

## Order Status Reporting and Relational Value of Major Oil Marketers in Nigeria

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Anyahie A. Azunwo., N. Gladson Nwokah and Paul M. Nadube

Department of Marketing, Rivers State University

[azucorporate@gmail.com](mailto:azucorporate@gmail.com)

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### Abstract

The quest for competitive advantage and organizational positioning has engendered the need for firms to create excellent relationship with customers among the major oil marketers operating in Nigeria. The study aimed at determining the relationship between order status reporting and relational value. The population of the study is the eight (8) major oil marketers operating in Rivers State being the geographical scope of the study, in which was adopted as the sample size for this study considering that the population is small. Five (5) respondents each of the 8 major oil marketers in Rivers State were studied to establish their knowledge level on the major variables of study, using 40 copies of structured questionnaire. The study also made use of multivariate statistical tools to test the stated hypotheses using Pearson Product Moment Correlation (PPMC). The analysis made use of the Statistical Package for Social Sciences (SPSS version 22.0). The relationship between order status reporting and relational value was found to be moderately significant, this is because order status reporting insignificantly correlated with relational value. The study concluded that order status reporting is insignificantly correlated with relational value and recommended the use of order status reporting as variables major oil marketers can adopt as strategies to increase relational value because it showed a moderate relationship with relational value despite that fact that the relationship is insignificant.

### Introduction

The advancement of the society from primitive rural to industrialized urban, producers and consumers become widely divided and order processing as an activity of physical distribution takes on greater importance in the exchange of goods. Clark (1922) subdivided physical supply into its transportation and storage functions and continued further to recognize the significance of service. From the purchaser point of view, service constitute part of the product itself, and as part of what the purchaser is purchasing. Clark (1922) noted that transportation rates for large quantity of shipments versus the demand of buyers for small amounts on the short notice creates a need for the distribution service activities generally carried out by channel intermediaries. Order processing as one of the functions of business logistics or physical distribution creates customer value through efficiency, effectiveness, and differentiation (Langley & Holcomb, 1992). For instance, value can be created through customer service elements such as product availability, timeliness and consistency of delivery and ease of placing orders. Order processing can create value through the inimitability of its activities, an organization may be able to differentiate itself from others in similar business (Grant, 2010). The value customers receive from order processing activities also serves as an indicator of logistics performance. Excellence in logistics performance requires superiority when compared to competitors (differentiation) (Langley & Holcomb, 1992). Beyond efficiency and effectiveness, logistics activities provide the best comparative net value to customers (Stahl & Bounds, 1991) Due to the importance of logistics value creation through its functions, (Lambert & Stock, 2000) stated that the performance of physical distribution activities must be perceived as differentially superior to

competitors in the same market segment. In addition to the traditional logistics service that focuses on achieving internal operation standards that translate into efficiency and customer focus based upon meeting customer performance requirements that translate further into effectiveness, a truly relationship-driven logistics function that focuses on establishing customer success that again translates into relevancy, is needed (Bowersox et al., 2000). An emphasis on having a specific understanding of the needs and requirements of the diverse and varied customers of the logistics function has the potential to turn standard basic services into value added solutions. Evidence collectively reveals that the logistics function as a whole should strive to minimize the ratio of resources utilized against derived results (efficiency), accomplish predetermined objectives (effectiveness) and gain superiority when compared to competitors (differentiation) (Bobbitt, 2004). When traditional attributes of marketing logistics (physical distribution) activities are modified to create value-added services or are configured uniquely, they take the shape of logistics capabilities that can be a source of competitive advantage (Lynch *et al.*, 2000). Creating value-added solutions involves the willingness and capability of an organization to become an increasingly relevant service provider to its customers. This is an ongoing process. Apart from achieving a one-time understanding of customer needs and requirements, mechanisms to regularly monitor and be aware of the changing priorities of the customer should be established as well (Langley & Holcomb, 1992). Physical distribution, also called marketing logistics (Kotler & Armstrong, 2010) is a broad area in marketing with multiple dimensions. The activities of physical distribution according to Kotler (2010) are order processing, transportation, warehousing, and inventory management. Transportation, warehousing, inventory management and even material handling have been explored in literature and limited literature exist for order processing. Hence, this work focuses on order processing as an activity of physical distribution (marketing logistics), which is discussed in relation to customer value creation of major oil marketing operating in Nigeria.

