

**Communication and Customer Satisfaction in Relationship Marketing: A
Study of Select Cement Customers in Pune City**

Nitin Paliwal¹,
Dr. Joe Lopez²,
Dr. Manisha Paliwal³,

Abstract:

Relationship marketing is a marketing approach that acknowledges the importance of both the buyer and the seller in the marketing process. The core concept is to build long-term relationships with customers. Relationship marketing views marketing as an exchange where both buyers and sellers help shape the direction and outcome of the product that will be offered to the market.

Cement is one of the core industries which plays a vital role in the growth and expansion of a nation. Cement is considered preferred building material and is used worldwide for all construction works such as housing and industrial construction. Indian cement industry is globally competitive because the industry has witnessed healthy trends such as cost control and continuous technology upgradation.

Customer satisfaction has become relevant in the entire cement industry as it leads to customer loyalty and support. In the current climate, to ensure long-term profitability, cement suppliers need to adopt strategies to ensure customer satisfaction. The major objective of the study was to test if communication influences customer satisfaction in the context of business-to-business relationship marketing in the cement industry. The methodology involved a survey and was quantitative in nature. Data were collected from 114 direct cement customers in Pune region using the face-to-face interview technique. The data collected in the empirical study were analysed using appropriate statistical tools. The empirical results of this study reveal that, there is a strong positive correlation between trustworthy and timely communication and customer satisfaction. Therefore, it is concluded that in order to maintain customer satisfaction, a cement supplier has to invest in ways of enhancing communication with customers.

¹ General Manager, Shree Cement Ltd., Pune

² Management Faculty, Pune

³ Professor, VAMNICOM, Pune

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1. Introduction:

All marketing is done with the customer in mind. Marketing can in fact be referred to as an on-going conversation occurring between business and customer. It is therefore necessary for businesses to gain in-depth knowledge of their relative customers so that the best marketing strategies can be employed in order to attract these potential buyers. Relationship marketing views marketing as an exchange where both buyers and sellers help shape the direction and outcome of the product that will be offered to the market. Instead of treating marketing as merely selling a product to passive potential buyers, relationship marketing argues that you need to encompass many more activities and parties in the marketing process, including consumers.

Cement is one of the core industries which plays a vital role in the growth and expansion of a nation. The Indian cement industry has evolved significantly in the last two decades, going through all the phases of typical cyclical growth process. After a period of over-supply and a phase of massive capacity additions, the industry is currently in a consolidation phase. With sound economic growth and infrastructure development, the demand for cement is on an upward trend. Further addition to capacity is coming up to cater to the increasing demand for cements. India is the second largest producer of cement, after China. The Indian cement industry has a large number of fragmented firms. There is however a dearth of new players as incumbents has already procured key raw material sources, like limestone reserves on long-term leases. India is the second largest producer of cement in the world; globally renowned cement companies operate in India through local group of companies.

With such a huge market, it places enormous pressure on sales representatives by their respective companies to tap their share of pie. Today sales engines at Cement companies are looking at adopting technology innovation to accelerate their sales and improve dealer network. Some of the tactical business challenges faced by cement companies are poor visibility into customer and business performance, collaboration between departments, no proper reporting and analytics, poor dealer network, no mobile and offline support to sales reps on the field etc. The dynamics of trade and no-trade barriers are bound to change over the time. Companies are aligning technical teams as a separate entity to generate business. They require a robust sales automation to track and monitor the entire sales cycle. Unlike the other micro verticals, dealer network and retailers play a crucial role in cement business.

Even though cement companies have established marketing departments and are currently involved in activities such as advertising, sales promotions, personal selling and sponsorships, in order for them to move a step further they need to generate strategies to enhance customer

satisfaction. In the cut throat competition where the customers are exposed to many cement suppliers with different quality and brands; customer satisfaction has become a very important issue in the cement industry. Therefore, it has become apparent that research has to be undertaken to determine what effects customer satisfaction in the cement industry.

