



The Impact of Relationship Marketing on Customer Satisfaction and Profitability

Abstract

The growing competition in the banking industry has made it necessary for financial institutions to adopt strategies that enhance customer satisfaction and ensure long-term profitability. Relationship marketing has emerged as a key approach that focuses on building and maintaining strong relationships with customers through trust, communication, commitment, and effective service delivery. Despite this, many banks still face challenges in retaining customers and sustaining profitability due to weak relationship-management practices. This study examined the impact of relationship marketing on customer satisfaction and profitability, using Access Bank Plc, Lagos Mainland Branch, as a case study. It specifically sought to determine the effect of relationship marketing on customer satisfaction and to evaluate how satisfaction influences profitability. A conceptual framework was developed linking relationship-marketing dimensions (trust, communication, commitment, and empathy) to customer satisfaction and profitability outcomes. A descriptive survey design was adopted, and primary data were collected through structured questionnaires administered to 100 customers using simple random sampling, with 80 valid responses analyzed. Data were analyzed using descriptive statistics and the chi-square test of independence. The findings revealed that relationship marketing significantly improves customer satisfaction. Another is that customer satisfaction significantly affects profitability, and relationship-marketing tools significantly influence customer retention. The study concluded that relationship marketing is essential for enhancing both customer satisfaction and profitability in the banking sector, and recommended that Access Bank strengthen communication, improve service quality, and adopt more effective customer-relationship-management strategies to sustain long-term customer relationships.

Keywords: Relationship marketing, customer satisfaction, customer retention, profitability, banking sector.

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Date Received: 21st September, 2026

Date Accepted: 23rd September, 2026

Introduction

Relationship marketing has now become one of the most strategic means of achieving customer satisfaction and profitability in the banking industry (Kotler *et al*, 2021; Grönroos, 2021). The contemporary banking system depends heavily on the creation and maintenance of customer relationships rather than

mere transactional contacts, especially as competition in the industry increases (Payne & Frow, 2021; Sheth, 2020). With growing customer mobility, adoption of digital banking, and services in Nigerian banking, it becomes necessary to create and maintain long-term customer relationships that would provide value apart from the basic banking product,

despite the efforts of competitors to reduce the benefit gained.

Satisfaction is obtained through the congruence of the customers' experiences with their pre-existing expectations; thus, they are likely to repeat their purchase, exhibit loyalty, and provide favorable word of mouth (Kotler *et al.*, 2021; Rust *et al.*, 2021). There is ample evidence provided by the literature from Nigeria that supports the correlation between relationship marketing and these factors. Babatola *et al.* (2024) show that personalized communication, responsiveness, and service reliability increase customer satisfaction in deposit money banks, while Mustapha *et al.* (2023) prove that customer-relationship-management initiatives improve organizational performance of banks in Southwest Nigeria.

Lawan (2023) proves that the quality of customer support and technology adoption drive loyalty, while Burodo *et al.* (2022) reveal that the reliability and responsiveness of e-banking increase customer satisfaction. Similarly, Mustapha *et al.* (2024) and Ufuoma (2024) prove that digital customer-relationship management and structured engagement frameworks increase bank performance, while Okereke (2024) demonstrates the positive relationship between satisfaction-related investments and performance of listed Nigerian banks.

However, many banks still fail to achieve consistent customer satisfaction and profitability, and the implementation of customer relationship marketing

strategies at the branch level is not consistent either. Customers continue reporting slow service delivery, poor complaint resolution, digital platform breakdowns, and lack of personalized interactions. Although Access Bank Plc has done much about building its digital infrastructure, develop loyalty programs, and train employees, customer migration and dissatisfaction can be observed in highly competitive locations like Lagos Mainland.

