

AFTER SALES SERVICE AND CUSTOMER PATRONAGE OF FAST-MOVING CONSUMER GOODS (FMCG) IN RIVERS STATE

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ABSTRACT

This study was aimed at enlightening business owners of the advantages of after-sales services on customer patronage of fast-moving consumer goods in River State, Nigeria. Two after sales service dimensions were employed; product delivery and complaint handling. The survey research design was employed for the study. The population of interest for this study comprised of 12 fast moving consumer goods firms in Rivers State as identified in Nigerian Business Directory -Business-Link.com.ng. A total of 96 copies of questionnaire were administered to management staff of the selected FMCG firms. Data obtained were analysed using the Pearson Moment Correlation analytical tool on SPSS version 21.0. Findings indicated that there is a significant relationship between the after sales services dimensions (product delivery and complaint handling) and customer patronage of FMCG firms. The implication of the finding is that after sales services serve as determinants of customer patronage. Hence, management of FMCG firms should make aftersales variables a prerequisite in their routine business activities.

INTRODUCTION

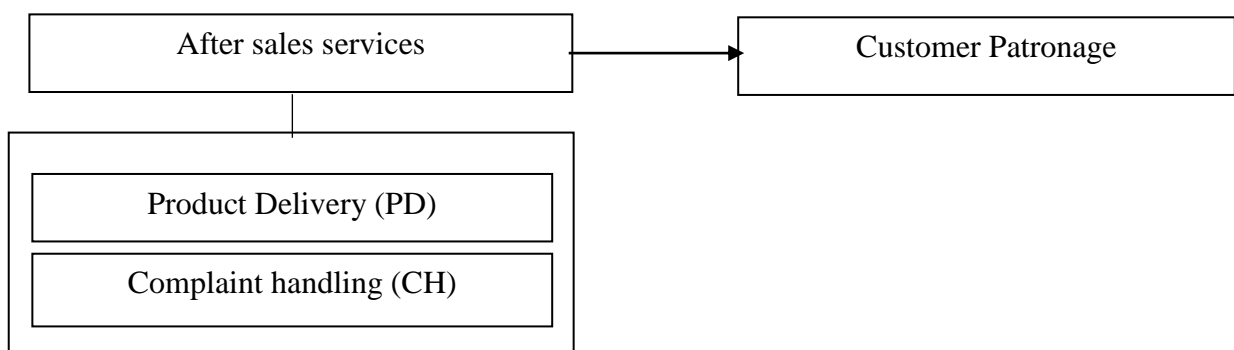
Business organisations strive to keep existing customers and encourage new ones. One of such vital operational policy business organisations use to retain and encourage both existing and new customers is the 'After Sales Services' (ASS). The level of after sales activities employed by a business organization to a large extent determines the level of profit margin to be made and the number of customer patronage. Koskela (2002) is of the opinion that the importance of after sales service can be significant to customer satisfaction, particularly in business-to-business environment leading to repeat customer patronage. In other words, after sales services is an integral part of customer service and a key determinant of customer satisfaction and also serves as a competitive tool in any industry (Domingo, 2003). After-sales services describes services that are provided to the customer after the products have been delivered (Vitasek, 2005). It is also being defined as "customer support" elements where all activities ensure that a product is available to consumers over its useful lifespan. After sales refer to the period of time during which the seller or manufacturer guarantees to the buyer assistance, maintenance or repairs of what has been purchased (Díaz & Márquez,

2014). After-sales services play a key role in supporting marketing activities to enhance customer loyalty and thus increase profitability in the long run (Saccani, 2006).

Due to increased awareness of the strategic value of after sales services, firms are beginning to shift focus to aftermarkets, where they can strive for competitive advantages with their after sales service offer (Jonke, 2012). According to Gupta and Rati (2015), in order to improve the performance of business, organisations must acknowledge the significance of quality as a strategic tool towards achieving operational efficiency and effectiveness. Customer’s service is the procedure applied after the organisation might have completed its dealings with customers to assure its customer. A dynamic degree of aftersales has the capacity that will lead to customers’ retention; it is mostly important especially to fast moving consumer goods sector where various individual company services differ.