### **Order Status Reporting**

Order status reporting is mainly concerned with tracing and tracking the customer's order throughout the whole order cycle period. This process usually consists of communication with the customer as to where the order may be in the order cycle and when it may be delivered to the customer's destination (Lambert et al., 1998). In ensuring that better services are provided for customers, it is vital to provide the customer with a status of the order once the product has been shipped out. This starts with the tracing and tracking of the order once released from the warehouse. Order tracing/ tracking technologies like laser-beam bar-coding, and GPS applications are being used by some logistics companies like FedEx, UPS. The Invoice, which contains the order details and the charges, are also released at this stage, and Invoice transmittal may be done manually or electronically via email or any online B2B application. Order status reporting is done throughout the order cycle time, order cycle time is the time requirement to complete the ordering process (Handfield & Nichols, 2002). Ballou (2004) however defines order cycle time as the time between when a customer order, purchase order, or service request is placed and when the product or service is received by the customer. The elements of Order Processing are complex

interdependent steps that need to be performed seamlessly to ensure a smooth delivery of goods to the customer. Each element is supported by separate independent processes happening simultaneously with the order process. An effective order processing system must have a smooth interface with other existing business processes to operate optimally. The goal is to fulfill customer orders with consistent reliability, enhancing the customer experience with the company, and bring about customer satisfaction to sustain profitability. Ballou (2004) looks order management as the process of disseminating order information from customers back into the distribution network from retailers to distributors to service providers and producers. This process also involves information dissemination about order delivery dates, product substitutions, and back orders forward through the distribution system to the customers. However, Murphy & Wood (2004) describe order processing as more of a stage which deals with how firm handles and manages incoming customer's orders and report same to the customer. This involves the chain of activities that are considered within the period when the firm receives an order and the when the warehouse is notified to transport the goods to fulfill the customer's order (Murphy & Wood 2004). More significantly, Coyle et al. (2003) states that those who deals with order processing in outbound logistics require accurate information which are related to each individual order, which should be communicated to the customer from time to time until the customer finally receives the order. This is necessary since order status reporting is one the key to operational efficiency and customer satisfaction in a business logistics system.

### **Relational Value**

Relational value is the overall customer experience during interactions with the supplier (Shanker, 2012). Relational value can be seen in product quality, service support, delivery performance, supplier know-how, time-to-market, personal interactions, price and process cost. Relational value as how the customers assess the benefits and effectiveness of working relationship with one supplier in relative to alternative suppliers (Khan, 2010; Ulaga, 2003). Relational value has several aspects where the firm can use to portray value for customer. For example, relational value is related to image, conflict, solidarity, trust, and communication (Lapierre, 2000). Rust, Lemon & Zeithaml (2004) conceptualized relational value as the tendency of the customer to stay with the brand or organization, above and beyond the customer's objective (utility) and subjective assessment (hedonic) of the brand. On the other hand, Ulaga & Eggert (2005) conceptualized relational value as how customers assess their social benefits and effectiveness of the working relationships with one supplier relative to alternative suppliers. However, the relationship equity, as proposed by Rust *et al.*, (2004), faces a limitation in operationalizing the essence of the heterogeneous and equivocal construct of the relational value. It would seem that the drivers of relationship equity namely loyalty programs, affinity programs, community building programs and knowledge building programs faces an operationalized ambiguity because they are more akin to the brand programs for the existing customers rather than direct operational definition for the customer's relational value construct (Leone *et al.*, 2006. Alternatively, the introduction of the relational attitude concept as the basic component of a relationship marketing orientation by Konovsky & Pugh (1994), and later extended by Yau *et al.*

(2000), offers a more direct description of the relational value constructs. The concept was originally used to explain why employees exhibit loyalty to the organization and to engage in behaviour is extended to the explanation of how to establish reciprocal relationships in the modern social economic context. Yau *et al.* (2000) operationalized customer's relational value as trust, bonding, mutual dependence, and empathy. Thus far, customer stickiness is among the main research agenda in marketing (Kumar, Lassar, & Butaney, 2014). Khalifa, Limayem & Liu (2002), high customer brand stickiness can substantially reduce marketing and customer retention cost in the long run. Customer stickiness has also become more important in the commercial setting that has a wide variety of choices and global competitions such as cyberspace and brand (Brodie *et al.*, 2013). Referring to the literatures such as Polites *et al.* (2012) and Li *et al.* (2006), the general concept of customer stickiness is about the nebulous criterion of customer's psychological tie and positive brand behavior. In this respect, branding scholars associate customer's psychological tie as brand relationship quality (Kim & Park, 2014), while brand resonance as positive brand behavior (Huang *et al.*, 2014). Relationship quality can best be defined as the customer's perception and impression concerning how well the brand fulfills the psychological nature of the customer (Rauyruen & Miller, 2007). Moreover, Kim *et al.* (2014), brand relationship quality (BRQ) is a much richer concept of customer brand psychological evaluations because it provides a better description of what it means by strong and durable consumer relationships. Underpinned by Sternberg's (1986) triangular theory of love, Shimp & Madden (1988) proposed that relationship quality contains three parallel psychological dimensions which are liking (intimacy), yearning (passion), and decision (commitment). Breivik & Thorbjornsen (2008) further claimed that the refinement of the brand relationship quality (BRQ) model underpinned by Sternberg's (1986) triangular theory of love consists of commitment, yearning and liking are able to explain the meaning of relationship quality and psychological tie between customers, brands and brand service provider.

