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## RESEARCH ARTICLE

# Drivers of Customer Loyalty in the Downstream Petroleum Sub-Sector in Nigeria

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**Abstract:** The downstream petroleum sub-sector in Nigeria has remained highly competitive since the partial subsidy removal era. Operators now adopt various marketing efforts to attract and retain customers. While several models have been used to examine the drivers of customer loyalty in the petroleum industry, no study is known that applies the 7Ps model. This study, attempts to close this gap. Data was generated from petroleum products customers in the Southeast region of Nigeria, and analyzed with the SPSS 23.0 multiple regression analysis. Findings reveal that all the 7Ps variables – product, price, place, promotion, people, process and physical evidence are significant drivers of customer loyalty. The study recommends appropriate blending of the mix elements for more positive outcomes.

**Keywords:** customer loyalty, petroleum products, 7Ps, Nigeria.

## 1. Introduction

The oil and gas industry in Nigeria is clearly categorized into two major sub-sectors: the upstream and the downstream. While the upstream involves activities in the exploration and drilling of oil in its crude form, the downstream involves the importation, exportation, re-exporting, shipping, transportation, processing, refining, storing, distribution and general marketing of the product (Ogwo & Agu, 2016; Monday et al., 2016). Most observable marketing activities are carried out by players in the downstream sub-sector given the growing competition. At different times, the government had introduced different measures to streamline activities in the sub-sector, including the regulation and subsidy regimes, among others (Ogwo & Agu, 2016). Nigeria is the major oil producer in Africa and the sixth largest oil export earner among the OPEC (Organization of Petroleum Exporting Countries) members; having earned N7.93 trillion (USD 26 billion) from oil exportation between January and July, 2018 (US Energy Information Administration, 2019), which is about 86% of total export revenue of the country for the period (OPEC, 2018). Ogwo and Agu (2016) observed that the downstream sub-sector reform has occurred at different times in Nigeria as a way to actualize set economic development goals.

This sub-sector in Nigeria has major and independent marketers who compete in a highly regulated environment. Famous major oil marketers are NNPC, Mobil, Total, Oando, MRS, Forte, among others. All the companies have multi-stations scattered all over country. Apart from the majors, there are numerous independent marketers retailing petroleum products. This makes competition in the system intense, and more given the fairly uniform prices, the deregulation notwithstanding. Therefore, customer attraction, satisfaction and retention become imperative for sustainable existence of petroleum marketers (Anyanwu, 2008). Indeed, marketing scholars agree that profitability derives from customer loyalty and satisfaction which ensue from customer perception of quality and value (Hesskett, et al., 1997; Agu et al., 2018; Agu et al., 2017). According to Rego (1998)



and Fornel (1995), the level of customer satisfaction and loyalty can vary across different market structures, thus, making it relevant to establish whether a degree of competition in a particular industry affects the relationships between the constructs (Ervajec, Dmitrouc & Brzan, 2016). Customer loyalty is key to profitability given its effect on cost reduction. Scholars agree that it costs more to attract new customers than it costs to retain existing customers (Fornel, 1995; Kenvenley, 1995; Agu et al. 2018).

Although price is presently seen as not a major factor in determining patronage, satisfaction and loyalty in the present petroleum retail market in Nigeria, many other factors can drive loyalty. Given the hypercompetitive nature of the system, marketers (operators) are expected to leverage these factors in order to remain relevant in the market. The extent of importance attached to customer loyalty has led to a huge stream of studies and models aimed at describing and interpreting consumer behaviour (Costabile, 2008). Based on this, the present researcher perceives the need to understudy customer loyalty drivers in the downstream petroleum subsector using adapted conceptual model that is generated from customer satisfaction, customer loyalty and marketing management literature, with a view to testing it. Several factors as drivers of customer loyalty have been studied such as corporate image, service quality, market structure, cost etc. (Erjavee et al, 2016; Reichheld, 1989). This study uses the 7Ps model. Sincerely, the 7Ps model is largely used for studies that focus only on service-based organizations. However, the 4Ps model of product, price, place and promotion may not bring out a comprehensive list of factors that could drive loyalty in the subsector; thus, the adoption of the 7Ps model of product, price, place, promotion, people, physical evidence and process.

The downstream petroleum business is capita-intensive and requires owners and managers to endeavour to continuously plan on how to lucratively remain in business. Given the relative homogeneity of products and largely regulated, almost same pricing practice, operators are required to specifically compete more on other marketing variables while being mindful of the product and price elements (Anyanwu, 2008). Evidences abound of many petroleum marketers (mostly independent operators) that have been competed out of business. A drive across major highways in Nigeria will reveal tens of outfits that have been overtaken by grasses. Poor patronage and other factors account for such massive failures in a sector that is one of the most vibrant and lucrative in Nigeria (see Ogwo & Agu, 2016).

