PROJECT REPORT

"CUSTOMER RETENTION"

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Customer retention is not only a cost effective and profitable strategy, but in today's business world it is necessary. This is especially true when you remember that 80% of sales come from 20% of customers and clients. (Lake Laura, April 2008).

Customer Retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace. (Reicheld Fredrick, 1996).

Customer retention is more than giving the customer what they expect; it is about exceeding their expectations so that they become loyal advocates for the brand. Research by Fleming and Asplundh, (Feb.2009) indicates that engaged customers generate 1.7 times more revenue than normal customers, while having engaged employees and engaged customers returns a revenue gain of 3.4 times the norm Customer retention refers to keeping a client's business rather than have the client use competitors' services or products. Businesses want to reduce customer defections to their competitors because a reduction in their market share and profits could result in a collapse of the company. Customer service retention is a popular marketing strategy as it involves focusing on meeting or exceeding clients' expectations in order to maintain their loyalty. When people feel loyal to a certain brand or business, they are less likely to be persuaded by a competitor's adverts and offers.

Today’s companies are facing their toughest competitive ever. Companies are now moving from products and sales philosophy to a marketing philosophy. John Chambers, CEO of Cisco systems 2000, said “make your customer the center of your culture of your company” that companies need to rapidly move into the new economy and employ internet, wireless and other technologies to achieve a competitive advantage which means companies must be think of producing what the customers expect from them. (Kotler, 2008)

1.2 Statement of the Problem

Many companies think that marketing is all about selling of products and how the company will increase its profitability in the market share and not considering after sales service to be able to know whether the customers are satisfied with the products are able to use it.

The main problem is ‘what kind of strategies is expected from telecommunication industries to be able to retain their customers?’

1.3 Research Objectives

1. To identify the customer retention strategies used.
2. To identify the extent to which the customer retention strategies are used by the organization.
3. To examine the challenges that the organization face in retaining their customers.
4. To examine respondents perception of customer retention strategies.

1.4 Significance of the Study

1. To help the organization to implement the right customer retention strategies.
2. To develop a good employee-customer relationship.

1.5 Scope and Limitations

Retaining customers depends on how the industry sells its products to their customers. This research is limited to Vodafone Ghana Ltd and Vodafone users. These are some limitations of the research;

- The most prominent is the data collection since most respondents sometimes feel reluctant to provide information to the questions in the questionnaire.
- Time which is of essence has been limited due to the fact that, the researcher will combine the project with course work in less than a year.
- The lack of funds to travel out and also prepare adequate questionnaire for circulation in gathering data is another potential problem area.
- Inadequate text books to research on.

1.6 Organization of the Study

This study consists of five main chapters:

Chapter I covers the introduction of the work, research problem, objectives, significance of the study, scope and limitations and organization of the study.

Chapter II presents a review of literature.

Chapter III looks at the research methodology

Chapter IV deals with data presentation and analysis.

Chapter V concludes the research with a summary of the study, conclusion and recommendation, this chapter also the reference and bibliography.

1.7 Operational Definitions

- Customer: A person or an organization that buys products or service from a shop or business.
- Retention: Is to keep, hold on or maintain something.
- Customer profitability: is the difference between the revenues earned from and the costs associated with the customer relationship in a specified period.
- Average customer: Are customers that patronized products when prices are reduced.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview of marketing

Kotler, Armstrong, Wong, Saunders (2008), defined marketing is the process of performing market research, selling products and or services to customers and promoting them by advertising to further enhance sales. It generates the strategy that underlies sales techniques, business communication, and business developments. Customers build strong customer relationship and create value for their customers through marketing. The term marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction. It proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors. Marketing is used to identify the customer, to satisfy the customer, and to keep the customer. With the customer as the focus of its activities, it can be concluded that marketing management is one of the major components of business management.

The American Marketing Association (2007), define marketing as an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders

2.2 Customer Retention

Customer retention can be defined as how companies or organizations are able to maintain the existing customers' base on establishing good relations with all who buy the company's product, (Kotler, 2008). Customer retention marketing is a tactically driven approach based on customer behavior. Johnson (1998) outlined some philosophies of retention-oriented;

1. Retention marketing requires allocating market resources: the company has to realize some marketing activities for customers in order to generate higher profits in the company. The company can keep their budget flat or shrink it while increasing sales and profits.
2. Active customers are retained: customers are likely to feel they are in control and smart about choices they make and they like to feel good about their behavior. Marketers take advantage of this by offering promotions of various kinds to get consumers to engage in a behavior and feel good about doing it.
3. Retain customers' means keeping them active with the company. If the company does not keep them active they will slip away and eventually no longer be customers.
4. Marketing is a conversation between customers and the marketer. Marketing with customer data is a highly evolved and valuable conversation but it has to be backed and forth between the customer and the marketer because the marketer must listen to what the customer is saying to better their products or services offered.

