EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER RETENTION AMONG SMEs AS CONSUMERS OF SAFARICOM PRODUCTS IN NAIROBI CITY COUNTY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER OF SCIENCE IN MARKETING, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

2019

DECLARATION

I, the undersigned hereby affirm that this research project is my original work and has not been previously presented in part or in totality to any other institution of learning for the award of any degree or examination.

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Signed …………………………………… Date   …………………………………

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This Research project has been submitted with my approval as the University supervisor.

Signed ………………………………………Date   …………………………………

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DEDICATION

I dedicate this Project to my husband George and to my daughter Shayna for their understanding and unconditional support during the study period

ACKNOWLEDGEMENTS

I would wish to thank my husband George for his encouragement and support; I wouldn't have made it this far without him.

I would wish to express my sincere gratitude to my supervisor Prof Munyoki for his guidance; selfless dedication and encouragement in making this project a reality. I also wish to acknowledge the contribution of the University of Nairobi fraternity especially the library staff, department chairman and moderators for the success of this research project.

Most important of all I extend my gratitude to the Almighty God for giving me the courage.

Thank you all

ABSTRACT

In the 21st century customer relationship management has become an important element for companies when coming up with a strategic plan. Firms are moving closer to customers by finding ways of creating value to customers and transforming customers problem into solution in which it results into good relationship rather than selling to customers. The objective of the study was to establish effect of customer relationship management on customer retention among SMEs as consumers of Safaricom products In Nairobi County. The study was anchored on two theories namely; relationship marketing theory and commitment-trust theory. The study adopted descriptive, cross-sectional design. The population of the study was 1050 SMEs in the data base of Nairobi county council. The study employed stratified random sampling, with a target of 210 registered SMEs within Nairobi County. The study was collected from managers or the owners of the SMEs. Analysis was done using simple regression and correlation analysis. It was established that customer relationship management practice had significant relationship with consumer retention. There was positive correlation between management information system, personalized services, electronic relationship and trust with customer retention. Except for communication which and insignificant relationship with customer retention. The research concluded that the extent to which customer relationship management practices have been adopted by SMEs in Nairobi Kenya was great extent. The recommends that enhance customer retention, SMEs should ensure that they have proper management information system so that to offer quality services and products to retain existing customers regardless of their pricing policy and also there should the frequency of communications between a firm and customers.

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LIST OF ABBREVIATIONS/ACROMNYS

RBV   Resource Base Theory

ROI   Return on Investment

ROA   Return on Assets

KNBS   Kenya Bureau of Statistics

SMES   Small Medium Enterprises

CHAPTER ONE:INTRODUCTION

1.1 Background of the Study

It is evident that paying attention to the needs of customers, preserving sustainable customer relationship and their needs and, understanding consumers' purchasing behaviour and sequence has become a key goal of marketers in the present-day competitive business environment to maintain a competitive advantage (Sandra, Susana & Maria,2017). With the increasing competition in both service and product industry there is need for every oriented firm to ensure that they have a competitive advantage over other firms. This revolves around ensuring that customers are retained and not lost to other firms. Customer Relationship Manager is a component of the people, the processes and the adopted technologies that improve customer service efficiency. According to Zhou (2015) developing customer relationship management system, would enable an organization gain a competitive advantage over the others in the marketplace.

The study was anchored on three theories namely; Relationship Marketing Theory (Moller, 2011) and Commitment-Trust theory (Morgan & Hunt, 1994). Relationship marketing theory argue that the aim of a relationship marketing is to create an interactive relationship with existing customers and potential customers with a view to creating a long-term relationship and generate adequate returns. Commitment –Trust theory argue that foe health relationship, there is need for a commitment and trust between the parties in order for the relationship to last. The partners will therefore expend more energy.

Africa is one of the emerging economies in the world that is rising so fast compared to the rest of the continents in the world. This is due to the growth of small micro enterprises that play a role in sustained growth and development. Micro and small enterprises play a role in making a vibrant market oriented economic growth making sure it employees young people.Although most of the micro and small enterprise face the challenge of accessing finance from various financial institutions, marketing, and for enhancing income generation, employment and livelihood sustainability.

1.1.2 Customer Relationship Management

CRM is developed from the concept of customer relationships which are then managed for optimal mutual benefit for all parties (Mueller, 2010). Customer relationship (CR) is concerned with building a lasting constant contact with customers. It refers to a process and the manner in which businesses come up with, built and maintain relationships with its clients (Sinkovics &Ghauri, 2009) It is important that businesses develop and nurture good relationship with their customers to build customer loyalty through satisfaction by developing products suited for the dynamic needs of their customers (Peppers& Rogers, 2011). This process of developing and nurturing good relationships with clients may involve offering sales support, good customer services, technical support in areas that the client may experience challenges and marketing communication where customers constantly get updated on new developments in the company.

According to Brink and Berndt (2009) CRM developed following deficiencies in customer relationships. Customer Relationship management refers to a business strategy that integrates the human component in an organization, internal processes and

information technology to optimize relationship with customers (Goldenberg, 2008). Customer Relationship management makes use of emerging technology to provide fast and effective customer service through development of a relationship using information collected from customer databases. It aims at bringing on board new clients for the organization, maintaining the existing customer and growing the relationship using the current customers. Customer Relationship Manager therefore is made up of systems meant to assist the organization in acquiring new customers, besides collecting information the existing customers so as to establish their consumption patterns, examine their experiences with other organizations and gather knowledge on their current and future motivations for purchasing an organization's goods and services.

In order to have close relationship with customers, a high level of coordination is required between the departments responsible for marketing activities and the customers of the organizations. According to Anagrehand Abu-Shanab(2015), the advancement in Information and Technology had resulted into rapid adoption of e-Customer Relationship Manager in most organizations aimed at improving interrelationship with customers. This increases organizational performance.

Customer relationship management systems are applied by organizations in identifying new opportunities which provide avenue for business expansion. Ng'ang'a (2017) argues that Customer Relationship Manager helps improve customer value, satisfaction and retention. This is because of the intense communication maintained between the organization and its customers which enables sharing information on the changing customers' needs and desires so that the organization can align its operations. Makau

(2015) noted that banking sector applied Customer Relationship Manager to improve service delivery and product portfolio. Ng'ang'a (2017) established that Customer Relationship Manager encouraged firms to reduce operational costs through adoption of online marketing channels in the motor vehicle assembly sector in Kenya.

Singh and Sirohi (2014) reveal that the system can also be used to improve the firm's marketing activities through segmenting the market, simplifying the campaign tolls, insightful analysis of markets and the changes that occur and tracking customer reactions and responses to marketing activities like adverts, road shows and word-of mouth press(Rahi, Ghani&Alnaser, 2017). The system also helps the sales force to increase the value of sales by effectively interacting with customers while accessing more information on competitors. The Customer Relationship Manager system allows for forecasting and planning customer activities. Lastly, through the Customer Relationship Manager system, firms create a service portal to increase customer service, offering technical support to staff teams and potential customers, share information on products and effective management of each individual customer account. The results lead to satisfied customers, loyal customers and the firm creates lifetime customers through attentive service delivery.

