



REPUTATION MANAGEMENT ON CUSTOMER LOYALTY OF TRANSPORTATION FIRMS IN PORT HARCOURT

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Abstract

This study examined the influence of reputation management on customer loyalty of transport firms in Port Harcourt. Reputation management was proxied using trust and reciprocity as its dimensions while referrals and repeat purchase as measures of customer loyalty. Social Exchange Theory was the baseline theory which the study anchored on. The study adopted a quantitative survey research design, which data were collected from 120 customers of selected transport firms using a structured questionnaire measured on a five-point Likert scale. Reliability of the instrument was confirmed using Cronbach's Alpha coefficients, of which all instruments fell within acceptable thresholds. Findings revealed that trust and reciprocity jointly influence customer referrals, accounting for reasonable degree of variation on referrals. Similarly, trust and reciprocity were found to have significant influence on repeat purchase as it explains relative percent of its variation. The results indicate that customers are more likely to remain loyal to transport firms that are perceived to be trustworthy and responsive. Also, the liberal actions of firm are reciprocated through repeat patronage and recommendations. The study concludes that effective reputation management is very essential as it influences customer loyalty in the transport industry. We recommend among others that organization had better understand that customer loyalty can be achieved through trust building and reciprocity-based practices.

Keywords:

Reputation Management, Customer Loyalty, Trust, Reciprocity, Transport Firms.

Introduction

Transport sector plays important role in facilitating the movement of goods and passengers from one point to the other. This movement of goods or passenger is through air, road, marine and rail transportation. Road transportation due to its flexibility and accessibility has become the most commonly used means of transportation in the world of today. Consequently, those who may have satisfactorily used any of the named means becomes possible loyalist. Loyal customers act as advocates that go out in their ways, spreading positive word of mouth about a firm's offering. This action can also be translated into revenue in the future (Mas-Machuca, Marimon, & Jaca, 2021). When measuring profitability in quantitative sense, customer loyalty has been proven to be

one of the performance indicators organization uses. However, in service industry, particularly transport firms trust and perceived service quality are very important as they trigger satisfaction and loyalty in customers. This can be referred through reliability, safety and fulfilment, as this factors grantee repeat usage and stronger referral behaviour (Mas-Machuca et al., 2021; Pereira, de Farias, & Basso, 2022). Studies like Ogonu and Hamilton-Ibama, (2021) found that improved customer experience management which consists of communication, punctuality and safety protocols improves marketing wellness and customer retention.

Reputation management on the other describes the processes by which organizations shape stakeholders' perceptions through consistent behaviour, ethical conduct and effective communication (Açikgöz, Kayakuş, Zăbavă, & Kabas, 2024). Reputation matters because it reduces information irregularities, signals competence and creates a repute "buffer" in times of service lapses (Açikgöz et al., 2024; Pereira et al., 2022). In transport and logistics settings, reputation management is as central as customers tend to patronize firms they trust enough to satisfy them with the desired comfort and safety (Ayawei & Amah, 2024). Further, reputation in market space is when firms cultivate trust and reciprocal relationships with customers (Mas-Machuca et al., 2021; Ogonu & Hamilton-Ibama, 2021). Apparently, transport firms face stiff competition, fluctuating demand patterns, regulatory challenges and customer expectations for safety (Nwokoro & Okonkwo, 2021). This competition has made it somewhat difficult for these firms retain loyal customers. Empirical research on transport firms has shown that element of trust as referenced to these firms would grantee repurchase and recommendation behaviours (Mas-Machuca et al., 2021; Purnami, 2023). In addition, Kaur and Soch (2018) found a significant relationship between reputation management which was measured by trust, had a significant relationship with customer loyalty. Lee, Park, and Shin (2019) also found that reciprocity influences repeat usage. Agyapong, Mensah and Mensah (2020) investigated reputation management strategies of public transport firms, concluding that trust-building influences customer retention. It is against this backdrop the study seeks to examine the influence of trust and reciprocity, using dimensions of reputation management on customer loyalty.

2. Literature Review

Social Exchange Theory as advanced by George Homans (1958) and intricately canvassed by Peter Blau (1964) and Richard Emerson (1976). The theory holds that social behavior is an acquisitive of exchange process. The theory suggests that individuals and organizations engage in interactions with the expectation of receiving rewards and incurring costs. It believes that relationships between two parties or more is meant to continue as far as perceived benefits outweigh costs. Furthermore, Thibaut and Kelley, (1959), believes that human interactions are a series of transactions where individuals seek to maximize their rewards and moderate costs. In the context of reputation management and customer loyalty, this theory provides a direction in understanding the changes in relationship between a business and its customers. It is believed that strong reputation built by firms, indicates reliability, quality and ethical conduct, of which, customer tends to reciprocate through repeat purchases and referrals (Palmatier et al., 2006). Further applications of this theory to digital marketing have however been highlighted on its relevance to understanding long-term customer relationships, online communities and brand advocacy.

