STRATEGIES ADOPTED BY MAJOR SHOPPING MALLS TO ENHANCE CUSTOMER RETENTION IN NAIROBI CITY COUNTY, KENYA

GEORGINA W. NJOROGE

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

Georgina W. Njoroge **D61/64697/2013**

Signature……………. Date……………………………….

This research project has been submitted for examination with my approval as the University Supervisor

Signature………………….. Date………………….

Dr. Mary Kinoti

Senior Lecturer

Department of Business Administration

School of Business

University of Nairobi

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ABSTRACT

When operating in a turbulent environment firms usually have difficulty in coming up with the appropriate strategy that will ensure success in their entry mode and operations. The emergence of shopping malls has changed the manner in which shoppers undertake their shopping activities and social interaction. The dynamic shoppers' behaviour has brought about unpredictable purchase decisions and a very turbulent competitive environment. Managers are under pressure to modify the strategies they use to fit the ever changing market trends. The intense competition between shopping malls either in the same region or different regions influences the strategies used to stay to up to beat with the competition. Taking into consideration the preceding discussion and the subsequent benefits that can be obtained from customer retention, little research has been conducted to obtain a better understanding of strategies adopted to enhance customer retention. Thus the study aimed to answer the following research question; what are the strategies adopted by major shopping malls to enhance customer retention in Nairobi City County? This research problem was studied through the use of a descriptive research design. The research project focused on strategies adopted by major malls in Nairobi City County to enhance customer retention. The population of this study comprised of 12 major shopping malls in Nairobi City County, Kenya. Due to the small size of the population a census study was conducted. A census study is that which obtains data from every member of a population. This is unlike a survey sample where data is obtained from a subset of a population in order to estimate population attributes. Primary data for this study was quantitative and qualitative. Semi structured questionnaire was used in data collection from the respondents. Quantitative data collected was analyzed by the use of descriptive statistics that is percentages, means, standard deviations and frequencies. The information was displayed using frequency tables. Content analysis was used to analyse qualitative data or aspect of the data collected from the open ended questions. In addition, the study conducted a correlation analysis to establish the strength of relationship between the study variables. The study revealed that cost leadership strategy has been adopted by shopping malls in Kenya and it serves to protect them from new entrants. The study further revealed that shopping malls in Kenya have been able to meets their customers' needs and satisfaction through the adoption of the differentiation strategy. The study draws further conclusions that focus strategy adopted by shopping malls in Kenya had enhanced customer retention since it enables the malls to stay close to its customers and monitor their needs. From the study findings, the study recommends that the shopping malls should be keen when adopting the cost leadership strategy since it is associated with the risk that competitors may leap from the technology, nullifying the malls' accumulated cost reductions. Other competitors may imitate the technology leading to mall's loss of its competitiveness. There is need for the shopping malls to differentiate their products so as to stand out from the crowd and remain competitive. This way, the malls will be able to offer unique products that are not being offered by their competitors. However, the malls should ensure that they acquire full market information in case where there is imitation from their competitors.

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ABBREVIATIONS AND ACRONYMS

RBV	Resource-Based View
SPSS	Statistical Package for Social Science
US	United States
VRIO	Valuable, Rare, Inimitable and Fit Into the Organisation

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The rapid changes in the business environment pose challenges in strategic management. The choice of strategy therefore must fit the particular business environment that the firm operates. Strategy development entails different views on the ways through which strategies develop in an organisation (Johnson, Scholes & Whittington, 2005). Creating a customer was initially regarded as the solitary purpose of a business. However, today Customer retention is now regarded important because it has become increasingly difficult for firms to assume that there exists an unlimited customer base. According to Reichheld and Sasser (2010), it costs five times more to gain a new customer than to retain an existing customer as the acquisition costs are lowered in the long run which means that customer retention is related to the profitability of a firm (Hunt, 2008).

The resource based view on strategy plays a pivotal role in retaining customers in the organisation (Krapfel, *et al.,* 2006). The theory as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Rumelt, 2014). The growth and performance in of shopping mall majorly depends on uptake and usage of the products offered. Competitive strategies play an important role in achieving customer retention; shopping malls can employ a number of competitive strategies for customer attraction and retention for example generic strategies postulated by Michael Porter (Storbacka and Lehtinen, 2009).

Companies are recognising the importance of satisfying and retaining customers, as they constitute the company's capital (Kotler, 2013). Kotler argues that although current marketing mixes that will create sales and new customers, the firm's first line of defence lies in customer retention. The best approach to customer retention is to deliver high customer satisfaction that result in strong customer loyalty. Therefore, to deal with the current market challenges, a business must have more distinctive and purposeful strategies and should also be effectively implemented (Cravens and Jason, 2011).

The proliferation of shopping malls in the recent times has created a competitive marketplace. Shopping malls are forced to differentiate themselves from their competitors through image and positioning so as to encourage customer visits and stimulate merchandise purchase (Burns and Warren, 2010). According to Mokgabudi (2011), a well-blended marketing mix strategy can attract and retain and repeated shoppers in the shopping malls hence the level of revenue.

Attracting a customer in a shopping mall at one time is one thing and having a customer come over and over to shop in the same place is another. For example, a strategic location allows easy access, attracts a larger number of customers, and increase potential sales of a retail outlet hence accessibility affects catchment population of a shopping mall (Kocaili, 2010). Ways of communicating to customers and handling them have changed with the dynamic change of markets and therefore marketing and sales functions at shopping malls have to also change so as to retain their best customers and capture their competitors best customers (Kotler & Armstrong, 2006).

1.1.1 The Concept of Strategy

Strategy is the pattern of organizational moves and managerial approaches used to achieve organizational objectives and to pursue the organization's mission. Organization needs strategy to guide how to achieve objectives and how to pursue the organization's mission. Strategy making is all about how - how to reach performance target, how to out compete rivals, how to seek and maintain competitive advantage, how to strengthen the enterprises long-term business position (Thompson & Stickland, 2010). The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance (Johnson & Scholes, 2008). A Firm's strategy is managements' action plan for running the business and conducting operations (Thompson *et al*, 2007). Strategy can be defined as the balance of actions and choices between internal capabilities and external environment of an organization.

Accordingly, strategy can be seen as a plan, play, pattern, position and perspective (Mintzberg *et al*, 2009). According to Bateman and Zeithman (2013), a strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization. The strategy an organization implements should be directed towards building strengths in areas that satisfy the wants and needs of consumers and other key actors in the organizations' external environment. It therefore forms a comprehensive modern plan that states how the organization will achieve its mission and objectives, maximizes competitive advantage and minimizes competitive disadvantage.

There are different forms of strategy (Johnson *et al.,* 2008). Corporate level strategy is concerned with the overall scope of an organization and how value will be added to the different parts (business units) of the organization. This could include issues of geographical coverage, diversity of products/services of business units, and how resources are to be allocated between different parts of the organizations. The second level is the business level strategy, which is about how to compete successfully in particular markets or how to provide best value services in the public services. This concerns which products or services should be developed in which markets and how advantage over competitors can be achieved in order to realize the objectives of the organization. The third level of strategy is at the operating end of the organization. These strategies are called operational strategies, which are concerned with how the component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people.