2. Review of Literature:

Relationship Marketing (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 relational exchanges that have both a history and a future. Relationship marketing refers to a wide range of 'relationship type strategies' that have developed over the past few decades in product as well as service markets and in consumer as well as business to business sectors. (John Egan, 2001)

In industrial marketing, relationship marketing is referred to as marketing oriented towards strong, lasting relationships with individual accounts (Jackson, 1985).

Gupta & Sahu(2012) in the research paper has categorized RM categorized into five broad areas: Relationship Marketing – Understanding, Industry Applications, Market Development, Technological concern and Firm Performance.

Kanagal(2009) explained that Competitive Marketing Strategy (CMS) has Relationship Marketing (RM) as one of the key functionality in enhancing business performance. 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 relational exchanges that have both a history and a future. Relational exchanges can be viewed under transaction cost analysis and social exchange theories depending on the context. The role of RM in CMS includes: guide moments of truth, improve profitability, build partnering, address 'Customer Better', buy in of customer attention, protect emotional well being, understand consumer psyche, build trust with customer.

Aali(2012) in a Case Study based on Hormozghan Cement Company, Bandar Khamir, Iran evaluated the impact of relationship marketing's underpinnings on relationship quality (customers' trust and satisfaction) and then determine the impact on customers' loyalty in Hormozghan Cement Company. The results shows that Customer loyalty is basically formed by the constructs of product quality, price quality, brand image and value offers via mediating role of costumer trust and satisfaction. But this research needs to be further carry out in other geographies and market to generalize.

Nduati (2014) in the research based on competition and strategic orientation in Kenya cement industry in Kenya has seen intense competition as many firms enter the industry to get a stake of the market. The study examined the effect of competition on strategic orientation of cement manufacturing firms in Kenya. The results showed that competition in the industry has led to firms seeking three strategic orientations – customer, competitor, and technology orientations.

2.1 Communication

Anderson and Narus (1990:44) define communication as, “the formal as well as informal sharing of meaningful and timely information between firms”. This definition is supported by that of Gilaninia et al. (2011:795), who state that, “Communication refers to the ability to provide timely and trustworthy information”. This is the definition that will be adopted for this study. Gilaninia et al. further argue that communication is an interactive dialogue between the company and its customers. They assert that “communication in relationship marketing means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs.” They contend further that “it is the communicator’s task in the early stages to build awareness, develop consumer preference (by promoting value, performance and other features), convince interested buyers, and encourage them to make the purchase decision. Communications also tell dissatisfied customers what the organisation is doing to rectify the cause of the dissatisfaction” (2011:795). Thus one can conclude that communication which is effected timeously and with relevant information will lead to customers being satisfied and loyal to the service provider. Timely communication also assists in solving disputes and aligning perceptions and expectations. It can be deduced that communication leads to a strong relationship satisfying both parties and that it should be proactive rather than reactive. This leads to the first hypothesis as follows:

H1: Communication has a positive influence on customer satisfaction.

2.2 Satisfaction

Wilson (1995:338) argues that “because we are discussing business relationships, performance satisfaction is a critical variable. Partners, especially sellers, must deliver high-level satisfaction on the basic elements of the business transaction. Buyers need to satisfy their partner’s business needs or they risk becoming marginalized”. This line of argument is supported by Davis (2008:313) who states that “in order to be successful in a business relationship, it is necessary for organisations to analyze clients’ needs, and determine satisfaction”. Therefore, “customer satisfaction is widely accepted among researchers as a strong predictor for behavioural variables such as repurchase intentions, word-of-mouth, or

loyalty” (Ulaga&Eggert, 2004:316). Kotler (1994:20) stresses that “the key to customer retention and loyalty is customer satisfaction”; this leads to the second hypothesis:

H2: communication predicts customer satisfaction.

3. **Objective of the Study:** In review of the introductory remarks and the discussions about the research topic the following objective has been formulated for the study.

- To determine whether communication effects customer satisfaction within the cement industry.

