AN INVESTIGATION ON THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER RETENTION. A CASE STUDY OF TELONE PVT LTD

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Dedication

This project is dedicated to the Lord Almighty for giving me strength and grace to carry out this research and also my loving mother.
ABSTRACT

In today's competitive world, companies who do not meet customers' expectations and provide value to their customers create an opportunity for customers to switch to other service providers who will satisfy their needs. Hence, this research focuses on finding the impact of Customer Relationship Management on customer retention at TelOne Pvt Ltd. TelOne has been facing a decrease in its customer retention rate. The main objective of the study was to find out the relationship between customer relationship management and customer retention. A comprehensive review of both theoretical and empirical literature related to this study was carried out. Descriptive research design was used to find out CRM effectiveness, factors affecting customer retention, and the relationship between CRM and customer retention. Questionnaires were used as a research instrument, and the target population were employees of TelOne client services and corporate customers. The sample size was made up of 60 corporate customers and 15 employees. Data was analysed through SPSS 21.0. The response rate, demographic data, and regression results were presented in the form of tables. The findings of the research show that there is a positive relationship between CRM and customer retention, and CRM has a significant influence on customer retention.
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Contents

CHAPTER ONE ................................................................................................................................. 1
INTRODUCTION ............................................................................................................................. 1
1.0 Introduction ......................................................................................................................... 1
1.1 Background of study ........................................................................................................... 1
1.2 Statement of the problem .................................................................................................... 2
1.3 Aim of the study .................................................................................................................. 2
1.4 Objectives ............................................................................................................................ 2
1.5 Research Questions ............................................................................................................ 3
1.6 Assumptions ......................................................................................................................... 3
1.7 Significance of the study ...................................................................................................... 3
1.7.1 To the student ................................................................................................................ 3
1.7.2 To TelOne Pvt Ltd .......................................................................................................... 3
1.7.3 To Bindura University .................................................................................................... 4
1.8 Delimitations ......................................................................................................................... 4
1.9 Limitations ............................................................................................................................ 4
1.10 Definition of terms ............................................................................................................. 4
1.11 Structure of the research .................................................................................................... 5
1.12 Summary ............................................................................................................................. 5

CHAPTER TWO .............................................................................................................................. 6
LITERATURE REVIEW ................................................................................................................ 6
2.0 Introduction ........................................................................................................................... 6
2.1 Theoretical framework ........................................................................................................ 6
2.2.2 CRM value chain model ............................................................................................... 9
2.3 Customer retention ............................................................................................................ 10
2.3.1 Factors affecting customer retention ............................................................................ 10
2.3.2 Complaints handling process ...................................................................................... 10
2.3.3 Service recovery .......................................................................................................... 10
2.3.4 Service quality ............................................................................................................ 11
2.3.5 Customer satisfaction .................................................................................................... 11
2.3.6 Customer value model ............................................................................................... 12
4.3.1 CRM effectiveness

4.3.2 Factors affecting customer retention

4.4.0 Hypothesis Testing

4.4.1 Relationship between CRM and customer retention

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

5.1 Summary of the study

5.2 Conclusion
LIST OF TABLES

TABLE 3.1 SAMPLE SIZE.................................................................23
TABLE 4.1 RESPONSE RATE...........................................................27
TABLE 4.2.1 DEMOGRAPHICS –EMPLOYEES........................................29
TABLE 4.2.2 DEMOGRAPHICS –CUSTOMERS.................................
TABLE 4.3 CRONBACH ALPHA.........................................................30
TABLE 4.4 AVERAGE VARIANCE EXTRACTED.................................30
TABLE 4.5 COMPLAINTS HANDLING PROCESS............................36
TABLE 4.6 SERVICE RECOVERY......................................................36
TABLE 4.7 SERVICE QUALITY..........................................................37
TABLE 4.8 CUSTOMER FOLLOW UPS...........................................37
TABLE 4.9 CUSTOMER SATISFACTION .........................................38
TABLE 4.10 RSQUARE VALUE.......................................................38
TABLE 4.11 REGRESSION COEFFICIENTS.................................39
FIGURES

FIG 2.1 CRM PROCESS MODEL.................................................................7
FIG 2.2 CRM VALUE CHAIN MODEL.........................................................8
FIG 2.3 CUSTOMER VALUE MODEL..........................................................11
FIG 2.4 RETENTION PROGRAM MODEL......................................................12
FIG 2.5 IDIC MODEL..................................................................................14
FIG 2.6 CUSTOMER LIFE CYCLE.................................................................16
FIG 4.1 CUSTOMER EXPECTATIONS...........................................................31
FIG 4.2 TWO WAY COMMUNICATION.......................................................32
FIG 4.3 CUSTOMER INFORMATION............................................................33
FIG 4.4 LONG TERM RELATIONSHIPS.......................................................34
FIG 4.5 CROSS SELLING.............................................................................35
CHAPTER ONE

INTRODUCTION

1.0 Introduction
This chapter provides the background of the research relevant to the study. It shows the statement of the problem, objectives of the research study, research hypothesis, significance of the study, delimitations and limitations of the study and definition of key terms.

1.1 Background of study

In today's competitive world customers needs and demands are increasing rapidly more than before, therefore this has placed most organisations with the responsibility to look for strategies to satisfy the needs of their customers and at the same time meeting their expectations. During the past few decades a new concept Customer relationship management has been developed in marketing. Myron and Ganeshram (2002) says that if customer relationship management is understood and implemented properly by organisations it will benefit the organisation in form of customer retention and increased profitability.

Customer relationship management has been developed over the years as an interesting area of marketing focusing on creating and maintaining long lasting relationships with customers. As a result of fierce competition most organisations are not concerned on providing quality products and services but their main objective is to communicate with customers so that in the process they will understand what their customers needs are and try to satisfy those needs profitably.

This has led to most companies implementing CRM as a strategy to gather information about customers and use that information to increase customer value. Kotler and Armstrong (2002)says that losing one customer to a company is not only losing one sale item but instead losing all the purchases that the customer could have made during his life so therefore organisations should focus more on retaining their customers.

In the telecommunication industry CRM is of great importance because for organisations to experience customer retention they must create and maintain long lasting relationships with
their customers. However managing and maintaining relationships in todays technologically advanced era is not that easy because customers of today are like chameleons they have got ever changing needs, hence companies need to focus more on meeting customers’ expectations.

TelOne Private Limited is the sole provider of effective and efficient fixed multi-media telecommunications in Zimbabwe. It is Zimbabwe’s sole fixed landline services provider. It is also a key player in the Information Communication Technology (ICT) industry, whose network provides the backbone network on which other players ride their services. The 3 main products offered by TelOne are voice, data and internet.

However the invading of other giants in the markets such as ZOL, Africom, Telco, Liquid and Powertel who are offering substitute and similar products to that of TelOne has led the company to face stiff competition therefore retaining customers has become a very challenging assignment because competitors are providing distinctive services to attract new customers whilst at the same time retaining existing ones.

1.2 Statement of the problem
In the past decades TelOne has been operating as a monopoly thus neglecting important aspects such as being customer centric. Due to the emergence of new giants in the market such as ZOL and Liquid, TelOne has lost many of its customers such that in the past four years its customer retention rate has decreased drastically. However, in the past years TelOne has been using CRM systems but has not known its value in retaining customers, thus this research seeks to find out if TelOne can increase its customer retention rate through CRM.

1.3 Aim of the study
The aim of the study is to establish the impact of customer relationship management on customer retention with specific reference to TelOne Private Limited.