1.1.3 Customer Retention

According to Kolter (2015) Customer retention is the process of where organizations selling undertakes consider so that to minimize existing defections. The antecedents of customer retention are loyalty of the customer to a company, brand image which create customer trust and/or specific products or services which makes the company to stand out

thereby creating long term customer commitment through satisfaction. To retain customers, organization can adopt various strategies including marketing strategies. In marketing, the concepts of customer relations, relationship marketing and customer service stand out in retaining customers (Sackitey, 2011). To determine customer retention, engagement, adherence and loyalty has been used consistently used by various studies (Trasorras et al., 2009; Bowen and Chen, 2001; Kaplan and Norton, 2001). It has also been noted that retained customers are mostly likely to spread word-of-mouth which in most cases is positive to their friends, relative and social circle (Fecikova, 2004)). The ways in which firms handle complaints has also been associated with customer retention through customer satisfaction (Ang & Buttle, 2006; Kumar et al., 2007; Trasorras et al., 2009).

The advantage associated with customer retention have been explored and recognized by countless researchers. The concept of customer retention has been increasingly considered as vital managerial tool particularly from the perspective of saturated markets and at the same time slow increase of new customers in the market (Ghavami & Olyaei, 2006). According to Cohen et al. (2006) organization such as bank have noticed that customer retention is considered an effective tool which hasa potential to help banks gain competitive advantage and survive the cut throat competition that is witness in banking industry. Berndt et al. (2005) revealed that firms are required to put a lot of emphasis on their current customers as this would ensure that there is repeat purchase and continual support of the product. Therefore, to achieve close relationship with their customers, organizations are required to have strong coordination capability between organization and their marketing divisions so as offer long term customer retention solution for the

selected customers (Chary & Ramesh, 2012). This would help organization to reduce the cost of acquiring new customers to replace customers who have opted out of their market.

Hurey (2004) revealed that the cost of replacing a lost by acquiring new one is expensive to business. This isbecause the process of acquiring new customers always starts from creating commercial relationship with the potential customers and this demand organization to pay extraamount of money to get the potential customers to participate in this new relationship. In e-commerce, e-satisfaction, e-loyalty and switch barrier are main components of customer retention Customer satisfaction in electronic commerce is fluid and unpredictable as compare to other forms of business (Korper & Juanita 2001). An effective e-commerce application should be able to provide a superior customer satisfaction and perception of the organization. According to Akshay (2007) the cyber security issue has emerge one of the greatest challenge for online shoppers. It can be concluded that e-satisfaction is influenced convenience, site design, security, merchandising and serviceability. With E-loyalty relationship marketing the aim is to achieve most from existing customers as acquiring new customer is expensive and there exist greater profitability from loyal customers.

The influence of switch barrier in relationship to customer retention is significant as switch barriers help to contain customers who may view service delivery are less satisfactory (Chatura & Jaideep, 2003).However, the authors pointed out that some customers could become indignant with the strategies that organization employs to achieve switch barriers. The best way to achieve switch barriers is to build a switch

barrier that would add value to the customers. This would ensure that customers are not resentful with the switch barriers implemented by an organization.

1.1.4 Small and Medium Enterprises in Nairobi County

It is estimated that in Kenya there are over 7.5 million SMEs that create income generating and employment opportunities in the low-income localities, KNBS (2016). This segment has contributed to country's GDP with an increase from 13.8 % to 40 % from 1993 to 2008. SMEs contribute 14 % of the country's GDP. SMEs in Kenya are becoming major economic and national contributor through job creations that translate to income and improved livelihood for Kenyans. Only a few SMEs in Kenya grow into firms whose contribution is accredited to the economy as over 60% of small businesses are estimated to fail each year (Kenya Bureau of Statistics, 2015). There are approximately 157,846 registered SMEs in Nairobi County. The SMEs business categories consists of general trade wholesale and retail stores, transport, communication, food stores, expert and wellbeing and last but not least industrial factories and workshops (Bowen et al., 2009).

Micro-enterprises are those that have 1 –10 employees and their turnovers do not exceed 500,000 Kenyan shillings. The sector has grown rapidly in the last decade and has been a huge boost to the economy. A large driving force to the sector has been the banking sector (World Bank, 2015). The growth of the sector has also created a lot of job opportunities for the youth, in both the formal and informal sector. Innovation is also a major driver in economic development, and SMEs are at its forefront of it. Just like in many other developing countries, SMEs in Kenya are the leading in innovation, science,

and in business strategies (Olonde, 2017). These innovative ideas foster development by creating new opportunities. This ultimately leads to creation of employment, and increase in business returns. Compared to other corporations, SMEs often have very little financing. Their capital base is not as wide as that of established companies. Most of them are start-ups in the intensive phase of business growth and are struggling to keep up with capital needs.

1.2 Research Problem

Customer Relationship management has become an important element for companies when coming up with a strategic plan. In the 21stcentury companies are moving closer to customers by finding ways of creating value to customers and transforming customers problem into solution in which it result into good relationship rather than selling to customers (Szming, 2003). The aim of customer relationship management is to understand customers by collecting data about different customers which assist in forecasting the future buying pattern and the behavior of an individual consumer. The strength of Customer Relationship Manager is borne on its capabilities to afford customers with strong connections through availing timely information that is able to suit their needs, wants and expectation which is achieved through open communication.

The Small and Micro Enterprises (SMEs) in Kenya tend to create employment opportunities, income generation and accelerate economic growth. SMEs have been classified as the main drivers of rapid industrialization and sustainable economic growth (Koech, 2011). Studies by Maalu, et al. (1999) looked into the function of SMEs in Kenya's economy and the findings reported an important role played by SMEs through

income generation and employment creation, the SMEs were also useful to the economy in facilitating development of skills and production of goods and services. Most of the SMEs face the challenge of accessing adequate credit facilities. This make Few business to have permanent shelters while most of the businesses are either on temporary shelters or conducted by mobile traders who move from one place to another selling their products. Statistics have shown that very few of these businesses survive long enough to even reach their potential and therefore the need to assess factors affecting performance, growth strategies and sustainability of micro and small business enterprises in Nairobi.