1.1.2 Customer Retention

Waterfield (2006) defines customer retention as keeping customers coming back and Nirmala (2009) says that a substantial time exceeding five years is regarded as a successful effort of customer retention. It indicates a stable and positive growth in the monetary financial institutions as well as the national economy of a country. Koy, (2003) concluded that a direct and measurable relationship exists between customer satisfaction and retention on the one hand and between customer retention and a firm's performance on the other hand.

Firms have adopted various retention strategies depending on the type of business and the environment they find themselves in. Some opt for quality service, some switching barriers while others try to venture into customer retention programmes. Customer retention is the activity that a company undertakes to prevent the existing customers from defecting to alternative companies. Successful customer retention starts from the first contact and continues creating a lifetime relationship. In the hyper-competitive dynamic markets of today, the ability to address customer's preferences and priorities is what differentiates companies (Getz, Blattberg & Thomas, 2011).

In recent developments, there is more emphasis on customer retention than in acquisition. Customer retention is less expensive than acquiring new ones. Acquiring new customers can cost as much as five times more than satisfying and retaining current customers. A 2% increase in customer retention has the same effect as decreasing costs by 10%. Depending on the industry, reducing your customer defection rate by 5% can increase your profitability by 25 to 125%. Customer profitability tends to increase over the life of a retained customer (Murphy & Mark, 2013).

1.1.3 Strategy and Customer Retention

Due to the intense competition faced by shopping malls, they adopt different types of strategies so as to increase profits and avoid losses. Shoppers nowadays are looking for more than fair prices and convenience which are the cornerstones of utilitarian value. Management takes cognizance of the importance of Customer loyalty and retention in the context of a saturated market or slow increase of new customers. Competitive pressures push other malls to actively target the consumer.

In order to stay ahead of competition management of malls should continuously scan the environment aggressively and also speed up implementation of its customer loyalty and retention strategies. Kotler (2008), states that the key to customer retention is customer satisfaction. He notes that satisfied customers: stay loyal longer, talk favourably about the enterprise, pay less attention to the competition, are less price sensitive, offer service ideas to the enterprise and cost less to serve than new customers hence customer retention. The emphasis of customer attraction is on learning customer needs and delivering a true value proposition that catches the eyes of those customers who are seeking solutions of their needs. A customer's expectations must be met or exceeded in order to be retained. With increased competition, firms are realizing the importance of loyal customers and adopting strategies to create and sustain a loyal customer base (Getz, Blattberg & Thomas, 2011).

1.1.4 Shopping Malls in Nairobi City County, Kenya

A shopping mall is defined as "modern one or more buildings that form a complex of shops representing merchandisers with interconnecting walkways that enable customers to walk from unit to unit, along with a parking area, a modern indoor version of the traditional market place" (GoK, 2005). The history of shopping malls started in US and later spread to other countries in the world (Wang, 2011). In Nairobi, shopping malls are becoming centres of attraction for shoppers. Around 1980 shopping malls were around the city centre and with time malls are now sprouting near residential areas hence coming closer to consumers.

Shopping malls in Nairobi City County such as The Village Market are no longer primarily about shopping but the experiences they present are beyond the traditional shopping. They offer a modern concept for recreation; dining and entertainment with ample parking and enhanced security that let customers choose from several shops and a galaxy of unique culinary experiences unrivalled elsewhere (Gitari, 2012). The Malls have brought about mixed developments where people can live, shop, get entertainment and work all within walking distance. This has been enhanced by the major growth of the middle class where consumption and pleasure go hand in hand.

1.1.5 Major Shopping Malls in Nairobi City County, Kenya

There are close to 30 malls in Nairobi and the number is increasing by day. According Nairobi City County Licensing Department (2015) there are 12 major malls located within Nairobi City County and it environ (Appendix II), they include; Village Market, Sarit Centre, Garden City Mall, Westgate Mall, Thika Road Mall, Ridgeways Mall, The Junction Mall, Galleria Mall, Prestige Centre Mall, Greenspan Mall, T-Mall and Taj Mall. The operations for most of these malls are daily week days and weekends as well as holidays from 7.00am to 11.00 pm (David, 2009).

The concept of malls in Nairobi City County, Kenya has continued to expand hence slowly moving from the traditional over the counter shopping to walk-in shopping. Innovative malls are strategically rethinking the types of stores that consumers respond to. The concept of “Anchor tenants” is still key in these malls. Many of the malls in Nairobi have got “Anchor tenants such as the Nakumatt Supermarket where individual stores or small-scale chain stores intend to benefit from the shoppers attracted by the big store.

1.2 Research Problem

When operating in a turbulent environment firms usually have difficulty in coming up with the appropriate strategy that will ensure success in their entry mode and operations. Successful environment serving organization are open systems in that continued organization survival depends on its ability to secure rewards from the environment which replenishes the resources consumed in the conversion process and also ensures social legitimacy. In most cases business loses some customers, but few ever measure or recognise how many of their customers become inactive. Most businesses, ironically, invest an enormous amount of time, effort and expense building that initial customer relationship. Customers' satisfaction is a key ingredient in retaining customers, it is important that proper strategies are adopted in order to retain existing customers in the business and also attract prospective customers.

The emergence of shopping malls has changed the manner in which shoppers undertake their shopping activities and social interaction. The dynamic shoppers' behaviour has brought about unpredictable purchase decisions and a very turbulent competitive environment. Managers are under pressure to modify the strategies they use to fit the ever changing market trends. The intense competition between shopping malls either in the same region or different regions influences the strategies used to stay to up to beat with the competition. Although major shopping malls have got some strategies in place for customer attraction and retention, managers and owners of shopping malls still need to be more proactive and creative in formulating and implementing better strategies by the day.

There are various studies that have been done locally and internationally in relation to strategies and customer retention. Padmashantini, *et al* (2013), conducted a study on competitive strategies and customer retention for retail supermarkets, the study concluded that customer retention was vital for the survival of firms due to its nature of multiplying firm's yields merely with slight improvement in its practices. Mohebi and Hechter (2013) in a survey on customer retention in the New Zealand banking industry concluded that it is imperative for banking executives to improve performance on each construct that leads to customer retention to improve their competitiveness in the banking industry. Mylonokis *et al* (2008) in a study on Bank satisfaction factors and loyalty: a survey of the Greek Bank Customers found out that banking institutions need to re-examine their customer approach methods and apply the marketing of relationships to ensure loyalty. The above studies were too broad and did not address the influence of competitive strategies on customer's retention in commercial banks in Kenya.

