

**RELATIONSHIP MARKETING STRATEGIES ON CUSTOMER RETENTION IN  
THE POSTAL CORPORATION OF KENYA, NAIROBI REGION, KENYA.**

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## **DECLARATION**

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

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## **DEDICATION**

This project is devoted to my mother Margret Oduor, my brother Daniel Oduor and my sisters Jenipher Omemo, Millicent Oduor, and Maureen Oduor. I also dedicate the work to my supervisor Dr. Chrispen Maende. I convey a huge thank you to each and every one of you for the support given in ensuring success of my research project.

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## OPERATIONAL DEFINITION OF TERMS

<b>Bounded Rationality</b>	The consumer inability to make the best optimal decision.
<b>Customer Orientation</b>	The alignment of organization activities towards solving customer long time needs and wants.
<b>Customer Relationship Management</b>	This refers to all strategic effort used by the organization to attract and keep their customers.
<b>Customer Retention</b>	Strategies used by business enterprise with the objective of reducing customer defections
<b>Customer Rewards</b>	Something given to a customer in recognition of their loyalty to the firm or a product of the firm in order to entice them to remain with the product.
<b>Cutting-edge Competitive Advantage</b>	Current factors an organization considered to be of advantage to beat competition in the market.
<b>Hyper-competition</b>	This is the state of intense continuous competition in the market disrupting competitive advantage of an organization making it unsustainable for a longer period.
<b>Opportunism</b>	Organization acting with guile to serve their interest during business transaction.
<b>Preferential Treatment</b>	This is special treatment given to selected regular customers for their loyalty.
<b>Relationship Commitment</b>	The organization willingness to fulfil their promises to their customers.
<b>Relational Exchange</b>	This is a relationship that is mutual between an organization and its customers focusing on achieving everyone expectations.
<b>Relationship Marketing</b>	This is customer relationship management strategy that enable organization to market its

products to current customers and enhance their long-time retention.

### **Relationship Marketing Strategies**

These are actions a firm engage in to build strong relationships with customers for a longer period.

### **Transactional Marketing**

This is a strategy focusing on making maximum sale at a given point of sale without creating relationship for future business transactions.

## **ABBREVIATIONS AND ACRONYMS**

<b>ANOVA</b>	Analysis of Variance
<b>CAK</b>	Communication Authority of Kenya
<b>CRM</b>	Customer Relationship Management
<b>CR</b>	Customer Retention
<b>CS</b>	Customer Satisfaction
<b>EMS</b>	Express Mail Service
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>PCK</b>	Postal Corporation of Kenya
<b>RM</b>	Relationship Marketing
<b>RMS</b>	Relationship Marketing Strategies
<b>SPSS</b>	Statistical Package for the Social Sciences
<b>UAE</b>	United Arabs Emirates
<b>UPU</b>	Universal Postal Union