Therefore, the main objective of the present study is to examine the strength of the 7Ps in driving customer loyalty in the sub-sector. The study will add to the literature on drivers of customer loyalty in a highly competitive downstream petroleum marketing environment using the 7Ps model.

## 2. Literature Review and Hypotheses Development

### 2.1. *Concept of Customer Loyalty*

Customer Loyalty is defined as a deeply held commitment to re-buy or re-patronize a preferred product / service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior ' (Oliver, 1997). The concept of customer loyalty is complex and encompasses a range of conceptualizations regarding constituents of loyalty among users of a product or service. These vary from repeat purchases, relative volume of same-brand purchasing to a lifetime relationship (Tellis, 1988 and Dick & Basu, 1994 cited in Jahanzeb, Fatima & Khan, 2010). Newman and Werbel (1973) in Jahanzeb et al. (2010) defined loyal customers as those who re-bought a brand, considered only that brand, and did no brand-related information seeking. Customer loyalty is framed by trust, dialogue, frequency, ease of use and a sense of value and added satisfaction. It is the reflection of a customer's subconscious, emotional and psychological need to find a constant source of value, satisfaction and identity. Loyalty behaviors include relationship continuance, increased scale or scope of relationship, and recommendations (Hallowell, 1996).

Thomas and Tobe (2013) emphasize that “loyalty is more profitable.” The expenses to gain a new customer is much more than retaining existing one. Loyal customers will encourage others to buy from you and think more than twice before changing their mind to buy other services. Customer loyalty is not gained by an accident, they are constructed through the sourcing and design decisions. Designing for customer loyalty requires customer-centered approaches that recognize the want and interest of service receiver. Customer loyalty is built over time across multiple transactions. A relationship with a customer is equally important in customer loyalty and this requires that company work in a broader context that extends beyond itself, as no company can be world class at everything (McDonlad& Keen 2000). Gremler and Brown (1999) divided customer loyalty into three different categories that include behaviour loyalty, intentional loyalty, and emotional loyalty. Behaviour loyalty is repeating purchasing behaviour while intentional loyalty is the possible buying intention. Emotional loyalty, however, is achieved when a customer feels that a brand corresponds with their value, ideas, and passion.

## 2.2. The 7Ps Model in Petroleum Products Marketing



Figure 1: The 7Ps Model.

Source: Gerpott, T. J., Rams, W.,& Schindler, A. (2001). Customer retention, loyalty, and satisfaction in the German airlines. *International Journal of Retail and Distribution Management* 24 (3), 287-299.

### 2.2.1. Product

Product describes what a business is selling and includes all the benefits, features, and advantages that customers can get from using the product (Jones & Morgan, 2014). When developing a product or service, businesses need to consider the needs and preferences of customers and how they can be satisfied (Tellis, 2013). Product contributes to high levels of customer satisfaction if it strikes a good balance between what customers are looking for and what the product offers. Usually, customers' preferences change too often (Wilson & Gilligan, 2012) Therefore, it is imperative for businesses to keep up to date with latest trends

regarding customer needs and market dynamics. It can be achieved through market intelligence.

#### 2.2.2. *Price*

This element refers to what it costs customers to get the service or product they want. Pricing is an important strategy in marketing because it determines the ability of a business to attract customers and make more sales (Tokman & Beitelspacher, 2011). Setting too high prices may discourage customers while setting too low prices may lead to reduced profits. Therefore, businesses set their prices at equilibrium levels taking into account the market forces of demand and supply, as well as competitors' moves (Shoham, Brencic, Virant, & Ruvio, 2008). As a need to attract more customers and maintain the competitive edge over rivals, it is necessary to consider seasonal pricing and discounts.

#### 2.2.3. *Promotion*

This element refers to the ways of keeping customers informed of the product and its benefits. Businesses use a combination of different promotional activities to make customers aware of the goods and services (Osborne, Radnor, & Nasi, 2013). These activities include advertising, direct marketing and sales (Tsotsou & Goldsmith, 2012). Evidence from research shows that use of promotional strategies can lead to improved customer satisfaction, enhanced brand reputation and better sales (. Most companies use a combination of promotional strategies to attract customers and make them more satisfied.

#### 2.2.4. *Place*

Place describes the location where the product is seen, sold or distributed to the customers. It can be a physical retail store (brick-and-mortar) or an online store (Hu et al., 2009). Effective place strategies ensure that customers can easily locate the business and buy the product they want (Weinreich, Odumade, Jameson, & Hogquist, 2010). A strategic business location ensures better business visibility, which leads to consistent customer traffic. Businesses can distinguish themselves from competitors through effective visual merchandising techniques and by using more innovative strategies to design the retail spaces.