2.3 Attracting Customers

Customers are smarter, more price conscious, more demanding when products are not conducive to them and offered better products from competitors. According to Cooper and Kaplan, (May-June 1991), it is not to produce satisfied customers because several competitors can do this but is to produce delighted and loyal customers. This means customers are not only to be satisfied with products and services but must be retained in the company. Companies seeking to expand their profits and sales have to spend time and resources searching for new customers.

To start, the company develops adverts and places them in media that will reach new prospects, it also sends direct mail and makes phone calls to attract new prospect.

According to Gitomer (1998), to attract new prospects, the company can use;

a) Product Development: which involves the development of new products for existing market in order to;

   i) Meet changing needs of customers.

   ii) Match new competitive offerings.

   iii) Take advantage of new technology.

   iv) Meet the needs of specific market segments.

Product development is appropriate when changing needs and tasks results in the emergence of new segments or when competitive and technological changes motivate firms to modify their product lines.

b) Packaging: Is the development of a container and graph design for a product. It is all the activities involved in designing and producing the container or wrapper for a product.

c) Promotions: It is the use of any short-term incentives to encourage customers to interact with the company.

d) Advertising: Is a paid form of non-personal communication about a company, its product or its activities and used to inform, persuade and remind.

2.4 Computing the Cost of Lost Customer

Kotler (2008), attracting customers is not enough to be able to retain customers in a company. Many companies suffer from high customer churn or customer defection which is the average number of customers who leave a service or buy another product during a period of one year,

There are some steps that a company can take to reduce the defection rate of its customers;

- The company must define and measure its retention rate, thus measuring the number of times in losing a customer.
- The company must distinguish between the causes of customer attrition and identify those that can be managed better because much can be done to customers who leave the company due to poor service, inferior products or high prices.
- The company needs to estimate how much profit it loses when a customer is lost because the lost profit is equal to the customer’s lifetime value which is the present value of the profit stream of a company.
- The company needs to figure out how much it would cost to reduce the defection rate.
- The company must listen to what customers say about services or products.

2.5 The Need for Customer Retention

According to Senge (2001), most marketing theory and practice centers are on the art of attracting new customers rather than on retaining and cultivating existing ones, the emphasis traditionally has been on making sales rather than building relationships. A company would be wise to measure customer satisfaction regularly because the key to customer retention is customer satisfaction. A highly satisfied customer stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favorably about the company and its product, pays less attention to competing brands and is less sensitive to price , offers product or service ideas to the company and cost less to serve than new customers because transactions are routine. Some companies think that, getting a sense of customer satisfaction is by tallying customer complaints, but 96% of unsatisfied customers do not complain but many just stop buying.

2.6 Measuring Customer Lifetime Value

According to Lim (2005), Customer Lifetime Value is defined as the total value, in monetary terms of average customers spanning the entire period that these customers are likely to do business with the company.

The case of increasing the customer retention rate is captured in the concept of customer lifetime value (CLV). Customer lifetime value (CLV) describes the present value of the stream of the future profits expected over the customer's lifetime purchases. The company subtract from the expected revenues, the expected cost of attracting, selling and servicing the customer.

Carl Sewell (2005), in Customer for life, estimated that a customer entering his dealership for the first time represents a potential lifetime value. If the customer is satisfied and buys several phones from the dealership over his or her buying lifetime and subtracting the cost of selling and serving the customer the value will be normal but if the customer brings in other customers the value will be higher

There are two ways to strengthen customer retention;

- To erect high switching barriers. Customers are less inclined to switch to another supplier when this would involve high capital cost, high search cost, or the loss of loyal-customer discounts.
- To create customer relationship management.

2.7 Customer Relationship Management (CRM).

Kotler, (2008), the aim of customer relationship management is to produce high customer equity. Customer equity is the total of the discounted lifetime values of all the firm's customers.

According to Susan Ward, (2009) Customer Relationship Management refers to the methodologies and tools that help businesses manage customer relationship in an organized way. For small businesses, customer relationship management includes;

- Customer Relationship management processes that help to identify and target their best customers, generate quality sales leads, plan and implement marketing campaigns with clear goals and objectives.
- Customer Relationship management processes that help from individualized relationships with customers (to improve customer satisfaction) and provide the highest level of customer service to the most profitable customers.

- Customer Relationship management processes that provide employees with the information they need to know their customers' wants and needs, and build relationships between the company and its customers.

Gartner (June 2009), describes a widely-implemented strategy for managing a company's interactions with customers, clients and sales prospects. It involves using technology to organize, automate, and synchronize business processes that is principally sales activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients back into the fold, and reduce the costs of marketing and client service. Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments.