## ABSTRACT

Today's market is hyper-competitive and organisations that will beat the competition need to develop a cutting-edge competitive advantage over their competitors. Companies continue to implement various strategies in their business operations to attain increased customer retention. Managing marketing relationship is not easy as customers tend to switch loyalty due to changing market conditions. Relationship marketing strategies involves attracting, maintaining and retaining valued customers in an organisation. The main objective of the study was to investigate the effect of relationship marketing strategies on customer retention in Postal Corporation of Kenya, Nairobi region, Kenya. The objectives of the study were; to comprehend preferential treatment effects on customer retention, to investigate how rewards to customers affects customer retention, to determine how relationship commitment affects customer retention and lastly to examine how customer orientation affects customer retention in Postal Corporation of Kenya, Nairobi Region, Kenya. The following theories guided the study; commitment-trust theory, transactional cost theory, customer engagement marketing theory and customer service theory. Descriptive research design was used in the study. The study targeted three hundred managers; 100 from sales and marketing department, 70 from customer care department and 130 from operations department. The study used one tenth of the target population for pilot study that is thirty respondents. Content validity of the instrument of study was tested through expert opinion. Cronbach's alpha reliability experiment was used to evaluate the consistency of the questionnaires, which met a reliability threshold of  $\alpha \geq 0.70$ . The study sample size was thirty percent of the total population that is ninety managers. The sampling technique used to identify respondents was simple random. Structured questionnaires were adopted to gather data, questionnaires were dropped and picked later. Data was examined using descriptive analysis and inferential statistics. Analysis of data was through statistical package for social sciences software using multiple regression method. Interpretation and presentation of information was through the use of tables accompanied by summaries of explanation. The study revealed that preferential treatment, customer rewards, relationship commitment and customer orientation had positively influenced customer retention in postal corporation of Kenya, Nairobi region, Kenya. The study concluded that the corporation needs to embrace preferential treatment to esteem customers and develop more strategies of customer rewards to improve the level of customer retention. On relationship commitment and customer orientation, it concluded that the corporation needs to develop ways to enhance the commitment towards the delivery of the services while providing room for customers to be heard and served as a way of improving the relationship leading to improved customer retention. The study recommended that the top management should adopt relationship marketing strategies that aims at improving customer retention while promoting trainings to enhance implementation of the strategies. Survey needs to be done for informed reward strategy to customers and policies makers should bring policies that ensures customers are treated well.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

In business , customers are vital and the aim of every business marketer is to attain , maintain and increase the number of customer in the business ( Sağlam & Soukiana, 2021). Organisations have been changing for the past years in order to manage the obstacles they face each day because of technological improvement, globalization and changes in customers behaviour pattern (Palto,Peter & Mohammed 2018). Now day's technological improvements allows businesses to relate directly with many customers in both manufacturing and buyer markets causing a better relationship among marketers (Hollensen & Opresnik, 2019) .

Globally, customer retention (CR) is counted as a key strategy of relationship marketing (RM) for business entities, however, most businesses are struggling to achieve customer retention. In Malaysia according to Hanaysha (2017), the retail market has become very competitive and to achieve customer retention, business entities have to consider carefully the marketing mix they use. The authors found that distribution intensity, price, and store location highly influence customer retention while advertising insignificantly affects customer retention. Tourism sector in United Arab Emirates (UAE) is faced with lots of challenges due to rapid and unstained growth in the industry. According to Alketbi, Alshurideh and Al Kurdi (2020), competition in tourism sector is tight therefore service quality determines customer revisits in hotels that provides excellent services at reasonable prices and offer various services.

In the African continent, organisations are faced with myriad of challenges in doing business making it difficult to achieve customer retention. In Ghana, according to Oblitei and Kwame (2020), there has been a number of mergers, acquisitions and closures in the financial sector because of sector competitiveness. Furthermore, the market product developments are easy to duplicate hence provision of identical product and services. This has resulted to the need to adopt innovative strategies and measures such as relationship marketing strategies (RMS) to charm new customers and to hold existing customer.

In developing economies like Kenya, organisations are trying to bring on board new customer as well as keeping them to achieve long term sustainability due to challenges they face of poor management and increase government regulations (Nyongesa, Kibera & Kiraka, 2020). According to Agumba , Kirui and Gudda ( 2017), Kenya mobile network providers are struggling to keep their customers due to tight competition they are experiencing in the market. Kenyan large retail supermarkets face stiff business competition due to the entrance of international retailers in the market hence the need to adapt relationship marketing strategies that creates maximum customer value (Cherono, 2017). Successful companies are one's in perception of relational marketing and they can change consumers into clients, from prospect to a partner, and they create value for consumers in the future (Trenggana & Cahyani, 2019).The current study therefore, investigated the effect of RM strategies on CR in PCK, Nairobi region,Kenya.