1.4 Objectives
The objectives of the research are:

- To evaluate CRM effectiveness
- To determine factors affecting customer retention in TelOne
- To determine the relationship between CRM and customer retention.
1.5 Research Questions
In seeking to achieve the objectives of the current study, the following research questions would be used:

Is CRM effective?
What are the factors affecting customer retention?
What is the relationship between CRM and customer retention?

1.6 Assumptions
The research was based on the assumption that there is a relationship between CRM and customer retention. Also the sampling units chosen are a true representative of the population under study and that respondents will true and accurate information.

1.7 Significance of the study
1.7.1 To the student
The research was done in partial fulfilment of requirement of the Bachelors of Business studies Honours degree in Marketing. The research helps to add value to the researcher’s knowledge and ability to conduct a research thereby giving an opportunity to merge academic theories with practical procedures of carrying out a research study. The result and experience of carrying the study will be of future use in marketing activities. Also this research enabled the researcher to expand her knowledge on CRM and customer retention. The researcher understood the relationship between CRM on customer retention with specific reference to TelOne Private Limited.

1.7.2 To TelOne Pvt Ltd
This research enabled TelOne Pvt Ltd to understand the importance of CRM in retaining customers. Through this study TelOne will know the importance of creating, managing and maintaining long lasting relationships with its customers. Also it helped in developing CRM strategies that will help TelOne in retaining its customers.
1.7.3 To Bindura University
This study was also valuable to the university through establishing the relationship between CRM and customer retention with specific reference to TelOne Pvt Ltd. Thus this will be for future reference by other students from the university and those who may want to do the same project.

1.8 Delimitations
The study was mainly restricted to TelOne Client Services employees and customers in Harare branch only. The researcher is delimited to the activities of one telecommunication company this is due to time constraint concerning the duration of the study, the period of the was too short.

1.9 Limitations
The study will be limited by organisational constraints policies since some information requested was regarded as highly private and confidential for security reasons hence there was little or no response. Also the findings of this research cannot be generalised to other companies because this is a single case study of one telecommunication TelOne Pvt Ltd thus no comparisons can be made with organisations in the same industry. When answering questionnaires respondents might not have given true answers about themselves, and on questions asked because of fear of being victimised despite the assurance that their responses were kept confidential.

1.10 Definition of terms

CRM-this is the process of creating and maintaining long lasting relationships with customers.

Customer retention- is the activity a company undertakes to prevent customers from defecting to alternative companies.

Customer satisfaction-is a marketing term that measures how products or services supplied by a company meet or surpass a customer’s expectation.
**Customer service**-is the process of ensuring customer satisfaction with a product or service. Often, customer service takes place while performing a transaction for the customer, such as making a sale or returning an item.

**Customer acquisition**- is the process of acquiring new customers for business or converting existing prospect into new customers.

1.11 Structure of the research

The introduction section is at the beginning of the research. It highlights the statement of problem, background of the study, the aim of the study, objectives, hypothesis and assumptions, significance of the study and definition of terms. Chapter 2 is on literature review and it highlights empirical evidence of the study, theoretical framework and gap analysis of the research. Chapter 3 is the research methodology this section consists of the research design used, target population, sample size, sampling techniques, research instruments, data collection procedures and how validity and reliability will be measured. Chapter 4 is the data analysis section where the data that would have been researched in the research methodology section will be analysed. The last section is Chapter 5 is the section for Recommendations both to the university and TelOne Pvt Ltd.

1.12 Summary

This chapter covered background of the study statement of the problem, objectives, significance of the study, assumptions made, delimitations and limitations of the study. Terms used in this research were also defined in this chapter. The next chapter will deal with literature review, theoretical framework and empirical evidence.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction
This chapter details the secondary sources of data consulted during the research process. The major purpose of literature review is to help the researcher to acquire relevant and adequate knowledge about the issue under study. This chapter will look at the theoretical and empirical framework in regards to CRM, customer retention and customer satisfaction.

2.1 Theoretical framework
Due to technological advancements there has been an increase in competition in the Telecommunication industry as many companies have emerged. However this increase in competition has led to some companies losing their customers to competitors, some facing decrease in their sales volumes and profits. Thus many companies have adopted Customer Relationship management with the aim of increasing their sales volumes and profits. But does CRM have an impact on customer retention? And also how successful is CRM in retaining customers, also is there any relationship between CRM and customer retention? Thus study will explore more on CRM effectiveness, factors affecting customer retention and the relationship between CRM and customer retention focusing on the theories, models and concepts.

2.2 CRM effectiveness
This section provides theoretical framework which outline CRM effectiveness in customer retention.

CRM is very effective because it enables businesses to learn more about their specific target and how to cater for the needs of their different customer segments. This is because the main goal of CRM is to help businesses use human resources and technology so as to gain an insight on how customers behave and the value of those customers to an organisation. Berry (2003) says that if a business has got an effective CRM strategy it can increase its revenue by providing products and services that satisfy customers needs and wants, offering better customer service to its customers, cross selling its products and services more effectively, helps sales staff to shorten the selling process thereby closing sales fast, helps in retaining existing customers and discovering new ones.
Andrade (2003) says that CRM is effective because it is a very important concept in relationship marketing thus a company can use it for generating long term relationship with customers. Thus each and every organisation should develop effective relationships with customers by providing customers with excellent services and this must be considered as a highly priority decision by the top management of an organisation. Bland (2004) says that firms that focus on CRM and long term planning can enhance their organizational performance through collecting customer information, companies generate customer loyalty which in turn creates customer retention.

Chen (1999) agrees that CRM is effective because it assists organizations in developing a customer responsive culture and as a result of that such organizations gain competitive advantage leading to them serve their customers in a better way. Therefore CRM helps firms to identify, locate and retain their profitable customers. Thus CRM plays a major role in the retention of customers.

2.2.1 CRM process model

Gummerson (2002) postulates that for CRM to be effective in an organisation, the organisation must first understand who its customers are and their lifetime value to the company, after that it must carry out a research and determine the customers’ needs and determine ways and strategies on how to satisfy those needs. CRM systems should compile information ranging from different channels of communication for example emails, company websites, social media, telephone, live chat and marketing materials.
Fahey (2001) says that CRM process starts from the development of a customer strategy, set customer objectives, assess organisational readiness, align organisation behind goals, execute CRM programmes and measure programme effectiveness. All of these CRM processes are meant at enhancing customer value and meeting their expectation, this is because it is every companies goal to make every customer satisfied this because customers are partime marketers of the firm and if they are satisfied they are likely to make repeat purchases thus this becomes an advantage to the organisation.

CRM helps an organisation to discover important information about its customer base and ways of attracting new customers. Thus CRM processes play an important role in the retention of customers. Therefore as a business if you improve the way your business operates, interacting with customers and producing effective marketing campaigns will help people’s perceptions of the business thus boosting sales volumes.
2.2.2 CRM value chain model

CRM effectiveness can be described by the CRM value chain model below:

![CRM Value Chain Model](image)

**Fig 2.2 CRM value chain model** – *Source: Buttle (2000)*

CRM value chain is an established model which businesses can easily follow when they developing and implementing their CRM strategies. CRM Value chain analysis analyses the value creation at the firm level. The main purpose of this model according to Battle (2004) is ensure that a company builds long term mutually beneficial relationships with its strategically significant customers. The ultimate purpose of the CRM value chain process is to ensure that the company builds long-term mutually-valued relationships with its strategically significant customers. Not all customers are strategically significant. Indeed some customers are simply too expensive to acquire and service.