2.8 Forming Strong Customer Bonds

Berry and Parsuraman (2005) have identified three retention- building approaches;

- **Adding Financial Benefits:** Two financial benefits that companies can offer are frequency programs and club marketing. Frequency marketing programs. Frequency programs are designed to provide rewards to customers who buy frequently and in substantial amounts. Frequency marketing is an acknowledgment of the fact that 20 percent of a company's customers might account for 80 percent of its business. Many companies have created club membership programs to bond customers closer to the company and it is opened for all those who purchase a product or service.
- **Adding Social Benefits:** Company personnel work on increasing social bonds with customers by individualizing and personalizing customer relationships.

- **Adding Structural Ties:** The Company may supply customers with special equipment or computer linkages that help customers manage orders, payroll and inventory.

Alan See, (2003) brought out eight steps to build strong customer bonds;

- Brand: The Company needs to start with a strong brand identity that customers can identify with. The brand must not only communicate a message but also inform, motivate and deliver as promised.
- Learning Relationships: Companies that implement learning relationships are able to understand and anticipate a customer's unique needs. Learning companies understand that great customer experiences start with listening to the customer to learn instead of talking to the customer to sell.
- Use Technology: To connect in positive and collaborative ways, technology also enhances customer loyalty and delivers a faultless experience across channels and touch points while demonstrating integrity and interest.
- Ensure and Empower: Ensure a high quality customer interaction that demonstrates a caring attitude by empowering employees to resolve problems. Loyalty cannot be built if the companies do not truly care for customers.
- Great service: every customer has a service support need. Use support incident as an opportunity to solidify relationship in providing excellence and quick service and solutions to build customer trust.
- One view of the company: despite the desires of cooperate managers, the customer ultimately control the relationship. Great customer experiences start when the company makes it easy for the customer to do business.

- Layers: customers have layers and relationship layers are built on trust and dialogue over time. Customer loyalty requires the care and commitment to take time, invest the money, and have the patient to grow the relationship.
- Dynamic real-time processes: building relationships takes time; however instant gratification has been a future of everyday lives for a long time. Give customers rewards and keep promises on time.

2.9 Customer and Company Profitability

According to Kotler (2008), a customer profitability analysis is an evaluation process that focuses on assigning costs and revenues to segment of the customer base instead of assigning revenues and cost to the actual products, or the units or departments that compose the corporate structure of the producer. Approaching profitably from this angle can sometimes provide valuable insights into how each step of the process of designing, manufacturing and ultimately selling a good or service incurs cost and generates revenue. Many businesses use a costumer profitability analysis as a means of streamline process so they provide the highest degree of efficiency and return, while generating the lowest decree of costar profitable customer is a person, household, or company that over time yields a revenue stream that exceeds by an acceptable, amount the company's cost stream of attracting, selling, and servicing that customer.

According to Putten (2002), the best customers outspend others by ratio of 16 to 1 in retailing, 13 to 1 in the restaurant business, 12 to 1 in the airline business. Yet every company loses money on some of its customers. It is not necessarily the company's largest customers who yield the most profit. The largest customers demand considerable service and receive the deepest discounts. The smallest customers pay full price and receive minimal service but the cost of transacting with small customers reduce profitability. This fact explains why many large firms are now invading the middle market.

Heinlein and Kaplan (2009), propose a six-step approach for dealing with unprofitable customers, a framework they refer to as the ABCs of Unprofitable Customer Management;

Step 1: Avoid their acquisition in the first place

Step 2: Bear in mind potential rescue operations

Step 3: Catch the possibility of abandonment

Step 4: Draw up a cost that is benefit analysis

Step 5: Ensure familiarity with your environment

Step 6: Facilitate biting the bullet that is facing the situation.

According to Miller Robert, (2001), a company's customer can greatly affect profitability by corporate resources consumed. Most organizations are unaware of which customers are generating profits and why. As an organization develops a customer profitability analysis, opportunities for improvement of customer services can be implemented and corresponding cost reductions realized. Most companies are under the impression that their higher volume customers are their most profitable customers.

A customer profitability study will indicate which customers are profitable and which ones are unprofitable. This information will reveal where a company is profitable and vulnerable to competition or unprofitable and vulnerable to shareholder dissatisfaction. The main objective of a customer profitability study is to assign the revenues, expenses, assets and liabilities of an organization to the customers that cause them. The first step is to assign costs directly to customers. It is preferable to avoid any allocations if the present accounting system can identify the resources consumed by each customer. It is also important to assign assets and liabilities to customers, such as average accounts receivable days and average creditor days.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Type of Research

This type of research is a descriptive type of research specifically survey. The purpose of the descriptive research is to gather data and to evaluate how Vodafone Ghana retains its customers and to help solve the problem retention.