Relationship Marketing strategies are the driving force behind customer retention for any firm that is relevant and profitable in the marketplace today. As much as organisations attract customers to the business, they need to retain them for their long term operations and for

profitability. With relationship marketing firms are prone to enhance customer relationships, which ultimately increase loyalty and retention in customers. The CAK sectorial report (2020-2021), shows that PCK facing several challenges leading to underperformance. The corporation has been facing stiff competition leading to underperformance. PCK is ranked number one hundred and eighty-five out of two hundred and twenty-seven in performance of state corporations according to ministry of public service evaluation report

### **1.1.1 Relationship Marketing Strategies**

Though RM is evolving as a fresh concept, RMS have been there since the preindustrial age (Hollensen & Opresnik, 2019). It's more of reinvention of a method that has been tested to be the foundation of many successful business entities (Payne & Frow, 2017). According to Aldaihani and Ali (2018), relationship marketing is a philosophy adopted by businesses to improve customer related activities, for example; attracting customers, customer communication, customer devotion and customer sustainability. According to Sağlam and Soukiana (2021), RM strategies enhances customer attraction, improves customer relationships, thus, increasing customer loyalty and retention. This is also asserted by Shaalan, Tourkey, Barnes, Jayawardhena and Elshaer (2020). The purpose is to grow the total customer life-cycle and increase their stay with the firm. According to Oblitei and Kwame (2020), RM strategies aims at attracting and maintaining relationships with every party involved in a transaction to achieve all objectives at a profit. The authors measured the effects of RM strategies using various factors. Preferential treatment and Rewards (Aldaihani & Ali, 2018); Communication and Reciprocity (Shaalan *et al.*,2020); Commitment and conflict handling (Sağlam & Soukiana 2021); Trust and Competence (Oblitei & Kwame 2020).



Customer RM and customer relationship management (CRM) are terms used concurrently by marketing practitioners. The main objective of all RM strategies and CRM is to build and maintain cooperative relationship reciprocated mutual between firms and customers (Soliman & J. Kamel, 2021). The business model of yesterday supported mass marketing, however, marketing philosophies has shifted from transactional marketing to RM (Thatchinamoorthy & Meenambigai, 2017). The current study adopted relationship commitment, preferential treatment, customer rewards and orientation strategies of RM.

According to Oh (2021), commitment in a relationship is one of the key element in RM paradigm that influence partners long –term relationship creation and maintenance directly or indirectly. Amoako, Neequaye, Kutu-Adu, Caesar and Ofori (2019), contend that relationship partners give up short-term benefits and experiences so that they can reap the lasting benefits of the relationship shared values. According to Chahal and Bala (2017), Preferential Treatment is giving high social status, acknowledgement, and better services above the average business value proposition to special customers. In a competitive business environment, strong links with customer is created by rewards systems like loyalty programs (Khalil, Ullah & Khalil, 2018).

Although the importance of customer orientation has been recognized, its relationship with firm performance is far from clear. Customer orientation reflects a firm's strategic focus on the market, and is defined as a “firm's orientation toward the promotion and support for the collection, dissemination, and responsiveness to market intelligence to serve customer needs. According to Hardjono and San (2017), customer orientation is referred to the employees’ personal work values and attitudes toward their customers with main objective of fulfilling customers’ expectations then at the end achieve customer satisfaction.

Customers' perceptions of loyalty programs differ according to individual factors their satisfaction with the rewards offered (Bahri-Ammari & Bilgihan, 2017). Tangible rewards refer to special tangible or visible offers provided to customers such as gifts and lower prices or coupons. (Aldaihani, Faraj Mazyed Faraj, 2018). According to NastasoIU & Vandenbosch, (2010) personalized offers, customizable and unique rewards and loyalty programs need to be more difficult to replicate in order to yield more competitive advantages.

### **1.1.2 Customer Retention**

Relationship marketing aims at acquiring and maintaining customers while customer retention are the strategies implemented by business enterprise with the objective of reducing customer defections (Oblitei & Kwame, 2020). Customer retention is the enterprise capacity to preserve its customers portfolio with no stated case of customer defections (Aldaihani & Ali , 2018). The authors measured customer retention using customer repurchases intentions, positive publicity and passionate attachment.