A study by Kihoro and Ombui (2012) on effects of competitive strategies on customer retention in G4S services (K) Ltd found that competitive strategies played an important role in achieving customer retention (Krapfel *et al.*, 2006). Wekunda (2006), in a study on Customer Retention strategies used by Internet services providers in Kenya concluded that service quality is the most important factor in retaining customers ,although also other strategies such as customer satisfaction, customer loyalty and complaint handling systems seems to play a significant role in retaining customers. Momanyi (2010) and Njuguna (2010) in their study on Customer retention Strategies Adopted by Mobile Telecommunications Companies in Kenya concluded that customer retention strategies were found out to be most effective in achieving competitive advantage.

Taking into consideration the preceding discussion and the subsequent benefits that can be obtained from customer retention, little research has been conducted to obtain a better understanding of strategies adopted to enhance customer retention. Thus the study aimed to answer the following research question; What are the strategies adopted by major shopping malls to enhance customer retention?

1.3 Research Objective

The objective of this study was to establish the strategies adopted by major shopping malls to enhance customer retention in Nairobi City County, Kenya.

1.4 Value of the Study

Academicians, researchers and scholars will gain from this research. The academicians will find the study useful as it will be used as an avenue for further research and also will contribute to new knowledge. Researchers will use the study to further their study in this area by reviewing the empirical literature and establishing study gaps to fill.

Relationship managers and other practitioners in the service industry will also find the results of this study useful. They may use the findings while initiating the process of customer acquisition, loyalty and retention as well as when offering services and advice to the customers on the various products offered at these malls. From this they will be able to make informed decisions to evaluate the value of the customers, and this will ultimately lead to good customers service and low-level customers switching to other service providers. It's expected that the study will be of importance to various audiences. Management and policy makers of malls in Kenya may use the findings of the study in crafting of viable strategies to assist in attaining and retaining key customers in the malls as well as remain competitive in the industry. It is anticipated that the findings will help in come up with strategies of improving the level of service quality offered at these mall.

1.5 Chapter Summary

This chapter reviews the introduction to the study on the strategies adopted by major shopping malls to enhance customer retention in Nairobi City County, Kenya. The areas of discussion contained are as follows; background, research problem, research objectives and value of the study. Chapter two is the literature review, chapter three will be research methodology, chapter four will be data analysis, results and findings and chapter five will be the discussion, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing literature on the strategies adopted by big malls to enhance customer retention. In particular it reviews the theoretical foundation of the study, customer retention, types of strategies, customer retention measurement and the link between strategies and customer retention.

2.2 Theoretical Foundation

This seek to establish the strategies adopted by big malls to enhance customer retention in Nairobi, Kenya, the study was guided the resource-based view theory and commitment-trust theory.

2.2.1 Resource-Based View Theory

This study was anchored on the Resource-Based View Theory on competitive advantage. There is evidence that profitability differs much more between businesses than between industries (Rumelt, 2011). The beginnings of the theory of gaining a competitive advantage through internal factors can be attributed to Barney (2011). The resource-based view of the firm has gone through a considerable amount of modifications and variations during the past three decades by a great number of scholars using terms such as resources, capabilities, assets and or core competences to describe intrinsic factors that lead to a competitive advantage for a firm.

The resource-based-view assumes that resources are heterogeneously distributed among firms and immobile. Only this assumption can guarantee that a resource can be the source of competitive advantage (Barney, 2011). According to the valuable, rare, inimitable and fit into the organisation–framework (VRIO), a resource needs to possess the above values so as to provide a sustained competitive advantage (Barney *et al,* 2011). In a rapidly changing environment a fifth characteristic durability, which defines how easy a company's resource is outdated, has proven to be important as well (Grant, 2010).

Amit and Schoemaker (2013) argued that a company needs strategic assets a combination of resources and capabilities that respond to industry factors to gain competitive advantage. Moreover, research has demonstrated that companies that are `lagging' at one moment in time often catch up (Cockburn and Henderson, 2010). A company's ability to constantly build new relevant resources in order to respond to a changing environment itself is already a resource a dynamic capability (Faulkner and Campbell, 2006). When a company in an industry is earning above-average profits, its competitors will try to imitate or substitute the company's resources to gain competitive parity (Barney and Hesterly, 2009).

2.2.2 The Commitment-Trust Theory

The commitment-trust theory of relationship marketing says that two fundamental factors, trust and commitment, must exist for a relationship to be successful. In other words companies must develop both commitment and trust with the customer in order to successfully retain them. According to Brink and Berndt (2014), trust is the confidence both parties in the relationship have that the other party won't do something harmful or risky.

Businesses develop trust by standing behind their promises. Commitment on the other hand involves a long-term desire to maintain a valued partnership.

In Commitment-Trust Theory of Relationship Marketing, there are three reasons why commitment and trust are so important in Relationship marketing. It encourages cooperation between the two parties, discourages companies from putting short-term alternative clients in front of long-term clients and also allows them to feel more comfortable taking risks knowing that the customer is committed and trusts the company. Relationship marketing involves forming bonds with customers by meeting their needs and honoring commitments. Rather than chasing short-term profits, businesses following the principles of relationship marketing forge long-lasting bonds with their customers. As a result, customers trust these businesses, and the mutual loyalty helps both parties fulfill their needs.

2.3 Types of Strategies

Competitive strategy comprises all those moves that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson & Strickland, 2012). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (2010) asserts that there are three Approaches to competitive strategy. One is striving to be the overall low cost producer, therefore being a cost leader, another is seeking to differentiate one's product offering from that of one's competitors, which is a differentiation strategy while a third involves focus on a narrow portion of the market, which is focus or niche strategy. Few advantages can be sustained indefinitely, for time eventually renders them obsolete (Johnson and Scholes, 2009).

Competitive strategy is the distinctive approach, which a firm uses or intends to use in order to succeed in the market place, and it involves positioning the business to maximize the value of capabilities that distinguish it from its competitors (Porter, 2010). Porter (2010) argues that although the relevant environment is very broad, the key aspect of the firm's environment is the industry or industries in which it competes. Therefore industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm. Only organizations that are capable of formulating and implementing effective competitive strategies will achieve profitability and growth.

2.3.1 Cost Leadership Strategy

A cost leadership strategy is one in which a firm strives to have the lowest costs in the industry and offer its products or services in a broad market at the lowest prices. A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its economic costs below its competitors (Porter, 2005). Characteristics of cost leadership include low level differentiation, aim for average customer, use of knowledge gained from past production to lower production costs, and the addition of new product features only after the market demands them. Cost leadership has advantages of protecting the organization from new entrants. This is because a price reduction can be used to protect from new entrants.

However, the risk of cost leadership is that competitors may leap from the technology, nullifying the firms accumulated cost reductions. Other competitors may imitate the technology leading to firm's loss of its competitiveness. In a study of competitive strategies applied by commercial banks, Gathoga (2011) concludes that banks had adopted various competitive strategies, which included delivery of quality service at competitive prices and at appropriate locations. The banks also engaged in product differentiation by creating differentiated products for different market segments. A firm following a cost leadership strategy offers products or services with acceptable quality and features to a broad set of customers at a low price.