3.2 Population

The target population for the study consisted of management of Vodafone Ghana (Airport Branch) and Vodafone users in Oyibi community including students and lecturers of Valley View University.

3.3 Sample and Sampling Technique

Sample size was 100 respondents including management and customers. 60 from Vodafone management and 40 from Vodafone users. Convenience sampling was used to gather data from respondents who were conveniently available to provide the necessary information.

3.4 Type of Data

Qualitative data was used which involves the use of percentages and frequencies for the researcher's interest on the findings. To identify customer needs in order to retain them in an organization and gain insights into peoples' attitudes towards a product or services.

3.5 Source of Data

The source for this research was mainly primary source. The primary data gathered for this study was received through self-designed questionnaire administered to the management of Vodafone Ghana (Airport Branch) and Vodafone users in Oyibi.

3.6 Instrument for data collection

Instruments used to gather data was questionnaires. These questionnaires were divided into four sections. Section one was the personal data of respondents, section two was drafted to identify the strategies used by the organization. Section three which was to identity the extent to which the retention strategies are used by the organization and the last section was objective three which was to examine the challenges faced by the organization in retaining their customers. Another questionnaire was designed to examine respondents' perception of customer retention strategies.

3.7 Procedure for Data Collection

The researcher visited the sample firm to collect the questionnaire administered to them; a one-week notice was given to the researcher to come for the questionnaires. Out of the 60 questionnaires given 57 were completely filled, two were not answered and one was misplaced. Accordingly, the researcher concentrated on those questionnaires that were correctly filled for presentation, analysis and discussion of results.

3.8 Method of Data Analysis

The researcher analyzed the data collected from the questionnaires using Microsoft Excel to draw tables. Frequencies, percentages and ranking statistical methods were used to determine the distribution of the respondents.

CHAPTER 4

RESULTS AND DISCUSSION OF DATA

4.0 General Information of Sample Firm

Vodafone - Ghana is one of the latest additions to Vodafone Group Plc, the world's leading mobile telecommunications company. It successfully acquired 70% shares in Ghana Telecommunications Company (GT) for $900 million dollars by Vodafone International Plc on July 23, 2008.

Vodafone Group Plc is making significant in-roads in Africa. Currently, it operates in Kenya, South Africa, Tanzania and Mozambique. It also has a significant presence in Europe, the Middle East, Asia Pacific and the United States through the company's subsidiary undertakings, joint ventures, associated undertakings and investments.

Vodafone Group has more than 315 million customers, excluding paging customers, calculated on a proportionate basis in accordance with its percentage interest in these ventures. Operational in 31 countries, the company is ranked among the top 10 global companies by market capitalization.

Vodafone has a unique portfolio of products and services. The company provides a high-speed access to the internet, mobile services and fixed lines.

The company applies the latest industry technology and is keen on building the most versatile network. They go the extra mile to ensure that services on mobile handset enables users to go out and conduct their business or have fun in the most enjoyable and relaxing manner. They indeed add value to customers’ lifestyle.

They are the market leader in providing broadband services, which are among the most competitive in the market.

The company has a deep sense of social responsibility. They do this through responsible employee volunteerism, providing access to communication in deprived communities and investing hundreds of thousands of cedis through the Vodafone Ghana Foundation in social causes.

Excellent customer care is one of their strengths and they pride themselves in being the only telecommunication company in Ghana with as many customer service points that is situated to meet customers at their point of need.

Their promise to Ghana is to offer quality service on their network and ensure that customers have value for their money.

4.1 <u>Findings and Discussion of Data</u>

Table 1: Respondents Distribution by Gender.

Gender	Frequency	Percent	Valid Percent
Female	20	35.1	35.1
Male	37	64.9	64.9
Total	57	100.0	100.0

Source: fieldwork, 2011.

Respondents' Profile

Out of the sixty (60) questionnaires that were distributed to respondents, only fifty-seven (57) was retrieved. From these fifty-seven (57) respondents, twenty (20) female managers use customer retention strategies representing 35.1% of the questionnaires that were retrieved. Thirty-seven (37) male managers use customer retention strategies representing 64.9% of the questionnaires that were retrieved. The table (table 1) above presents the statistics of the findings.

Table 2 Age category of respondents.

Age	Frequency	Percent	Valid Percent
20-29years	27	47.4	47.4
30-39years	18	31.6	31.6
40-49years	12	21.1	21.0
Total	57	100.0	100.0

Source: fieldwork, 2011

Out of the fifty-seven (57) responses generated, twenty-seven (27) management respondents belong to 20-29 years group representing 47.4%. Eighteen (18) of the managers answered 30-39 years of age representing 31.6% of the questionnaires that were retrieved. The remaining twelve (12) of the respondents were managers who belong to 40-49 years category. They represent 21% of the questionnaires that were retrieved for this research. Table2 represents the statistics of the age distribution of management respondents.