Customer retention is the habit of a customer to remain with the supplier and therefore it is regarded as a behavioural factor (Khalil, Ullah & Khalil, 2018). According to Khalil, Ullah and Khalil (2018), customer retention ensures customers stay with the business for longer period making it a key element success of business. The authors furthered measured customer retention on the possibility of suggesting the corporation to others, the possibility to purchase again and the possibility to shift.

Customer retention (loyalty) shows the degree of dedication of customers to a brands or company services and how strongly they tend to select a brand or a company over others (Etim,

Etuk, James & Ekpe, 2021). The authors measured CR using customer repeat patronage, customer satisfaction and positive publicity.

Customer retention is a model used by businesses to decrease the frequency of customer shifting and perhaps maintain them for a longer period or forever (Rao & Abegaz, 2017). This is also consented by (Nyongesa , Kibera & Kiraka, 2020; Anne & Nyongesa, 2018). Retention goal is to maintain a robust customer database and stop defections to competitors for substitutes brand or service (Komalasari & Budiman, 2018). It is five to twenty times economical to retain the current clients than it is to obtain fresh ones depending on business environment of business (Sabbeh, 2018). In this study, relationship marketing was measured against customer retention with the indicators as; customer repeat patronage, customer satisfaction and switching.

According to Ganaie and Ahmad (2020) , loyalists' customers are characterized by high level of repeat patronage and a low level of commitment to the brand. When customers receive the expected, they become satisfied and consistent satisfaction leads to repeat purchases and committed loyal customers. Datta (2017), defined customer loyalty as “the strength of the relationship between an individual's relative attitude and repeat patronage”. According to him, it is important therefore for the organisation to provide various relevant product related information to influence consumer's cognitive loyalty, so that they will have a better patronage behaviour to the store. satisfaction is not the only determinant factors of customer patronage behaviour but other factors associated with customer retention (Palto,Peter & Mohammed 2018).

A customer loyalty programme, is only one tool in managing a customer's relationship and delivering customer satisfaction. Satisfaction is the emotional state that occurs as a result of a customers' overall evaluation of interaction experiences with a service firm over time. (Ojiaku,

Obinna, Aghara, Vincent, and Obianuju, 2017). Satisfaction determines the expected advantages and disadvantages of switching and, in turn, the loyalty decision. (Chuah, Marimuthu, Kandampully, & Bilgihan, 2017). According to the others, positive service experience should decrease the perceptions of switching benefits, thereby deterring customers from changing to other providers.

### **1.1.3 Postal Corporation of Kenya**

The developing market and commercial movement directed by the Universal Postal Union (UPU) brought the separation of postal services from telecommunications services in Kenya in the year 1999 July (Irungu, Kiragu & Ndirangu, 2020). The Kenya Posts and Telecommunications Corporation was divided into Postal Corporation of Kenya (PCK), Telkom Kenya, and Communications Commission of Kenya which is now known as Communication Authority of Kenya (CAK). According to PCK strategic plan (2019-2022), the government of Kenya is the sole shareholder of PCK and it is expected to operate as a profitable government organisation under PCK Act 1998.

Kenya Information and Communications Act 1998 states that PCK shall in accordance with the provisions of section fifty: Provide and operate; Postal financial services, Postal services, National payments system, Electronic retail transfers and perform any functions or duties the Cabinet Secretary may allocate it occasionally. PCK has the following range of products and services it offers to the market; Express Mail Services (EMS), Letter post, stamp collection, Parcels, Postal Financial Services, Agency Services and technology-based money transfer services. The main core business of PCK is Postal and Courier services which enjoyed monopoly in the past. Presently, PCK is faced with stiff competition on its core business from

local and international organisations that are emerging in the market every day. The CAK sectorial report (2020) showed that postal and courier market industry recorded a decrease in relation to the postal and courier products transacted from the year 2019 to 2020. This has led to PCK embracing relationship marketing strategies with objective of acquiring fresh clients and ensuring they are retained in the business.