2.3.2 Differentiation Strategy

Differentiation strategy is one in which a firm offers products or services with unique features that customers value. The value added by the uniqueness lets the firm command a premium price. The key characteristic of differentiation strategy is perceived quality (whether real or not). This may be through superior product design, technology, customer service, dealer network or other dimensions (Porter, 2005). The advantage of differentiation is that perceived quality and brand loyalty insulates company from threats from any of the five forces that determine the state of competition in an industry. Price increases from powerful suppliers can be passed on to customers who are willing to pay. Buyers have only one source of supply. Brand loyalty protects from substitutes. Brand loyalty is also a barrier to new entrants.

According to Sheikh (2007), computer technology is crucial to Accounting Information Systems (AIS) and to accountants for many reasons. One is that computer technology must be compatible with, and support, the other components the AIS. Secondly, in trying to expand their services, audit firms are moving into provision of outsourced accounting and/or internal auditing services, which require mastery of computer accounting packages. Githae (2014) implies that in differentiating, audit firms have to broaden their services.

They have to embrace various disciplines crucial to world of business, charting what one may describe as new frontiers. They have to adopt such strategies as forensic services to remain competitive.

2.3.3 Focus Strategy

Focus strategy involves targeting a particular market segment. This means serving the segment more efficiently and effectively than the competitors. Focus strategy can be either a cost leadership or differentiation strategy aimed towards a narrow, focused market (Porter, 2005). Advantages of focus strategy include having power over buyers since the firm may be the only source of supply. Customer loyalty also protects from new entrants and substitute products. The firm adopting focus strategy can easily stay close to customers and monitor their needs.

Kombo (2007), in a study on the motor industry notes that firms had to make substantial adjustments in their strategic variables in order to survive in the competitive environment. The firms introduced new techniques in product development, differentiated their products, segmented and targeted their customers more and improved customer service. Karanja (2012) observes in a study of real estate firms in Kenya that increase in the number of players has led to increased competition. The most popular type of competitive strategy was on the basis of focused differentiation. Firms tended to target certain levels of clients especially the middle and upper class who resided in certain targeted estates.

2.4 Customer Retention Measurement

Berry and Parasuraman (2011), identified strategies for retaining customers in three ways: conceptual strategies based on extant theories, best practices strategies as reported by specialists and pragmatic strategies as observed in companies. In terms of extant theories, they considered lessons from services marketing industrial marketing, and business-to-business marketing perspectives. From the service marketing perspective, customer retention has been conceptualized as a consequence of customer-perceived service quality and customer satisfaction (Zeithaml and Bitner, 2012). A provider of services, based on such a cause-and-effect model, could therefore focus on progressively closing the gaps between customer expectations and experiences of service quality. Payne and Frow (2009) offered a four-step framework: the market structure, segment the customer base and determine segment value, identify segments' service needs and implement a segmented service strategy.

Customer retention measurement should distinguish between behavioural intentions and actual customer behaviours. When a company uses behavioural intentions as an indicator of customer retention, it's based on the premise that intentions are a strong predictor of future behaviours (Mittal & Frennea, 2012). It's been shown in the past that past consumer behaviour is the best predictor of future behaviour (Jim Novo, 2001). A visitor at a shop who repeats their behaviour is more likely to continue repeating it meaning the future value to the business is high. The retention behaviours must be measured using secondary data. This includes but not limited to: accounting measures of volumes in terms of amounts or quantities and the financial value. The frequency with which a customer purchases the company's goods and services is also a measure.

For good customer retention measurement to occur, a firm must have a strong customer information management policy that captures all relevant metrics that may be needed for analysis.

Although not all customers prefer long-term relationships there are those who prefer stable long-term relationships, inherently spend more, pay promptly and require less service. According to Reichheld (2012) stated that long-serving employees generate economic benefits such as recruiting the best customers, retaining customers by producing better products and value and they are sources of customer referrals. Central to his approach was the need for firms to search continuously and consistently for initiatives that offer a better value proposition than their competitors. Potential strategies for managing customer retention have also emerged from observations of management practice.

2.5 Strategies and Customer Retention in Organisations

Competitive strategy is a long-term action plan that is defused to help a company gain a competitive advantage over its rivals. Competitive advantage is sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering (Barney, 2008). Customer retention is the goal of preventing customers from going to the competitor. It is the way in which firms focus their efforts on existing customers in an effort to continue doing business with them. Therefore competitive strategies have a direct impact on how much and for how long a company is able to retain its customers.

Competitive advantage is advantage gained over competitors through competitive strategies by offering customers greater value either through lower pricing or providing additional benefits and services that justify similar or possibly high prices (Cole, 2008) In today's competitive environment banks need to keep up with current and potential customers if they are to survive, grow and continue to prosper (Mohebi and Hechter, 1993).The banking industry is vulnerable to a changing environment eg loyal customers can be stolen away through aggressive marketing campaigns (Hollida, 2006).Today firm are focusing most of their competitive efforts on physical presence such as branch network development in very attractive locations and promotions as well as offering supplementary services to differentiate themselves from other competitors (Mylonokis *et al* , 2008).

The homogeneity of services offered and competition have put pressure on shopping malls to achieve competitive advantage through the use of competitive strategies such as differentiation, which has led to emphasis on service quality. Shopping malls are using service quality as a means gaining competitive advantage this practice has been perceived to be a basis for achieving differentiation and retaining customers in a highly competitive and homogenous industry (Loanna, 2012). Shopping malls must look into the quality aspects of their products and to establish quality control systems for providing services that are consistent and at levels exceeding customer expectation shopping malls should extend their product quality beyond the core service and expected service with additional and potential service features to be remembered and distinguished by customers (Chang *et al*, 2007).
Retaining an existing bank customer costs less than creating a new one. The cost of creating a new customer has been estimated to be 5 times more than that of retaining an existing one (Reichheld, 2006). Shopping malls are seeking to achieve a zero defection rate of profitable

customers to minimize the customer defection and subsequent loss of customers (Farquhar, 2014) in addition long term customers buy more and if satisfied may generate positive word of mouth promotion for the bank (Reichheld and Kennedy, 2010) long term customers also take less of bank's time and are less sensitive to price (Healy,2009) as a result retaining customers becomes a priority and malls must more carefully consider the factors that might increase customer retention rate.

2.6 Empirical Review and Research Gaps

Wekunda (2006) did a study on customer retention strategies used by internet service providers in Kenya. The objective of the study was to determine the customer retention strategies used by internet service providers in Kenya. This was a census study that was to determine the customer retention strategies used by internet service providers registered by the Communication Commission of Kenya (CCK) as per July 2006. The study found that service quality is the most important factor in retaining customers ,although also other strategies such as customer satisfaction, customer loyalty and complaint handling systems seems to play a significant role in retaining customers. It was recommended that that Internet service providers need to put in place practises that ensure customer retention in order to survive in the competitive business environment. A similar study can be carried out in the service industry.