4. **Research Method:**

The present study is descriptive in nature where Non-probability sampling in the form of judgmental sampling was used. Judgmental sampling was chosen because it is the most suitable sampling technique for business-to-business markets according to Wilson (2012:192). The respondents were the direct customers (whose annual consumption is 1000 Metric tons or above) of cement in Pune region. A total of 114 cement customers were targeted, making it a large enough sample to generalise the results to the entire population.

5. **Data Collection Method:** In this research study, as per the objective and aim of the research, mainly two methods were used by the researchers.

- **Primary Data:** Primary data was collected through structured, self-administered questionnaires from the select direct cement customers.
- **Secondary Data:** The researchers had reviewed existing literature on relationship marketing, customer satisfaction and cement marketing. The review of literature was handled by referring to relevant published sources in academic libraries, seeking information on internet and by corresponding with people.

6. **Findings and Discussion** In order to achieve the aforementioned objective and to answer this study’s research questions 114 questionnaires were distributed using the Interviewing Method. A total of 114 completed questionnaires were returned, representing a 100% response rate.

6.1 Reliability Statistics

6.1.1 Scale: Communication with a cement supplier

Table 1 Reliability Statistics

| Cronbach's Alpha Items | Cronbach's Alpha Based on Standardized | N of Items |
|------------------------|--|------------|
| 0881 | .882 | 3 |

6.1.2 Scale: Satisfaction with a cement supplier

Table 2 Reliability Statistics

| Cronbach's Alpha Items | Cronbach's Alpha Based on Standardized | N of Items |
|------------------------|--|------------|
| .909 | 0.911 | 4 |

6.1.3 Conclusion of this section on Reliabilities of Scales: All the Cronbach’s Alpha of the scales considered in this study indicates a good reliability (> .7). Since all the scales in this study have a good reliability, it is confirmed that the measurement set that was used was reliable.

6.2 Descriptive Statistics: There were three items undertaken within the construct of communication such as shown in the table no 4. The majority of the respondents have selected trust worthy communication as the significant factor followed by Timely Information, Proactive advance intimation if any changes.

Table 3 Descriptive Statistics

| Communication | Against (Very Poor + Poor) Frequency | % | Rank | In Favor of (Good + Excellent) Frequency | % | Rank |
|---|--------------------------------------|-----|-------------|--|------|------|
| Timely Information | 2 | 1.8 | Low Percent | 86 | 75.4 | 2 |
| Proactive advance intimation if any changes | 4 | 3.5 | | 56 | 49.1 | 3 |
| Trust worthy communication | 0 | 0.0 | | 98 | 86.0 | 1 |

6.3 Correlation between Communication and Customer Satisfaction

The effect of communication on Customer Satisfaction is measured by correlation coefficient. The significance of correlation coefficient is tested by t test for correlation coefficient.

Table 4 Correlation between Communication and Customer Satisfaction

| |
|---------------------|
| Correlations |
|---------------------|

| | | Communication | Customer Satisfaction |
|--|---------------------|---------------|-----------------------|
| Communication | Pearson Correlation | 1 | .866** |
| | P value (2-tailed) | | .000 |
| | N | 114 | 114 |
| Customer Satisfaction | Pearson Correlation | .866** | 1 |
| | P value (2-tailed) | .000 | |
| | N | 114 | 114 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | |

Since p value is less than 0.05, the level of significance; the correlation coefficient between Communication & Customer Satisfaction is significant. The positive correlation coefficient suggests that one increases with the other.

7. Concluding Remarks: The outcome of this study specifies that communication play a vital role in the building of customer satisfaction in the cement industry. There is a strong positive correlation between trustworthy and timely information and customer satisfaction. As we know that customer satisfaction leads to customer loyalty which ultimately builds a competitive advantage for the cement manufacturer and suppliers. Loyal customers make a manufacturer more profitable. They improve an organisation’s good standing and reputation by way of word of mouth. Hence, to be competitive in the market and retain customers and become more profitable, it is expected that in the B to B marketing of cement the suppliers’ need to strategize their communication with the key customers. A significant contribution this study makes to literature in the field by proving that communication as predictor of customer satisfaction in a business-to-business context in the cement industry.

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