PCK has categorized their customers accordingly, offering negotiated rates to EMS contract customer according to their work volume. According to Union Postale (2021), the Kenya E-commerce is growing very fast and PCK has embraced a new strategic partnership with African information, communication and technology company Taz Technologies. The co-operation has led to the two companies working in harmony ensuring that postal items (mail and parcels) are delivered to customers' doorsteps through a system, known as 'Tap-A-Delivery'. According to PCK, they consider "customer first" as one of their core values and "going an extra mile" as their tagline hence relationship commitment and customer orientation is key to their business partners. It is a toil order and expensive affair to secure new customers, however, there is need to retain them for long-term profitability and building customer loyalty which is the heart beat business strategies(Oh, 2021).

## **1.2 Statement of the Problem**

Researchers have endlessly demonstrated increase attention in understanding relationship marketing concept and customer retention concept in business organizations. While specific reason for interest varies, it is more understandable that business organizations are dynamic making the subject of research to always have new insight to investigate. Scholars have concentrated on relationship marketing in hotel sector (Amoako, Neequaye , Kutu-Adu, Caesar and Ofori, 2019; Saad & Kamel, 2021; Hardjono & San , 2017), banking and microfinance

institutions (Aldaihani & Ali , 2018; Oblitei & Kwame, 2020; Anne & Nyongesa, 2018; insurance sector (Xing & Devasia, 2019), education (Shrestha, 2020) , telecommunication industry(Agumba , Kirui & Gudda , 2017; Soliman & J. Kamel, 2021), leaving much to be researched in Postal and Courier sector in Kenya.

According to CAK sectorial report (2020-2021), PCK is currently facing several challenges leading to underperformance. According to the report, the state-owned parastatal has been facing very stiff competition and is currently facing underperformance and operates under losses. According to Mutegi (2016), some of the factors adversely affecting performance of state corporations in Kenya are; Poor management, extreme procedures and regulations, maladministration, regular political meddling, and bloated staff establishment. PCK is ranked number one hundred and eighty-five out of two hundred and twenty-seven in performance of state corporations according to ministry of public service and gender service evaluation report on performance for the financial year 2019/2020.

According to Irungu , Kiragu and Ndirangu (2020), the core business of PCK is Postal and Courier services and it's currently confronting stiff competition from emerging markets internationally and locally daily. The hyper competition on the principal business of Postal and Courier services has brought insight into new operational strategies to mitigate the challenges from increased activities of local rivals on top of the danger of new strong competition in the market. According to UPU Postal Development report (2020), postal operators has got one way to stamp their significance and relevancy in the market for longer period. This is to attract, maintain and retain customers that buy their products online locally and internationally and delivery promises made in delivery. Postal operators are increasing its dependence on logistics and parcels to gain the benefits of e-business which is a highly competitive unit with reliability

and reach as prerequisite for success (Boffa, De Borba & Piotrowski, 2020).Customer experience is a common reality that today business-to-consumer firms deal with to not only satisfy their customers but also retain them . This study investigated the effect of RMS on customer retention in PCK, Nairobi region,Kenya.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective of the study was to investigate the effect of RMS on CR in PCK, Nairobi region,Kenya.

#### **1.3.2 Specific Objectives**

The specific objectives of the study were:

- i. To establish the effect of customer preferential treatment on customer retention in Postal Corporation of Kenya, Nairobi region, Kenya
- ii. To investigate the effect of customer reward on customer retention in Postal Corporation of Kenya, Nairobi region, Kenya.
- iii. To determine the effect of relationship commitment on customer retention in Postal Corporation of Kenya, Nairobi region, Kenya.
- iv. To examine the effect of customer orientation on customer retention in Postal Corporation of Kenya, Nairobi region, Kenya.