Several studies have been done locally and internationally. Internationally, Sharifi and Esfidani (2014) examined CRM on loyalty of supermarket chain consumers in Iran. The findings were that relationship marketing has a positive significant relationship cognitive dissonance especially in the stage of post-purchase. Sandra et al (2017) researched on the influence of customer relationship marketing on customer satisfaction among the Arab banking sector. It was evident from the study that relationship marketing had an increasingly high impact on customer satisfaction. Frygell, Hedman and Carlsson (2017) established that there existed a high failure rate among firms in the implementation of Customer Relationship management systems. The first challenge could relate to a disconnection between Customer Relationship Management system and the operational strategy in organizations.

Locally, Waiganjo (2012) found that communication, customer feedback, sales support services, after sales services and loyalty programs were found to positively influence the performance of supermarkets in Nairobi, Kenya. Various components of relationship

marketing have a positive influence on the various performance indicators of large supermarkets. Ng'ang'a and Monayo (2017) revealed that e-Customer Relationship Manager practices allow organizations access to comprehensive, reliable and integrated view of its customer base. The study looked at electronic means of handling Customer Relationship Manager and links it to organizational performance in general as opposed to customer satisfaction; this creates a knowledge gap making a need for this study to fill it. Minoo and Musyoka (2013) asserted that Customer Relationship Manager avails information to banks to use in new markets and variety of service items. In order to effectively communicate with customers, banks use personal visits, emails and phone calls.

From several studies, it is evident that most studies focused on relationship marketing. On the other hand, few studies were done on both customer relationship management and customer retention. In the context of small medium enterprise no study has being done, therefore there is a gap to be filled. The study seeks to address the following research question. How does customer relationship management affect customer retention in small medium enterprises in Nairobi Kenya?

1.3 Objectives of the Study
The study sought to establish the effect of customer relationship management on customer retention among SMEs as consumers of Safaricom products.

1.4 Value of the Study
This study will contribute to commitment -trust theory by determining marketing relationship point of view that a company should create trust and commitment with its

customers and set up strategies that will ensure customer retention. It also contributed to social exchange theory by explaining that when relationships evolve over time, it results in improved level of trust, loyalty and mutual commitments as long as the parties abide by certain "rules" of exchange. This study will also be an important to source to literature of customer relationship management and making academicians and scholars to use it for academic assignments and research projects. Researchers also used the data from the study to come up with a topic for further research.

The study will assist the policy makers obtain knowledge about small and medium enterprises in Kenya and how they respond to customer retention. This will assist them to come up with guidance on how to design appropriate policies that can be used to regulate the small and medium enterprises in Kenya. The study will also assist the government to have idea of the emerging trends in the small and medium enterprises industry and how they can offer quality products. Therefore this information will be important to the government to be used in developing strategies that ensure small and medium enterprises offer better products and how they can retention customers.

The study was of great importance to various stakeholders in the beverage sector. It will be able to provide information on how distribution strategies assist to achieve competitive advantage. This will be able to expand their knowledge on how marketing should be done in alcoholic beverage sector and assist to identify areas of further research

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter expounds on the literature associated to the research objective which is to establish the effect of customer relationship management on consumer's retention of SME s in Nairobi, Kenya.

2.2 Theoretical Framework

Davidson (2008), assert that a theory is a lay down of suitably argued concepts intended to clarify a condition by specifying laws that links the variables to each other. It is a collection of interrelated ideas based on theories is worthwhile or not. The study was guided by the relationship marketing theory and commitment-trust theory.

2.2.1 Relationship Marketing Theory

Relationship marketing theory was advanced by Mollier (2011) and suggests that a marketing relationship is all about establishing an interactive relationship with existing and potential customers that will result in a long-term mutual benefit. A good relationship is not only directed to customer but also to suppliers and government agencies that the business unit is dealing with and are affected by the organization action. The goal of relationship marketing as advanced by Alexander is to have a mutual benefit symbiosis that built on each other capacities to come up with a synergy. Ndubisi (2003) argue that an important goal is to promote customer loyalty. In a relationship, Choi et al. (2013) identified several key characteristics that form relationship marketing. They note that a customer is regarded as a unit or an individual in that all operations of the company are channeled towards existing clients and the process of implementation depends on dialogues and interactions similarly, the organization's aim is to foster achievement of

profitability via improving the strength of customer relationships and reduction of customer turnover which is expected to enhance customer retention

2.2.2 Commitment –Trust Theory

The commitment-trust theory was advanced by Hunt and Morgan (1994), provides that there are two critical factors that must exist in order to establish a successful relationship; commitment and trust. This therefore indicates that in marketing relationship point of view, a company should create trust and commitment with its customers and set up strategies that will ensure customer retention. In accordance with Berndt and Brink (2004), trust is evidenced by high level of confidence experienced by both parties involved in a relationship in that no actions are undertaken by either party that will endanger stability of current relationship. Trust in business is established when a firm sets up objectives and achieve them. On the other hand, commitment incorporates sustainable interest to uphold esteemed partnership. Trust and commitment make a relationship to flourish by establishing an environment that supports cooperation between parties engaged in any sort of relationship; helping to oppose eye-catching short-term options; and screening expected high risk operations as being cautious. Buttle (2014) assert that within the retail community setting, for example, satisfied customers will decide either to continue their purchases in the outlet after they have observed how others behave within the community.

According to Ashraf, (2014) commitment reconciles loyalty between consumers by improving individual's feeling of being bonded to and in association with other team members hence facilitating long-lasting relationships. Similarly, Aruppillai, & Philip,

(2008), assert that commitment is a significant factor that influences durability of relationships positively and therefore resulting to customer loyalty. High level of commitment can reduce the turnover rate of customers and create stable relationships since commitment enables partners to refrain from short-term choices that are attractive instead of recommended long-term advantages (Morgan & Hunt, 1994). Commitment–trust theory is significant in this study since relationship marketing entails establishing bonds with clients by satisfying their demands and respecting commitments. Thus, instead of going after short-term benefits, companies that adopt the relationship marketing strategy will therefore prefer long-lasting relationship with their clients. Consequently, there will be a mutual benefit between the firm and customers due to the existence of trust hence customer-loyalty is upheld.

2.3 Customer Relationship Management and Customer Retention

Ashraf, (2014) observes that though communication is an important characteristic in determining customer retention, it has not been given the necessary attention because of the believe that so long as a customer has been provided with the good or service, then it does not much matter the extent that a seller goes in improving the communication part. Communication is an important aspect in customer relationship management since it contributes a hugely in provision of clear understanding on capabilities and intentions of trading partners, hence forming a basis for creating loyalty among the customers. The frequency of communications between a firm and customer is equally important because it determines the level of loyalty that they have to the organization. Further, Gilaninia et al (2011) confirms that though communication is not relationship marketing communication in its right, it also affects levels of retention that a buyer has with an

organization. Communication, especially timely communication, has been found to foster l customer retention by facilitating dispute resolution and aligning expectations and perceptions. Perhaps, communications additionally enhance customer retention through provision of channel that will bring dissatisfied customers into agreement by explaining to the causes and remedies of their dissatisfaction.