According to CRM value chain analysis they are five primary steps to building profitable relationships with customers that is customer portfolio analysis, customer intimacy, network development, value proposition development and managing the relationship. They are five supporting conditions to fulfil the CRM value chain model that is culture and leadership, procurement processes, Human resources management processes, data management processes and organisation design.
2.3 Customer retention

Customer retention refers to the procedures, actions and activities undertaken by an organisation, so as to reduce customer defections. Clemmet (1998) says that the main goal of customer retention programs is to reduce customer defections and retain many customers as possible often through brand loyalty and customer loyalty initiatives. Ver mond (2004) advocates that customer retention should start first with the contact that a customer has with a company. Therefore successful customer retentions involves “wowing” the customer that is giving the customer more than he expects. There is a direct relationship between customer retention and profitability that is if Customer Retention is high profits will be high also and if customer retention is low profits will also be low. Whilst research says that it is more expensive to acquire new clients as compared to retaining them.

2.3.1 Factors affecting customer retention

They are factors which affect customer retention such as complaints handling process, service quality, service recovery and customer satisfaction. These factors are going to be discussed in the following sub sections:

2.3.2 Complaints handling process

A poor complaints handling process affects customer retention this is because, a complaint is a gift to a company since it enables an organisation to know where it is going wrong. Therefore a well planned complaints-handling process is very important because it has a positive effect on customer retention Stauss and Seidel (2004). Nyer (2000) says that as a result of having a well planned complaints handling process customers who complain are well recovered and can be more satisfied and less likely to switch than customers who had no cause for complaint at all. Hence having a well planned complaints handling process and attending to customer complaints will reduce customer churn rate thus increasing customer retention rate. Therefore organisations should aim to increase their customer retention rate by attending to their customer complaints and resolving them.

2.3.3 Service recovery

Service recovery also affects customer retention this is because when service failure occurs and is not addressed it might cause significant costs to the firm such as the organisation losing customers and the customers spreading negative word of mouth. Zeithaml and Bitner, (2003) define service recovery as the actions taken by a firm in response to a service failure. According to Bateman and Snell (2007) firms learn from experiences of service recovery
when they may not be able to prevent service failure. Berry and Parasuraman (1992) believed that firms should not regard service failure as a problem but as an opportunity to create satisfied customers. Therefore there is need for firms to quickly respond to service failure because if service failure is not responded to it might have a dramatic impact on a firm's revenue, profitability and customer retention rate.

2.3.4 Service quality

Service quality affects customer retention this is because quality of a service has got a direct relationship with customer satisfaction which will in turn lead to customer loyalty and customer retention. Service quality is one of the antecedents of satisfaction. Anderson and Sullivan (1993); Chen and Popovich (2003) claimed that customer loyalty was affected by product quality, service quality, and retailer image. Gronroos (2001) advocates that service as an important significant component of transactions between organizations and their customers. Customers of today believe in self-expression and individualism that is they want a product to be an extension of their personality and also a medium through which they can communicate their values, priorities to the world. Thus tailoring the product to meet consumers’ needs and offering quality services will create value to the client.

2.3.5 Customer satisfaction

Satisfied customers are brand ambassadors of the firm because they spread positive word of mouth about the organization. Customer satisfaction also affects customer retention this is because if customers are not satisfied by a firm’s offering they will stop using its offerings and switch over to competitors who will satisfy their needs. Therefore customer satisfaction has a greater impact purchase intention. Jones (2000) says that the customer satisfaction is the factor affecting the customer retention in different business organizations. In a research carried out by Oliver (1996) customer satisfaction was found to have a positive effect on the customer retention this because if customers are satisfied customers they will be willing to pay premium prices for products they will spread positive word of mouth, make repeated purchases and in turn high levels of customer retention.
2.3.6 Customer value model

Fig 2.3 below shows the customer value model which shows strategies that organisations can use to retain customers and the outcomes of using those strategies.

![Customer value model diagram](image)

**Fig 2.3 Customer value model** *Source: Croteau and Li (2003)*

The concept of this model is to show factors which influence customer retention and the strategies which may be implemented by the organisation. In order to satisfy customers organisation to create value processes, create bonds binding the customer to the firm and if the organisation succeeds in satisfying customers needs they gain the trust of customer and at the same time retained. Organisations should also involve customers by using loyalty and use of customer clubs were by customers can air out their views on areas which the company needs to improve, organisations should create strong relationships with customers because this will create switching barrier costs to customers whilst this will be an advantage to the organisation. Organisation must aim always to provide quality services to their customers and if there is service failure they should use recovery strategies.
2.3.7 Customer retention programme model

Fig 2.4 below shows the strategies that organisations can use to retain their customers.

![Customer retention programme model](source)

Winer (2001) says that organisations should measure their customers satisfaction levels and improve their relationship programs which helps to deliver products and services beyond the customer expectation therefore contributing to customer retention. Loyalty programs are meant to promote customers make repeated purchases. These programmes are regarded as effective especially to those organisations facing decreasing customer retention rate. Winer (2001) says that this programme useful as he used a case study of retail shops who implemented this programme. The major aim of these programmes for example customisation and rewards programs all aim to increase customer retention rates of organisations.
2.4 The Relationship between CRM and customer retention

There is a relationship between CRM and customer retention this is because CRM allows a company to develop problem solving practices and equips employees with information about customers and how to deal with different needs of customers. The Pareto rule 80-20 states that 80% of a business profits or outcome comes from 20% of its customers thus using this rule thus an employee can know to deal with these group of customers by being given a snapshot of the customer’s history in terms of purchases made and information on the customer accounts.

Customer retention is an important key performance indicator KPI in implementing CRM. The main goal of focusing CRM efforts on customer retention is to ensure that the firm maintains its relationships with strategically key customers this is because it might not be beneficial to the company to maintain relationships with all customers because some customers might be too costly to serve, whilst others might be constant switchers searching for better products and services.

Also customer relationship management is the most important way of creating, maintaining and managing relationships with customers. It creates strong bonds between a company and its customers, once a strong relationship is created it becomes easy for a company to identify the actual needs of its customers and try to satisfy those needs profitably. Research argues that companies can increase their customer retention by focusing on managing customer relationships.

CRM has got an impact on customer retention because CRM software can help in supporting customer retention programs that is if the system captures all customer interactions in a database. Also some companies can measure retention rate using CRM systems.

Data collection is very important in marketing because it allows the critical evaluation of customer’s behaviors and this is also important for predictive analysis that is predicting what our clients might do in the future and the most the best way to collect data is through CRM software’s. When customer data has been collected an organization now has a platform for making decisions about customer retention. Having customer’s data an organization has
control over their relationship with customers. Collecting customer data is the first model in creating a predictive model for customer churn.

2.4.1 IDIC Model
The IDIC model supports the relationship between CRM and customer retention it was developed by Don Peppers and Rodgers. It suggests that companies should undertake 4 actions in order to build, keep, retain one to one long term relationships with customers.

Fig 2.5 IDIC Model - Source: Adapted from Rodgers and Peppers

The 4 actions are:

1. Identify
2. Differentiate
3. Interact
4. Customize
Kotler 2003 says that CRM is all about making relationship with all valuable customers through the effective use of customer accounts information, hence according to the IDIC model that information can be used by an organisation to identify key and valuable customers of the business, differentiate those customers and segment them according to customers of similar needs, interact with customers and customise products to meet customers needs. So according to the IDIC model the relationship between CRM and customer retention comes in the sense that an organisation uses CRM to gather information about its customers and uses this information to identify its customers, differentiate them, interact with them and customise their products and the result of this will be customer retention this is because products and services are being produced according to different customers taste and preferences. Thus the IDIC model shows that CRM strategies can be used to increase customer retention in a company and also reduces customer churn and defections

2.4.2 Customer life cycle model

Customer life cycle explains the relationship between CRM and customer retention. CLC is a term used in describing the series of stages that a customer goes through when making decisions about purchasing, using and maintaining loyalty to a service or product. According to marketing analysts Jim Sterne and Matt Cutler customer lifetime cycle has got 5 steps which are reach, acquisition, conversion and loyalty. This cycle is depicted by an ellipse which represents the fact that customer retention is a cycle and the main goal of CRM is make the customer move through that cycle repeatedly.

