

The Effect of Customer Relationship Management on Customers Satisfaction

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DOI: <https://doi.org/10.47772/IJRISS.2026.100400256>

Received: 27 March 2026; Accepted: 01 April 2026; Published: 05 May 2026

ABSTRACT

The study examined the effect of customer relationship management on customer satisfaction. It also explored the ways in which customer satisfaction can be achieved with the use of customer relationship management. The study adopted the use of primary data, questionnaires were also issued. The study also found that customer relationship management contributes greatly to the organization's profitability and effective customer relationship management is reliable to increase customer satisfaction. The study recommends the effective customer relationship management is a reliable tool to increasing customer satisfaction. Therefore, organization should ensure customer satisfaction at all time. It also recommends that organizations should identify the most profitable customers by ranking them according to their value and then differentiating them based on what they need from the organization.

Keywords: Effect, customer, relationship, management satisfaction.

INTRODUCTION

Customers are important and are said to be the driving force to the success of a business and a good business is one which considers customers interest (Mithas et al., 2005).

In the light of the aforementioned, customer satisfactions is therefore key and a subject to be addressed. Although, customer satisfaction can be weighed on individual customer interests but the sampling of varying interests from customers would give an estimate of the average customer value and satisfaction.

Concepts which later develop into full-fledged working system such as the customer relationship Management (CRM) system comprising of people such as business markets, relationship officers, liaison officer and managers, processes and technology that work together for a comm. Goal have been dedicated to cater for

customer needs in a bid to improve satisfaction (Chen, 1997), well, it is evident that customer's response to such systems are debatable.

According to Zaiurrafigi et al. (2012), there are varying direct and indirect effects of customer relationship management (CRM) to customer satisfaction. An analysis of the perception, value and the resultant effect to the customer forms the native for this study. If the customer value assessment can be studied, more findings to customer satisfaction would be revealed and value can be determined through proper study of business markets which can be represent with strategies that relate to customer Relationship Management (CRM).

Incentives also are known to be one of the best ways for positive reinforcement and behavioral psychology re-engineering. Robinson & Berrideje (2001); customer behavior sometime stems from present emotions such as anger, happiness etc. But incentive on the other hand, create a bridge that separates possible resultant action from current emotional state. Beyond customer satisfaction, incentive through various innovative services may be used to win back and angry customer.

According to Griffin & Lowenstein, (2001). In other words, to study the effects of customer Relationship Management (CRM) on customer satisfaction, we should also consider measures that can reverse customer's dissatisfaction and its effect for proper understanding. Part of the mechanism to implement the use of incentive is the accommodation of customer involvement and customer participation. With the integration of incentive-oriented marketing strategies through customer participation. There is an opportunity available for customers to appreciate product value and add their input to the business activities.

There is a close bond between these customer relations ship management (CRM) concepts: customer involvement and participation; customer support service; incentive. This forms the basis of this study and the motivation behind the scaling down of the dependent variable namely customer involvement, support services and incentive and their effect to customer satisfaction.

The effect of customer Relationship management (CRM) on customer satisfaction has been on for a long period of time. There have been diverse operational variables to measure customer Relationship Management (CRM) problems have evolved from just customer attitudinal study or mentality to the perception of services offered by businesses in relation to customer Relationship Management (CRM). The major concern is how effective incentives, support services and customer involvement are to customer satisfaction as this sort of study leads the forefront if contemporary customer Relationship Management (CRM) questions.

Presence of an extensive customer relationship might also be argued to be operationally cost ineffective and might not worth a lot of investment but it may be profit inclined.

Materials and Methods

According to (George et.al., 2012), view the concept of customer Relationship Management (CRM) as a process of ascertaining customer needs; comprehending and inducting customer behavior, making use of quality communications strategies so as to obtain and maintain customer' satisfaction. Apart from the fact that customer Relationship Management entails handling customers and observing their behavior, it also seeks to adjust customers behavior, thereby leading to increase in the company's revenue, because if the company will decide the customers to choose and those leaving. The primary objective of customer Relationship management is to identify and render customized services to every customer.

Customer relationship management empowers organizations to deliver exceptional actual customer service. Several researches hold different definitions of customer relationship Management.

According to Kotler and Aimstrong, (2004) define CRM as the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

Wali et.al. (2008), stated customer relationship management can be appreciated from three perspectives information technology perspective, the customer life circle perspective and business strategy perspective. They

also defined customer relationship management as the process of customer acquisition, customer retention, customer extension and the delivering of a sustainable competitive advantage.

Peppard, (2000) posits that customer relationship management is aimed at creating and emotional connection with the customer; understanding customer needs; differentiate between customer via market segmentation and performance analysis of customer loyalty. According to Ozuru and Kalu (2009) define customer relationship management as the function of building trust, bond or connection between an organization and a customer with the aim of influencing a repeat purchase Ogbadu and Usman, (2012) posited that customer relationship management deals with customer data management and the management of customer data management and the management of customer touch in order to maintaining profitable customer relationship and delivering superior customer value and satisfaction. Customer Relationship Management (CRM) can also be seen as a business strategic which identifies profitable customers and prospective customers and devoting time and attention to expand such relationship with those customers.