Moorman et al. (1993) describes trust as confidence that a person gives a partner willingly. This implies that trust indicates the extent to which each person of relationship considers the other person promise. The variables of trust are evaluated by elements for instance service quality, security present in a particular transaction, behaviour of staff towards customers, reliability on the organizations processes, and the commitment of organization towards service delivery to customers. Therefore, trust is based upon reputation, personality, systems and processes that define the relationship between two parties. Conway and Swift (2010) highlight that a high trust level is expected to enhance a positive attitude by a customer to the organization offering, which in turn will improve the extent of customer loyalty. Ndubisi (2014) assert that the resources of a firm, ranging from, systems and technology should be implemented in a way that attracts trust from clients hence the firm will by itself uphold trust resulting into customer retention.

Anastasia, (2009) highlighted that a personal service experiences that going beyond services by contact centers was developed to manage new customers' questions. The design has successfully saved company time and money while providing customer experience. According to Kotler, (2009), salespeople, clerks and customer service

representatives try to build personal relationships since they lead to repeat buying and better returns.

E-Commerce is proving to be important to organizations today. That brings in a shift in paradigm in relationships in marketing. These relationships confer a lot of gains to firms like effective management of customers. Ashraf (2014) says that e-relationship have transformed business structures. Each entity therefore needs to create global networks. According to Krystallis and Chrysochou (2014). e-relationships is an important platform to improve transactions on the Internet to marketing objectives due to developments in technology, Indeed online buying is a contemporary trend today. Qwinner, (2013)says that electronic relationship are vital to organization's capacity to reduce costs, distance and time. In addition electronic relationship aids in customers feedback which helps organizations focus on delivering and customer satisfaction, solve problems Brink & Teshu. (2009).

Management Information System is a collection of systems designed to collect information from various sources and avail it in a format that can be read. These systems are important in generation of reports for managers. Such reports normally have comprehensive information needed to make informative decisions that would improve the competitiveness of the organization. These systems are normally dependent on technological applications in collection and presentation of data. The Management Information System need to have inbuilt capability to generate reports that managers can use to make key decisions in the organization (Laudon, 2015).Several studies have reviewed the effect of Management Information System on customer satisfaction. For

instance, Laudon and Laudon (2016) reviewed the effect that Management Information System has on quality of services offered to customers by commercial banks in Saudi Arabia. The results indicate that application of Management Information System enabled commercial banks improve their competitive positioning.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the procedures and methods, which will be used in meeting the study objectives. They include: the target population, research design, data collection methods and data analysis. The method is totally representative of the area of study. Use of statistical and analytical tools will be employed to evaluate the effects of customer relationship management on customer retention among SMEs as consumers of safaricom products.

3.2 Research Design

According to Kothari (2014) research design is a collection and analysis of data that aims at coming up with relevant information for the purpose of the study considering economy in procedure. The above study used descriptive research design. A descriptive design is able to provide qualitative descriptions of trends, perceptions and attitude of the sample population being studied. The research design was appropriate for the study since it was able to determine the relationship between the independent variables and the dependent variable without compromising any variable.

3.3 Population of the Study

The desired target population of this current study was all the SMEs in Nairobi County enlisted by the Micro, Small and Medium Enterprises Authority (MSEA). SMEs in Nairobi County was chosen as the population of the study due to the nature and from of the research problem and objectives of the study. A list of the firms will be obtained from the Micro, Small and Medium Enterprises Authority (MSEA) (2018) indicating that there are 1050 SMEs in the data base. The firms included in the study without regard to the

size, industry of operation, among other characteristics. This is because those differences in characteristics are not part of the scope of the proposed study.

3.4 Sample Design

A stratified sampling system was utilized to guarantee that the data collected is fully representative of the entire population. This was achieved through developing of strata's that was fully representative of the county SMEs. The study employed stratified random sampling, with a target of 210 registered SMEs within Nairobi County. This represents 20% of the total number of registered SMEs within Nairobi County, which is 1050 SMEs (NCC, 2013). Kothari (2014) maintains that if well chosen, 10% to 30% sample sizes from a population often give credible reliability.

3.5 Data Collection

This study was use primary data. Primary data was be collected by use of a questionnaire which was semi-structured and will be self-administered to the SMEs managers or the owners of the SMEs. Managers are best positioned to give necessary information on customer relationship management since they are involved in decision making. As indicated by Cooper & Schindler. (2011), questionnaires are helpful in a descriptive report to adequately get data from respondents in a non-intrusive way.

3.6 Data Analysis

Descriptive analysis focus on working out measures of central tendency and dispersion measures. Standard deviation is the most widely used measure of dispersion. It is used to measure the amount of variation of a set data of values. In this study, standard deviation was used to establish the variation of a particular firm's data from the industry average. The multiple linear regressions model will be used is shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where: Y is Customer Retention

β_0 is the model's constant

β_1 to β_4 are the regression coefficients

X_1 = Management information systems

X_2 = Personalized services

X_3 = Electronic Relationship

X_4 Communication

X_5 = Trust

ε = error term

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION OF RESULTS

4.1 Introduction

The chapter presented the findings, interpretation of results based on the study objective, and discussion of the findings. The chapter consisted of the respondents' background information which was expounded in the demographic information collected intended to provide an insight of the inherent characteristics of the population of study. It had a section outlining the findings of the preferred customer relationship management on measures of customer retention regression analysis and discussion of the findings. The section provided a summary of the findings from the study carried out and whether it affirmed to what the researcher set out to achieve.

4.2 Response Rate

The response rate of the study was 61% as 130 out of 210 questionnaires were completed successfully and returned for data analysis. A 100% response rate was not achieved for not all questionnaires were fully filled by the respondents. A fully filled questionnaire was deemed to be complete with an appended stamp from the organization. Only 130 firms appended their stamp on the questionnaires. Conversely, according to Kothari (2004) adequate analysis was above 50% and hence 81.48% response rate was excellent. The results were in consistent with Mugenda and Mugenda (2013) who concluded satisfactory representation of a population needed a response rate of at least 50% and a response level that exceeded the 70% mark was good.

4.3: Demographic Information of the respondents

This section is concerned with the general information of the respondents. The information helps in understanding the respondents under review. It sought details on the gender, age and education level.

4.3.1 Gender of the Respondents

Participants were able to give information about their gender as shown on Table 4.1

Table 4.1 The Gender Distribution of Respondents

Class	Frequency	Percentage
Male	95	73
Female	35	27
Total	130	100

From Table 4.1 Majority of respondents at 95 (73.0%) were male while 35 (27.0%) were female. This implies a male dominated management pool for the SMEs. This agrees with Aleke (2013) who asserted that most SME ownership were owned by male owners because of their domination in SME positions which is not a good thing considering the need for equity and may imply that the SMEs was biased as regards management.

