customers are generally satisfied</td>
<td>3</td>
<td>14.131</td>
<td>.000</td>
</tr>
<tr>
<td>After implementation of RM there is higher rate of Retention</td>
<td>3</td>
<td>6.620</td>
<td>.001</td>
</tr>
</tbody>
</table>

4.4.10.1: Use IT to communicate with customers.

From table 4.7 the computed F for Use of IT to communicate with customers is 12.613. But since $F_{0.05}=2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed}>F_{0.05}$ (3, 40) i.e. the use of IT to communicate affects relationship marketing on performance of private security in Kenya.

4.4.10.2: Collection of Customers' Feedback Periodically

From table 4.7 the computed F for collection of customers' feedback periodically is 68.219. But since $F_{0.05}=2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a
significant variation at the .05 level (i.e. F computed > F.95 (3, 420).i.e. Collection of Customers' Feedback periodically affects relationship marketing on performance of private security in Kenya.

4.4.10.3: Concerned About Answering Customers Complaints

From table 4.7 the computed F for concerned about answering customers complaints is 1.947. But since F.95=2.84 for 3, 42 degrees of freedom, the conclusion is that there is no significant variation at the .05 level (i.e. F computed < F.95 (3, 40)) i.e. concerned about answering customers complaints does not affects relationship marketing on performance of private security in Kenya.

4.4.10.4: Formulation Procedures For Reading Complaints

From table 4.7 the computed F for formulation procedures for reading complaints is 30.307. But since F.95=2.84 for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. F computed > F.95 (3, 40)) i.e. formulation procedures for reading complaints affects relationship marketing on performance of private security in Kenya.

4.4.10.5: Correction of Actions

From table 4.7 the computed F for correction of actions is 6.776. But since F.95=2.84 for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. F computed > F.95 (3, 40)) i.e. correction of actions affects relationship marketing on performance of private security in Kenya.

4.4.10.6: Continually Analyze customer complaints and comments

From table 4.7 the computed F for Continually Analyze customer complaints and comments is 11.682. But since F.95=2.84 for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. F computed > F.95 (3, 40)) i.e. Continually Analyze customer complaints and comments affects relationship marketing on performance of private security in Kenya.
4.4.10.7: BM Customers are generally satisfied

From table 4.7 the computed $F$ for BM customers are generally satisfied is 14.131. But since $F_{95}=2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed}>F_{95}(3, 40)$) i.e. BM customers are generally satisfied affects relationship marketing on performance of private security in Kenya.

4.4.10.8: After implementation of RM there is higher rate of Retention.

From table 4.7 the computed $F$ for after implementation of RM there is higher rate of retention is 6.620. But since $F_{95}=2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed}>F_{95}(3, 40)$) i.e. for after implementation of RM there is higher rate of retention affects relationship marketing on performance of private security in Kenya.

4.3.11 Customer Retention after Implementation of RM

**Figure 4.9 Customer Retention after Implementation of RM**

![Pie chart showing customer retention by agreement levels:
- Strongly Agree: 37.2%
- Agree: 46.5%
- Neutral: 16.3%

After the implementation of Relationship Management, the management of BM projected a higher rate of customer retention. From the findings as shown in figure 4.9 above, 46.5% of the respondents agreed that this was the position, 37.2% strongly agreed while 16.3% were neutral.
4.5 CUSTOMER LOYALTY AND CORPORATE IMAGE

Table 4.8 Mean and Standard Deviation of Customer Loyalty and Corporate Image

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>We show commitment to build relationship</td>
<td>43</td>
<td>4.02</td>
<td>0.938</td>
</tr>
<tr>
<td>We reward and recognize loyal customers</td>
<td>43</td>
<td>3.53</td>
<td>1.054</td>
</tr>
<tr>
<td>After RM program there is a repeat tendency of purchase</td>
<td>43</td>
<td>3.67</td>
<td>0.993</td>
</tr>
<tr>
<td>After RM program there has been more referrals</td>
<td>43</td>
<td>3.88</td>
<td>1.005</td>
</tr>
<tr>
<td>After RM program the number of loyal customers increased</td>
<td>43</td>
<td>3.93</td>
<td>0.799</td>
</tr>
<tr>
<td>The company has a CSR</td>
<td>43</td>
<td>3.26</td>
<td>0.848</td>
</tr>
<tr>
<td>Employees actively participate in CSR</td>
<td>43</td>
<td>3.37</td>
<td>1.070</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>43</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.5.1 Showing Commitment to building Relationship with Customers

From table 4.8 the mean of this variable is 4.02 which is agree from likert scale this represents that respondents felt that showing commitment to building relationship with customers affects relationship marketing on performance of private security companies. The standard deviation of 0.938 is very small and this suggests that there is a strong relationship between showing commitment to building relationship with customers and relationship marketing on performance of private security companies.