Njuguna (2010) did an analysis of the effectiveness of customer retention strategies in Equity Bank Kenya. The research design used was a case study. The study was conducted through the use of a semi structured questionnaire administered through interviews. The respondents targeted were the marketing managers and business growth managers. It was found out that

Equity bank has retained customers. It also has customer retention strategies. The customer retention strategies were grouped as people related, process related, pricing related, product related, place related and promotion related strategies. Out of this people related strategies were found out to be most effective.

Mwai (2010) did a study on Customer retention strategies applied by commercial banks in Kenya. This study concerns customer retention strategies applied by commercial banks in Kenya. The researcher employed a survey design with a population of 44 banks headquartered in Kenya. Data was collected using a semi-structured questionnaire. Data analysis was done using descriptive statistics consisting. Regarding the extent to which customer retention practices were applied, findings indicated that, the service quality strategies are practiced to a large extent and they were also regarded as the most important practices in attaining customer retention, while loyalty strategies were the least popular.

Munyiri (2014) did a study on competitive strategies and customer retention among commercial banks in Kenya. This study sought the extent to which competitive strategies influence customer retention among commercial banks in Kenya. The study adopted a descriptive survey design and targeted all the forty four registered commercial banks in Kenya. The study concluded that there is a significant relationship between cost leadership strategies and customer retention. The study also concluded that banks use low prices of the bank products to target average customers and also develops new products that meet the market demands. The study also concluded that the banks adopt differentiation strategies by offering superior goods and services of high quality to their customers.

Njane (2013) conducted an investigation of factors affecting customer retention in Barclays bank of Kenya. To achieve this objective, the study used a case study design approach. Data was collected from the customers of the Barclays Bank of Kenya using semi-structured questionnaires and an interview done on the staff of the Barclays bank. The data was analysed using descriptive statistics with the aid of a computer software SPSS. The study found that accuracy of transactions, delivery of services, efficiency of customer services, physical appearance of the bank, and the convenience of the branch locations influence customer retention.

2.7 Chapter Summary

This chapter review the existing literature on the strategies adopted by major shopping malls to enhance customer retention in Nairobi City County, Kenya, in specific it review the theoretical foundation, types of strategies customer retention measurement, strategies and customer retention in organisations , empirical review and research gaps.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that was used for the purpose of this study. It highlights the research design, population of the study, data collection and data analysis.

3.2 Research Design

Research design is the basic plan that indicates an overview of the activities that are necessary to execute the research project. This research problem was studied through the use of a descriptive research design. According to Mugenda and Mugenda (2008) a descriptive study is concerned with finding out the what, where and how of a phenomenon.

The research project focused on strategies adopted by major malls in Nairobi County to enhance customer retention. The underlining concept selected several targeted cases where an intensive analysis identifies the possible alternatives for solving the research questions on the basis of the existing solution applied in the selected case study. The study attempts to describe and define a subject, often by creating a profile of group of problems (Cooper & Schindler, 2010).

3.3 Population of the Study

Population in statistics is the specific population about which information is desired. According to Kombo and Tromp (2008) a population is a well-defined or set of people, services, elements, events, group of things or households that are being investigated generalize the results. This definition assumed that the population is not homogeneous.

The population of this study comprised of 12 major shopping malls in Nairobi County, Kenya. Due to the small size of the population a census study was conducted.

A census study is that which obtains data from every member of a population. This is unlike a survey sample where data is obtained from a subset of a population in order to estimate population attributes. The use of census provided a true measure of the population hence no sampling error.

3.4 Data Collection

Primary data for this study was quantitative and qualitative. Semi structured questionnaire was used in data collection from the respondents. The questionnaires were structured to answer the inquiry questions. The survey was conducted using a structured questionnaire, which was divided into three major sections. Section one had questions on demographic information while section two had questions on strategies adopted by major malls to enhance customer retention and section three had questions on customer retention levels in major malls.

The researcher administered the questionnaire by drop and pick method to property/estate managers and owners of these malls who will be the respondents of the study. The study exercised care and control to ensure all questionnaires issued to the respondents are received. To achieve this, the researcher maintained a register of all questionnaires.

3.5 Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency, before being entered in SPSS version 22 which aided in the analysis. Quantitative data collected was analyzed by the use of descriptive statistics that is percentages, means, standard deviations and frequencies. The information was displayed using frequency tables.

Content analysis was used to analyze qualitative data or aspect of the data collected from the open ended questions. In addition, the study conducted a correlation analysis to establish the strength of relationship between the study variables. Regression analysis is the statistical tool that can be used to determine the level of association of two variables (Levin & Rubin, 2008).

3.6 Chapter Summary

This chapter has described the research methodology used in this study including the population, sampling design and size, data collection and analysis methods. In the data analysis and presentation, both quantitative and qualitative methods of analysis were used. The population consisted of management of mall in Nairobi County. The data was collected using a structured questionnaire designed by the researcher and analyzed by the use of SPSS (Version 22). The next chapter reviews the data analysis and presentation.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis and interpretation of the findings obtained from the field. The chapter presents the background information of the respondents and the findings of the analysis based on the objectives of the study. In specific it captures the demographic information, strategies adopted by major shopping malls to enhance customer retention and customer retention level, regression analsyis discussion of research findings**.**

Descriptive and inferential statistics have been used in the analysis of the data collected. The response rate was 100 percent. This response rate was considered to be excellent because according to Mugenda and Mugenda (1999), a response rate of 50 percent is adequate for analysis and reporting; a rate of 60 percent is good and a response rate of 70 percent and over is excellent.

4.2 Demographic Information

4.2.1 Age of the Respondents

The study sought to determine the age of the respondents and the findings are as shown in table 4.1.

Table 4.1: Age of the Respondents

Age Category	Frequency	Percent
36 to 40 years	3	25.0
41 to 45 years	2	16.7
46 to 50 years	5	41.7
above 50 years	2	16.7
Total	**12**	**100.0**

The findings indicate that 41.7% of the respondents were aged between 46 and 50 years, 25% of the respondents were aged between 36 and 40 years while 16.7% of the respondents were aged between 41 to 45 years and above 50 years. This is an indication that the management of the shopping malls was from different age categories.

4.2.2 Gender of the Respondents

The respondents were requested to indicate their gender categories and the findings are represented in table 4.2.

Table 4.2: Gender of the Respondents

Gender	Frequency	Percent
Male	6	50
Female	6	50
Total	**12**	**100**

The findings show that 50% of the respondents were male and 50% of the respondents were female. This depict that respondents from both genders equally participated in the study and thus the results does not suffer from gender bias.

4.2.3 Highest Level of Education

The study further sought to determine the respondents’ highest level of education attained. The findings are represented in table 4.3.