#### 2.2.5. *People*

This element refers to the staff working in an organization. It includes senior management and the salespeople. People are an essential consideration for effective marketing and thus customer satisfaction. According to Samar, Ghani, and Alnaser (2017) customer satisfaction is directly influenced by the people representing the business. It is because people are the only element in the service market mix that can interact directly with customers (R. Samar, Ghani, & Muhamad, 2016)). In this regard, successful organizations gain competitive advantages by recruiting and training the right staff that can help not only in marketing and selling the product but also in developing and maintaining fruitful relationships with customers (Samar, Rahi, Yasin, & Alnaser, 2017; Rahi Samar, Mazuri Abd Ghani, & Alnaser, 2017). As noted by French et al. (2009), the people element is important because it aids in providing excellent customer service, which enhances customer satisfaction.

#### 2.2.6. *Process*

This element refers to the various stages and activities involved in delivering a product and service to the customers (Hochbaum, Moreno-Centeno, Yelland, & Catena, 2011). Having good processes ensures rapid and timely delivery of products to customers. It, in turn, saves time and resources by increasing business efficiency. Processes also make it possible for businesses to repeatedly deliver the same service standard to customers (Kyrgidou & Hughes, 2010).



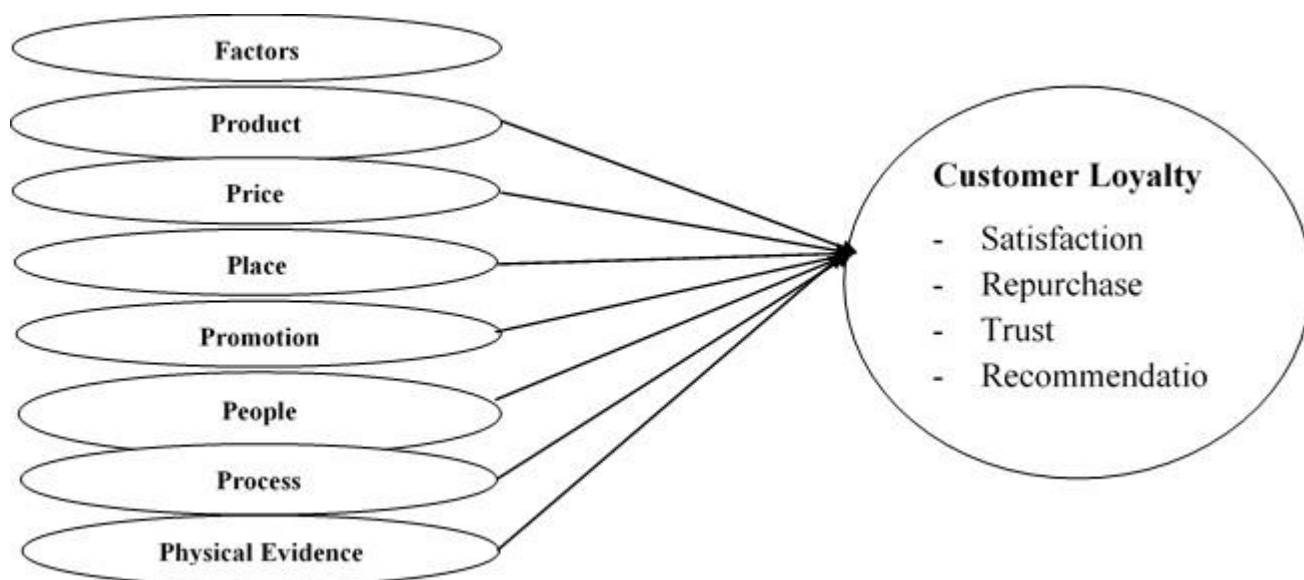
### 2.2.7. *Physical evidence*

This element describes the ambiance and other physical attributes of the point where customers interact with the sales and marketing staff. This element is particularly relevant for businesses that operate out of shops. Customers will make perceptions based on the physical outlook of the store, as well as the perceptual plan of the service.