4.5.2 Rewarding and Recognizing Loyal Customers

From table 4.8 the mean of this variable is 3.53 which is neutral from likert scale this represents that respondents felt that rewarding and recognizing loyal customers affects relationship marketing on performance of private security companies. The standard deviation of 1.054 is small and this suggests that there is a strong relationship between rewarding and recognizing loyal customers and relationship marketing on performance of private security companies.
4.5.3 Relationship Management Program repeats Tendency Business

From table 4.8 the mean of this variable is 3.67 which is neutral from Likert scale this represents that respondents felt that relationship management program repeats tendency business affects relationship marketing on performance of private security companies. The standard deviation of 0.993 is very small and this suggests that there is a strong relationship between relationship management programs repeats tendency and relationship marketing on performance of private security companies.

4.5.4 After RM program there has been more referrals

From table 4.8 the mean of this variable is 3.88 which is neutral from Likert scale this represents that respondents felt that after RM program there has been more referrals affects relationship marketing on performance of private security companies. The standard deviation of 1.005 is small and this suggests that there is a strong relationship between after RM program there has been more referrals and relationship marketing on performance of private security companies.

4.5.5 Relationship Management Program increase in the number of Loyal Customers

From table 4.8 the mean of this variable is 3.93 which is neutral from Likert scale this represents that respondents felt that relationship management program increase in the number of loyal customers affects relationship marketing on performance of private security companies. The standard deviation of .799 is very small and this suggests that there is a strong relationship between relationship management program increase in the number of loyal customers and relationship marketing on performance of private security companies.

4.5.6 Company Has Corporate Social Responsibility Program

From table 4.8 the mean of this variable is 3.26 which is neutral from likert scale this represents that respondents felt that the presence of CSR program in the company affects relationship marketing on performance of private security companies. The standard deviation of .848 is very small and this suggests that there is a strong relationship between the presence of CSR program in the company and relationship marketing on performance of private security companies.
4.5.7 Employees actively participate in CSR

From table 4.8 the mean of this variable is 3.37 which is neutral from Likert scale this represents that respondents felt that employees actively participate in CSR affects relationship marketing on performance of private security companies. The standard deviation of 1.070 is small and this suggests that there is a relationship between employees actively participate in CSR and relationship marketing on performance of private security companies.

4.6 SERVICE QUALITY

The activities that lead to quality services offered by BM Company are exceeding customer expectations, meet customers need, involving customers in decision making, involving customers in product or service design, improving service delivery, and offering quality services that attract new customers. These are shown in the ANOVA table below.

Table 4.9: ANOVA Table of Service Quality

<table>
<thead>
<tr>
<th>Activities</th>
<th>df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>We exceed customer expectation</td>
<td>3</td>
<td>5.789</td>
<td>.002</td>
</tr>
<tr>
<td>We meet customer’s need</td>
<td>3</td>
<td>13.065</td>
<td>.000</td>
</tr>
<tr>
<td>We show commitment to involve customers in decision making</td>
<td>3</td>
<td>17.253</td>
<td>.000</td>
</tr>
<tr>
<td>We seek customers input in product or service design</td>
<td>3</td>
<td>10.122</td>
<td>.000</td>
</tr>
<tr>
<td>RM has improved service delivery</td>
<td>3</td>
<td>11.224</td>
<td>.000</td>
</tr>
<tr>
<td>Quality services has attracted new customers to BM</td>
<td>3</td>
<td>20.720</td>
<td>.000</td>
</tr>
</tbody>
</table>

4.6.1 Exceeding Customers’ Expectations

From table 4.9 the computed F for exceeding customers’ expectations is 5.789. But since $F_{.95}=2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed}<F_{.95} (3, 40)$) i.e. Exceeding customers’ expectations affects relationship marketing on performance of private security in Kenya.
4.6.2 Meeting Customers' Needs

From table 4.9 the computed F for meeting customers’ needs exceeding customers’ expectations is 13.065. But since $F_{.05} = 2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed} < F_{.05} (3, 40)$) i.e. Meeting customers’ needs affects relationship marketing on performance of private security in Kenya.

4.6.3 Commitment to involve Customers in Decision Making

From table 4.9 the computed F for commitment to involve customers in decision making is 17.253. But since $F_{.05} = 2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed} < F_{.05} (3, 40)$) i.e. Commitment to involve customers in decision making affects relationship marketing on performance of private security in Kenya.