Empirical Review

Keh and Xie (2009) investigated the impact of perceived service quality, perceived value and corporate reputation on customer satisfaction and loyalty in the banking industry. Outcome of the study recorded using a quantitative approach revealed that corporate reputation influences customer satisfaction. It was also concluded that strong reputation ensures customer loyalty as it mediates satisfaction and future relationship. Gummerus, Liljander, Weman, and Pihlström (2012) explored how service quality, value and satisfaction in digital service affect customer loyalty. In addition, other findings from their study revealed that perceived service quality and value influences satisfaction as it translates to loyalty in long run. Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros and Schlesinger (2019) examined how customer experiences are created and its determinants. Findings from their study revealed that consistent and positive customer experience influence trust and long-term loyalty, which can be monitored through repeat purchases and advocacy. The study further supports that reputation management stimulates positive experiences and a critical part for driving loyalty. Similarly, Garg and Singh (2018) found a positive relationship between trust and behavioral commitment in online environment. Agnihotri et al., (2016) also did an investigation on social media as a factor Influencing customer satisfaction in B2B sales.

Reputation Management

Reputation management is arguably referred to the strategic process of influencing and controlling perception of an individual, group or organization. Reputation management is argued to be a reactive process of damage control but a continuous strategy that keeps business and its customer in harmony. Fombrun and Van Riel (2004), maintain that it involves building, monitoring and maintaining a positive image among various stakeholders and the general public. Although this is rare in marketing literature as it is an intangible asset that influences financial performance, competitive advantage and customer relationships of a firm. Walsh and Beatty (2007), argue that confidence in a firm offering signals strong reputation credibility, trustworthiness and reliability. However, this is built overtime through consistent ethical behavior, quality goods or services. Due to the obvious shift from traditional marketing to digital marketing, reputation management has surpass traditional word of mouth to online reviews, social media discussions and E-WOM (Mangold & Faulds, 2009). This has made firms to pay more attention to their business reputation through feedback from customers' complaints in other to protect their image. This is because a damaged reputation can come from product failures, poor customer service and ethical lapses (Helm, 2011; Keh & Xie, 2009).

Customer Loyalty

Customer loyalty can be said to be a variety of factors that represents customer's deep state of commitment to consistently repurchase or re-patronize a product or service in the future, despite situational influences and marketing efforts from competitors (Oliver, 1999, 2010). Loyalty from a customer extends beyond repeat purchase as it consists of behavioral and attitudinal magnitudes. Behavioral loyalty can be traced to continuous patronage of a customer to a firm offering, while Attitudinal loyalty reflects a positive disposition towards a firm which can be due to trust in them, emotional attachment and willingness to commend the brand to others (Keller, 2003; Lemon & Verhoef, 2016). Reichheld and Schefter (2000) were of the view that customer

loyalty is an asset for businesses, as continuous patronage translates into revenue, profitability and competitive advantage. Loyal customers act as advocates, are often less price-sensitive and act as advocates (Lemon & Verhoef, 2016). Customer loyalty as such presupposes a combination of factors such as satisfaction, perceived value, trust and emotional connection (Cheung & Thadani, (2012). They further stressed that although customer satisfaction is a necessary pointer in business relationship, it is not sufficient for loyalty as satisfied customers can still switch from one brand to another. True loyalty is only ensured when firm delivers superior value, consistent quality and a positive experience to customers.

Trust and Customer Loyalty

Trust, as one of the core dimensions of reputation, is very important as it drives repurchase, patronage and being reflected as measures of customer loyalty (Morgan & Hunt, 1994; Oliver, 1999). Trust has been conceptualized to mean customer's willingness to rely on a company's role, its offerings based on the belief that the company is competent, honest and reliable. Consumers who are visibly impressed with firm's service or product show a level of confidence in future interactions. Thus, confidence is as a function of trust factor and a reflection of integrity, competence and reliability a customer has for a firm. Furthermore, this is believed to shape customers commitment in their relationship with consumers. As customers are more likely to repeatedly buy from a company they trust, so they anticipate consistent quality, fair pricing and reliable service (Gummerus et al., 2012). Besides, trust benefits firms as customers are bound to reduce switching tendencies from one firm to the other because such relationship was built on trust value. A customer who trusts a particular transportation firm because of factors, like comfort, safety, fair price will not like to use a different transportation firm (Blau, 1964). So, also do customers who trust a brand are more willing to recommend it to others, share positive experiences and even defend the brand against criticism. Based on the literature we stated our hypotheses.