Customer Involvement and Participation (CIP)

Customer involvement can be seen as the process, deals and interactions where a service provide collaborates with current or potential customers to learn about the markets and alter organizational behavior participation has been defined as the degree to which the customers is involved in producing and delivering of a service.

In terms of marketing construct participation refers to the types and level of behavior in which buyers actually engage participation factors include tangibility empathy, attendance at meetings, and meaningful interaction. For many services, the customer is required to participate to an extent in order for the service to occur and be consumed. Participation is vital in some services for good quality and a satisfactory outcome. Participation could be in the form of acquisition of service-related information or the exertion of effect. For example, when a person goes to physician, the patients are required to participate in the form of giving inform on their ailments or symptoms in order for the physician to make a diagnosis of the illness. One of the major reasons for the high percentage of incomplete transactions on the internet may be the frustration of customers with the inefficient website. In addition, we expect customer efficiently has a long-term influence on a firm's profitability through enhancing customer loyalty.

On one hand, efficient delivery of consistently high-quality service depends on efficient performance of customers at the website. After experiencing high-quality service, customers will enhance his or her relationship with the organization and possibly with other customer. As a result, customers show increasing loyalty to the organization by repeatedly returning to the organization. It is possible for his or her efficiency to improve as a result if climbing a classical learning curve, therefore, we expect there exists a positive relationship between customer participation and customer efficiency.

According to Czepiel et.al. (1985) argued that due to inseparability, customers would inevitably be involved in the production process. More the participation, the easier it is for customers to evaluate services because customers would associate a dissatisfactory out come with the services to themselves instead of the service firm.

Customer Support Service (CSS)

According to Loomba (1998), customer support service (CSS) can be simply defined as set of activities that ensures product availability for trouble free use to consumers over its useful life span. Customer support is also referred as product support, after sales service, technical support of simple service.

Goffine and New (2001) explained that customer support service can be general viewed as product support as added value, after sales service or simply service, for every service provider customer support is must to achieve customers satisfaction which also spotlighted by many researchers. Companies are increasingly looking to customer support service as potential source of competitive advantage to win market share.

In this technological revolutionary era, it is hard to use each and every appliance without support of technical person and to reduce this gap of knowledge regarding products almost every company are emphasizing more on

customer support. This plays most important role for highly technology-based company. Good customer support is an essential for succeeding customer satisfaction. It can increase success rate of service and can directly contribute to competitive advantage.

Incentives (IN)

Incentives have been defined and used in different areas. From organizational standpoints, incentive is defined as a technique, which is usually used by employers to carry out their end of the employment contract, a form of compensation to the employees for their effort.

According to Hartman et.al. (1994), incentives are tangible or intangible rewards used to motivate a person or group of people to behave in a certain way. Incentive is an explicit or implicit financial or non-financial reward for performing a particular act.

Generally, regards incentive as variable payments, which are made to employees or a group of employees on the basis of the amount of output or based on the achieved result. Optionally, it can be the payment made with the aim of pushing employee daily work performance in an attempt to reach a common goal. Incentive could also be defined as compensation other than basic salaries or wages that usually fluctuates based on employee exceptional performance and their attainment of some standard set by the organization.

Concept of Customer Satisfaction

Customer satisfaction is the core of every business philosophy and objective which focuses on the creation of worth for customers, forestalling and managing customers' expectations, and signifying capacity and responsibility that will satisfy customer's needs.

According to Hansemark and Albinson (2004) defined satisfaction as an overall customer attitude towards a service provider, or the difference between customer expectation and customer perception concerning the satisfaction of some wants, needs, desire or goals.

According to Kotler (2000) define satisfaction as an individual's feelings of pleasure or displeasures resulting from matching a product perceived performance (the level of satisfaction may perhaps differ according to customer's experiences and their immediate circumstances result). Customers expect and/or required by listening to their customers. Several studies have posited that there are various elements that bear on the customer satisfaction and these include: friendliness, courteousness, knowledgeable and helpful customers; competitive pricing; service quality; good value and quick service.

Changhong (2008), listening and capturing the voice of the customer is one of the important aspects that helps to determine and improve customer satisfaction. Organization are able to know what they are when expectations are joined with the customer's prior emotional state as regard the consumption experience. Customer satisfaction, eases, the defection and its positivity connected with retention, purchase intention and loyalty.

Customer repurchases Behaviour (CRB)

According to Payrot & Van Doren (1994), the majority of customer's purchases are potential repeat purchases. Customers buy similar products repeatedly from similar sellers, and most purchases represent a series of events rather than a single isolated event. Repurchase is the actual action; repurchase intent in defined as the customer's decision to engage in future activities with the retailer or supplier.