Relational value received less attention by previous scholars towards conceptualizing the overall value construct that may influence how customer response with a service brand. Nevertheless, the discussion about the underlying value of firm-customer relational value need further investigation in respect of its application in a service brand context. Eiriz & Wilson (2006), considering relational values as another element in the overall value construct is crucial because the utility and hedonic value constructs have limitations in examining the differences in how customers perceive and evaluate products beyond the monetary evaluation. Grönroos & Gummerus (2014) asserted that relational value perspective is the main reason which projects the distinctiveness in service branding compared to conventional goods-based models. In this respect, Brodie *et al.* (2006) and Merz *et al.* (2009) claimed that, inclusion of relational value as another basic operant resource of service co-creation, serves as the best way to glue customers to the service firm and enhance the adhesiveness of the relationship experience. Relational value puts the firm in a position of providing necessary value for customer in terms of trust (Chaudhuri & Holbrook, 2001), bonding, mutual dependence, and empathy (Yau *et al.*, 2000). Relational value in the words of Lapierre (2000) is the outcome that results from a collaborative relationship that enhances competitive competences of the partners and it is discussed in relation to reputation, conflict, interdependence, communication, solidarity and trust.

Reputation is the extent to which the firm meets the demands and expectations of the customers in the total aggregation of the customers' perception (Wartick, 1992). It is also seen as a way of knowing the level of the firm's honesty and how they truly care about the desires of the customers (Doney & Cannon, 1997). Conflict is the overall disagreement that exists in working relationship (Reve & Stern, 1979). Interdependence is the exchange the customer seeks to reduce some levels of uncertainty and being able to manage dependency through well controlled mechanisms that coordinates the relationship between the firm and the customers (Heide, 1994). Communication is simply defined as the exchange of information between the firm and the customers. Dwyer *et al* (1987) refer to communication as the open communication in form of strategic industrially selling and relational selling. Solidarity is the mutual agreement and disagreement perceived by two parties, and that mutual perception is perceived (Goffman, 1967) while trust is defined as the willingness to rely on an exchange partner with whom one has confidence, once this trust is betrayed by the firm (service provider), the tendency that dissatisfaction will occur is high (Moorman, *et al*, 1993). Relational value is an important consideration in every business relationship, this is because customers want value in the business relationship that exists between them and their service provider and the firm must put its house in order, in order to provide value to the customer in every in the business relationship that exists between both parties.

**H<sub>01</sub>:** *There is no significant relationship between order Status reporting and relational value of major oil marketers operating in Nigeria.*

**Table 1 Pearson Correlation result on the relationship between order status reporting and relational value**

		Order Status Reporting	Relational Value
Order Status Reporting	Pearson Correlation	1	.435
	Sig. (2-tailed)		.425
	N	37	37
Relational Value	Pearson Correlation	.435	1
	Sig. (2-tailed)	.425	
	N	37	37

\*\* . Correlation is significant at the 0.05 level (2-tailed).

Table 1 shows the output of correlation analysis carried out to check the relationship between order status reporting and relational value. The result reveals a moderate relationship between order status reporting and relational value with r value of 0.435 (43.5%) and p value of 0.425, which is greater than 0.05 level of significance. This implies that a moderate relationship exists between the two variables and it is not significant since p value is 0.425 and it is greater than 0.05 level of significance. Hence, the null hypothesis was accepted following the p value of 0.425. However, it is worthy of note that the relationship between order status reporting is moderate despite the insignificant status of the relationship. Order status reporting can actually be a tool through which organization can use to develop good relationship with their customers.

### Conclusion and Recommendation

From the result of the analysis, order status reporting is found to have a moderate and insignificant relationship with relational value of major oil marketers in Nigeria. Order status reporting is a practice that should not be undermined by major oil marketers in Nigeria despite its despite that fact that the relationship status is insignificant, since it could assist the customer track their shipment at every transaction stage.

Major oil marketers in Nigeria should enhance order status practices and develop a more reliable system to communicate customers' order status. This will help the customers be informed of the progress of their orders and relationship value can be enhance through this practice.

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