Extant empirical studies around the globe in different sectors of the global economy affirm the positive role of the marketing mix variables of 7Ps in predicting customer satisfaction and loyalty (see Jahanzeb et al., 2010; Rai & Medha, 2013; Alnaser et al., 2017; Wahab et al., 2016; Nanle et al., 2015; Bawa & Safran, 2015; Husnain & Akhtar, 2015; Cheng & Wu, 2011; Themba et al., 2019). Based on these, the study proposes that:

- H<sub>1</sub>: There is a significant relationship between product factors and customer loyalty in the downstream petroleum sub-sector.
- H<sub>02</sub>: Price factors will significantly relate to customer loyalty in the downstream petroleum sub-sector.
- H<sub>03</sub>: Place factors will significantly drive customer loyalty in the downstream petroleum sub-sector.
- H<sub>04</sub>: Promotion factors will drive customer loyalty in the downstream petroleum sub-sector.
- H<sub>05</sub>: There is a significant relationship between people factors and customer loyalty in the downstream petroleum sub-sector.
- H<sub>06</sub>: There is a significant relationship between physical evidence factors and customer loyalty in the downstream petroleum sub-sector.
- H<sub>07</sub>: Process factors will significantly drive customer loyalty in the downstream petroleum sub-sector.

Following these and in line with Wahab et al. (2016), the study proposes the following structural model (figure 2).



**Figure 2.** Structural model

## 3. Methodology

The survey research design was adopted in this study with structured questionnaire as a preferred option. In a survey research design the investigation of the behaviour, opinion or other manifestations of a group of people by questioning is carried out (Anyanwu, 2003). The cross-sectional variant of the survey approach was preferred. According to Ezejelue et

al. (2008), a Cross-Sectional survey usually consists of gathering data from the population of interest, measured on a number of characteristics, which are thought to be relevant to the area of research interest. Here, the study focused on a cross-section of service/filling stations of selected major and independent marketers in the South East to understand factors driving customer loyalty using our conceptualized framework.

Primary data were sourced by the use of structured questionnaire that was administered on the customers of the firms. The primary instrument is designed in likert scale and divided into three main parts. Part one contains the personal data questions, while part two shows the major research variables questions structured in likert scale of five points (strongly agree=5, agree=4, undecided=3, disagree=2 and strongly disagree=1). The questionnaire shows separate questions for the key factors shown in the hypotheses. Part three contains open-ended questions.

### 3.1. Area of Study

The South East of Nigeria harbours many major and independent petroleum marketing outfit. This study focused on selected cities in the five States that make up the zone. Thus, Aba, Umuahia, Owerri, Okigwe, Enugu, Agbani, Abakaliki, Afikpo, Onitsha and Awka were covered. Two filling stations were captured in each town, making it a total of twenty outfits. In all, a purposive sample of 264 was adopted and copies of the questionnaires distributed beads on the average sales records ratio of the chosen firms.

### 3.2. Sampling Procedure

The researcher adopted the non-probability sampling technique, where units of analysis were selected based on convenience and availability. A two-stage sampling procedure that selects firms and then participants based on convenience and personal judgment of the researcher was applied. The research instrument was administered face-to-face by the researcher with the help of five trained research assistants.

### 3.3. Reliability of Instrument

Since our research instrument has been applied by extant researchers, the questionnaire used by Madumere (2016) was adapted and applied. The researcher used the Cronbach' Alpha test to determine the internal consistency of the instrument using a pilot study of 20 respondents. Internal consistency concerns the extent to which items on the test or instrument are measuring the same thing. The appeal of an internal consistency index of reliability is that it is estimated after only one test administration and therefore avoids the problems associated with testing over multiple time periods associated with the test-re-test method (Kember& Leung, 2008; Wong, Ong &Kuek, 2012). Table 1 shows the result of the Crobach Alpha test and the factor loading for the customers.

Table 1: Instrument Quality Measurement

S/N	Variable	No. of Items	Cronbach Alpha	Factor Loading
1	Product	4	0.7026	0.6570
2.	Price	4	0.8139	0.7542
3.	Place	4	0.7600	0.6888
4.	Promotion	4	0.7420	0.5997
5.	People	3	0.8777	0.6543
6.	Physical Evidence	4	0.8561	0.7119
7.	Process	4	0.7441	0.5768
8.	Customer loyalty	4	0.8979	0.7212

Source: SPSS Output

The result shows that all the variables met the minimum threshold for acceptance since they are up to 70% (0.70)(Kothari, 2012; Wong, et al., 2012; Kember, 2008). The SPSS output would be attached at the end of the study.

### 3.4. *Validity of the Instrument*

In this study, the face and content validity were determined. Face validity is established when an individual (and or researcher) who is an expert on the research subject reviewing the questionnaire (instrument) conclude that it measures the characteristic or trait of interest (Kember & Leung, 2012). Bolenius et al (2012) note that it involves the expert looking at the items in the questionnaire and agreeing that the test is a valid measure of the concept which is being measured just on the face of it. Experts' opinion and supervisor's approval show that the instrument is valid since it captures the basic points it is set to explore. Again, The values of the factor loading show that the variables are valid for the study since they are above 50%, which is the minimum threshold recommended by researchers for construct validity (Bornstedt, 1977).