Fig 2.6 The Customer Life Cycle – Source: E-Metrics Business Metrics For The New Economy by Jim Sterne and Matt Cutler
The customer life cycle explains a scenario where by as a business you attract a potential customer’s attention (reach), bring the customer into your sphere of influence (acquisition), turn them into a paying or registered customer (conversion), keep them as a customer (retention) and lastly turn them into a company advocate.

2.4.3 One to one marketing concept

One to one marketing concept can be used to illustrate the relationship between customer relationship management and customer retention. It focuses on the idea of establishing or creating relationships with each and every customer starting with key customers. Successful relationships with customers always lead to customer retention.

There are 4 steps that a company should follow in order for the one to one marketing concept to work that is 1) identifying its customers, 2) differentiating its customers, 3) interacting with its customers and customizing its enterprise behavior as an organization.

It is very important for a company to know about its customers details not just their name, address but their buying habits, taste and preferences also. Identifying who your customers are and knowing every detail about them is of great importance to a business because a business can then segment its customers into different groups of similar need’s, this leads to customer retention because customer’s needs are being met. Thus CRM helps a business in identifying its customer differentiating them and interacting with them. The main goal of one to one marketing concept is customer retention.
2.5 Empirical framework

The following section discusses the empirical framework which shows CRM effectiveness and factors affecting customer retention and relationship between CRM and customer retention. It will illustrate what other researchers have found in relation to the particular study and the research that exists.

2.5.1 Customer relationship management effectiveness

Öztayisi, Sezgin and Özok (2011) carried out a research on CRM effectiveness. The objective of the study was to define the CRM processes within a company and their impact on retaining customers. An empirical study was conducted in industrial organizations in Turkey. The research was designed according to scale development literature. The responses from various industries (manufacturing, information technologies, tourism, service, retail, finance, and logistics) were collected. Using exploratory factor analysis, sample size of 167 was used. The findings of the research indicates that CRM is effective as CRM processes plays an important role in attracting and retaining customers and, also measurement tool for CRM processes was proposed that addresses seven main processes which are: targeting management, customer information management, production/service customization, expansion management, referrals management, termination management and win back. However their study is different to this research because this study is mainly focused on the telecommunication industry and confirmatory factor analysis was used. The sample size also differs and the target population also being customers and employees of TelOne.

Mohammed (2013) carried out a research on an investigation on the importance of Customer relationship management systems in the Telecommunication Industry. The objective of the study was to find out the importance of CRM in the telecommunication industry. The target populations of this research were all companies in the telecommunications industry. The findings of the study were that CRM enhances customer interactions and opens the possibility for companies to personalize their products according to customers taste their by enhancing customer retention. However the objectives of the study differ from that of this research, also the target population of this research are not all companies in the Telecommunications industry but specifically TelOne only.
Kubi and Doku (2010) carried out a research on CRM processes: a conceptual framework. The objective of the study was to examine ways in which to improve the success and effectiveness of CRM through the conceptualization of a framework known as CRM pyramid. The results of the study indicated that CRM only becomes a failure when it is conceptualized as technological tool and software solution only. However their research is different from this research because Kubi etal (2010) used qualitative research approach to analyse data whilst the researcher used quantitative research approach thus their research becomes different from this study.

Meshram and Chavan (2011) did a research on the role of CRM systems in the Indian SMEs. The objectives of the study was to find out the role of CRM systems on the SMEs business India, to measure of the elements of SMEs consumer behavior in CRM and their emphasis, to study the role of CRM in the SMEs Growth today’s globalised Indian markets Strategies. The findings of the study were that CRM systems plays an important role in retaining customers and also that CRM strategies have led to the Indian SMEs growth. However their study differs from this research in it was carried out in India and focuses on small to medium enterprises whilst this research focuses on the Telecommunication industry and was carried out in Zimbabwe.

2.5.2 Customer retention
Njane (2013) carried out a research on factors affecting customer retention Kenyan banks case study of Barclays bank. The objective of the study was to find out factors preventing and affecting customer retention. Questionnaires and interviews were used as a research instrument and descriptive research design was used. The findings were that customer retention is influenced by accuracy of transactions, delivery of services, efficiency of customer services, physical appearance of the bank and the convenience of the branch locations. The study also showed that customer retention in banks is influenced by corporate image of the banks based on the stability, familiarity and reliability. This study might be similar to this research in that it was carried out in the service industry and also used descriptive research design.
Mascereigne (2009) carried out a research on customer retention a case study of professionals in the service sector. The main objective of the study was to gain a better understanding of how professionals in the service sector retain their customers over time. The findings of the research were that in order to retain customers professional services need to place more effort on creation of more personal relationships with customers as this will result in customer retention. The findings also add on that satisfying customers and creating switching costs are the main strategies that can be employed by a firm to retain customers. However her study is different from this research because it is not looking at customer retention as a broad topic but instead it is looking at factors affecting customer retention only.

However a lot has not been researched on customer retention but many researches have been on the impact of one variable over customer retention for example impact of CRM on customer retention.

2.5.3 Relationship between CRM and customer retention

Tauni, Khan, Durrani and Aslam (2014) carried a research on the impact of Customer relationship management and customer retention in the Telecoms industry of Pakistan. The main objective of the study was to determine the effects of CRM on customer retention. Their research findings were that maintaining sustainable relationships with the customer promotes customer retention therefore CRM and customer retention are significantly related. Tauni etal (2014) study is similar to this study because it looked at the impact of CRM in the telecoms industry, however their research was carried in Pakistan and their research findings can only be applicable to the telecommunication industry in Pakistan and not in Zimbabwe as this study was done in Zimbabwe only.

On a research conducted by Ajemunigbohum and Nwankwo on CRM and customer retention in the Nigerian Insurance Industry. The objective of the study was to explore the relationship between CRM and customer retention, and the research findings were that CRM positively influences customer retention in the Nigerian Insurance industry thus it helps in creating values for insuring people in Nigeria. However, these research findings are only based on the Insurance Industry of Nigeria and hence are biased and cannot be used for this research since this research is focusing on telecommunication industry in Zimbabwe specifically focusing on Telone Client services department Harare branches.
Hadush (2005) examined the relationship between CRM and customer retention on Ethiopian Insurance Corporation (Mekelle branch) and the results of the study indicated that creating, managing and maintaining sustainable relationships with customers leads to customer retention. They also said that there is a significant relationship between customer relationship management and customer retention. However, this research is different from that of Hadush in that it is focusing on one company only Telone Pvt Ltd, also their research was carried in Ethiopia whilst this research was carried in Zimbabwe in Harare.

However, a lot has not been research on impact of CRM on customer retention but many researchers have researched on the impact of CRM on customer loyalty and customer satisfaction, customer retention and factors affecting customer retention.

2.6 Justification of the study

Not much has been researched on the impact of CRM on customer retention, most of the empirical research on CRM focus on the impact of CRM on customer loyalty and customer satisfaction. In addition to that, few researches have been carried out in the Zimbabwean telecommunication sector to address how CRM contributes to customer retention. More so, there is few existing research evidence on how CRM specifically affect customer retention.