#### **1.4 Research Questions**

The questions below directed the research:

- i. How does preferential treatment of customers affect customer retention in Postal Corporation of Kenya, Nairobi region, Kenya?
- ii. How does reward to customers affect customer retention in Postal Corporation of Kenya, Nairobi region, Kenya?
- iii. How does relationship commitment of the firm affect customer retention in Postal Corporation of Kenya, Nairobi region, Kenya?
- iv. How does customer orientation affect customer retention in Postal Corporation of Kenya, Nairobi Region, Kenya?

#### **1.5 Significance of the Study**

The study outcomes immensely benefited regulators and policy makers. The management of PCK were advised to develop marketing strategies that are effective in customer retention, and the government through CAK to formulate appropriate policies and regulatory frameworks to support in reforming the sectors for better customer attraction and retention in PCK. The study findings will greatly contribute to the existing empirical literature where future researchers and scholars will have a point of reference while undertaking their studies on the same topic. Other scholars will use the study recommendations as a basis for future research. It is particularly useful to those interested in RM and its effects on customer retention in the public sector which has actually not attracted much academic attention. PCK has got its presence all over the country therefore other regions have a reference point on matters of relationship marketing strategies that helps retain customers.



## **1.6 Scope of the Study**

The study investigated the effect of RM strategies on CR in Postal Corporation of Kenya, Nairobi region, Kenya. The study was carried out within Nairobi region, which has got most managers. The study targeted three hundred managers from Postal Corporation of Kenya, Nairobi region, Kenya. One hundred from sales and marketing, seventy from customer care and one hundred and thirty from operations departments. The theories that shaped this research were; Commitment-Trust theory, Transactional cost theory, Customer engagement marketing theory and customer service theory .Data collection, data analysis, and compilation of the document was done in four months' time. Conceptually, the study focused on preferential treatment, rewards, relationship commitment, and customer orientation.

## **1.7 Limitations of the Study**

The study had several short comings which included confidentiality of information. Respondent were afraid to give in depth information because of being victimized in their work place hence presenting shallow information. The researcher assured respondent of confidentiality in handling the information which is meant for academic purpose only. Further, communication to gather data from National Commission for Science, Technology and Innovation (NACOSTI) and Kenyatta University was availed to affirm confidentiality in the process of the study. The respondent tight scheduled hindered them from responding to questionnaires. Appointment with the respondents was scheduled to drop and pick later the questionnaires. In addition, procedure in getting information from government parastatal is long and time consuming, therefore the questionnaires were dropped and picked latter. There was financial constraint to finish the whole research. This was mitigated by borrowing money from the researcher financial institution to ensure the research process does not stop.

## **1.8 Organization of the study**

The organisation of the study is as follows: Chapter one is about introducing the study. There is background introduction of the study, problem statement of the study, general and specific objectives of the study, research questions, significance of the study, the scope of the study area, and the study's limitations. Chapter two presents a review of the literature with a focus on the theoretical review and empirical literature review. The reviews is on relevant theories and studies across the globe. There is summary of literature and research gaps and lastly a conceptual framework. Chapter three introduces the research methodology, which in turn includes research design, target population, sample and sampling technique, data collection instruments and procedure ,validity and reliability of data collection instruments , data analysis and representation, and finally ethical consideration. Chapter four introduces the study findings and discussions of the study. Chapter five presents conclusions and recommendations arising from the study with suggestions for further research.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter is outline as follows; the review of theoretical literature, followed by review of empirical literature, then literature summary and gaps of the study, and lastly the study conceptual framework.

### **2.2 Theoretical Literature Review**

The appropriate theories related to the topic under research was examined. The study adopted commitment-trust theory, transactional cost theory, theory of customer engagement marketing and customer service.