### 3.5. *Operationalization of Research Variables*

The major variables in the study are customer loyalty (dependent variable) and factors driving loyalty (independent variables). The loyalty intention is operationalized using an adapted version of Constable (2008) model (satisfaction, repurchase, trust and recommendation). Again, the 7Ps model of marketing mix elements as developed by Booms and Bitner (1981) was used to measure the factors driving loyalty.

### 3.6. *Data Analysis Techniques*

Collected data were analyzed using tables, charts and simple percentages. Stated hypotheses were tested using multiple regression Analyses at 0.05 level of significance in SPSS version 21.

The direct effect research model for this study is of the form:

$$CL = f(PrdF + PriF + PlcF + PrmF + PeoF + PE + PrcF).$$

Where:

CL is Customer Loyalty;  
 PrdF is Product factors;  
 PriF is Price factors;  
 PlcF is Place factors;  
 PrmF is Promotion factors;  
 PeoF is People factors;  
 PE is Physical evidence  
 PrcF is Process factors.

The explicit specification of the model, results in models 2 as shown below:

$$CL = \alpha + \beta_1 PrdF + \beta_2 PriF + \beta_3 PlcF + \beta_4 PrmF + \beta_5 PeoF + \beta_6 PE + \beta_7 PrcF + e$$

$\alpha$  and  $\beta$  are metric coefficient and the intercept while  $e_i$  is the error term that is designed to capture the effect of variables not included in the models.

## 4. Results

### 4.1. *Results*

Of the 264 copies of the questionnaire were administered on customers of the selected oil firms. Out of this number, 228 (86%) copies were retrieved and found useful while 36 (14%) copies were discarded and lost. This means that further analyses were based on the 228 copies that were retrieved and found useful for the purpose of the study.

**Table 2:** Demographics of the Respondents

Option	Frequency	Percentage
<b>Gender:</b>		
Male	132	57.89
Female	96	42.11
<b>Age Bracket:</b>		
18 – 25	48	21.05
26 – 35	65	28.51
36 – 45	56	24.56
46 years and above	39	17.11
<b>Educational Qualification</b>		
O'Level/ND	35	15.35
HND/BSC	98	42.98
Masters and above	59	25.88
Others	36	15.79
<b>Marital Status</b>		
Married	92	40.35
Single	78	34.21
Others	58	25.44
<b>Occupation</b>		
Civil/Public Servant	78	34.21
Business	62	27.19
Student	56	24.56
Others	30	13.16

**Source:** Field Survey, 2019

Table 2 shows that 132 (58%) respondents and 96 (42%) respondents were males and females respectively. 48 (21%) respondents, 65 (29%) respondents, 56 (25%) respondents and 39 (17%) respondents were in the age brackets of 18-25, 26-35, 36-45 and 46 and above respectively. Again, item three in table 2 revealed that 35 (15%) respondents, 98 (43%) respondents, 59(26%) respondents and 36 (16%) respondents had O'Level/ND, B.Sc./HND, Masters and above and other educational qualifications respectively. Also, 92 (40%) respondents, 78 (34%) respondents and 58 (25%) respondents were married, single and others respectively. Moreover, it is displayed that 78 (34%) respondents, 62 (27%) respondents, 56 (25%) and 30 (13%) respondents were civil/public servants, business people, students and others, respectively.

**Table 3:** Responses on the relationship between product factors

S/N	Statement	SA	A	UN	D	SD	Total
(a)	I consider the quality of products before patronizing any filling station	104	98	16	7	3	228





S/N	Statement	SA	A	UN	D	SD	Total
(b)	I go to firms that I am sure will have available products	126	76	16	6	4	228
(c)	A patrol station should have other vehicle services they can render.	86	96	20	17	9	228
(d)	Product assortments can influence my patronage	101	91	18	12	6	228
<b>Total</b>		<b>417</b>	<b>361</b>	<b>70</b>	<b>42</b>	<b>22</b>	<b>912</b>
<b>Average Total</b>		<b>104</b>	<b>90</b>	<b>18</b>	<b>11</b>	<b>5</b>	<b>228</b>
<b>Percentage</b>		<b>46</b>	<b>40</b>	<b>8</b>	<b>5</b>	<b>2</b>	<b>100</b>

Source: Field Survey, 2019

Table 3 shows that an average of 104 (46%) respondents, 90 (40%) respondents, 18 (8%) respondents, 11 (5%) respondents and 5 (2%) respondent strongly agreed, agreed, had not decided, disagreed and strongly disagreed respectively on the relationship between product factors and customer loyalty in the downstream petroleum sub-sector.