H₀₁: Trust does not significantly influence referrals.

H₀₃: Trust does not significantly influence repeat purchase

Reciprocity and Customer Loyalty

Reciprocity refers to the social norm or psychological tendency that allows individuals, respond to positive action with a corresponding action. Reciprocity as an element of reputation management, suggests that when a company consistently offer better value, goodwill or exceed customer expectations, in return customers feel a psychological inclination to such positive actions with their loyalty which is measured as repeat purchase and referrals (Gouldner, 1960; Palmatier et al., 2006). A strong sense of positive reciprocity by a customer is achieved when firms build reputations such as speed response to customer complaints, proactive in problem-solving and customizing their service to customer-centric in nature. In respond to this, customers are likely to reciprocate such actions with repeat purchase and referrals. Hennig-Thurau et al., (2010) opine that Social Exchange Theory views reciprocity as a continuous flow of benefits between parties, as one-party acts as the initiator and the other the responder. So, companies that manage their reputation would encourage strong and reciprocal relationships. Based on the literature we stated our hypothesis.

H₀₂: Reciprocity does not significantly influence referrals.

H₀₄: Reciprocity does not significantly influence repeat purchase

3. Research Methodology

The population of this study consisted of customers of transportation firms in Port Harcourt. Transportation firms selected in this study were based on their level of customer traffic or intensity, to enable us to collect a large number of respondents to ensure good representation. Structured questionnaire were distributed to customers of the corresponding firms, as our study adopted **quantitative survey research design, in order to convert respondents’ opinions to quantifiable data using a 5-point Likert scale. Since our population is infinite, we adopted the convenience sampling techniques through which a total of 120 copies of questionnaire were administered to respondents. In order to test their opinions, multiple regression** was adopted as it examines the effect of reputation management on customer loyalty. In order to test how valid our instrument is, Cronbach’s Alpha Coefficient was used as it is appropriate in measurement for reliability of the instrument. The Cronbach’s Alpha is kept in an acceptable range that showed the high internal consistency as all research instrument was reliable (Nunnally & Bernstein, 1994) as seen in Table 1.

Table I: Reliability Statistics

Variables	Cronbach’s Alpha	No. of Items
Trust	0.726	4
Reciprocity	0.752	4
Referrals	0.718	4
Repeat Purchase	0.734	4
Cumulative	0.732	16

Data Analysis and Presentation

Regression Model 1: Influence on Customer Referrals

The first regression model investigated the extent to which trust and reciprocity predict referrals. The model is specified as:

$$\text{Customer Referrals} = 0.358 + 0.361(\text{Trust}) + 0.208(\text{Reciprocity})$$

Regression Model 1: Customer Referrals

Predictor	B	Std. Error	Beta	T	p-value
(Constant)	1.402	0.217	-	6.46	.000
Trust	0.361	0.065	.384	5.55	.000**
Reciprocity	0.208	0.061	.231	3.41	.001**

R = 0.531, R² = 0.282, Adj. R² = 0.277, F= 58.31, P= 0.000.

Coefficient of determination (R^2) was used in explaining how the independent variables been trust and reciprocity explains the variation in the dependent variable referrals. R^2 value of 0.282 showed that a 28.2% variance in referrals is jointly explained by trust and reciprocity. The coefficient of correlation (R) been 0.531 revealed a moderate and positive correlation between been trust, reciprocity and referrals. The remaining 71.8% variation not accounted for by the model is due to other factors that was not included in the model. The F-statistic value of 58.31 and a significant $P < 0.005$, confirms that the model aligns well with the data and that the predictors collectively influence referrals. The Adjusted R^2 value stood at 0.277, taking into account the number of predictors in the model and adjusting for any potential inflation due to the model's complexity. The low difference between R^2 and Adjusted R^2 shows that the model is parsimonious and that all predictors contribute significantly to the outcome variable. The further examination of each regression coefficient found that trust ($\beta = 0.361, p = 0.000$) and reciprocity ($\beta = 0.208, p = 0.001$) were both statistically significant. This implies that the more customer trusts a firm the more they tend to be committed to its offerings through referring the firm's product to other or repurchasing the product for themselves. Hence, Hypotheses 1 and 2 were both rejected, revealing that trust and reciprocity significantly influence referrals.