#### **2.2.1 Commitment-Trust Theory**

Robert M. Morgan and Shelby D. Hunt (1994), propounded the theory of commitment-trust in RM indicating two fundamental factors; trust and commitment. Trust and commitment support mutual business transactions amongst business associates and inspire them to sustain long-term relationships (Juliana, Pramezwary, Patricia, Josephine, Lewinsky, & Putra 2021). According to this theory, trust and commitment are key concept precursor to communication, relationship gains, common principles, relationship termination costs, and opportunistic behaviour and outcomes such as propensity to leave, cooperation, acquiescence, functional conflict and decision-making ambiguity. In ensuring customer retention, relationship marketers commit in fulfilling their promises to the customer so that the customer develops trust in the services they offer hence long-time customer sustainability.

Building on the theory, Sharma and Patterson (1999) build a model with communication, effectiveness, technical quality and functional quality as the elements of relationship commitment affecting trust in the relationship which eventually affects commitment in a

relationship. Sharma and Patterson described Trust as the conviction that the supplier is reliable enough to fulfil its promises to consumer for a longer period (Sharma & Patterson, 1999). Drawing from the theoretical insight from commitment -trust theory, an organization can employ commitment as a tool to earn customer trust to stay with their brand of products for longer period or for ever.

### **2.2.2 Transactional Cost Theory**

Coase (1937) was the first to coined the theory of transaction cost in the article “The nature of the Firm”, attempting to show the reasons for the existence of the firms (Ketokivi & Mahoney, 2020). According to Coase, transaction cost is the costs acquired while transacting in the marketplace, that includes negotiating, adapting, contracting and monitoring (Chen,2017). The theory was furthered by Rindfleisch and Heide in 1997 in which they urged that conducting transactions is a costly endeavour. This perspective is explicit in Cannon, Cannon, Koksal, and Johnson (2014), customer transaction costs and marketing simulations strategy. The cornerstone of every marketing activity is transactions, therefore, it is a critical factor in the art of marketing (Rindfleisch, 2020).

This theory is based on two central assumptions regarding human behaviour; these being, “opportunism” and “bounded rationality (Williamson & Ghani , 2012).First, that the transactional partners are controlled by bounded rationality, that is, though they transact rationally they are limited with information to make decisive decisions(Cannon *et al.*, 2014). Secondly, Cannon *et al.*, further agrees that in every opportunity presented, transactional participants seek their own interest at the cost of their exchange partners. Relationship marketers engages in a principal-agent relationship, acting as purchasing agents for their customers (principals).

The theory support customer orientation which helps marketers and organisations to be objective in transactions, meeting customers' needs at the best cost. Customers face rationality and lack predictability in the marketplace; therefore, they engage relationship marketer to use their expertise to meet their needs in return for their loyalty. The richer the relationship, the better it is for relationship marketer to manage the client adaptation process effectively and satisfy their needs giving them no option but to remain with the organization. Transactional cost theory therefore is of great importance to understand how orientation increases customers' life span in the organisation.

### **2.2.3 Customer Engagement Marketing Theory**

The concept of customer engagement theory was introduced by Harmeling, Moffett, Arnold and Carlson in 2016. According to the authors, engagement marketing is a business careful move to motivate, empower, and measure customer's willingness to participate in the marketing events of the business outside their objective of economic gain .Engagement marketing compromises of three factors, that is, motivating, empowering, and measuring customer participation to activities of the business. Engagement marketing initiatives can be Task-based, that is, actions by the business beyond commercial transaction to guide voluntary participation by customers to marketing functions such as, direct a customer, write a review and give assistance to other customers. The activities can also be Experiential engagement initiatives which are an enterprise actions outside the main commercial transaction where joined cooperative experiences support voluntary, autonomous customer participations to marketing activities.

According to Vivek, Beatty and Morgan (2012), engagement initiative by a business is developing and extending marketing relationships with customers those on board and potential.

Business spend millions of shillings on potential or future customers aiming to extend the value of their product or brand in the market. Customer rewards activities are focused in achieving engagement with all interested parties enhancing psychological and emotional attachment to the product or brand. Repeat interactions with current customers prompt them to repurchase while potential customers get opportunity to try the brand for the first time. Task-based and experiential engagement initiatives lead to commitment, goodwill and loyalty. Through commitment development, relationships amongst customers and their preferred brands of products are developed resulting in customer long time usage. Customer engagement theory is relevant as it helps in establishing the contribution of reward system in enhancing customer retention.