**Table 4:** Responses on the relationship between price factors

S/N	Statement	SA	A	UN	D	SD	Total
(a)	The pump price matters to me.	202	10	8	4	4	228
(b)	I consider firms that have alternative payment options	111	82	19	9	7	228
(c)	I weigh the expenses involved in locating the station.	126	61	21	12	8	228
(d)	A station should not sell above the pump price	208	8	6	4	2	228
<b>Total</b>		<b>647</b>	<b>161</b>	<b>54</b>	<b>29</b>	<b>21</b>	<b>912</b>
<b>Average Total</b>		<b>162</b>	<b>40</b>	<b>14</b>	<b>7</b>	<b>5</b>	<b>228</b>
<b>Percentage</b>		<b>71</b>	<b>18</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>100</b>

Source: Field Survey, 2019

Table 4 shows that on the average, 162 (71%) respondents, 40 (18%) respondents, 14 (6%) respondents, 7 (3%) respondents and 5 (2%) respondent strongly agreed, agreed, had not decided, disagreed and strongly disagreed respectively on the relationship between price factors and customer loyalty in the downstream petroleum sub-sector.

**Table 5:** Responses on the relationship between place factors

S/N	Statement	SA	A	UN	D	SD	Total
(a)	Station distance from home is important to me	177	26	11	8	6	228
(b)	A filling station should have a network of stations	152	55	13	6	2	228
(c)	Time spent to locate station is vital to me	158	44	15	7	4	228
(d)	Petrol stations should be easily accessible	189	20	9	7	3	228
<b>Total</b>		<b>676</b>	<b>145</b>	<b>48</b>	<b>28</b>	<b>15</b>	<b>912</b>
<b>Average Total</b>		<b>169</b>	<b>36</b>	<b>12</b>	<b>7</b>	<b>4</b>	<b>228</b>
<b>Percentage</b>		<b>74</b>	<b>16</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>100</b>

Source: Field Survey, 2019

As shown in table 5, an average of 169 (74%) respondents, 36 (16%) respondents, 12 (5%) respondents, 7 (3%) respondents and 4 (2%) respondent strongly agreed, agreed, had not



decided, disagreed and strongly disagreed respectively on the relationship between place factors and customer loyalty in the downstream petroleum sub-sector.

**Table 6:** Responses on the relationship between promotion factors

S/N	Statement	SA	A	UN	D	SD	Total
(a)	Petroleum marketers should engage in adverts	123	56	27	12	10	228
(b)	I consider stations that offer periodic promos	175	36	9	5	3	228
(c)	Positive publicity is required for filling station to excel	156	48	13	8	3	228
(d)	Good public relations is needful for petrol marketers	167	34	13	9	5	228
<b>Total</b>		<b>621</b>	<b>174</b>	<b>62</b>	<b>34</b>	<b>21</b>	<b>912</b>
<b>Average Total</b>		<b>155</b>	<b>44</b>	<b>16</b>	<b>8</b>	<b>5</b>	<b>228</b>
<b>Percentage</b>		<b>68</b>	<b>19</b>	<b>7</b>	<b>4</b>	<b>2</b>	<b>100</b>

Source: Field Survey, 2019

As shown in table 6, on the average, 155 (68%) respondents, 44 (19%) respondents, 16 (7%) respondents, 8 (4%) respondents and 5 (2%) respondent strongly agreed, agreed, had not decided, disagreed and strongly disagreed respectively on the relationship between promotion factors and customer loyalty in the downstream petroleum sub-sector.

**Table 7:** Responses on the relationship between people factors

S/N	Statement	SA	A	UN	D	SD	Total
(a)	Attitude of frontline staff is a factor I consider important	180	23	16	6	3	228
(b)	Staff should appear neatly	184	28	6	5	5	228
(c)	Quality and skill of staff are important	178	29	8	9	4	228
<b>Total</b>		<b>542</b>	<b>80</b>	<b>30</b>	<b>20</b>	<b>12</b>	<b>684</b>
<b>Average Total</b>		<b>181</b>	<b>27</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>228</b>
<b>Percentage</b>		<b>79</b>	<b>12</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>100</b>

Source: Field Survey, 2019

As shown in table 7, on the average, 181 (79%) respondents, 27 (12%) respondents, 10 (4%) respondents, 6 (3%) respondents and 4 (2%) respondent strongly agreed, agreed, had not decided, disagreed and strongly disagreed respectively on the relationship between people factors and customer loyalty in the downstream petroleum sub-sector.