4.3.2 Age of Respondents

The Respondents were asked to indicate their age. The results are as shown in Table 4.2

Table 4.1 The Age of Respondents

Class (years)	Frequency	Percentage
20-30	40	30
30-40	60	46.1
Over 40	30	24.0
Total	130	100.0

From Table 4,2 most of the respondents were between the age of 30-40 (46.1%) followed by age bracket 20-30 (30%) and age over 40 were 24%. This is a sign that most of participants were youth who run the SMEs in Nairobi Kenya.

4.3.3 Level of Education

Participants were able to give information about their education level as shown on Table 4.3

Table 4.3 Level of Education

Level of Education	Frequency	Percentage
No formal education	5	3.8
Primary level	10	7.7
Secondary level	15	11.5
College level	30	23.1
University level	70	53.8
Total	130	100.0

As shown on Table 4.3, it is evident that majority at 53.8% were having university degrees, 23.1% were having college certificate, 11.5% were having secondary certificate,7.7% have primary certificate and only 3.8% were having no formal education. This indicates that it was important for SME managers and owners to further their education since most of the participants who hold a Degree certificate are more knowledgeable than others. Most of the respondents were willing to further their education so that to fit job market which is dynamic. However, there is clearly an indication that the level of education would hinder the understanding of customer relationship management practices and knowledge in Safaricom products**.**

4.3.4 Business Entity

The respondents were asked to indicate the business sector. The results are as shown in Table 4.4

Table 4.5 Business Entity

Business Entity	Frequency	Percentage
Manufacturing	5	3.8
Retail	70	53.8
Trade	20	15.3
Service	35	27.0
Total	130	100.0

As shown on table 4.4, most of the SMEs in Nairobi are retail entities 53.8%. followed by service entities 27.0%, trade entities 15.3% and lastly manufacturing 3.8%.This implies that most of the small enterprise business operating in Nairobi are retail meaning that it is the main business booming in Nairobi and it is profitable.

4.3.5 Length of Operation

The study sought to establish the duration that the business been operating in Nairobi. The results are as shown in Table 4.5

Table 4.5 Length of Service of Respondents

Years	Frequency	Percentage
Less than 2 year	17	13
2 - 4year	33	25.3
Above 4 years	80	58.4
Total	130	100.00

As shown on Table 4.5, the results show that most of the SMEs have been operating in Nairobi for above 4 years were 58.4%, between 2-4 years were 25.3%, less than 2 years were 13%.This implies that most of the SMEs have been operating for over four years meaning they are well established and use customer relationship management practices and Safaricom products.

4.4 Customer Relationship Management Practices

It refers to a process and the manner in which businesses come up with, built and maintain relationships with its clients. It is important that businesses develop and nurture good relationship with their customers to build customer loyalty through satisfaction by developing products suited for the dynamic needs of their customers. Some of the practices include: management information system, personalized services (PS), electronic relationship, communication and Trust.

4.4.1 Management information system

The respondents were given five statements on management information system and asked to indicate their level of agreement. The results are as shown in Table 4.6

Table 4.6 Management information system

Management information system	N	Mean	SD
The system is used in collecting Customer related information from diverse sources	130	3.79	.631
The system System is used to process formation to facilitate report writing	130	3.11	.658
The system is used in generating reports of customers	130	4.37	.597
The System is used in the enhancement of the quality of service delivered to customers	130	3.98	.649
System is used to improve the accuracy levels among staff	130	4.00	.667
Overall		**3.79**	**0.636**

From table 4.6, the participants agreed that the system is used in generating reports of customers as shown by a mean of 4.37 with S,D 0.597. On the other hand, the respondents agreed that the system is used to process information to facilitate report writing as shown by a mean of 3.11 with S.D of .658. The overall mean was 3.79 implying that respondents agreed that they engage in practices. This implies that most of the business managers are using management information generate reports of customers

and also to ensure the services offered to customers. The study agree with Laudon, (2015) that the management information system need to have inbuilt capability to generate reports that managers can use to make key decisions in the organization.

4.4.2 Personalized Services

The respondents were given four statements on personalized services and asked to indicate their level of agreement. The results are as shown in Table 4.7

Table 4.7 Personalized Services

Personalized Services	N	Mean	SD
The Business have all the available customer choices	130	3.84	.688
Flexibility with regards to adjusting to customer	130	4.21	.713
My profile and social status is adequately served by business.	130	3.89	.737
I am extremely satisfied by the way I am personally being served by Safaricom agents.	130	4.53	.513
Overall		**4.04**	**0.671**

As shown on table 4.7, the results revealed that respondents strongly agreed that they extremely satisfied by the way they are served by the Safaricom agents as shown by a mean of 4.53 with S.D of 0.513. Similarly, most respondents agree that the business have all the available customer choices as shown by a mean of 3.84 with S.D of 0.688. Lastly, the overall mean of personalized services was 4.04 implying that respondents agreed with the practice of personalized services with minimal standard deviation. This implies that business are using personal services to meet the customer needs so that to retention the

clients. This agrees with Anastasia (2009) that there is positive relationship between personal services and internal communication of the organization hence customer satisfaction.

4.4.3 Electronic Relationship

The respondents were given five statements on electronic relationship and asked to indicate their level of agreement. The results are as shown in Table 4.8

Table 4.8: Electronic Relationship

Electronic Relationship	N	Mean	SDV
E-Relationship platform by the firm offers conveniences	130	4.63	.496
The system helped customers to give feedback easily which benefits the firm in developing more customized services.	130	4.26	.733
Electronic Relationship also plays vital role in business operations efficiency and this has enhanced customer service	130	4.11	.809
The platform has enhanced collaboration between the organization and customers	130	4.00	.816
Enabled buying online which is extremely flexible and convenient as well as time and money saving	130	3.37	.684
Overall		**3.94**	**0.665**

As shown on table 4.8, the results indicated that respondents strongly agreed that the E-Relationship platform offers conveniences e.g. service booking and scheduling and this has boosted customer retention as shown by a mean of 4.63 with S.D of 0.496. Similarly, the respondents were agreed that enabled buying online which is extremely flexible and convenient as well as time and money as shown by a mean of 3.26 with S.D of 0.452.

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The overall mean was 3.94 implying that most of respondents agreed with customer relationship management practices. This implies that business owners benefit from electronic relationship since it is convenient to customers in terms service booking and scheduling and boosts customer retention. This agrees with Qwinner, (2013) aids in customers feedback which helps organizations focus on delivering and customer satisfaction.