Expectation from Product (EP)

Customer satisfaction reflects the expectation and experiences that the customer has with a product or service. Customer expectation reflects both past and presents product evaluation and user experience. This information influences our expectations and gives us the ability to evaluate quality value and the ability of the product or service to meet our needs and expectation. Customer hold both explicit and implicit performance expectation for attributes, features, and benefits of the product and services. The nature of these expectations was dedicated to

form and even the wording of customer satisfaction. Customer expectation refers to the perceived value or benefits that the customer seeks when purchasing a good or availing a service. They are the result of the learning process and can be formed very quickly because even first impression matters a lot.

Loyalty (LT)

Loyalty is a multidimensional construct, which is defined and viewed differently by researchers. Customer loyalty is comprised of three distinct constructs: behavioral loyalty, attitudinal loyalty, and composite loyalty. These constructs affect consumer's expectations satisfaction. Loyalty is apposite (or negative) attitude of the customers toward the business organization and its products and services. This considered important because the loyal customer will contribute to organization in long-range. Therefore, customer loyalty is basically related to provider's ability to retain customers and persuade them to recommend its products and services to potential customers. Often, there are three levels of loyalty according to the model of customer loyalty; firstly, strong loyalty where the customer is willing to buy all the times, secondly, moderate loyalty where the customer has a loyalty to more than two trademarks, and lastly, weak loyalty where the customer's preference is varied from brand to another.

Relationship Management Theory

The term relationship management refers to the process of managing the relationships between an organization and its internal and external publics. Relationship management said to be defined as an organization public relationship as the state which exists between an organization and its key publics in which the actions of their can impact the economic, social cultural or political well – being of the other. Moreover, the concept recognizes relationships as the core focus of public relation. A strategy engaged by an institute in which an endless level of arrangement is retained between the institute and its forgotten market.

Relationship management is between a business and other businesses (business relationship management) and between a business and its customers (Customer relationship management). Relationship management purposes to create a trust between the institute and its target market instead of transactional relationship. Customer who sense that an organization responds to their want and needs will continue to use the products and patronize the services that the organization offers. Furthermore, sustaining a level of communication with customers enables the organization to ascertain potential causes if pricing problems before they happen.

Motivation Need Theory

Abraham Maslow identified five levels of needs of human beings. These are physiological, security, social, esteem and self-actualization needs. In customer relationship management, this theory is highly appreciated because organizations must strive to understand the needs of variety of customers and how to meet them. This is why some organizations are ahead of other because they have all the services and products to satisfy the existing customers and to attract potential ones. When customer's needs are satisfied, their friends and relatives will hear about it, that is bringing more customers. If it's otherwise, they will also hear, meaning reducing customers.

Therefore, organizations must be guided by this theory. Interaction with customers will unveil their needs and give room for plans to satisfy them. The existence of a need motivates a customer to look for where to meet it.

Abraham Maslow put forward his hierarchy of needs in (1943), since then, business; schools and marketing classes adapted Maslow's theories to explain the need to tailor marketing messages to customer in a particular way. Successful marketing campaigns must not only bring awareness to a product, but also establish its place somewhere on the hierarchy of needs.

Customers are motivated to prioritize purchases toward the base of the hierarchy, so it is vital that companies draft a message that instills a sense of need or urgency in customers.

Stakeholder Theory

This theory states that organizations do not exist only to maximize shareholders value but to also protect the interest of variety of stakeholders whose negative reactions many adversely affect the going concerns, suppliers, employees, host communities, creditors/lenders and even the government. Since the study is focused on the customer relationship management, stakeholder theory therefore maintains that customers are the life wire of every establishment because without them, revenue cannot flow which is the only reason organization exist. To be able to maximize shareholders value, firms have to maintain a good relationship with customer. Who are actually the major source of income and the reason why there are companies?

CONCLUSION

The study examines the effect of customer relationship management. The study established a relationship between customer involvement and participation and customer satisfactions; customer service support and customer satisfaction and incentives to customers and customer satisfaction. The results from the study reveals positive and significant effect on customer relationship management elements on customer satisfaction. It therefore, concludes that there is a direct relationship between customer relationship management and organization customer satisfaction. The organization management is therefore encouraged to pursue customer relationship management programs with rigor so that they can survive in the present competitive business environment.

RECOMMENDATIONS

Based on the findings of this present study, we recommended that the following measures should be put in place to help organization to serve in the present competitive business environment.

- Organization should ensure proper customer relationship management at all time. Management of organization should always seek customer opinion before taking decision that is binding on the customers.
- Organizations should also design a feasible customer relationship strategy that can identify the most profitable customers to enabled tailoring service to their needs. They should also design a way of turning the low balance. I.e. unprofitable customer to be profitable.
- The management of organizations should always support any customer relationship strategy aim at improving the organization performance.
- Customer satisfaction depends on employee's happiness; therefore, management should always support the employees as they represent the organization before the customers.
- Organization should identify the most profitable customers by ranking them according to their value and then differentiating them based on what they need from the organization, after identifying the customer's needs,
- The organization has to develop unique strategies to focus on one-to-one marketing. This will add unique functions of acquiring increasing and retaining valuable customers
- Organization should increase the incentive given to customers.

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