Table 3: Respondents distribution based on department

n=57

Department	Frequency	Percent	Valid Percent
Marketing	25	43.9	43.9
HRM	17	29.8	29.8
IT	15	26.3	26.3

Source: fieldwork, 2011.

Out of the sixty (60) questionnaires that were distributed to respondents, only fifty-seven (57) were retrieved. From these fifty-seven (57) respondents, 25 respondents were from the marketing department making 43.9%. 17 respondents were from the Human Resource Management (HRM) department representing 29.8%. The remaining 15 were from the Information Technology (IT) department representing 26.3%.

4.2 Data Analysis

The analysis of the data collected is done based on the objectives of this research. The first objective therefore, was to identify the various retention strategies adopted by Vodafone Company limited. Table 4 presents the findings.

Table 4: To Identify the Retention Strategies Used by the Organization.

n=57

Questions	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree	
The organization retains its customers by;	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	percentage	Frequency	Percentage
building customer relationship	21	36.8	15	26.3	9	15.8	7	12.3	5	8.8
Product Uniqueness	19	133.3	13	22.8	10	17.5	8	14.0	7	12.3
Branding Strategies	10	17.5	23	40.4	7	12.3	11	19.3	6	10.5
Timely Response to customer complaints	12	21.1	8	14.0	21	36.8	7	12.3	9	15.8
Providing reliable services to customers	7	12.3	13	22.8	3	5.2	23	40.4	11	19.3
Providing quality services	23	40.4	8	14.0	4	7.0	9	15.8	13	22.8

Source: fieldwork, 2011.

Table 4 describes the objective one that is to identify the customer retention strategies used by the organization. From this table, 36.8% of the respondents strongly agree that building customer relationship is the strategy that Vodafone as company uses to retain its customers. 26.3% agree that building customer relationship is a strategy used; upon adding the percentages it means that 63.1% uses building customer relationship as a strategy to retain customers. 15.8% are undecided in using customer relationship as a strategy. 12.3% of them disagree with this strategy. Meanwhile, 8.8% strongly disagree on using building customer relationship as a strategy to retain customers. For the purpose of this research, customer relationship as a retention strategy is the love, appreciation and priority given to the needs of product users and the willingness to serve them just the way want.

Again, further discoveries indicate that 33.3% of respondents also strongly agree with the fact that product uniqueness is a strategy used. As far as they are concerned, customers will not care much about how much they pay for a particular service but rather, what they gain out of such payment or the value or the service purchased. They see this as the next best alternative after good customer relationship, which can be used to retain customers. Other studies have confirmed that customers are likely to switch to competitors' products when there is high cost decline in product quality and improvement in those of competitors. Nevertheless, this customer switch can be prevented when there is a good company- customer relationship.

Also 22.8% agree on product uniqueness as a strategy. Moreover, 17.5% of these respondents are undecided on this strategy. In other observations, 14% disagree on product uniqueness.12.3% strongly disagree on product uniqueness. From the findings this implies, these set of respondents do not see any feasibility in idea of using product uniqueness as a strategy in building customer retention. This response could linked with the fact that, these respondents believe product quality or uniqueness will rather increase the cost of production. However, this is a deviating fact from the current trend of literature because according to the Art and Practice of the Learning Organization 2001 (chap 7), satisfied customers pay less attention to competing brands and are less sensitive to price , offer product or service ideas to the company and cost less to serve than new customers because transactions are routine.

Meanwhile, in the case of product branding, 17.5% of respondents strongly agree on branding strategies. 40.4% of respondents agree that branding strategies help to retain their customers. 12.3% are undecided on branding strategies. 19.3% disagree on branding strategies. 10.5% strongly disagree on branding strategies. 21.1% strongly agree that timely response to customer compliant strategy used to retain its customers. 14% agrees on using timely response to customer complaints as a strategy. 36.8% of respondents have undecided on the timely response to customer complaints as a strategy to retain their customers. 12.3% disagree on the timely responses to customer complaints. 15.8% strongly disagree on the strategy. 12.3% strongly agree that providing reliable services to customers used to retain its customers. 22.8% agree on providing reliable services. 5.2% are undecided on the strategy. 40.4% of respondents disagree on providing reliable services to customers as a strategy to their customers. 19.3% strongly disagree on providing reliable services to customers. Having 40.4% respondents disagreeing to providing reliable service is rather strange. This is because Vodafone like other telecommunication companies' deals with services. That is it does not produce tangible goods. Therefore, the quality of their services wills is determined by its reliability.