**Table 8:** Responses on the relationship between physical evidence factors

S/N	Statement	SA	A	UN	D	SD	Total
(a)	I go to stations that have reasonable number of functioning pumps	141	56	13	11	7	228
(b)	Neatness of the environment matters to me	183	25	12	5	3	228
(c)	Availability of support /energy facilities	188	32	6	2	0	228
(d)	Availability of e-channels for payment	101	35	38	36	18	228
<b>Total</b>		<b>613</b>	<b>148</b>	<b>69</b>	<b>54</b>	<b>28</b>	<b>912</b>
<b>Average Total</b>		<b>153</b>	<b>37</b>	<b>17</b>	<b>14</b>	<b>7</b>	<b>228</b>
<b>Percentage</b>		<b>67</b>	<b>16</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>100</b>

Source: Field Survey, 2019



As shown in table 8, on the average, 153 (67%) respondents, 37 (16%) respondents, 17 (8%) respondents, 14 (6%) respondents and 7 (3%) respondent strongly agreed, agreed, had not decided, disagreed and strongly disagreed respectively on the relationship between physical evidence factors and customer loyalty in the downstream petroleum sub-sector.

**Table 9:** Responses on the relationship between Process factors

S/N	Statement	SA	A	UN	D	SD	Total
(a)	Waiting time is important to me	156	40	15	11	6	228
(b)	Speed of delivery is important to me	189	26	8	4	1	228
(c)	Convenience in service purchase	175	41	8	2	2	228
(d)	The opening and closing time of firms matter to me	147	53	13	7	8	228
<b>Total</b>		<b>667</b>	<b>160</b>	<b>44</b>	<b>24</b>	<b>17</b>	<b>912</b>
<b>Average Total</b>		<b>167</b>	<b>40</b>	<b>11</b>	<b>6</b>	<b>4</b>	<b>228</b>
<b>Percentage</b>		<b>73</b>	<b>18</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>100</b>

Source: Field Survey, 2019

As shown in table 9, on the average, 167 (73%) respondents, 40 (18%) respondents, 11 (5%) respondents, 6 (3%) respondents and 4 (2%) respondent strongly agreed, agreed, had not decided, disagreed and strongly disagreed respectively on the relationship between Process factors and customer loyalty in the downstream petroleum sub-sector.

**Table 10:** Responses to questions on customer loyalty

S/N	Statement	SA	A	UN	D	SD	Total
(a)	I always seek maximum satisfaction from my purchases.	197	10	11	6	4	228
(b)	I would repurchase from an outlet that offers me what I desire.	201	15	7	3	2	228
(c)	I will develop trust for the station	154	47	14	7	6	228
(d)	I will recommend the station to others	165	39	13	7	4	228
<b>Total</b>		<b>717</b>	<b>111</b>	<b>45</b>	<b>23</b>	<b>16</b>	<b>912</b>
<b>Average Total</b>		<b>179</b>	<b>28</b>	<b>11</b>	<b>6</b>	<b>4</b>	<b>228</b>
<b>Percentage</b>		<b>79</b>	<b>12</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>100</b>

Source: Field Survey, 2019

In table 10, an average of 179 (79%) respondents, 28 (12%) respondents, 11 (5%) respondents, 6 (3%) respondents and 4 (2%) respondent strongly agreed, agreed, had not decided, disagreed and strongly disagreed respectively on the questions on customer loyalty.

#### 4.2. Test of Hypotheses

##### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.993 <sup>a</sup>	.985	.985	.10282	1.879

a. Predictors: (Constant), Process factor, Product factor, Physical Evidence, People factor, Promotion factor, Price factor, Place factor

b. Dependent Variable: Customer loyalty



**Table 11:** Test of Relationships

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.418	.046		5.388	.002
Product factor	.155	.017	-.006	3.299	.022
Price factor	.121	.044	-.023	4.485	.000
Place factor	.298	.051	.102	7.922	.000
Promotion factor	.438	.040	-.042	6.949	.000
People factor	.784	.030	.777	26.450	.000
Physical Evidence	.347	.027	.059	11.730	.000
Process factor	.132	.052	.133	2.537	.012