4.4.4 Communication

The respondents were given five statements on communication and asked to indicate their level of agreement. The results are as shown in Table 4.8

Table 4.8: Communication

Communication	N	Mean	SD
The Business keeps in touch with clients	**130**	3.05	.705
The Business offers variety of ways to convey information	**130**	3.11	.809
The Business is concerned with clients' needs	**130**	2.42	1.346
The Business is concerned with my needs	**130**	2.26	1.327
When a customer lodge a complaint, the business handles it on time.	**130**	3.17	.658
Overall		**2.97**	**0.942**

As shown table 4.8, the results revealed that the respondents agreed when a customer lodge a complaint, the business handles it on time.as shown by a mean of 3.17 with S.D of 0.809. On the other hand, respondents disagreed that the business is concerned with clients' needs as shown by mean of 2.42 with S.D of 1.346. Lastly, the overall mean of 2.97 and S.D .567 that communication was at a moderate extent. This implies that

employees usually communicate with staff as a collaborative negotiation between the company and customers which usually take place during the selling process.

4.4.5 Trust

The respondents were given five statements on trust and asked to indicate their level of agreement. The results are as shown in Table 4.9

Table 4.9: Trust

Trust	N	Mean	SD
The security of the organization products is high	**130**	4.23	.547
The reliability of the organization process is high	**130**	4.51	.612
Staff behaviour towards clients is good	**130**	4.9	.562
The organization is committed to its clients	**130**	4.69	.411
The organization channels offer similar products	**130**	4.26	.561
Overall		**4.34**	**0.5672**

As shown on table 4.9, the respondents agreed that the organization is committed mean of 4.69 and S.D of .41. On the other hand, the respondents agree that the security of the organization products is high with a mean 4.23 and S.D of .547. The overall mean will be 4.34 and S.D .567 that implies trust is adopted at moderate extent. Trust is based upon reputation, personality, systems and processes that define the relationship between two parties. This is agree with Conway and Swift (2010) highlight that a high trust level is expected to enhance a positive attitude by a customer to the organization offering, which in turn will improve the extent of customer loyalty.

4.5 Customer Retention

Respondents were requested to indicate to what degree they agree with the statements on customer retention. The responses given are presented in Table 4.1

Table 4.10: Customer Retention

Customer Retention	N	Mean	SD
Firm awards bonuses on customers.	130	3.60	1.188
Rewards customers who do multiple service.	130	3.25	1.293
Special categories for rewarding customers	130	3.50	.889
Bonus rewards timelines for customers.	130	3.60	.881
Firms services are randomly reward	130	3.85	.587
Firms uses technology to award bonus	130	4.15	.671
Overall	**130**	**3.69**	**0.879**

As shown on table 4.10, the firm uses technology to award customers on bonus as shown by a mean of 4.15 and S.D of .671. The firm also rewards customers who do multiple services as shown by a mean of 3.25 (SD=1.293). The overall mean was 3.69 implying that respondents agreed on customer retention is very important in there firm. Firms should come up with various techniques on retaining customers. This results agree with

Ndubisi (2014) assert that the resources of a firm, ranging from, systems and technology should be implemented in a way that attracts trust from clients hence the firm will by itself uphold trust resulting into customer retention.

4.6 Regression and Correlation analysis

Multiple Linear Regression analysis was conducted to find the relationship between variables. This was used to establish using R^2 which is the coefficient of determination. On the other hand,

Correlation analysis was conducted to assess association between predictor and response variables. Correlation analysis is employed to identify association amid different continuous numeric variables which gives a result of correlation coefficient (Crossman, 2013). The correlation coefficient (r) fallouts are shown as shown Table 4.6.5 using Pearson correlation analysis, which computes the direction (Positive/negative) and the strength (Ranges from -1 to +1) of the two variables.

4.6.1 Model Summary

Table 4.11 shows the model summary of the variables.

Table 4.11 Model Summary

Model	R	R^2	Adjusted R Square	Std. Error of the Estimate
1	.876[a]	.767	.684	.419

Predictors: (Constant), management information system, personalized services, electronic relationship, communication and Trust.

From the Table 4.11, it can be observed that R was 0.876 and R^2=0.767 at 0.005 level of significance. There is a strong relationship between customer relationship management and customer retention as shown by R=0.876. The results also indicated that 76.7% of variation in customer retention is explained by the predictors in the model, while 23.3% variation is unexplained due to other factors that are not in the model.

4.6.2 Goodness of Fit of the Model

Table 4.12 shows the goodness of fit of the model.

Table 4.12: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	8.090	5	1.618	0.927	.000[b]
1	Residual	2.460	124	.176		
	Total	10.550	129			

4.6.3 Model Regression Coefficients

The presented in Table 4.13 shows unstandardized coefficients, standardized coefficients, t statistic and significant values

As shown in Table 4.12 F (5, 129) =was significant at 95% level of confidence. This postulates that the model used was fit to explain the relationship between the customer relationship management and customer retention. Significance explains the usefulness of regression model at 95% level of confidence in which p-value of the ANOVA is less than alpha (0 < 0.05) hence it was concluded that customer relationship management is significant predicator of customer retention.

Table 4.13: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B (β)	Std. Error	Beta (β)		
1	(Constant)	.179	.756		.236	.817
	Management information system	.149	.239	.165	.623	.543
	Personalized services	.247	.159	.272	1.554	.012
	Electronic relationship	.239	.125	.305	1.906	.037
	Communication	.200	.273	.126	.733	.476
	Trust	.289	.156	.145	1.857	.074

a. Dependent Variable: Customer retention

From Table 4.13, all the variables carried positive predictive power although there was variation in significance level. The results also show that management information system had a positive and significant effect on customer retention ($\beta = 0.165$, p=0.543). From above equation it meant that when other variables are controlled, a unit change in the management information system would result to customer retention change significantly by 0.165 units in the same direction. However, personalized services had a positive and significant effect on customer retention ($\beta = 0.272$, p=0.012). From regression equation it implied that when other variables are controlled, a unit change in the personalized services would result to customer retention change significantly by 0.272 units in the same direction. Similarly, Electronic relationship had a positive and significant effect on customer retention ($\beta = 0.305$, p=0.037). From regression equation it implied that when other variables are controlled, a unit change in the electronic relationship would result to customer retention change significantly by 0.305 units in the same direction. Communication had a positive and significant effect on customer retention ($\beta = 0.126$, p=0.476). From regression equation, it means that when other variables are controlled, a unit change in the communication would result to customer retention change insignificantly by 0.126 units in the same direction. Lastly, trust had a positive and significant effect on customer retention ($\beta = 0.145$, p=0.074). From regression equation, it means that when other variables are controlled, a unit change in the trust would result to customer retention change significantly by 0.145 units in the same direction.