Table 4.3: Highest Level of Education

Level	Frequency	Percent
Postgraduate	6	50.0
Degree	4	33.3
Diploma	2	16.7
Total	**12**	**100.0**

From the findings, 50% of the respondents had attained a postgraduate, 33.3% a degree while 16.7% had attained a diploma. These findings show that all the respondents had attained the basic education and would thus be in a position to understand the questions and give credible information related to this study.

4.2.4 Length of Service

The respondents were requested to indicate the period of time they had worked in their malls and the findings were as shown in table 4.4.

Table 4.4: Length of Service

Period	Frequency	Percent
Less than 1 year	2	16.7
1-3 years	4	33.3
3-5 years	5	41.7
Above 5 years	1	8.3
Total	**12**	**100.0**

The findings show that 41.7% of the respondents had been working in their malls for between 3 and 5 years, 33.3% between 1 and 3 years, 16.7% for less than 1 year while 8.3% for above 5 years. These findings show that all the respondents had worked for long enough to understand strategies adopted in their malls to enhance customer retention.

4.3 Strategies Adopted By Big Malls to Enhance Customer Retention

The study sought to determine some of the strategies adopted by malls to enhance customer retention.

4.3.1 Cost Leadership Strategy on Customer Retention

The respondents were requested to indicate their level of agreement with some statements relating to effect of cost leadership strategy on customer retention. The findings are contained in table 4.5.

Table 4.5: Statements Relating to Cost Leadership Strategy

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Deviation
Lowering the prices of the products in our mall enables us to have a broader market	0	0	2	9	1	3.917	1.261
The cost leadership strategy protects the mall from competition by other mall	0	1	0	8	3	4.083	1.158
Cost leadership strategy at our mall offers services in a broad market at the lowest prices	0	0	1	6	5	4.333	1.078
There is quality delivery of service at competitive prices and at	1	1	0	9	1	3.667	1.277

appropriate locations							
Through cost leadership strategy the mall gains a competitive advantage by reducing its prices below its competitors	0	1	0	11	0	3.833	1.623
Our mall engaged in product differentiation by creating differentiated products for different market segments so as to avoid competition	0	0	2	8	2	4.000	1.102

The findings show that respondents agreed that Cost leadership strategy enables them to offer services in a broad market at the lowest prices and protects the mall from competition from other mall, with a mean of 4.333 and 4.083 respectively. Further, the respondents agreed that their mall engaged in product differentiation by creating differentiated products for different market segments so as to avoid competition, with a mean of 4.000. In addition, the respondents agreed that lowering the prices of the products in their mall enables them to have a broader market, through cost leadership strategy the mall gains a competitive advantage by reducing its prices below its competitors, and that there is quality delivery of service at competitive prices and at appropriate locations, with a mean of 3.917, 3.833 and 3.667 respectively. These findings were found to be consistent with the findings of Gathoga (2011) who noted that the risk of cost leadership is that competitors may leap from the technology, nullifying the firms accumulated cost reductions. Other competitors may imitate the technology leading to firm’s loss of its competitiveness. He also noted that organizations such as banks had adopted various competitive strategies, which included delivery of quality service at competitive prices and at appropriate locations. He added that a firm following a cost leadership strategy offers products or services with acceptable quality and features to a broad set of customers at a low price.

4.3.2 Differentiation Strategy on Customer Retention

The study requested the respondents to indicate their level of agreement with some statements relating to effect of differentiation strategy on customer retention and the findings are shown in table 4.6.

Table 4.6: Statements Relating to Differentiation Strategy

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Deviation
The mall offers products or services with unique features that customer’s value	0	1	2	8	1	3.750	1.090
We offer products that are designed in a superior way compared to the competitors’	0	1	0	7	4	4.167	1.093
Our mall offers quality products and services that meets the	0	0	1	7	4	4.250	1.081

satisfactions of our customers							
The risks to differentiation strategy include limitation due to production technology	0	1	1	9	1	3.833	1.257
Customers' tastes may wipe out differentiated products and render the mall non-competitive	0	1	0	9	2	4.000	1.277
Product differentiation insulates the mall from threats that determine the state of competition in an industry	0	1	3	7	1	3.667	0.938

The findings show that respondents agreed that their mall offers quality products and services that meet the satisfactions of their customers and offers products that are designed in a superior way compared to the competitors, with a mean of 4.250 and 4.167 respectively. Respondents further agreed that customers' tastes may wipe out differentiated products and render the mall non-competitive, with a mean of 4.000. In addition, the respondents agreed that the risks to differentiation strategy include limitation due to production technology, the mall offers products or services with unique features that customer's value, and Product differentiation protects the mall from threats that determine the state of competition in an industry, with a mean of 3.833, 3.750 and 3.667 respectively. The findings were found to concur with those of Porter (2005) that the key characteristic of differentiation strategy is perceived quality and that this may be through superior product design, technology, customer service, dealer network or other dimensions. He also argued that the advantage of differentiation is that perceived quality and brand loyalty insulates company from threats from any of the five forces that determine the state of competition in an industry.

4.3.3 Focus Strategy on Customer Retention

The study requested the respondents to indicate their level of agreement with some statements relating to effect of focus strategy on customer retention. The findings were as represented in table 4.7.

Table 4.7: Statements Relating to Focus Strategy

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Deviation
The focus strategy employed by our mall involves targeting a particular market segment	0	1	2	8	1	3.800	0.932
The shopping mall adopts focus strategy to stay close to its customers and monitor their needs	0	1	0	7	4	4.167	1.093
Focus strategy is more efficient and effective in attracting new customers	0	0	1	6	5	4.333	1.078
The mall has put in place strategies for creating customer satisfaction and customer loyalty	1	1	1	8	1	3.583	1.097
Our mall handles dissatisfied customers appropriately to avoid loss of trust	0	1	1	8	2	3.917	1.099

Focus strategy is aimed towards a narrow, focused market	0	1	3	6	2	3.750	0.786
Focus strategy is the most popular type of competitive strategy in our mall that attract customers	0	1	2	7	2	3.833	0.932

These findings show that respondents agreed that Focus strategy is more efficient and effective in attracting new customers, the shopping malls adopts focus strategy to stay close to its customers and monitor their needs and handle dissatisfied customers appropriately to avoid loss of trust, with a mean of 4.333, 4.167 and 3.917 respectively. Further, the respondents agreed that Focus strategy is the most popular type of competitive strategy in their mall that attract customers and is employed by their mall to target a particular market segment, with a mean of 3.833 and 3.800 respectively. The respondents also agreed that focus strategy is aimed towards a narrow, focused market and that the mall has put in place strategies for creating customer satisfaction and customer loyalty, with a mean of 3.750 and 3.583 respectively. These findings were found to concur with the finding of Kombo (2007) who argued that the advantages of focus strategy include having power over buyers since the firm may be the only source of supply. He also noted that customer loyalty protects from new entrants and substitute products.