Regression Model 2: Influence on Repeat Purchase

The second regression model assessed whether trust and reciprocity influences repeat purchase. The second model is expressed as:

Repeat Purchase = 1.076 + 0.286(Trust) + 0.150(Reciprocity)

Regression Model 2: Repeat Purchase

Predictor	B	Std. Error	Beta	T	P-value
(Constant)	1.758	0.243	-	7.24	.000
Trust	0.286	0.072	.301	3.97	.000**
Reciprocity	0.150	0.066	.176	2.27	.024*

$R = 0.412, R^2 = 0.170, \text{Adj. } R^2 = 0.165, F = 30.31, P = 0.000.$

Coefficient of determination R^2 , predicts the degree to which the independent variables trust and reciprocity explain the variations in the dependent variable repeat purchase. The R^2 value for repeat purchase was 0.170, indicating that 17.0% of the variation in repeat purchase is explained by trust and reciprocity. The correlation coefficient (R) value of 0.412 revealed a moderate positive association between the predictors and the outcome variable. This suggests that although factors related to reputation management influencing repeat purchase which is a measure of customer loyalty is significant and 83.0% which is not accounted by the model is influenced by other factors. F-statistic value of 30.31 and a p-value that is of less than 0.005 reviewed that the model itself was statistically significant, which confirms that the model is very good and fit for the data. Adjusted R^2 was 0.165, accounting for the number of predictors and how complex the model is. The very slight difference between R^2 and Adjusted R^2 revealed how effective the model is and the how the predictors influence the outcome variable. Coefficients of trust ($\beta = 0.286, p < 0.001$) and reciprocity ($\beta = 0.150, p = 0.024$) were significant at 5%. This suggests that trust and reciprocity as reputation management factor influences the patronage level of a

customer towards a firm offering. Thus, we strongly reject the null Hypotheses 3 and 4, supporting the claim that reputation management significantly influence customer loyalty through dimensions such as trust and reciprocity.

Discussion of Findings

The results of the first regression model as seen in table one above reviewed that trust and reciprocity were statistically significant and positively related to referrals. Furthermore, the strength of the relationship ($R = 0.531$) and explanatory power ($R^2 = 0.282$) of the model suggest High levels of customer trust built by an organization, translate into increased repurchase behavior, as customers are more likely to repeatedly purchase from company they trust because they seek for consistent quality, fair pricing and reliable service. Additionally, from our analysis above, the finding is in line with the work of Gummerus et al., (2012) who argued that reputation management is not just one-time thing or what firms do whenever they feel like; it must be a part of the firm's objective in other to remain competitive. Factors like trust are a major determinate of customer continued patronage of firm's product, as continuity makes them refer other to the firm. Furthermore, customers act towards the firm the manner they perceive them. so positive actions from a firm will trigger positive outcomes like satisfaction and referrals. The second regression model from table two also reviewed that trust and reciprocity predicts repeat purchase equally with a stronger significance, although with a weaker correlation coefficient been $R^2 = 0.170$. This is to say that customers are more likely to repurchase when they feel that the company has consistently invested in their satisfaction and provided extra value, making the choice to return, feel natural and rewarding. Similarly, this reenacts repeat purchase as customers having strong reciprocal bond and consistently choosing the company over competitors. Our findings are in line with the work Keh and Xie (2009), which revealed that corporate reputation significantly influences customer satisfaction; in turn translate to customer loyalty.

Conclusion

The study examined the extent to which reputation management influences customer loyalty of transport firms in Port Harcourt. The findings revealed that both trust and reciprocity influence customer loyalty in form of referrals and repeat purchase. It concludes that customers are most likely to remain loyal to transport firms that delivers reliable, transparent and consistency in service delivery. Similarly, the balance of this study is expressed through fair treatment, responsiveness and value-added services, encouraging customers to reciprocate through repeat purchases and referrals. Based on these findings, it can be concluded that effective reputation management is a strategic tool for enhancing customer loyalty in transport industry.

Recommendations

Based on the findings and conclusions reached in this study, the following recommendations were drawn:

1. Transport firms have a duty to build trust with customers as factors such as timely departures, accurate schedules and safe service delivery are best considered influences of purchase decision.

2. Management should encourage reciprocity among customer by rewarding them and allowing them some discounts, etc., in other to encourage repeat purchase.
3. Firms should be duty-bound in ensure transparency when communicating price and value to customer as misleading information may discourage continuous patronage.
4. Organization should have a policy statement on Reputation management hence, if they must increase customer traffic through referrals and repeat purchase, reputation management must guide actions.

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