The regression equation was as follows:

$$Y = 0.179 + 0.165X_1 + 0.272X_2 + 0.305X_3 + 0.126X_4 + 0.145X_5$$

Where:

Y = Customer retention

X_1 = Management information systems

X_2 = Personalized services

X_3 = Electronic Relationship

X_4 = Communication

X_5 = Trust

The overall model show that customer relationship management influence customer retention with a p-value of <0.005 except the management information system which is at 0.543 and each variable positively predicated customer retention. However, only personalized services and electronic relationship were significant in predicting customer retention.

Correlation analysis was used to test the strength of the relationship between customer relationship management and customer retention. The correlation coefficient (r) results are presented as shown in Table 4.14. The significant value adopted for all the correlations was set at a p value of 0.05, implying that all the results on this correlation were treated at a confidence interval.

Table 4.6.4: Correlation Analysis

		MIS	PS	EL	COMM	TRUST	CR
MIS-Management information systems	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	130					
PS-Personalized services	Pearson Correlation	.590**	1				
	Sig. (2-tailed)	.01					
	N	130	130				
EL Electronic Relationship	Pearson Correlation	.523*	.431*	1			
	Sig. (2-tailed)	.05	.05				
	N	130	130	130			
COM Communication	Pearson Correlation	.583**	.464*	.141*	1		
	Sig. (2-tailed)	.01	.05	.05			
	N	130	130	130	130		
Trust	Pearson Correlation	.650**	.173*	.324**	.215*	1	
	Sig. (2-tailed)	.01	.05	.01	.05		
	N	130	130	130	130	130	
CR-Customer Retention	Pearson Correlation	.783**	.620**	.638**	.466*	.625**	1
	Sig. (2-tailed)	.01	.01	.01	.05	.01	
	N	130	130	130	130	130	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

From the above Table 4.6.4, there is positive correlation between management information system and customer retention at Pearson's correlation coefficient of r=0.783 and significance level of 0.01. Similarly, personalized services has positive relationship with customer retention at r=0.620 and significance level of 0.01. Similarly, results were obtained between electronic relationship and customer retention with Pearson's correlation coefficient of 0.638 and level of significance being 0.01. On the other hand, communication had insignificant positive relationship with customer retention at a Pearson's correlation coefficient of 0.466 and level of significance of 0.05. Finally, trust has significant relationship with customer retention at a Pearson's correlation of 0.466 and p-value of 0.05.

4.7 Discussion of Findings

The result revealed that various customer relationship management practices were used by SMEs in Nairobi county Kenya. They included management information systems, personalized services, electronic relationship, communication and trust. Goldenberg (2008) asserted that customer relationship management makes use of emerging technology to provide fast and effective customer service through development of a relationship using information collected from customer databases.

The results revealed that management information system is used at moderate extent to generate reports of customers, to improve the accuracy levels among staff and to enhance of the quality of service delivered to customers. The findings are similar to Laudon and Laudon (2016) reviewed that management information system ensures quality of services offered to customers by commercial banks in Saudi Arabia. On the other hand, Personal services is used by SMEs at great extent in which most of the services are flexible and

able to meet customer needs. This agrees with Anastasia (2009) that there is positive relationship between personal services and internal communication of the organization hence customer satisfaction. Electronic relationship is also used at moderate extent since it is convenient to customers in terms service booking and scheduling and boosts customer retention.

Communication was at a moderate extent. Making it to be consistent to Gilaninia et al (2011) confirms that though communication is not relationship marketing communication in its right, it also affects levels of retention that a buyer has with an organization. Lastly, trust was moderate extent in which the firms depend on reputation, personality, systems and processes that define the relationship between two parties. This is agree with Conway and Swift (2010) highlight that a high trust level is expected to enhance a positive attitude by a customer to the organization offering, which in turn will improve the extent of customer loyalty.

 Customer retention was at great extent in which firms come up with various techniques on retaining customers. This results agree with Onsongo (2016) assert that the resources of a firm, ranging from, systems and technology should be implemented in a way that attracts trust from clients hence the firm will by itself uphold trust resulting into customer retention.

The study also established that customer relationship management practice had significant relationship with consumer retention. This implies that increase in customer

relationship management practices would result to customer retention. These findings disagree with Morgan (2015) who found out that customer relationship management is an important element on building customer retention. There is positive correlation between management information system, personalized services, electronic relationship and trust with customer retention. Except for communication which and insignificant relationship with customer retention. The finding are consistent to Gilaninia et al (2011) confirms that though communication management information system and personalized services affects levels of retention that a buyer has with an organization.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This Chapter focuses on the findings obtained from the data analysis as well as the conclusions reached. It also includes the recommendations and suggestions for further research on this topic. The researcher set out to establish how to investigate the effect of customer relationship management on customer retention.

Areas for further study were also suggested in the chapter where there was room to further expand on the scope of the study to include companies in other sectors. This would be contributing extensively to the body of knowledge on the study and help policy makers in decision making. Organizational leaders would also benefit from those areas of research as they would be able to model better customer relationship management in their target markets.

5.2 Summary

The objective of the study was to establish effect of customer relationship management on customer retention among SMEs as consumers of Safaricom products Nairobi county Kenya. It was observed that SMEs in Nairobi county Kenya used various customer relationship management practices. Most of the respondents were between age 30-40 and most of them have university degree. Most SMEs operating in Nairobi are retail since it is profitable business in Nairobi and have being in operation for more than five years making the businesses to be well established and use customer relationship management practices and Safaricom products.

The results revealed that management information system is used at moderate extent to generate reports of customers, to improve the accuracy levels among staff and to enhance of the quality of service delivered to customers. Personal services is used by SMEs at

great extent in which most of the services are flexible and able to meet customer needs. Electronic relationship   is also used at moderate extent since it is convenient to customers in terms service booking and scheduling and boosts customer retention. Communication was at a moderate extent. Lastly, trust was moderate extent in which the firms depend on reputation, personality, systems and processes that define the relationship between two parties. This is agree with Conway and Swift (2010) highlight that a high trust level is expected to enhance a positive attitude by a customer to the organization offering, which in turn will improve the extent of customer loyalty.

The study also established that customer relationship management practice had significant influence on consumer retention. There is positive correlation between management information system, personalized services, electronic relationship and trust with customer retention. Except for communication which and insignificant relationship with customer retention. The finding are consistent to Gilaninia et al (2011) confirms that though communication management information system and personalized services affects levels of retention that a buyer has with an organization.

5.3 Conclusion of the study

Customer relationship management constructs that were found to have statistical significance in influencing customer retention in this study were management information system, personalized services and trust. SMEs customers will continue using safaricom products if personal service experiences go beyond services by having contact centers that assist to manage new customers' questions. Organizations have to invest more on trust since it influences customer retention. Similarly,   Customers are likely to

be loyal if they receive effective and efficient communication from firm. Management information systems are important in generation of reports for managers. Such reports normally have comprehensive information needed to make informative decisions that would improve the competitiveness of the organization.