Fast moving consumer goods (FMCG) refers a class of goods that are relatively low priced and sold quickly. These goods are typically consumed on a daily basis and include items such as beverages, packaged foods, household items, personal care products and more. It is wisdom for FMCGs firms to give in their best when it comes to after sales service to enable them compete favourably in the competitive environment. The fast moving consumer goods sector is unarguably one of the biggest industries in the world and comprises diverse products, including foods, drinks, personal care products down to electronics, household goods and many more (IBAN, 2016). The products in this category are usually low cost, but with high turnover in terms of units sold. The FMCGs firms are facing diverse economic challenges that imposes on them the necessity to be competitive in order to remain in business. Such challenges include; depreciating value of the naira, delayed salaries paid to workers by many government and public employers (Lekhanya, Olajumoke, & Nirmala, 2017; Muthoni, 2017). In view of these and several other challenges, our interest is to find out if competitive strategies like after sales services can improve customer patronage of FMCGs firms in Rivers State. The purpose of this study is to investigate the correlation between after sales service and customer patronage of fast-moving consumer goods in Rivers state

Conceptual Framework



Conceptual Framework showing the Relationship between after sales services and customer patronage of FMCGs firms in Rivers State.

Research Hypotheses

H₀₁: There is no significant relationship between product delivery and customer patronage of FMCGs firms in Rivers State.

H₀₂: There is no significant relationship between complaint handling and customer patronage of FMCGs firms in Rivers State.

LITERATURE REVIEW

Theoretical Background: The expectancy disconfirmation theory

This theory suggests that consumers form satisfaction judgments by evaluating actual product/service. The heart of the satisfaction process is the comparison of what was expected with the product or service's performance this process has traditionally been described as the 'confirmation/disconfirmation' process (Vavra, 1997). First, customers would form expectations prior to purchasing a product or service. Second, consumption of or experience with the product or service produces a level of perceived quality that is influenced by expectations. If perceived performance is only slightly less than expected performance, assimilation will occur, perceived performance will be adjusted upward to equal expectations. If perceived performance lags expectations substantially, contrast will occur, and the shortfall in the perceived performance will be exaggerated.

The Concept of After Sales Services

Saccani, Johansson and Perona, (2007) defined after-sales service as the set of activities taking place after the purchase of the product, devoted to supporting customers in the usage and disposal of goods. Rigopoulou, Chaniotakis, Lymperopoulos, & Siomkos (2008) described after-sales services as services that are provided to the customer after the products have been delivered. Cavalieri, Gaiardelli and Ierace, (2007) viewed after-sales service as those activities occurring after the purchase of the product and devoted to supporting the customer in the usage and disposal of the goods. Urbaniak, (2001) defined it as those activities that enhance or facilitate the role and use of the product. Shaharudin, Omar, Hassan, & Anuar (2011) defines after-sales service as a service that is given to the customer after products have been delivered. Ladokun, Adeyemo, and Ogunleye (2013) defined after sales service as those activities in which a firm engages after purchase of its product that minimize potential problems related to product use and maximize the value of the consumption experience. Fazlzadeh et al (2011) argued that after-sales services appear to be exceptionally significant to the overall "product-mixture" provided by manufacturers and retail companies, since they affect both the customers' satisfaction and their behavioural intentions. After sales service starts when a product has been purchased (Rigopoulou et al. 2008).

Dimensions of after sales services

Goffin and New (2001) explains seven elements of after sale support which must be provided to customers as; Installation, User training, Documentation, Maintenance and repair, Online support, Warranties, Upgrades. While Potluri and Hawariat (2010) opined that the major tasks related to after-sales services are: Provision of information, Service delivery, Maintenance and repair service, billing service and Customer complaints handling. Amue (2012) suggested two main classes of business services as; maintenance/repair services and advisory services. In this study, we use product delivery and complaint handling as dimensions of After-sales service.

Product delivery

Product delivery is a very essential component in any business-related concern that have effect on the customers. It is actually the first activity of aftersales service dimensions. It is a process where customers receive their products after payment has been made, that is making the product available to customers (Rigopoulou, et al., 2008). According to Choudhary,

Akhter, Choudhary, Siddique and Mughal (2011), delivery of product guarantees the right time together with quantity and it is dependent on factors, such as speed, quality services and reliability. Like that of FMCGs firms which have products aimed at gaining customers' confidence, they have to make timely delivery to the customers. The most imperative factors for buyers include reliability, assurance, tangible, empathy and responsiveness (Parasuraman et al., 1994). Product delivery is seen as a key driver for perceived value. Sari (2020) is of the opinion that product delivery is closely related with customer satisfaction. Thus, a good delivery system is required to guarantee that the products can reach the customers at the right time and place without an extra carrying cost to previously agreed price of the products.