40.4% of respondents strongly agree on providing quality service to retain its customers. 14.0% agree on providing quality service to customers and 7.0% are in doubt on the strategy. 15.8% disagrees on providing quality service to customers. 22.8 strongly disagree on the strategy. This is quite different from other findings because in this era of competition, customers show loyalty to companies that can provide them value for their money.

According to Kotler (2008), customer retention can be defined as how companies or organizations are able to maintain the existing customers' base on establishing good relations with all who buy the company's product. Considering the customer retention strategies outlined the organization uses building customer relationship and providing quality services to retain their customers most, while the rest of the strategies are somehow not frequently used, because they believe that when funds are allocated to the other strategies, customers are not interested. The least strategy that the organization uses is the timely response of customers' complaints, but for an organization to be able to retain its customer, it must always think of responding to customer complaints on time.

Objective Two: To identify the extent to which the retention strategies are used the organization.

After considering, which strategy the company admonishes most, it is of equal importance to look at the consequence or influence of these retention strategies on the organization in terms of its market share. Table 5 presents the finding on this objective.

Table 5: The Extent to Which the Strategies Are Used.

n=57

Questions	Very Large Extent		Lesser Extent		Moderate Extent		Small Extent		No Extent	
	F	%	F	%	F	%	F	%	F	%
Sales Volume for the past year	24	42.1	14	24.6	7	12.3	11	19.3	1	1.7
Increased market Share	6	10.5	11	19.3	28	49.2	8	14.0	4	7.0
Demand for products and services	12	21.1	20	35.1	9	15.8	10	17.5	6	1.7
Positive Corporate Image	13	22.8	5	8.8	6	10.5	26	45.6	7	12.3

Source: field work, 2011.

Table 5 represents objective two which is to identify the extent to which the retention strategies are used by the organization. With this, 42.1% of the respondents believe to a very large extent, customer retention strategies have a great impact on the sales volume of the organization for the past year. 24.6% of respondents say that there has been a low impact on the sales volume. 12.3% believe there is a moderate impact on sales. 19.3% believe there is small impact on sales volume. 1.7% says no impact is made on the sales volume.

In terms of market share aquisitition, 10.5% say it has increased their market share to a very large extent. Meanwhile, 19.3% believe it has increased their market share but to a low extent.

Again, 49.2% of respondents believe that there has been a moderate impact on customer retention strategies. 14.0% of respondents say that the increase in their market share is to a small extent. 7.0% say that their market share has not increased at all. This means that no significant change has occurred with 21.1% respondents believe that to very large extent, customer retention strategies has a great impact on the demand of products and services. 35.1% of respondents believe that customer retention strategies have made a lower impact on their demand for product and services for the past year.15.8% say demand for products and services have moderate impact.17.5% believe that demand for products and services have a small impact. 1.7% of respondents say demand for products and services have no impact. 22.8% believe that customer retention strategies to a very large extent, has impacted on the positive corporate image. But 8.8% believe contrary. To them, it has rather had a lower impact on the corporate image of the organization. 10.5% have a moderate impact.

However, 45.6% of respondents also believe that customer retention strategies have made a small impact on the corporate image of the organization. This to some extent is in line with the findings gathered by the Art and Practice of the Learning Organization 2001 (chap 7). According to this finding most marketing theory and practice centers are on the art of attracting new customers rather than on retaining and cultivating existing ones, the emphasis traditionally has been on making sales rather than building relationships. A company would be wise to measure customer satisfaction regularly because the key to customer retention is customer satisfaction. A highly satisfied customer stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favorably about the company and its product. Another 12.3% these respondents agree that there has been no impact.

Although an earlier studies by John Fleming and Jim Asplundh, (Feb.2009) indicates that customer retention has a direct impact on profitability and due to this; the customer retention strategies outlined in table 4 has made a great impact on their sales volume for the past year. The strategies have also made a moderate impact on the market share. The demand for products and services has made a lower impact because customers are not only interested in buying products they like to be associated with companies which are customer-oriented so that they can contribute ideas towards products or services. Positive corporate image is built when the brand name of the company is been established in the minds of the customers but the corporate image of the company has made a small impact. For the organization to gain its corporate image, they have to build strong customer bonds by branding. Alan See, (2003), the company needs to start with a strong brand identity that customers can identify with. The brand must not only communicate a message but also inform, motivate and deliver as promised.

Table 6: Challenges Faced By the Organization.

n=57

Questions	Extremely challenging		Somewhat challenging		Not sure		challenging		Not challenging at all	
	F	%	F	%	F	%	F	%	F	%
High expectations of customers	23	40.4	11	19.3	3	5.2	13	22.8	7	12.3
Customers' loyalty	15	26.3	14	24.6	6	10.5	20	35.1	2	3.5
Competitors' products and services	9	15.8	25	43.8	16	28.1	4	7.0	3	5.3
Innovation of products and services	10	17.5	13	22.8	7	12.3	8	14.0	19	33.3
Customer service	11	19.3	12	21.1	9	15.7	8	14.0	17	30.0

Source: fieldwork 2011.