2.7 Summary

This chapter focused on the relationship between CRM and customer retention. It looked at the theories and models supporting the relationship between CRM and customer retention.
CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction
This chapter discusses and evaluates methods and steps that were used for data collection and how they were carried out by the researcher. Firstly, the chapter looks on the type of research design used by the researcher, target population, sample size and sampling techniques, research instruments, measurement scales used to develop the questionnaire and how the questionnaire were administered. The chapter further described the approach used for data analysis and data presentation.

3.1 Research paradigms
There are two research paradigms that are used when carrying out a research that is quantitative and qualitative research method. Hair (2005) defines quantitative research as a method that involves a large randomized samples more application of statistical and few applications demonstrating finding. McDaniel and Gates (2009) says that qualitative research is exploring and understanding the opinions and strive for in depth understanding of different kind of findings in library research. This research adopted quantitative approach, the researcher used this type of research approach because it is based on statistical analysis thus this enables effective analysis of data.

3.2 Research design
Bryman and Bell (2003) defines a research design as a format in which the researcher uses to ensure that information collected is relevant to the study. In this study the researcher used descriptive research design because it explores and describes the data or characteristics needed for the research.

3.3 Target population
Best and Khan (2003) says that target population refers to any group of individuals that have one or more characteristics in common for example age, sex, health condition are of interest to the researcher. The target population for this study was TelOne management staff in the corporate solutions department and corporate customers in the Harare Region. TelOne Pvt Ltd was chosen among other telecommunication companies found in Harare as a study area because it is the earliest established organization and has got a large number of customers as
compared to other companies. Furthermore TelOne is the sole provider of fixed landlines and it has got a larger customer base as compared to other firms. TelOne was the nearest to the researcher hence it was convenient for the researcher to collect data and also, impact of CRM on customer has not been thoroughly researched in this industry so the researcher considered all these issues and selected TelOne Pvt Ltd.

3.4 Sample size
Sample size is the process of choosing the number of observations to include in a statistical sample. Hair (2005) says that a sample is the number of items to be selected from a particular group of respondents to constitute a sample. Choice of a sample size depends on what the researcher wants that is preferred error rate, confidence level, type of analysis and the population from which the sample is drawn. Saunders et al (2005) proposed a sample size testing at 95% level of certainty and the researcher adopted this table to determine sample size as shown below.

Table 3.1: Sample sizes for different sizes of population at a 95% level of certainty

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>5%</th>
<th>3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td>70</td>
<td>60</td>
<td>66</td>
</tr>
<tr>
<td>150</td>
<td>108</td>
<td>132</td>
</tr>
<tr>
<td>200</td>
<td>132</td>
<td>168</td>
</tr>
<tr>
<td>250</td>
<td>151</td>
<td>203</td>
</tr>
<tr>
<td>300</td>
<td>168</td>
<td>234</td>
</tr>
<tr>
<td>400</td>
<td>196</td>
<td>291</td>
</tr>
<tr>
<td>500</td>
<td>217</td>
<td>340</td>
</tr>
<tr>
<td>750</td>
<td>254</td>
<td>440</td>
</tr>
<tr>
<td>1000</td>
<td>278</td>
<td>516</td>
</tr>
<tr>
<td>2000</td>
<td>322</td>
<td>696</td>
</tr>
<tr>
<td>5000</td>
<td>357</td>
<td>879</td>
</tr>
<tr>
<td>10000</td>
<td>370</td>
<td>964</td>
</tr>
<tr>
<td>100000</td>
<td>383</td>
<td>1056</td>
</tr>
<tr>
<td>1000000</td>
<td>384</td>
<td>1066</td>
</tr>
<tr>
<td>10000000</td>
<td>384</td>
<td>1067</td>
</tr>
</tbody>
</table>

Table 2 Source: Adapted from Saunders et al (2005)
The population of this research for corporate customers is 70 which according to Saunders etal (2005) at 95% level of certainty translates to a sample size of 60 as shown on the table above. Sample size for customers is 60 whilst for corporate solutions employees is 15.

3.5 Sampling technique
Probability sampling technique was used in this research. It refers to the procedure whereby each person has an equal chance of being chosen in the sample. Best etal (2003) says that probability sampling is when objects have an equal chance selected. In other words, random selection takes place when each element in the population has an equal, independent chance of being selected for the sample. Stratified random sampling was used to collect data from the employees and customers at TelOne. It involves dividing the population into smaller groups known as strata, the strata are formed based on members shared attributes or characteristics. This sampling procedure was adopted because the population is divided into two groups’ customers and employees. Also stratified random sampling captures key population characteristics in the sample.

3.6 Research instruments
Data was collected through primary data. Saunders etal (2005) says that primary data is data that is collected for a particular study. Kotler (2003) defines primary data as the data that the researcher collects in the field specifically for the project at hand. The main aim of using primary data is to address a new problem using new information. In this study self-administered questionnaires were used as a research instrument.

The researcher used a questionnaire because it was a cheap method of surveying a large cross-section of population quickly which helps the researcher to save time. The use of questionnaires in this research has allowed respondents to have enough time to think about their responses. This study has 2 questionnaires one for employees and one for customers. The questionnaire for each respondent is divided into two sections the first part being demographic information and second information sought. The questionnaire was created using adapted measurement scales as shown below.

3.6.1 Customer relationship management
To capture the extent to which CRM is effective the researcher used a 5 point likert scale which stretches from 1= strongly disagree to 5= strongly agree. The scale was made up of 5 questions for measuring CRM effectiveness under the following headings, management of customer expectations, maintenance of two way communication, integration of customer
information, building of long-term relationships and share of customers. The questions were adapted from a research by Reinartz, Kraft and Hoyer (2004) on customer relationship management.

3.6.2 Customer retention
Customer retention was measured using 5point likert scale adapted from Njane (2013). Six items were asked under this construct. 1 represents strongly disagree on the scale whilst 5 represents strongly agree. Cronbach’s Alpha coefficient was 0.82 above the required 0.70 there the results ensured reliability. Average variance extracted for customer retention was high 0.60 which ensured convergent validity because it surpassed the minimum of 0.50.

3.7 Data collection procedures
When administering questionnaires and collecting data they are steps that the researcher took. The researcher gave employees questionnaires and waited for 10 minutes for them to complete answering the questionnaire and this gave respondents time to consider their responses. The researcher was making a follow up on the responses of the respondents and would provide explanations when needed.

Reliability and validity tests
Reliability and validity tests were carried out. To measure reliability Cronbach Alpha was used and to measure validity Average variance extracted was used.

3.7. 1 Reliability
Reliability is the extent to which a scale produces consistent results if repeated measurements are made. To measure reliability of the questionnaire Cronbach Alpha was used. It is a measure of internal consistency of how closely related items are as a group. If the questions relate to the same issue, participants will be expected to get similar scores on each question. This measure is not robust against missing data Fornell (1995) says that alpha scores of study variables must be above 0.7 as this indicates that the variables understudy are reliable.

3.7 2 Validity
Ortinam (2003) says that validity is the degree to which a test or instrument measures what it purports to measure. To measure convergent validity of the questionnaire Average Variance Extracted (AVE) were used. Convergent validity refers to the degree to which a measure is correlated with other measures that it is theoretically predicted to correlate with. Chau (1997) says that discriminant validity exists if AVE for 2 constructs are greater than their squared correlation and the convergent validity occurs when the AVE for variables is greater than 0.5.
3.8 Data analysis and presentation
The researcher used Statistical Package for Social Sciences (SPSS) 21.0 software to analyze the data obtained from the questionnaire. The SPSS software enables the researcher to use regression statistical to estimate the relationships between the variables. It also helps to determine the relationship between two or more independent variables by employing multiple regression analysis which is applicable where there are two or more independent variables. The data was presented in form of tables for easy understanding.