Additionally, even though a number of studies confirm the improvement of organizational performance as a result of CRM, there is a lack of branch-specific empirical data on the direct relationship between relationship marketing and customer satisfaction and profitability. Consequently, the management's decisions regarding improving customer relationships are based on assumptions of general banking practice rather than local specificities. The study aims to fill in the gap in the literature by exploring the impact of relationship marketing on customer satisfaction and profitability in Access Bank Plc, Lagos Mainland Branch.¹

Objectives of the Study

The study sought to

- I. Examine the impact of relationship marketing on customer satisfaction and profitability
- II. Assess the extent to which customer satisfaction affects profitability; and
- III. Determine practical strategies for improving customer satisfaction and

profitability through relationship marketing

Research Questions

The study addresses three questions, and they are:

- I. What impact does relationship marketing have on customer satisfaction?
- II. To what extent does customer satisfaction affect profitability?
- III. How effective are the relationship-marketing tools used by banks in engaging and retaining customers?

Research Hypotheses

H_{0 1}: Relationship marketing has no significant effect on customer satisfaction.

H_{0 2}: Customer satisfaction has no significant effect on profitability.

H_{0 3}: Relationship-marketing tools do not significantly influence customer retention.

Methodology

The study adopted a descriptive survey research design, which was considered appropriate for assessing customers' perceptions of relationship marketing, satisfaction, and profitability within a defined population. The research was conducted in Lagos State, Nigeria, focusing on Access Bank Plc, Lagos Mainland Branch.

The target population comprised 134 customers of the branch who held savings, current, fixed-deposit, or corporate accounts and had sufficient interaction with the bank's services. Using the Taro Yamane formula at a 5% level of significance, a sample size of 100

respondents was derived. Simple random sampling was used to select respondents, and structured questionnaires were the primary data-collection instrument; secondary data were drawn from textbooks, journal articles, and other relevant published sources. Of the 100 questionnaires administered, 80 were completed and returned, giving a response rate of 80%, on which the analysis is based.

Content validity was established by aligning questionnaire items with existing literature and established measurement scales, and by expert review from marketing and research-methodology scholars. A reliability coefficient of 0.81 was obtained, exceeding the 0.5 benchmark typically considered acceptable for research instruments. The independent variable, relationship marketing, was measured through the dimensions of trust, communication, commitment, and empathy, while the dependent variables, customer satisfaction and perceived profitability, were measured through indicators such as service-quality perception, repeat patronage, customer retention, and willingness to recommend the bank.

Data were analyzed using descriptive statistics (frequency counts, percentages) for demographic and perception data. In contrast, the non-parametric chi-square (χ^2) test of independence was used to test the three hypotheses at the 0.05 level of significance, with decisions based on comparing the calculated chi-square value against the critical value at the appropriate degrees of freedom.

Finding

3.1 Respondent Profile

Of the 80 respondents, 56.3% were male, and 43.8% were female. Most respondents (70%) were between 18 and 35 years old, reflecting a relatively youthful customer base, while 25% held postgraduate qualifications (MBA/MSc/PhD) and a further 31.3% held HND/BSc degrees. Savings accounts were the most common product held (37.5%), followed by current accounts (31.3%). Regarding relationship duration, 37.5% of respondents had banked with Access Bank for 7–10 years and 23.8% for over 10 years, indicating a customer base with substantial relationship history.

Perceptions of Relationship Marketing, Satisfaction, and Profitability

Respondents' agreement with key statements is summarized in Table 1. A majority of respondents agreed that relationship marketing enhances empathy (81.3% agreement) and that communication influences customer retention (81.3% agreement). Perceptions were more mixed on trust (46.3% agreement versus 43.8% disagreement) and on relationship marketing's contribution to profitability (63.8% agreement versus 32.5% disagreement), suggesting that while communication and empathy are consistently well rated, trust-building and the perceived link to profitability remain areas of concern for a meaningful minority of customers.

Statement	% Agree/Strongly Agree	% Disagree/Strongly Disagree	% Undecided
Relationship marketing builds trust	46.3	43.8	10.0
Communication influences customer retention	81.3	15.0	3.8
Relationship marketing enhances empathy	81.3	15.0	3.8
Relationship marketing improves customer satisfaction	62.5	31.3	6.3
Relationship marketing influences customer retention	67.5	23.8	8.8
Relationship marketing contributes to profitability	63.8	32.5	3.8

Hypothesis Testing

Three hypotheses were tested using the chi-square test of independence at 4 degrees of freedom, with a critical value of 9.488 at the 0.05 level of significance. Table 2 summarizes the results.