Table 6 represents objective three which is to examine the challenges faced y the organization in retaining customers, 40.4% of respondents based on the option given say high expectations of customers is extremely challenging to their company. 19.3% say high expectation of customers is somewhat challenging. 5.2% of respondents are not sure. 22.8% believe that high expectation of customers is challenging. 12.3% of respondents say high expectations of customers is not challenging at all. 26.3% respondents say customers' loyalty is extremely challenging. 24.6% respondents believe that customers' loyalty is somewhat challenging. 10.5% are not sure of customers' loyalty. 35.1% of respondents say customers' loyalty is very challenging. 3.5% say customers' loyalty is not challenging at all. 15.8% of respondents see competitors' products and services extremely challenging. 43.8% of respondents say competitors' product and services are somewhat challenging. 28.1% are not sure of competitors' products and services. 7.0% respondents see competitors' products and services as challenging. 5.3% see competitors' product and services not challenging at all. 17.5% believe that innovation of products and services in extremely challenging 33.3% of respondents say innovation of products and services is not challenging at all. 19.3% of respondents believe that customer service is extremely challenging. 21.1% respondents say customer service is somewhat challenging. 15.7% are not sure about customer service.14.0% say customer service is challenging. 30.0% of respondents say customer service not challenging at all.

Susan Ward, (2009), customer service retention is a popular marketing strategy as it involves focusing on meeting or exceeding clients' expectations in order to maintain their loyalty. When people feel loyal to a certain brand or business, they are less likely to be persuaded by a competitor's adverts and offers. The organization sees high expectations of customers as extremely challenging because customers always expect something different from the organization. Customers can only remain loyal to an organization when their expectations are offered. The organization believes that customer service is not challenging at all but customers say they are dissatisfied with how the organization retains customers through the service rendered to them.

Table 7: Gender Distribution of Customer Respondents

Network used by customers	**Gender**			
	Female		**Male**	
	frequency	Percentage	frequency	Percentage
Tigo	7	58.3	5	41.7
MTN	6	46.2	7	53.8
Airtel	7	70.0	3	30.0
Vodafone	1	25.0	3	75.0

Source: fieldwork 2011

The table shows that 58.3% females' use Tigo, 46.2% uses MTN, 70% of female respondents use Airtel and 25.0% uses Vodafone. 41.7% males' uses Tigo, 53.8% uses MTN, 30.0% uses Airtel, 75% of male respondents use Vodafone than the other networks.

Table 8: Age of Customer Respondents

Age	Frequency	Percent	Valid Percent
20-29years	10	25.6	25.6
30-39years	16	41.1	41.1
40-49years	11	28.2	28.2
Above 60years	2	5.1	5.1
Total	39	100.0	100.0

Source: field work 2011.

The table represents a larger number of respondents constituting between the ages of 30-39 years, which represents 41.1% of telecommunication users. These respondents are identified as the middle age users and the most suitable for acquiring adequate information. Between the ages of 30-39 years, six (6) of them use MTN Network, four (4) use Tigo Network, two (2) use Airtel and four (4) uses Vodafone respectively. The remaining respondents have age range falling between 40-49years representing 28.2% in which two (2) use MTN, one (1) use Tigo, one (1) use Airtel and seven (7) respondents use Vodafone respectively. Those within 20-29 years category represent 25.6% of the data in which four (4) respondents use MTN, two (2)use Tigo, three (3) use Airtel and only one person uses Vodafone. From the table, those above 60 years constitute 5.1% of the total respondents. Out of this, one person (1) uses MTN and another person also uses Vodafone respectively.

Table 9: Respondents Perception of Customer Retention

n=39

Questions	Very Satisfied		Somewhat Satisfied		Do not Know		Somewhat dissatisfied		Very dissatisfied	
	F	%	F	%	F	%	F	%	F	%
Customer relationship	13	33.3	11	28.2	7	18.0	5	12.8	3	7.7
Network reliability	7	18.0	5	12.8	11	28.2	10	25.6	6	15.4
Product or service uniqueness	5	12.8	15	38.5	9	23.1	7	18.0	2	5.1
Branding of products	8	20.5	5	12.8	3	7.7	14	35.9	9	23.1
Response to customer complaints	4	10.3	8	20.5	6	15.4	5	12.8	16	41.0
Service quality	9	23.1	7	18.0	5	12.8	2	5.1	15	38.5
General customer satisfaction	6	15.4	12	30.8	9	23.1	8	20.5	4	10.3

Source: field work, 2011.