Complaint handling

Complaint handling is how organisations handle customer issues. Johnston (2021) defines it as receiving, investigating, resolving and preventing customer complaints and recovering customers. Customer complaints are documented reports of product or service issues or expressions of displeasure by customers or potential customers with company or agent delivery or products. Complaint handling resolves consumer issues (Dee, 2014). A satisfied consumer will tell five of their closest friends about an issue fixed, compared to three if the service was initially good (Eccles & Durand, 2017). If the first service was bad and not remedied, the unsatisfied client will notify 10–20 individuals (Edvardsson, Tronvoll & Höykinpuro, 2021; lyadi & Christopher, 2022).

When service falls short, customers grumble and become dissatisfied, suppliers' ability to prevent complaints, resolve them, and share solutions is crucial to complaint handling (Sohail, 2012). Mistakes are unavoidable in human interactions and service delivery (Boshoff, 2017), but firms consider all consumer complaints to be indicators of poor performance (Hassan, 2015; lyadi & Egwuenu, 2017). Feedback from complaints helps firms identify issues (Adejoke & Adekemi, 2020). Ang & Buttle (2016) found that dissatisfied customers who complain are more likely to buy again. Thus, corporations not only prevent service failures that may lead to complaint behaviour, but also handle consumer complaints afterward. Ateke, Ogonu & Ishmael (2013) describe complaints management as a planned and regulated process of receiving, documenting, processing, responding to and reporting complaints to enhance services and decision-making. It involves receiving, investigating, resolving and preventing customer complaints and recovering customers (Sohail, 2012).

The Concept of Customer Patronage

The patronage by consumers on the services delivered by a given FMCG, no doubt is dependent on the level of the satisfaction they so derived from it. Customer patronage is the process whereby a person or group buys something for personal or immediate consumption (Adiele, Grend, & Chinedu 2015). Customer patronage refers to the support or approval provided by customers with respect to a particular brand. It also means the act of being a regular customer to a shop. After sales service is the help/assistance provided for the customer. A good sales person appreciates the importance of keeping customers satisfied and show genuine interest in ensuring that continued satisfaction is maintained.

It is important for sales persons and their firms to keep in touch with both old and new customers, showing concern to their interest. Several studies have tried evaluating after sales service and its impact on customer patronage: (Vitasek, 2005; Cohen et al., 2006; Viardot, 2014, Jonke, 2012; Fazlzadeh, Bagherzadeh & Mohamadi, 2011) and found out that excellent service may enhance the success rate of new products and that large number of extra after-sales service plans to consumers will lead to customer satisfaction and retention as well as higher profitability and consequently on the repurchase rate of a product. Customer patronage

can be measured by myriads of factors such as; patronage intention, shopping enjoyment, satisfaction, number of items bought, time spent, repeat purchase, money spent, share of wallet, patronage action and repeat purchase or re-patronage (Nwulu & Asiegbu, 2015; Paswan et al., 2010 as cited in Akekue & Kalu, 2016).

Product Delivery and Customer patronage

Product delivery is essential for every enterprising organization. According to Shaharudin, Omar, Hassan, & Anuar (2011) delivery is a key to the after-sales service that has an influence on the customer. It is often the first among the services offered after the sale. It is the process where a company take upon itself to render a unique service of making a customer products available in their door step. Choudhary, et. al., (2011) observe that delivery of the product, ensuring the right time, and quantity depends on factors such as speed and reliability. This simply means that organizations should gear more effort towards timely after sales delivery in order to meet up with set objectives. In other words, without strategic organizational delivery plan, such an organization is likened to a person who starts a journey without completing it (Choudhary, et. al., 2011). Rigopoulou and Chaniotakis (2016) opines that delivery service quality, is the quality of all those activities that are related with the safe, reliable, timely correct transportation of the goods from the store to customer's premises.

H₀₁: There is no significant relationship between delivery service and customer patronage of FMCGs firms in Rivers State.