#### 4.2.1. Interpretation

The R value (0.993) shows a strong, positive and significant relationship exists between our proposed factors (the 7Ps) and customer loyalty intention in the downstream **petroleum** sub-sector. The adjusted R<sup>2</sup> value (0.985) reveals that 98.5% variation in customer loyalty is explained by the 7Ps model. Also, the F value (217) and p value (0.000) which are greater than f-critical value at 0.05 level of significance (6.39) and less than alpha (0.05) respectively are positive and strong indicators of relationship. The coefficients table shows that product,  $\beta_1\text{PrdF}$  ( $t = 3.229$ ;  $p=0.000$ ); price,  $\beta_2\text{PriF}$  ( $t=4.484$ ;  $p = 0.011$ );  $\beta_3\text{PlcF}$ , ( $t = 7.922$ ,  $p = 0.000$ ); promotion,  $\beta_4\text{PrmF}$  ( $t = 6.949$ ;  $p = 0.000$ ); people,  $\beta_5\text{PeoF}$  ( $t = 26.450$ ;  $p = 0.000$ ); physical evidence,  $\beta_6\text{PE}$  ( $t = 11.730$ ;  $p = 0.000$ ); and process,  $\beta_7\text{PrcF}$  ( $t = 2.539$ ;  $p = 0.012$ ) are significant predictors of customer loyalty in the downstream petroleum sub-sector. This is because their p-values are less than alpha (0.05) and their t-values greater than t-critical. The DW test shows there is no serial auto correlation since the value lies above the DU (1.657) from tables. That is, 1.879 is greater than 1.657.

#### 4.2.2. Decision

Given our decision rule that, we will reject the null hypotheses where the SPSS p-values are less than alpha (0.05) and the alternate hypotheses accepted, we therefore reject all the null hypotheses and accept their alternates that product, price, place, promotion, people, physical evidence and process factors significantly influence customer loyalty intention in the downstream petroleum sub-sector.

## 5. Discussion and Conclusion

When compared with extant empirical studies, the result of our analysis supports the position of Johanzeb et al., (2010), Rai & Medha (2013), Alnaser et al., (2017), Wahab et al., (2016) and Nanle et al., (2015) that marketing strategy (in this case, the 7Ps) have significant impact on customer satisfaction and loyalty. More specifically, Alnaser et al., (2017) that examined the relationship between services marketing mix (product, price, place, promotion, people, process and physical evidence: the 7Ps) and customer Satisfaction is perfectly in line with the findings of the study on the 7Ps as applied in the Nigerian downstream petroleum sub-sector. However, unlike Nanle et al., (2015) who found promotion to be a weak predictor of customer loyalty in the Nigerian oil and gas sector, our findings shows otherwise. Again, Bawa and Safan (2015) reported in their study that price and place do not predict customer loyalty. This is in contrast to our findings that the two marketing strategies drive customer loyalty significantly.



Customer loyalty is not gained by an accident, it is achieved through the marketing efforts and implementation decisions. Designing for customer loyalty requires customer-centered approaches that recognize the want and interest of service receiver. Customer loyalty is built over time across multiple transactions. The downstream petroleum sub-sector in Nigeria has major and independent marketers who compete in a highly regulated environment. Famous major oil marketers are NNPC, Mobil, Total, Oando, MRS, Forte, among others. All the companies have multi-stations scattered all over Nigeria. Apart from the majors, there are numerous independent marketers retailing petroleum products in Nigeria. The South East has a reasonable number of these firms. This makes competition in the system intense, and more given the fairly uniform prices, the deregulation notwithstanding. Therefore, customer attraction, satisfaction and retention become imperative for sustainable existence of petroleum marketers.

This study, focused on the downstream petroleum sub-sector to explore the effect of marketing strategy (7Ps) on customer loyalty. Noting the various proxies used in extant literature to proxy customer loyalty, this study conceptualized it with four items as seen in literature (satisfaction, re-purchase, recommendation and trust). The study found strong evidence to support the proposed model that the 7Ps have significant influence on customer loyalty.

### 5.1. Recommendations

Based on the findings of the study, the following recommendations are made:

- 1) That marketer should endeavour to monitor their product effectively since it drives customer loyalty. The quality, availability and assortment product decisions should be carefully managed.
- 2) Since price remains a competitive factor in the sector, operators are encouraged to handle their pricing strategies competitively. Discounts and pump price are important factors here.
- 3) Since findings have shown that place factors influence loyalty, firms are encouraged to be mindful of their locations, distance, accessibility by target buyers among others.
- 4) Promotion remains critical in the marketing of petroleum products to downstream customers. Promotional strategies in advertising, sales promotion, public relations and publicity are useful in driving loyalty.
- 5) In marketing petroleum products, the people factor matters a lot. Operators are advised to be mindful of their staff attitude, appearance and quality. Periodic training and orientations will enhance the people factors of a firm.
- 6) It is recommended that firms should monitor their physical evidence as shown in their environment, functional pumps and available e-services. These will drive patronage and loyalty.
- 7) The process of buying the products should be made fast, timely, convenient and ready at all time. Firms to operate extended hours have stronger chances of retaining the customers.

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