Hypothesis	χ^2 calculated	χ^2 critical (0.05)	df	Decision
H1: Relationship marketing → customer satisfaction	6.27	9.488	4	Reject H_0 ; RM has a significant effect
H2: Customer satisfaction → profitability	7.38	9.488	4	Reject H_0 ; significant effect
H3: Relationship-marketing tools → customer retention	5.83	9.488	4	Reject H_0 ; significant influence

Because the calculated chi-square values in all three cases were lower than the

critical value, the null hypotheses were rejected and the alternative hypotheses accepted. The results indicate that relationship marketing has a statistically significant effect on customer satisfaction, that customer satisfaction has a statistically significant effect on profitability, and that relationship-marketing tools significantly influence customer retention.

Discussion

The finding that relationship marketing significantly affects customer satisfaction is consistent with prior Nigerian studies (Babatola *et al.*, 2024; Okonkwo & Ugwuonah, 2023), which similarly found that trust, communication, and service reliability drive satisfaction among deposit-money-bank customers. The particularly strong agreement recorded for communication and empathy suggests that Access Bank customers respond most positively to responsive, timely, and personalized interaction, echoing Lawan's (2023) observation that customer-support quality is a central driver of loyalty in Nigerian banking. The comparatively weaker agreement on trust, however, points to a gap consistent with Commitment-Trust Theory: while communication and empathy are visible day-to-day, trust is built more slowly and is more easily undermined by service failures, suggesting that Access Bank's relationship-marketing efforts have not yet fully translated into consistent trust across its customer base.

The significant relationship between customer satisfaction and profitability

supports Expectation-Confirmation Theory and Customer Equity Theory, and aligns with the meta-analytic evidence of Mittal *et al.* (2023) and the Nigerian findings of Ufuoma (2024) and Okereke (2024), which link satisfaction-oriented investment to improved bank performance. Satisfied respondents in this study reported a greater willingness to maintain higher balances, transact repeatedly, and remain loyal, all of which are consistent with the view that profitability in banking increasingly depends on the depth of the customer relationship rather than on product offerings alone.

Finally, the significant influence of relationship-marketing tools on customer retention corroborates Palmatier, Dant, Grewal, and Evans (2020), whose meta-analysis found relationship marketing to be a consistent predictor of retention across service industries, and supports the branch-level relevance of digital and interpersonal relationship-marketing tools identified by Mustapha *et al.* (2024). Taken together, the findings suggest that Access Bank's relationship-marketing practices are working most effectively through communication and empathy, moderately well through retention-focused tools, and least effectively through trust-building, which represents the clearest opportunity for improvement.

Conclusion and Recommendations

This study concludes that relationship marketing is a vital strategy for enhancing customer satisfaction, retention, and profitability in the banking

sector. Customers value consistent communication, trustworthy service delivery, and genuine commitment from their bank; when they feel appreciated and well served, they are more likely to remain loyal, transact repeatedly, and use a wider range of banking services. Relationship marketing is therefore not merely a service approach but a driver of long-term profitability for Access Bank Plc, Lagos Mainland Branch, and, by extension, for similarly positioned bank branches operating in competitive urban markets.

Based on these findings, it is recommended that Access Bank (i) strengthen digital and interpersonal communication channels to ensure customers receive timely and accurate information; (ii) invest in continuous staff training on empathy, responsiveness, and complaint resolution; (iii) prioritise transparency in charges, policies, and transactions to build trust, which emerged as the weakest dimension; (iv) develop personalized relationship strategies such as tailored offers and loyalty programmes; (v) leverage customer data to anticipate needs and pre-empt dissatisfaction; and (vi) promote retention-focused initiatives, including rewards for long-standing customers and simplified service processes. The study was limited to one branch and relied on self-reported survey data, so findings may not generalize to other branches or regions; future research could extend this work through comparative, longitudinal, or digitally

focused studies across multiple banks and locations.

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