3.9 Summary
This chapter examines the methods, techniques and designs that were used for data collection. The chapter describes the target population, sample size, research methods and sampling techniques that will be used to collect data. It further describes how measurement instrument were administered to the target population. The next chapter will describe and evaluates data presentation and analysis.
CHAPTER 4
DATA ANALYSIS AND PRESENTATION

4.0 Introduction
The data collected for this research study was analysed using SPSS version 21.0. SPSS was used in Validity and Reliability Test. Validity test is the degree to which a test procedure accurately measures what it is designed to measure. Consistency indicates how well the items measuring a concept hang together as a set; Cronbach’s alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another Ortinam (2003).

4.1 Response rate
The questionnaires were distributed to both customers and employees of TelOne Pvt Ltd. The sample size for the study was 60 for corporate customers and 15 for corporate solutions employees, therefore 75 questionnaires were distributed. The table below shows the response rate of customers to the questionnaires distributed to them.

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Questionnaire distributed</th>
<th>Questionnaire returned</th>
<th>Response rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>60</td>
<td>58</td>
<td>97%</td>
</tr>
<tr>
<td>Employees</td>
<td>15</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>73</td>
<td>97%</td>
</tr>
</tbody>
</table>

*Source: Primary data*

The response rate is 97% for both customers and employees. The response rate for customers is 97% because 2% of the questionnaires were spoiled whilst 1% was not returned. For employees all of the questionnaires were returned thus the response rate became 100% This highest response rate was facilitated by the fact that questionnaires for customers were given to TelOne frontline employees such that after they had finished serving the customer they would kindly ask the customer to fill in the questionnaire and return it to them immediately after filling it. The employees answered the questionnaires in their convenient time and the researcher would visit the employees to collect filled in questionnaires and encourage those who had not fill in to fill in.
Table 4.2.1 Demographic profiling for employees

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>7</td>
<td>47%</td>
</tr>
<tr>
<td>Female</td>
<td>8</td>
<td>53%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td>5</td>
<td>33%</td>
</tr>
<tr>
<td>31-40</td>
<td>7</td>
<td>47%</td>
</tr>
<tr>
<td>41-50</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>51 and above</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Level of education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olevel</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Alevel</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>National certificate</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Diploma</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Degree</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Post graduate</td>
<td>6</td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than a year</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>1-5 years</td>
<td>9</td>
<td>60%</td>
</tr>
<tr>
<td>6-10 years</td>
<td>4</td>
<td>27%</td>
</tr>
<tr>
<td>Above 11 years</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Use of TelOne services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>11</td>
<td>73%</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>27%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary data

The results from the demographic profile of respondents indicate that 47% of the employees are male whilst 53% are female. The table also shows age of the employees in which 60% of the employees are between 31-50 years old. 53% of TelOne employees have attained a degree. 27% of corporate solutions workers do not use TelOne services are their home. 75% are female whilst 25% are male. 6 male workers use TelOne facility at their homes, which is about 55% of the workers are male who used TelOne network at home. Furthermore the table displays the level of service of employees in their current positions where 13% of the employees have been working at TelOne for less than 5 years.
<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>38</td>
<td>66%</td>
</tr>
<tr>
<td>Female</td>
<td>20</td>
<td>44%</td>
</tr>
<tr>
<td>Totals</td>
<td>58</td>
<td>100%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-30</td>
<td>20</td>
<td>34%</td>
</tr>
<tr>
<td>31-40</td>
<td>16</td>
<td>28%</td>
</tr>
<tr>
<td>41-50</td>
<td>10</td>
<td>17%</td>
</tr>
<tr>
<td>51-60</td>
<td>7</td>
<td>13%</td>
</tr>
<tr>
<td>61&gt;</td>
<td>5</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>100%</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>36</td>
<td>62%</td>
</tr>
<tr>
<td>Married</td>
<td>22</td>
<td>38%</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>100%</td>
</tr>
<tr>
<td>TelOne usage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-10 times</td>
<td>8</td>
<td>14%</td>
</tr>
<tr>
<td>11-20times</td>
<td>13</td>
<td>22%</td>
</tr>
<tr>
<td>21-30times</td>
<td>17</td>
<td>29%</td>
</tr>
<tr>
<td>30 and above</td>
<td>20</td>
<td>34%</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary data

The demographic results for customers shows that 66% of the customers are male whilst 44% are female. Age group 18-50 use TelOne services more as compared to other age groups this maybe because this group comprise of the working class hence they mainly use TelOne services for work purposes. 69% of the population is married. 63% of the population use TelOne services more than 21 times a week. 38% of the customers are married whilst 62% is married.
4.2 Reliability and Validity tests

The reliability and validity of the measurement scale of customer relationship management, customer retention and customer satisfaction was tested in this research. Ortinam (2003) says that alpha scores of study variables must be above 0.7 as this indicates that the variables understudy are reliable.

4.2.1 Reliability test

The table below shows the Cronbach Alpha scores for Customer relationship management and customer retention.

Table 4.3 Cronbach alpha

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach Alpha coefficient</th>
<th>No of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM</td>
<td>0.785</td>
<td>5</td>
</tr>
<tr>
<td>Customer retention</td>
<td>0.788</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Primary data

The Cronbach alpha coefficient for CRM was 0.785 and for customer retention. Schindler (2003) says that Cronbach should be above 0.7. There by basing on the above results from SPSS of the entire measurement scales Cronbach coefficient was above 0.7 which shows that they are reliable for the study.

4.2.2 Validity test

Validity tested was specifically construct validity which consists of combination of convergent and discriminant validity. Exploratory factor analysis was used. The convergent and discriminant validity of the scales were assessed using the method outlined by Fornell (1995) and Chau (1997). The table below shows the AVE for CRM and customer retention.

Table 4.4 Average variance extracted (AVE)

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>CRM</th>
<th>Customer retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM</td>
<td>0.538</td>
<td>1</td>
<td>0.511</td>
</tr>
<tr>
<td>Customer retention</td>
<td>0.548</td>
<td>0.511</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Primary data
The AVE for customer relationship management is 0.538 and for customer retention 0.548. Fornell (1995) says that convergent validity occurs when the AVE for variables is greater than 0.5. Basing on the above results it shows that there Convergent validity because the AVE for both CRM and customer retention is more than 0.5. Moreso Chau (1997) says that discriminant validity exists if AVE for 2 constructs are greater than their squared correlation.

Table 4.5 shows the R squared values which indicates the construct correlations below the diagonal and squared correlations above after they have been squared. The values for CRM and customer retention before they were squared were 0.538 and 0.548 respectively which is greater than their Rsquare 0.511 therefore this shows that there is discriminant validity.

4.3 Descriptive statistics

4.3.1 CRM effectiveness

The study collected data on the effectiveness of CRM. The findings are provided below in the following sections:

Fig 4.1: Management of customer expectations
Fig 4.1 shows that the majority of the respondents strongly agree that TelOne manages expectations of its customers. This is shown by the modal score 5 and the shape of the histogram which is negatively skewed.

**Fig 4.2: Maintenance of two way communication**

From fig 4.2 majority of respondents strongly agree that TelOne maintains interactive two way communication with its customers this is shown by the mode 5 and the shape of the histogram which is negatively skewed.
Fig 4.3: Integration of customer information

The table below shows findings on customer information.