The dependent variable was customer retention and the study found out that firm uses technology to award customers on bonus in which customers are selected randomly to be awarded bonus. The firm has various categories for awarding rewards based on the bonus of a particular customer. Firms should come up with various techniques on retaining customers. With increase in customer acquisition costs, businesses need to assume a proactive role in retaining customers. The antecedents of customer retention are loyalty of the customer to a company, brand image which create customer trust and/or specific products or services which makes the company to stand out thereby creating long term customer commitment through satisfaction. To retain customers, organization can adopt various strategies including marketing strategies.

5.4 Recommendations
The study found that even though the SMEs used various customer relationship management practices, they did not use them exhaustively. Specifically there was underutilization of communication therefore the study recommended that SMEs in Nairobi county Kenya should have proper communication channels to pass inform to clients.The frequency of communications between a firm and customer is equally important because it determines the level of customer retention.

The study also recommends that to enhance customer retention, SMEs should ensure that the they have proper management information system so that to offer quality services and products so retain existing customers regardless of their pricing policy as well as convenience and make good use of repeat customers to attract new customers. The SMEs should also enhance customer retention programs so that to argue more customers.

For SMEs to improve their personal services they should ensure salespeople, clerks and customer service representatives try to build personal relationships since they lead to repeat buying and better returns. SMEs need to have personal service experiences that going beyond services by contact centers so that to manage new customers. This will make the SMEs to save time and money while providing customer experience.

5.5 Limitations of the Study
The most significant limitation for this study was the quality of the data. It cannot be concluded with accuracy from this study that the findings are a true representation of the situation at hand. An assumption has been made that the data used in the study is accurate. Additionally, a lot of inconsistency in the measurement of the data was experienced due to the prevailing conditions. The study utilized primary data contrast to secondary information. It took into of manufacturing and allied firms and not all factors because of the limit imposed by data availability.

Getting the right target respondents to take in the survey. The researcher targeted the 210 Business owners and managers to fill the questionnaires. Given the technique employed for administering the questionnaire was drop and pick, some questionnaires got filled by

unintended respondents. Frequent follow ups were done to ensure that the right respondents provided the responses to the study.

Time aspect of carrying out the data collection was another challenge. The researcher had to complete the research in a specific time frame and sometimes this was not favorable to the availability of the respondents. Given this challenge the researcher created time to ensure that follow ups were done to ensure that the questionnaires were returned back within the acceptable time frame.

Some of the employees felt as if they were being investigated and hence were hesitant to fill the questionnaires. The researcher however worked at winning their confidence by ensuring the participants that their confidentiality would be upheld. The letter of authorization to collect data that was provided by the learning institution also helped to ease some of this fear.

5.6 Recommendation for Further Studies

The study was limited in its capacity to sample respondents from other regions of the country due to time and financial constraints. Therefore, it is recommended that the study be carried out in other counties to be able to capture elements that may be unique to certain consumers in the varied contexts that are represented by different geographical regions.

Primary data was solely utilized in the study; alternative research can be employed using secondary sources of data sourced from publications, websites, and regulatory authorities. These can then approve or disapprove the current study findings. Descriptive statistics

and multiple regression were used in this research; further research can incorporate other analysis methods like factor analysis, cluster analysis, and discriminant analysis.

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APPENDIX

Questionnaire

Dear respondent, the purpose of this questionnaire is to collect data that relates to the effect of customer relationship management on customer retention among SMEs as consumers of Safaricom Products. All information will be considered confidential and will only be used for academic purposes alone.

Section A: Demographic Information

1) What is your gender? (Tick one)   Male ( )   Female ( )

2) Age (tick one)

20 to 30 ( )   30 to 40 ( )   40 and above ( )

3) Highest level of education achieved.

No formal education [ ]   Primary level [ ]   Secondary level [ ] College level [ ]
University level [ ]

4) In what business entity are you engaged in? (Tick)

Manufacturing [ ]   Retail [ ]   Trade [ ]   Service [ ]

5) How old is your business?

Less than 1 year [ ] 1 year [ ] 2 years [ ] 3 years [ ] 4 years [ ] 5 years and above [ ]

SECTION B: CUSTOMER RELATIONSHIP MANAGEMENT

Below is a list of several Customer Relationship Manager applied by SMEs? Kindly indicate the extent that the Business uses each of the following. Use a scale of 1-5 where 1= No extent; 2 = Little Extent; 3= Moderate Extent; 4= Large Extent and 5= Very Large Extent.

MANAGEMENT INFORMATION SYSTEM(MIS)	No extent 1	Little Extent 2	Moderate Extent 3	Large Extent 4	Very Large Extent 5
System is used in collecting Customer related information from diverse sources					
System is used to process information to facilitate report writing					
System is used in generating reports of customers					

System is used in the enhancement of the quality of service delivered to customers					
System is used to improve the accuracy levels among staff					
PERSONALIZED SERVICES (PS)					
The Business have all the available customer choices that meet the need of the consumer					
Both customer and the facility flexibility with regards to adjusting to customer needs is perfect at this facility					
My profile and social status is adequately served by business.					
I am extremely satisfied by the way I am personally being served by safaricom agents.					

ELECTRONIC RELATIONSHIP (E-RELATIONSHIP) (E				
E-Relationship platform by the firm offers conveniences e.g. service booking and scheduling and this has boosted customer retention				
Electronic Relationship platform of the institution has also helped customers to give feedback easily which benefits the firm in developing more customized services.				
Electronic Relationship also plays vital role in business operations efficiency and this has enhanced customer service				
E-Relationship platform has enhanced collaboration between the organization and customers as well as promotes the developing of e-				

relationship				
E-Relationship platform has also enabled buying online which is extremely flexible and convenient as well as time and money saving				
Communication				
The Business keeps in touch with clients				
The Business offers variety of ways to convey information				
The Business is concerned with clients needs				
The Business is concerned with my needs				
When a customer lodge a complaint, the business handles it on time.				
Trust				
The security of the organization				

products is high					
The reliability of the organization process is high					
Staff behaviour towards clients is good					
The organization is committed to its clients					
The organization channels offer similar products					

Section C: Customer Retention

What extent are the following statements true in the scale of Use a scale of 1-5 where 1= No extent; 2 = Little Extent; 3= Moderate Extent; 4= Large Extent and 5= Very Large Extent.

Statement	No extent 1	Little Extent 2	Little Extent 3	Large Extent 4	Very Large Extent 5

Your Firm awards bonuses based on the number of years a customer has been using your services				
Your Firm rewards customers who undertake multiple service shopping.				
Your Firm has special categories for rewarding customers.				
Your Firm has different bonus rewards timelines for customers.				
Customer using the firms services are randomly reward				
Firms uses technology to determine the customer qualification for a bonus rewards				

THANK YOU