4.6.4 Customers Input In Product or Service Design

From table 4.9 the computed F for customers input in product or service design is 10.122. But since $F_{.05} = 2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed} < F_{.05} (3, 40)$) i.e. customers input in product or service design affects relationship marketing on performance of private security in Kenya.

4.6.5 Relationship Management improvement on Service Delivery

From table 4.9 the computed F for relationship management improvement on service delivery is 11.224. But since $F_{.05} = 2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed} < F_{.05} (3, 40)$) i.e. relationship management improvement on service delivery affects relationship marketing on performance of private security in Kenya.

4.6.6 Quality Services attracting New Customers to BM

From table 4.9 the computed F for quality services attracting new customers to BM is 20.720. But since $F_{.05} = 2.84$ for 3, 40 degrees of freedom, the conclusion is that there is a significant variation at the .05 level (i.e. $F_{computed} < F_{.05} (3, 40)$) i.e. quality services attracting new customers to affects relationship marketing on performance of private security in Kenya.
4.7 MARKET SHARE AND PROFITABILITY

Table 4.10 Mean and Standard Deviation of Market Share and Profitability

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>After RM number of new customers increased</td>
<td>43</td>
<td>4.07</td>
<td>.985</td>
</tr>
<tr>
<td>After RM organization is known more than its competitors</td>
<td>43</td>
<td>3.74</td>
<td>1.274</td>
</tr>
<tr>
<td>Activities of RM have positive impact on BM Revenues</td>
<td>43</td>
<td>4.09</td>
<td>.895</td>
</tr>
<tr>
<td>Activities of RM have impact on profitability</td>
<td>43</td>
<td>3.93</td>
<td>.799</td>
</tr>
<tr>
<td>Activities of RM have yielded profits for the organization</td>
<td>43</td>
<td>3.86</td>
<td>.915</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>43</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.7.1 Increment in the number of New Customers after Relationship Management

From table 4.10 the mean of this variable is 4.07 which is agree from likert scale this represents that respondents felt that the increment in the number of new customers after relationship management affects positively relationship marketing on performance of private security companies. The standard deviation of .985 is very small and this suggests that there is a strong relationship between the increment in the number of new customers after relationship management and relationship marketing on performance of private security companies.

4.7.2 After RM organization is known more than its competitors

From table 4.10 the mean of this variable is 3.74 which is neutral from Likert scale this represents that respondents felt that after RM organization is known more than its competitors and this affects positively relationship marketing on performance of private security companies. The standard deviation of 1.274 is small and this suggests that presence of RM in an organization enables it to be known and hence there is a relationship between the awareness of an organization and relationship marketing on performance of private security companies.
4.7.3 Activities of Relationship Management and Impact on BM Revenues

From table 4.10 the mean of this variable is 4.09 which is agree from Likert scale this represents that respondents felt that the activities of relationship management have an impact on BM revenues and this affects positively relationship marketing on performance of private security companies. The standard deviation of .895 is very small and this suggests that there is a strong relationship between the activities of relationship management and impact on BM revenues and relationship marketing on performance of private security companies.

4.7.4 Activities of Relationship Management and the Impact on Profitability

From table 4.10 the mean of this variable is 3.93 which is neutral from Likert scale this represents that respondents felt that the activities of relationship management and the impact on profitability affects positively relationship marketing on performance of private security companies. The standard deviation of .799 is very small and this suggests that there is a strong relationship between the activities of relationship management and the impact on profitability and relationship marketing on performance of private security companies.

4.7.5 Activities of Relationship Management and Profits for the Organization

From table 4.10 the mean of this variable is 3.86 which is neutral from Likert scale this represents that respondents felt that the activities of relationship management and profits for the organization affects positively relationship marketing on performance of private security companies. The standard deviation of .915 is very small and this suggests that there is a strong relationship between the activities of relationship management and profits for the organization and relationship marketing on performance of private security companies.
CHAPTER FIVE:
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter consists of a summary of the findings of the research, conclusions relating to the research objectives, suggestions or recommendations on the Effects of Relationship Marketing on Performance of Private Security Companies, A Case of Bob Morgan Security in Nairobi. Areas that need further research have also been discussed.