4.4 Customer Retention Level in Major Shopping Malls

The study sought to determine the respondents' level of agreement with some statements that relate to customer retention level and the findings are as shown in table 4.8.

Table 4.8: Statements Relating to Customer Retention Level

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Deviation
We identify segments' service needs and implement a segmented service strategy	1	1	0	7	3	3.833	1.013
We offer core products which are of significance to potential buyers	0	0	1	8	3	4.167	1.147
We protect stable customer relationships through structural bonds	0	0	1	6	5	4.333	1.078
Our customers prefer long-term relationships	1	1	1	8	1	3.583	1.097
Long serving employees help in retaining customers by producing better products and value	1	0	0	5	6	4.250	1.164
Long serving employees are sources of customer referrals	0	1	2	6	3	3.917	0.832

The findings show that respondents agreed that they protect stable customer relationships through structural bonds, with a mean of 4.333. Further, the respondents agreed that long serving employees help in retaining customers by producing better products and value, offer core products which are of significance to potential buyers, and long serving employees are sources of customer referrals, with a mean of 4.333, 4.250 and 4.167. In addition, the respondents agreed that their customers prefer long-term relationships, with a mean of 3.583.

4.5 Regression Analysis

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.843[a]	.711	.693	.04311

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in table 4.9, the value of adjusted R squared was 0.693 an indication that there was variation of 69.3% on customer retention due to changes in strategies adopted by major shopping malls at 95% confidence interval. This shows that 69.3% changes on customer retention could be accounted for by changes in strategies adopted by the major shopping malls. R is the correlation coefficient which shows the relationship between the study variables. From the findings, the study found that there was a strong positive relationship between the study variables as shown by 0.843.

Table 4.10: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Residual	4.328	2	2.164	9.257	.004[b]
	Regression	2.104	9	0.234		
	Total	6.432	11			

From the ANOVA statistics, the processed data, which is the population parameters, had a significance level of 0.04 which shows that the data is ideal for making a conclusions on the population's parameter as the value of significance (p-value) is less than 5%. The calculated value was greater than the critical value (4.26<9.257) an indication that strategies adopted by major the shopping malls, significantly affects the customer retention. The significance value was less than 0.05, an indication that the model was statistically significant.

Table 4.11: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	3.902	.453		2.865	.001
	Cost Leadership	.431	.160	.198	1.479	.004
	Differentiation Strategy	.341	.126	.245	1.834	.009
	Focus Strategy	.629	.145	.008	.065	.011

From the data in the above table the established regression equation was

$Y = 3.902 + 0.431\ X_1 + 0.341\ X_2 + 0.629\ X_3$

From the above regression equation it was revealed that holding cost leadership strategy, differentiation strategy and focus strategy to a constant zero, customer retention in major shopping malls would be at 3.902. A unit increase in cost leadership strategy would lead to increase in customer retention by a factor of 0.431, a unit increase in differentiation strategy would lead to increase in customer retention by a factor of 0.341 and a unit increase in focus strategy would lead to increase in customer retention by a factor of 0.629.

4.6 Discussion of Research Findings

The study revealed that cost leadership strategy at their mall offers services in a broad market at the lowest prices, the cost leadership strategy protects the mall from competition by other mall, their mall engaged in product differentiation by creating differentiated products for different market segments so as to avoid competition, lowering the prices of the products in their mall enables them to have a broader market, through cost leadership strategy the mall gains a competitive advantage by reducing its prices below its competitors, and that there is quality delivery of service at competitive prices and at appropriate locations. These findings were found to be consistent with the findings of Gathoga (2011) who noted that the risk of cost leadership is that competitors may leap from the technology, nullifying the firms accumulated cost reductions. Other competitors may imitate the technology leading to firm's loss of its competitiveness.

Mall offers quality products and services that meets the satisfactions of their customers, they offer products that are designed in a superior way compared to the competitors', Customers' tastes may wipe out differentiated products and render the mall non-competitive, the risks to differentiation strategy include limitation due to production technology, the mall offers products or services with unique features that customer's value, and that Product differentiation insulates the mall from threats that determine the state of competition in an industry. The findings were found to concur with those of Porter (2005) that the key characteristic of differentiation strategy is perceived quality and that this may be through superior product design, technology, customer service, dealer network or other dimensions.

Focus strategy is more efficient and effective in attracting new customers, the shopping mall adopts focus strategy to stay close to its customers and monitor their needs, their mall handles dissatisfied customers appropriately to avoid loss of trust, Focus strategy is the most popular type of competitive strategy in their mall that attract customers, the focus strategy employed by our mall involves targeting a particular market segment, and that Focus strategy is aimed towards a narrow, focused market, and that the mall has put in place strategies for creating customer satisfaction and customer loyalty. These findings were found to concur with the finding of Kombo (2007) who argued that the advantages of focus strategy include having power over buyers since the firm may be the only source of supply.

4.7 Chapter Summary

The chapter presented the results of the study. The data obtained from the survey was analyzed using descriptive statistics. The study found that cost leadership strategy protects the organization from new entrants and, the study further revealed that perceived quality and brand loyalty insulates company from competition in an industry, the study also found that firms that adopt the focus strategy have been able to target a particular segment of the market.

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objective of the study. The researcher had intended to establish the strategies adopted by major shopping malls to enhance customer retention in Nairobi City County, Kenya.

5.2 Summary of the Study

5.2.1 Cost Leadership Strategy on Customer Retention

The respondents were requested to indicate their level of agreement with some statements relating to effect of cost leadership strategy on customer retention. The study revealed that cost leadership strategy at their mall offers services in a broad market at the lowest prices, the cost leadership strategy protects the mall from competition by other mall, their mall engaged in product differentiation by creating differentiated products for different market segments so as to avoid competition, lowering the prices of the products in their mall enables them to have a broader market, through cost leadership strategy the mall gains a competitive advantage by reducing its prices below its competitors, and that there is quality delivery of service at competitive prices and at appropriate locations.

These findings were found to be consistent with the findings of Gathoga (2011) who noted that the risk of cost leadership is that competitors may leap from the technology, nullifying the firms accumulated cost reductions. Other competitors may imitate the technology leading to firm’s loss of its competitiveness. He also noted that organizations such as banks had adopted various competitive strategies, which included delivery of quality service at competitive prices and at appropriate locations. He added that a firm following a cost leadership strategy offers products or services with acceptable quality and features to a broad set of customers at a low price.

5.2.2 Differentiation Strategy on Customer Retention

The study requested the respondents to indicate level of agreement with some statements relating to effect of differentiation strategy on customer retention. The study unfolded that majority of the respondents agreed that their mall offers quality products and services that meets the satisfactions of their customers, they offer products that are designed in a superior way compared to the competitors’, Customers’ tastes may wipe out differentiated products and render the mall non-competitive, the risks to differentiation strategy include limitation due to production technology, the mall offers products or services with unique features that customer’s value, and that Product differentiation insulates the mall from threats that determine the state of competition in an industry. The findings were found to concur with those of Porter (2005) that the key characteristic of differentiation strategy is perceived quality and that this may be through superior product design, technology, customer service, dealer network or other dimensions. He also argued that the advantage of differentiation is that perceived quality and brand loyalty insulates company from threats from any of the five forces that determine the state of competition in an industry.