From fig 4.3 majority of the respondents agree that TelOne integrates customer information across different customer points for example email and telephone (Mode 4) and the shape of the histogram is negatively skewed.
From fig 4.4 majority of the respondents agree that TelOne builds long term relationships with its customers. This is shown by the modal score of 5. The shape of the histogram is negatively skewed.
Share of customer

From fig 4.5 majority of the respondents strongly agree that TelOne systematically tries to extend its share of customer. This is shown by modal score 5 and the shape of the histogram is negatively skewed.
4.3.2 Factors affecting customer retention
The table below shows descriptive statistics results for the factors affecting customer retention.

Table 4.5 Complaint handling process.

<table>
<thead>
<tr>
<th>Customer retention</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>10</td>
<td>13.7</td>
<td>13.7</td>
<td>13.7</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
<td>5.5</td>
<td>5.5</td>
<td>19.2</td>
</tr>
<tr>
<td>Neutral</td>
<td>9</td>
<td>12.3</td>
<td>12.3</td>
<td>31.5</td>
</tr>
<tr>
<td>Disagree</td>
<td>21</td>
<td>28.8</td>
<td>28.8</td>
<td>60.3</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>29</td>
<td>39.7</td>
<td>39.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

From table 4.5 majority of the respondents (68.5%) disagree that TelOne has clearly defined procedures and policies to handle complaints whilst only 19.2% agree and 12.3% are neutral.

Table 4.6 Service recovery

Table 4.6 Customer retention

<table>
<thead>
<tr>
<th>Customer retention</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>4</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
<td>11.0</td>
<td>11.0</td>
<td>16.4</td>
</tr>
<tr>
<td>Neutral</td>
<td>8</td>
<td>11.0</td>
<td>11.0</td>
<td>27.4</td>
</tr>
<tr>
<td>Disagree</td>
<td>28</td>
<td>38.4</td>
<td>38.4</td>
<td>65.8</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>25</td>
<td>34.2</td>
<td>34.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

From table 4.6 majority of the respondents (72.6%) disagree that TelOne actively stresses customer retention programs. Whilst 16.5% of the respondents agree and 11% are neutral.
Table 4.7 Service quality

Table 4.7 Customer retention

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>5</td>
<td>6.8</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Agree</td>
<td>6</td>
<td>8.2</td>
<td>8.2</td>
<td>15.1</td>
</tr>
<tr>
<td>Neutral</td>
<td>14</td>
<td>19.2</td>
<td>19.2</td>
<td>34.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>21</td>
<td>28.8</td>
<td>28.8</td>
<td>63.0</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>27</td>
<td>37.0</td>
<td>37.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

From table 4.7 majority of the respondents (65.8%) disagree that Telones services encourages other customers to invite other new customers. Whilst only 15% of the respondents agree and 19.2% are neutral.

Table 4.8 Customer follow ups

Table 4.8 Customer retention

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>4</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Agree</td>
<td>6</td>
<td>8.2</td>
<td>8.2</td>
<td>13.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>9</td>
<td>12.3</td>
<td>12.3</td>
<td>26.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>32</td>
<td>43.8</td>
<td>43.8</td>
<td>69.9</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>22</td>
<td>30.1</td>
<td>30.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

From table 4.8 majority of the respondents (73.9%) disagree that Telone makes a follow ups to both new and old customers. Whilst only 13.7% of the respondents agree and 12.3% are neutral.
Table 4.9 Customer satisfaction

The table below shows findings for customer satisfaction

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly agree</td>
<td>4</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Agree</td>
<td>9</td>
<td>12.3</td>
<td>12.3</td>
<td>17.8</td>
</tr>
<tr>
<td>Neutral</td>
<td>13</td>
<td>17.8</td>
<td>17.8</td>
<td>35.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>16</td>
<td>21.9</td>
<td>21.9</td>
<td>57.5</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>31</td>
<td>42.5</td>
<td>42.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

From table 4.9 majority of the respondents (64.4 %) disagree that Telone services makes them want to stay as a permanent customer. Whilst only 17.8% of respondents agree and 17.8% are neutral.

4.4.0 Hypothesis Testing

This section analyses the hypothesis of the research. The proposed 3 hypothesis were analysed using Bivariate regression analysis, descriptive statistics. The section below gives a detailed discussion of the hypothesis testing.

4.4.1 Relationship between CRM and customer retention

Table 4.8 shows findings for the relationship between CRM and customer retention.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.733a</td>
<td>.537</td>
<td>.529</td>
<td>.68802</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant)

Table 4.8 shows that there is a moderate relationship between CRM and customer retention, this is indicated by R square value of 0.537 this means that 53.7% of the variation in customer retention is caused by CRM whilst 46.3% are explained by other independent variables.
Table 4.11  Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.727</td>
<td>.364</td>
<td>1.994</td>
<td>.051</td>
</tr>
<tr>
<td>Crmmean</td>
<td>.782</td>
<td>.095</td>
<td>.733</td>
<td>8.200</td>
</tr>
</tbody>
</table>

From the table above CRM is significantly related to customer retention as this is shown by the standardised coefficients. It is evident that CRM positively influences customer retention as this is shown by beta weight of 0.733, \( \beta = 782 \) at a significant level of 0.000. This shows that there is a moderate positive relationship between CRM and customer retention.

4.5 Discussion

The study showed that majority of customers agree that CRM is very effective because it helps an organisation in building long lasting relationships with its customers, managing expectations of its customers, helps in maintaining two way communication with customers and helps in integrating information across different customer points. Karkoviata (2001) says that CRM efforts contribute positively to a firm’s performance. The findings are supported by a research carried out by Rababah, Mohd, and Ibrahim (2011) on CRM effectiveness the results indicated that CRM only becomes a failure when it is conceptualized as technological tool and software solution only therefore CRM is very effective.

The study also showed that majority of respondents agree that factors affecting customer retention in TelOne are poor customer handling process, poor service recovery system, poor service quality, customer service and customer satisfaction. Many respondents disagreed to the fact that TelOne has got a complaint handling process, performs service recovery, has high service quality, has got excellent customer service and customers are satisfied. This concurs with the research carried out by Njane (2013) on the factors affecting customer retention in Barclays bank Kenya. The research findings were that lack of complaint handling process, service recovery and customer service were some of the factors affecting customer retention.

The third objective was to find out the relationship between CRM and customer retention. Results of the standardised regression coefficient of the relationship between Customer
Relationship Management and Customer Retention indicate that there is a moderate positive relationship between customer relationship management and customer retention. These results are supported by the research carried out by Tauni et al. (2014) on the impact of CRM on customer retention. The results were found to be positive showing that there is a positive relationship between CRM and customer retention. The results might have concurred because of the fact that both researches were carried out in the Telecommunications industry.

Researches by Hadush (2005) and Reinartz et al. (2005) also confirm the positive relationship between CRM and customer retention. Research by Reinartz (2005) shows that CRM impacts customer retention by 65.7%. This implies that in the service industry creating, managing and maintaining long lasting relationships with customers is of great importance. Gronroos (1999) says CRMs main focus is on making customers loyal and retaining them.

4.5 Summary

The chapter looked at data presentation, analysis and discussion of the findings. The data was presented in form of text and tables. The chapter also presented regression results and analyzed the findings.
CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents a summary of the preceding chapters that is chapter 1 introduction, chapter 2 literature review, chapter 3 methodology and chapter 4 data analysis and presentation. Recommendations are made to the management based on the research findings. Lastly, suggestions for further research on issues which are not addressed by the research study are presented also.

5.1 Summary of the study

The study was undertaken to see the impact of customer relationship management on customer retention at TelOne Pvt Ltd. It sought to determine CRM effectiveness, factors affecting customer retention and lastly to determine the relationship between CRM and customer retention.