The table shows how customers are satisfied with the retention strategies employed by the organization. 33.3% of respondents are very satisfied with the customer relationship strategy. 28.2% respondents are somewhat satisfied with customer relationship. 18.0% respondents do not know. 12.8% are somewhat dissatisfied with customer relationship. 7.7% are very dissatisfied. 18.0% are satisfied with the network reliability of their service providers. 12.8% are somewhat satisfied. 28.2% of respondents are not sure of the network reliability strategy. 25.6% respondents are somewhat satisfied with the network reliability. 15.4% are very dissatisfied with the network reliability. 12.8% respondents are very satisfied with the product or service uniqueness strategy. 38.5% of respondents are somewhat satisfied with the product or service uniqueness strategy. 23.1% of respondents are not sure about the product uniqueness strategy. 18.0% are dissatisfied with the product or service uniqueness strategy. 5.1%respondents are very dissatisfied. 20.5% of respondents are very satisfied with the branding of product strategies. 12.8% respondents are somewhat satisfied with the branding of product strategies. 7.7% are not sure of branding of product strategies. 35.9% of respondents are somewhat dissatisfied with the branding of products strategy. 23.1% respondents are very dissatisfied. 10.3% respondents are very satisfied with the response of customer complaints. 20.5% are satisfied with the response to customer complaints. 15.4% are not sure of the strategy. 12.8% of respondents are dissatisfied with the strategy. 41.0% of respondents are very dissatisfied with the response to customer complaints strategy. 23.1% of respondents are very satisfied with the service quality. 18.0% respondents are satisfied with the service quality of the management. 12.8% are not sure about the service quality strategy. 5.1% respondents are dissatisfied with the service quality of the management. 38.5% of respondents are very satisfied with the service quality strategy. 15.4% respondents are very satisfied with general customer satisfaction. 30.8% of respondents are somewhat satisfied to the general customer satisfaction strategy. 23.1% respondents are not sure of the general customer satisfaction strategy. 20.5% are dissatisfied with the general customer satisfaction of the management. 10.3% respondents are very dissatisfied with the general customer satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

SUMMARY

The summary of this research is with the topic **'Customer Retention Strategies in Telecommunication Industry'**. There is a growing concern about the way firms easily loose out its valuable customers other competitors both internally and externally. Research has shown that effects of defection rate in organizations are very high. It was therefore necessary to undertake research to provide evidence of the magnitude of the problem on the operation of many affected organizations to enable decision makers employ better retention strategies. In all Vodafone Ghana was chosen as the case study for this research.

The objectives of the study were;

- To identify the customer retention strategies used by the organization.
- To examine respondents perception of customer retention strategies on the organization
- To identify the challenges faced by the organization in retaining customers.

Qualitative data was used for the study to identify customer needs in order to retain them in an organization and gain insights into peoples' attitudes towards product and services. This data involves the use of percentages and frequencies and the researcher's interest is on finding out the customer strategies retention used by telecommunication industries.

The researcher analyzed the data collected from the questionnaires using Microsoft Excel to draw tables. Frequencies, percentages and ranking statistical methods were used to determine the distribution of the respondents, the positional importance of the answers that were provided and to describe the respondents.

According to the findings, the organization retains its customers through building customer relationship and providing quality service to customers. The study also showed that, customer retention strategies has a great impact on the sales volume of the organization for the past year. Most challenges faced by the organization in retaining their customers are high expectation of customers, competitors' products, services, and customers' loyalty to the organization. Customers were questioned to find out how satisfied they were with the retention strategies used by the organization. The findings show that, customers are not satisfied with the response to customer complaints and are not sure of the network reliability of their service providers. They are satisfied with the quality of service rendered to them by their service providers.

CONCLUSION

The study gives an insight about the opportunity as well as the challenges of retaining customers.

It is noticed that companies cannot hold on to existing customers when the old strategies are being used, therefore to be able to retain customers new retention strategies should be used. An organizations' total output greatly depends on existing customers.

RECOMMENDATION

- ❖ Management should address problems relating to poor network reliability in most area. Example it is difficult to get a Vodafone network around Good news heading towards Oyibi.
- ❖ Introduce customer satisfaction rating to measure the performance of customers towards the use of the organization's product and services.

- Develop a customer focus panels to identify customer needs and discuss views on retaining customers.
- Management should monitor progress through face-face communication with customers to know their problems and opinions.
- It also about exceeding their expectation so that customers will become loyal advocates to the organization’s brand, because retention has a direct impact on the profitability of the organization.

The researcher hope if these recommendations are put into practice the telecommunication industry can operate without any difficulty in the near future.

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