5.2.3 Focus Strategy on Customer Retention

The study further requested the respondents to indicate their level of agreement with some statements relating to effect of focus strategy on customer retention. From the study findings, majority of the respondents agreed that focus strategy is more efficient and effective in attracting new customers, the shopping mall adopts focus strategy to stay close to its customers and monitor their needs, their mall handles dissatisfied customers appropriately to avoid loss of trust, Focus strategy is the most popular type of competitive strategy in their mall that attract customers, the focus strategy employed by our mall involves targeting a particular market segment, and that Focus strategy is aimed towards a narrow, focused market, and that the mall has put in place strategies for creating customer satisfaction and customer loyalty. These findings were found to concur with the finding of Kombo (2007) who argued that the advantages of focus strategy include having power over buyers since the firm may be the only source of supply. He also noted that customer loyalty protects from new entrants and substitute products.

5.3 Conclusion

The study revealed that cost leadership strategy has been adopted by shopping malls in Kenya and it serves to protect them from new entrants. Thus the study concludes that customer retention in these malls can be attributed to their adoption of the cost leadership strategy, which has helped them have lowest costs as well as offer their services in a broader market at the lowest prices.

The study further revealed that shopping malls in Kenya have been able to meets their customers' needs and satisfaction through the adoption of the differentiation strategy. This study concludes that these shopping malls have been able to remain competitive in the industry by adopting the differentiation strategy.

The study draws further conclusions that focus strategy adopted by shopping malls have enhanced customer retention since it enables the malls to stay close to its customers and monitor their needs.

5.4 Recommendations for Policy and Practice

From the study findings, the study recommends that the shopping malls should be keen when adopting the cost leadership strategy since it is associated with the risk that competitors may leap from the technology, nullifying the malls' accumulated cost reductions. Other competitors may imitate the technology leading to mall's loss of its competitiveness.

There is need for the shopping malls to differentiate their products so as to stand out from the crowd and remain competitive. This way, the shopping malls will be able to offer unique products that are not being offered by their competitors. However, the shopping malls should ensure that they acquire full market information in case where there is imitation from their competitors.

5.5 Limitation of the Study

The study used questionnaires as the main instrument for collecting data. The researcher did not have much control on the respondents in regard to the information that were filled in the questionnaires. The respondents were reluctant to give full information for fear that it could leak to their competitors. Data collection was limited to two weeks which may not have been sufficient. The researcher explained to the respondents that the study was purely academic in order to dispel any fear that the respondents were having. This was done to enhance collection of accurate data. Due to the limited time of data collection, the researcher employed a research assistant to help in data collection.

5.6 Recommendations for Further Research

The study sought to establish the strategies adopted by major shopping malls to enhance customer retention in Nairobi City County, Kenya. The study recommends that a study should be done on the challenges faced when determining the strategic choice in shopping malls in Kenya.

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APPENDICES

Appendix I: Questionnaire

Kindly ticks in the space provided [ ] the correct answer or supply the required information where, required, please specify and elaborate.

Section A: Respondents Information

1. (a) Name…………………………………………………………………… (Optional)

(b) Age of the respondent

20-25 years ( ) 26 to 30 years ( ) 31 to 35 years ( )

36 o 40 years ( ) 41 to 45 years ( ) 46 to 50 years ( )

Above 50 years ( )

(c) Kindly indicate your gender

Male ( ) Female ( )

(d) What is your highest level of education?

Postgraduate [ ] Degree [ ] Diploma [ ] Certificate ( )

(e) How long have you worked in this Mall?

Less than 1 year [ ] 1-3 years [ ] 3-5 years [ ] above 5 years [ ]

(f) Which is your management level?

Top management [ ] Middle management [ ] Low management [ ]

Section B: Strategies Adopted By Big Malls to Enhance Customer Retention

Part A: Cost Leadership Strategy on Customer Retention

2. Kindly indicate your level of agreement with the following statements relating to cost leadership strategy.

Statement	**Strongly disagree**	**disagree**	**neutral**	**agree**	**Strongly agree**
Lowering the prices of the products in our mall enables us to have a broader market					
The cost leadership strategy protects the mall from competition by other mall					
Cost leadership strategy at our mall					

offers services in a broad market at the lowest prices					
There is quality delivery of service at competitive prices and at appropriate locations					
Through cost leadership strategy the mall gains a competitive advantage by reducing its prices below its competitors					
Our mall engaged in product differentiation by creating differentiated products for different market segments so as to avoid competition					

3. Kindly indicate your level of agreement with the following statements relating to Differentiation Strategy.

Statement	**Strongly disagree**	**disagree**	**neutral**	**agree**	**Strongly agree**
The mall offers products or services with unique features that customer's value					
We offer products that are designed in a superior way compared to the competitors'					
Our mall offers quality products and services that meets the satisfactions of our customers					
The risks to differentiation strategy include limitation due to production technology					
Customers' tastes may wipe out					

differentiated products and render the mall non-competitive					
Product differentiation insulates the mall from threats that determine the state of competition in an industry.					

4. Indicate your level of agreement with the following statements that relate to focus strategy and customer retention.

Statement	**Strongly disagree**	**disagree**	**neutral**	**agree**	**Strongly agree**
The focus strategy employed by our mall involves targeting a particular market segment					
The shopping mall adopts focus strategy to stay close to its customers and monitor their needs					
Focus strategy is more efficient and effective in attracting new customers					
The mall has put in place strategies for creating customer satisfaction and customer loyalty					
Our mall handles dissatisfied customers appropriately to avoid loss of trust					
Focus strategy is aimed towards a narrow, focused market					
Focus strategy is the most popular type of competitive strategy in our mall that attract customers					

Part C: Customer Retention Level in Major Shopping Malls

5. Indicate your level of agreement with the following statement that relate to customer retention level

Statement	**Strongly disagree**	**disagree**	**neutral**	**agree**	**Strongly agree**
We identify segments' service needs and implement a segmented service strategy					
We offer core products which are of significance to potential buyers					
We protect stable customer relationships through structural bonds					
Our customers prefer long-term relationships					
Long serving employees help in retaining customers by producing better products and value					
Long serving employees are sources of customer referrals					

Thank You for Your Cooperation

Appendix II: List of Major Shopping Malls in Nairobi City County, Kenya.

1. Village Market,
2. Sarit Centre
3. Garden City Mall
4. Westgate Mall
5. Thika Road Mall
6. Ridgeways Mall
7. The Junction Mall
8. Galleria Mall
9. Prestige Centre Mall
10. Greenspan Mall
11. T-Mall
12. Taj Mall

Nairobi City County Licensing Department (2015)