The study also looked at the literature review finding theories which supported the current study. There are theories and models that support the current study such as IDIC model, CRM value chain model, one to one marketing concept and the CRM model. Empirical evidence was also reviewed to find evidence from previous studies and it shows that they are a number of studies that have been carried out in relation to this topic and many of them support the relationship between CRM and customer retention.

Descriptive research design was used in this study to describe the impact of CRM on customer retention. Questionnaires were used as a research instrument, two questionnaires were developed using measurement scales by Rajput et al (2010) and Reinartz et al (2004). The questionnaires were rated using a 5 point likert scale which ranges from 5 strongly agree to 1 strongly disagree. Questionnaires were distributed as follows 60 for customers and 15 for employees.

To analyze data statistical package for social sciences (SPSS) 21.0 was used. Data was analyzed through tables to facilitate easy understanding of the findings. Histograms, frequency tables and Regression analysis was used to analyses data.
The first objective was to find out CRM effectiveness and the findings were that CRM is very effective as it helps an organization in building long lasting relationships with its customers, managing expectations of its customers, helps in maintaining two way communication with customers and helps in integrating information across different customer points.

The second objective was to find factors affecting customer retention and the findings were that poor customer handling process, poor service recovery, poor service quality, lack of customer follow ups and customer satisfaction were some of the factors affecting customer retention.

The third objective was to find out the relationship between CRM and customer retention. The findings were that there is moderate positive relationship between CRM and customer retention and that CRM has got a positive significant influence on customer retention. Therefore the research findings were used to come up with the following conclusions.

5.2 Conclusion
In conclusion creating, managing and maintaining relationships is of great importance to an organisation especially in the telecommunication industry. Basing on the findings obtained after conducting a detailed analysis the researcher concluded that CRM has got a greater impact on customer retention this is because through CRM businesses can learn more about their specific target and how to cater for the needs of these customers in those segments. The researcher also confirms that CRM is very effective because the main goal of CRM is to help businesses use human resources and technology so as to gain an insight on how customers behave and the value of those customers to an organisation. If a business has got an effective CRM strategy it can increase its revenue by providing products and services that satisfy customers needs and wants, offering better customer service to its customers, cross selling its products and services more effectively, helps sales staff to shorten the selling process thereby closing sales fast, helps in retaining existing customers and discovering new ones.

5.3 Recommendations
There is need for TelOne management to educate its employees on the importance of creating, managing and maintaining long term relationships with customers. Employees should be empowered with solutions on how to handle complaints and service recovery. Thus
employees need to be continually reminded of the benefits of customer relationship management.

TelOne should have clearly defined procedures and policies to handle complaints, and if service failure occurs immediately it must be compensated for by service recovery and it should start with the organisation apologizing to its customers without being defensive. TelOne should encourage a complaining behaviour in its customers because complains are a gift to an organisation as they are a source of feedback that will enable improvement in customer service.

Also there is need for TelOne to evaluate its CRM strategy over time and see whether its successful or not if not successful it can change it and adopt an effective strategy this is because an effective CRM strategy makes it possible for a firm to increase its revenue by providing products and services that satisfy customers needs and wants, offering better customer service to its customers thus helping in retaining existing customers and discovering new ones.

Frontline staff should be motivated so that they can serve customers well. They should be empowered to handle customer complaints and make the right call thus red tape should be eliminated. Employees must be empowered to make decisions and where possible more staff should be employed rather than stream lining. If employees are motivated this will change the quality of service they offer to customers.
REFERENCE


Bland, V. (2004). Customer Relations, A to Z: Our guide to who's who in CRM; If there's one thing you need to know about customer relationship management (CRM) in 2004 it's this: CRM is not the same thing as contact management. Why is this important? Because, according to CRM specialists, New Zealand businesses still regularly confuse the two. New Zealand Management, 4.


Cutler, M and Sterne J. E-Metrics Business Metrics For The New Economy


Mascereigne J(2009).Customer retention- a case study of professionals in the service sector


Nwankwo and Ajjumigbohum , ‘CRM and customer retention in the Nigerian Insurance Industry’


Volume 83(2): 150-163.


Dear Sir/ Madam

RE: REQUEST FOR RESPONSES ON THE QUESTIONNAIRE

I am Tatenda Gate a final year student at Bindura University of Science Education studying Bachelor of Business Studies Honors degree in Marketing. I am currently carrying out a research entitled ‘Impact of Customer Relationship Management on Customer retention’. A case study of Telone Pvt Ltd. This is being done in partial fulfillment of the requirement of the degree programme.

The research is entirely academic and any information provided will be treated with utmost confidentiality. Your contributions are going to be greatly appreciated. Thank you in advance.

Yours faithfully

Tatenda Gate
Appendix 1: Questionnaire for employees

Section A: Demographic information

Give your responses by means of a ticking in the box provided where applicable. (Tick the appropriate box)

1. Gender

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
</table>

2. Age

How old are you? (Tick in the range your age lies)

<table>
<thead>
<tr>
<th>20-30</th>
<th>31-40</th>
<th>41-50</th>
<th>51 and above</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Highest Educational Level.

What is your highest educational level?

<table>
<thead>
<tr>
<th>Ordinary level</th>
<th>Advanced level</th>
<th>National certificate</th>
<th>Diploma</th>
<th>Undergraduate degree</th>
<th>Post Graduate Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. For how long have you been working in Telone Pvts Ltd

<table>
<thead>
<tr>
<th>Less than a year</th>
<th>1-5 years</th>
<th>6-10 years</th>
<th>Above 11 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. In your home do you use Telone services

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section B: Customer Relationship Management

In this section you are required to tick the box that represents your answer. Rating scale:
5 strongly agree  4 agree  3 neutral  2 disagree  1 strongly disagree

<table>
<thead>
<tr>
<th>CRM activities</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>TelOne systematically tries to extend its share of customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne maintains interactive two way communication with its customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne integrates customer information across different customer points</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e.g. email, telephone).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne manages the expectations of its customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne builds long term relationships with its customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section C: Customer retention

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>TelOne has clearly defined procedures and policies to handle complaints</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne actively stress customer retention programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne services encourages me to invite other new customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne has formalized procedures for cross selling to different customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne services makes me want to stay as a permanent customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne makes follows ups to both new and old customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 2: Questionnaire for customers

Section A: Demographic information

1. Gender
   - Male
   - Female

2. Age
   - 18-30
   - 31-50
   - 51-60
   - 61+

3. Marital status
   - Single
   - Married

4. How often do you use our services?

<table>
<thead>
<tr>
<th></th>
<th>1-10 times</th>
<th>11-20 times</th>
<th>21-30 times</th>
<th>More than 30 times</th>
</tr>
</thead>
</table>

In this section you are required to tick the box that represents your answer. Rating scale:
5 strongly agree  4 agree  3 neutral  2 disagree  1 strongly disagree

Customer Relationship Management

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>TelOne systematically tries to extend its share of customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne maintains interactive two way communication with its customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne integrates customer information across different customer points (e.g. email, telephone).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne manages the expectations of its customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne builds long term relationships with its customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section C: Customer retention

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>TelOne has clearly defined procedures and policies to handle complaints</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>TelOne actively stress customer retention programs</td>
<td></td>
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<td></td>
<td></td>
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<td>TelOne services encourages me to invite other new customers</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TelOne has formalized procedures for cross selling to different customers</td>
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<td></td>
<td></td>
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<tr>
<td>TelOne services makes me want to stay as a permanent customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>TelOne makes follows ups to both new and old customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>