5.2 Discussions
The purpose of this research was to establish the Effects of Relationship Marketing on Performance of Private Security Companies using the case of Bob Morgan Security in Nairobi. The study found that many people who are employed in security companies in Kenya were males which accounted for 62.8% of the population compared to females, which is a reflection of African traditions that gave men the responsibility of security provision to the society. In line with the research objectives, this study established that customer satisfaction and retention can be enhanced by setting up good communication systems, for instance, use of IT in capturing and analysis of customer complaints as well as provision of customer feedback. The findings of the research indicate that after the implementation of RM as suggested by (Liljander and Strandvil, 1995) BM projected a higher rate of customer retention. The study also agrees to (Rauyruen, 2005) that strong relationships are developed through rewarding and recognizing loyal customers as this in turn leads to repeat purchases and more business referrals. The study showed that most respondents felt that there is a strong relationship between RM programs and increase in the number of loyal customers as indicated by the F-distribution’s standard deviations of less than 1. This study also confirmed through a significant variation of 0.05 level after an ANOVA on service quality that RM programs lead to quality service provision that meets and exceeds customers’ expectations and hence success in today’s business environment (Lai et al., 2007). A previous study by (Sudarshan D, 1995) showed RM programs provide competitive edge when a good service delivery has been set up. This study shows that RM activities positively impacted on the Market Share of BM in terms of increment in the number of new customers. Most respondents showed that the organization was better known than its competitors after the implementation of the RM programs, thus justification of the new entrants. Image as suggested by (Andreassen et al., 1998) was perceived as an important factor in shaping the
customers' perception about BM. This study also shows a strong relationship between RM programs and the company profits. A previous study by (Berry, 1995) relates the increased profits to cost reduction effects attributed to loyalty and increased revenues per customer through repeat purchases.

5.3 Conclusion
This study emphasizes that management's commitment to RM programs must be inclusive of all company employees and entails training, provision of required resources and employee motivation. This study shows that provision of quality service leads to customer satisfaction and retention as a result of RM programs. This contributes significantly to customer loyalty and improved corporate image. Therefore the study reveals that there is a strong relationship between RM activities and impact on BM's revenues, market share and profitability, hence performance.

5.4 Recommendations
From the findings, there are some areas or services within BM security where most of the respondents lacked knowledge hence not sure on what they were responding on. These included issues like employees being satisfied in their current work stations and the work they did, answering customers' complaints, analysis of customer complaints and comments, BM Customers' General Satisfaction where, use of IT for communication to customers for instance, only 55.8% of the respondents were agreed that the company uses IT to communicate to customers. The management of BM should look into some of these issues and address them to improve on their service delivery.

5.5 Further Areas for Research
This study has suggested further research areas whose research gaps were realized during the research period. Firstly, a research on the effects of relationship marketing on performance of other companies in the same service line with the case firm may be carried out so as to compare the findings and check for correlations and deviations. Secondly a research investigating the role of relationship marketing on performance in organizations may be carried out so as to point out key concentration when running an RM program. Lastly, a study may be carried out to establish how relationship marketing affects customer satisfaction and retention.
References


Andreassen, W., Lindestad, B., (1998), The impact of corporate image on quality, customer satisfaction and loyalty for customers with varying degrees of service expertise, International Journal of Service Industry Management, 9, 1, pp. 7-23,


Vol. 12, pp. 417-36.


Kania, Deborah and Cliff Allen (1999). One to One Web Marketing. Marketing Competence, September 1999


Appendix A

COVER LETTER

Robinson Mwenda Nkanda
P.O. Box 14120-00100
Nairobi.

Dear Respondent,

RE: QUESTIONNAIRE

I am a post graduate student in the school of business at Kenyatta University. As a requirement for the award of a Masters degree in Business Administration, I am required to undertake a research study whose title is; An investigation on the effects of relationship marketing on performance of private security companies, a case of Bob Morgan Security in Nairobi.

This letter is aimed at requesting you to truthfully fill the attached questionnaire. The data you provide will enable the researcher to examine the effects of relationship marketing on performance of BM security. I would also like to assure you that any information given will be treated with utmost confidentiality and will be used for academic purpose only. A copy of the final report will be made available to you on request.

Your assistance and corporation is highly appreciated. Thank you.

Yours faithfully,

Robinson Mwenda Nkanda
Kenyatta University: School of Business
APPENDIX B
QUESTIONNAIRE FOR MANAGEMENT STAFF

Introduction
This questionnaire is aimed at investigating the effects of relationship marketing (RM) on performance of private security companies with BM security in Nairobi as a case of the study. You are kindly requested to provide answers to these questions as honestly and precisely as possible. Responses to these questions will be treated as confidential. Please tick [✓] where appropriate or fill in the required information on the spaces provided.

Section A: Background Data

1. What is your gender?
   [ ] Male       [ ] Female

2. What is your age bracket?
   [ ] Up to 30 years       [ ] between 31 – 40 years
   [ ] Between 41 – 50 years [ ] above 50 years

3. What is your highest educational qualification?
   [ ] Diploma               [ ] Undergraduate Degree
   [ ] Masters Degree        [ ] PhD
   Other (Specify)..................