Complain Handling and Customer patronage

Firm compensation effectiveness depends on fairness, need, value and rewards of service recovery results (Chebat & Slusarczyk, 2015). Studies suggest that fair firm compensation improves recovery evaluation, while being responsive and accountable to errors reduces customers' pain and shows the firm's efficiency in service delivery despite initial setback (Seawright et al., 2018). Service provider reactions to complaints are crucial to post-complaint satisfaction. Prompt answers help facilitate the organization's rules and processes for supporting complainants. Toll-free lines, feedback cards, service assurances and easy complaints facilitation boosts customer repurchase intentions (Onuorah, Iyadi, Kifordu & Ofili, 2022). Customer satisfaction increases when companies respond quickly to complaints (Muhammad & Huma, 2017). Company's relationships with customers are more essential than profits, it is needful for customer patronage and crucial connections (Aroghene & Imene, 2023). Customer patronage increases with exceptional service.

H₀₂: There is no significant relationship between complaint handling and customer patronage of FMCGs firms in Rivers State.

One vital operational policy organisation uses in retaining and encouraging existing and new customers is the after sales services. This study examined the relationship between after sales services and customer patronage of FMCGs firms in Rivers State. The study results show that after sales services serve as a determinant of customer patronage. On this note, it is of utmost importance that FMCGs firms in Rivers State employ quality aftersales service variables in terms of product delivery and complaint handling to attract new and maintain existing customers since aftersales services creates sustainable relationships with customers, which then leads to post purchase behaviour.

METHODOLOGY

The study employed a cross-sectional survey research design. The population of interest for this study comprised of 12 fast moving consumer goods firms in Rivers State as identified in Nigeria Business Directory - BusinessList.com.ng. These selected firms have similar characteristics with other FMCG firms in Port Harcourt that are not captured in the directory, therefore they can be used to represent the industry. However, our respondents consist of management staff of the selected 12 fast moving consumer goods firms in Rivers State. 8 copies of questionnaire were administered to each of the firms bringing our total respondents to 96, this number formed our base for analysis. Spearman Rank Order Correlation was used to test if the independent variable and its dimensions are associated with the dependent variable.

RESULTS

Table 1: Correlation Analysis on product delivery and customer patronage

		Product delivery	Customer patronage
Spearman's rho	Product delivery	1.000	.864**
			.000
Customer patronage		.864**	1.000
		.000	.

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output (based on Field Survey Data)

Table 1 above indicates that the correlation coefficient (r) is 0.864. This shows that a very strong relationship exists between product delivery and customer patronage. Again, the sign of (r) value is positive, indicating a direct link between the variables. Since the probability value (p-value) = 0.000 < 0.01, we conclude that a significant positive relationship exists between product delivery and customer patronage.

Table 2: Correlation Analysis on complaint handling and customer patronage

		Complaint handling	Customer patronage
Spearman's rho	Complaint handling	1.000	.831**
			.000
Customer patronage		.831**	1.000
		.000	.

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output (based on Field Survey Data)

Table 2 above explains the outcome of the correlation analysis, which the spearman's rank correlation coefficient is estimated as 0.831**. This proves that a significant positive relationship exists between complaint handling and customer patronage. Since the p-value (0.000) < 0.01, we reject the null hypothesis while accepting its alternative and conclude that a significant relationship exists between the two variables.

DISCUSSION OF FINDINGS

Product delivery was found to have a significant positive relationship with Customer Patronage. In HO_1 , $r = 0.864$, $p\text{-value} < 0.01$ indicating that product delivery attracted significant positive correlation coefficient and also strong positive relationship with Customer patronage. This finding agrees with the submission of Shaharudin, Omar, Hassan, & Anuar (2011) who says that, delivery is a key to the after-sales service that has an influence on the customer and that of Choudhary, Akhter, Asif, Choudhary, Siddique, & Mughal (2011) who observed that delivery of the product, ensuring the right time, and quantity depends on factors, such as, speed and reliability.

Complaint handling was found to have a significant relationship with Customer Patronage. This claim resulted from the findings of the statistical test of hypotheses HO_2 . Complaint handling attracted significant positive correlation coefficient (0.831, $p\text{-value} < 0.01$) implying strong positive relationship between Complaint handling and Customer patronage. Our finding is in agreement with popular views in literature; Customer satisfaction increases when companies respond quickly to complaints (Muhammad & Huma, 2017) and Aroghene & Imene, 2023) are of the opinion that company's relationships with customers are more essential than profits.

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