4. For how long have you worked in BM?
   [ ] Less than 5 years     [ ] Between 5 – 10 years
   [ ] Between 11 – 15 years [ ] Above 15 years

5. What is your department in the BM?
   [ ] Executive management
   [ ] Guarding Services
   [ ] Cash-In-Transit services
   [ ] Courier services
   [ ] Electronic security
Section B: Management Commitment to RM

6. The table below presents a series of statements describing management commitment to implementation of RM in the organization. You are to indicate the extent to which you agree or disagree with each of the statements given as it applies to BM, using the scale below:

5- Strongly Agree (SA), 4 – Agree (A), 3- Neutral (N), 2 – Disagree (D), 1– Strongly Disagree (SD).

<table>
<thead>
<tr>
<th>Management Commitment to RM</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM has been introduced to employees by top management</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Top management has publicized a RM policy in all levels of organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees are provided with information on RM activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is a friendly relationship between management and employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top management commit resources to RM programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management encourages high achievement by reducing fear of failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees understand what management wants to achieve by application of RM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees are satisfied in their current work stations and the work they do</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management has goodwill to building relationships with the company’s customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section C: Customer Satisfaction & Retention

7. The table below presents a series of statements on the emphasis on customer satisfaction and retention in the organization. You are to indicate the extent to which you agree or disagree with each of the statements given as it applies to BM, using the scale below:

5- Strongly Agree (SA), 4 – Agree (A), 3- Neutral (N), 2 – Disagree (D), 1– Strongly Disagree (SD).

<table>
<thead>
<tr>
<th>Customer satisfaction &amp; retention</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>We set up good communication systems with customers</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>We use IT to communicate with customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We collect customers’ feedback periodically</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We are concerned about answering customer complaints</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We have formulated procedures for reacting to complaints</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We undertake corrective actions to avoid situations that have resulted to customer complaints</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We continually analyze customer complaints and comments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BM customers are generally satisfied.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After implementation of RM there is higher rate of customer retention.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Section D: Customer loyalty and Corporate Image

8. The table below presents a series of statements on the emphasis on customer loyalty and corporate image in the organization. You are to indicate the extent to which each of the statements applies in BM, using the scale below:

5 - To a very great extent  4 – To a great extent  3 – To some extent  
2 – To a very little extent  1– To no extent at all

<table>
<thead>
<tr>
<th>Customer loyalty and Corporate Image</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>We show commitment to building relationship with customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We reward and recognize loyal customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After application of RM programs there is a tendency of repeat purchases by the loyal customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After application of RM programs there has been more business referrals by the existing customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After application of RM programs the number of loyal customers has increased.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company has a corporate social responsibility (CSR) program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees actively participate in CSR activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section E: Service Quality

9. The table below presents a series of statements on the emphasis on Service quality in the organization. You are to indicate the extent to which you agree or disagree with each of the statements given as it applies to BM, using the scale below:

5- Strongly Agree (SA), 4 - Agree (A), 3- Neutral (N), 2 – Disagree (D), 1– Strongly Disagree (SD).

<table>
<thead>
<tr>
<th>Service quality</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>We offer good and quality services</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We exceed customers’ expectations</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We meet customers’ needs</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We show commitment to involve customers in decision making</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We seek customers input in product or service design and improvement</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RM has improved service delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality services have attracted new customers to BM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section F: Market Share and Profitability

10. The table below presents a series of statements on association of RM and business performance. You are to indicate the extent to which each of the statements applies in BM, using the scale below:

5 - To a very great extent  4 – To a great extent  3 – To some extent
2 – To a very little extent  1 – To no extent at all

<table>
<thead>
<tr>
<th>Market Share and Profitability</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>After application of RM programs the number of new customers has increased.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After application of RM programs the organization is more known than the competitors.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The activities of RM have positively impacted on BM revenues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The activities of RM have impacted on profitability.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The activities of RM have yielded profits for the organization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# APPENDIX C

**SAMPLING FRAME**

<table>
<thead>
<tr>
<th>Target Respondents</th>
<th>Number of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>8</td>
</tr>
<tr>
<td>Marketing Department</td>
<td>15</td>
</tr>
<tr>
<td>Courier division management staff</td>
<td>28</td>
</tr>
<tr>
<td>CIT division management staff</td>
<td>21</td>
</tr>
<tr>
<td>Guarding Division management staff</td>
<td>42</td>
</tr>
<tr>
<td>Electronic Security division management staff</td>
<td>30</td>
</tr>
</tbody>
</table>

Source (BM HR Department, 2010)