#### **2.2.4 Customer Service Theory**

Adam Smith in his book “Wealth of Nations” in 1776 was the first one to coin the theory of customer service (Smith, 2020). According to him, competition theory considers customer service as key. Customer Service is the capability of human resource expertise to engage customers internally and externally to give superior services to customers in a manner to fulfil the enterprise promises and satisfies customers’ needs which eventually results in repeat patronage and voluntary publicity through positive word of mouth. (Jeske, Chimusoro, Karodia, 2015). The environment of the marketplace forces profit seeking organisations to handle their customers with sincerity and esteem in order to earn their loyalty first for continual business transactions. The capability to entice and maintain customers is critical to any profit making business (Larsson & Broström, 2020). Kamin (2006), argues that organisations that will stay in the marketplace for long are one’s that are turning their eyes on customer service as a priority in their total offerings to their current and future customers.

Customer service theory is based on assumptions of customer getting Satisfied and customer becoming loyal with time. The framework of customer service is an element of service quality that influence CS, and in turn affects loyalty (Salim,Setiawam,Rofiaty & Rohmam, 2018).Customer service is practical and is solely about customer retention through loyalty and CS. Providing excellent customer service to customers by firm's results into customer satisfaction, satisfaction leads into repeat purchases which develop into loyalty hence retention. Customer loyalty is the intent of a customer to repurchase same brand (retention) and purchase other brand (expansion) from a supplier and additionally commending the business or the brand to other (Russo and Confente, 2017). Retailer's success is normally pegged on customer loyalty (Larsson & Broström, 2020).

According to Kamin (2006), customer service has several importance. The important thing in customer service is customer care and respect which makes them come back. Customer service is about resolving customer's problem promptly and satisfactorily which makes them come back and be loyal. Satisfaction with the service rendered, customers may last up to 10 years with the service provider. Superior customer service leads to increase in profits by charging more hence increasing market share by averagely six percent per annum. Treating customers with respect leads to loyalty and eventually recommend the product to others. The benefits of good customer service cannot be ignored as every day competition is getting stiff.

## **2.3 Empirical Literature Review**

Empirical review looked at studies done by other researchers in the similar field in relation to the study variables under investigation

### **2.3.1 Preferential Treatment and Customer Retention**

Chahal and Bala (2017) defined preferential treatment as the practice of identifying special customer and giving them high social status, acknowledgement and heightened services above board. It is worth noting that devoted customers are more valuable, however, they switch their loyalty to the competitor easily (Imhanrenialena, 2019).

Amoakoh and Naong (2017) explored RM as a determiner to hair salon's competitiveness and expansion in South Africa. The study relationship marketing key variables were service quality, customer satisfaction and CR. It was anchored on relational exchange theory that is customer and supplier long-term engagement. The study findings showed that service quality support service delivery for hair salons competitiveness, CS is the precursor of loyalty and retention and lastly CR is a pointer of customer satisfaction. It showed that RM relates positively to hair salon's competitive advantage and successful survival in the industry. However, empathy, care and giving individualized service to customers was the important factor for continued profitability of the salon business. The study was limited to South Africa context and organization factors are different. It also heavily relied on one theory

Aldaihani and Ali (2018) examined customer empowerment mediating role and the effect of RM on CR in Islamic Banks in Kuwait. The study research design was descriptive survey that was cross sectional in its nature. The population target was 360 clients from Islamic banks in Kuwait. The response rate was 94.7%, and descriptive statistics analysis was adopted for



evaluation purpose. The study findings showed that customer empowerment influenced relationship marketing outcomes on customer retention greatly. Simultaneously, customer empowerment significantly affected customer retention. The study had two main challenges, that is, generalizability of the findings and its cross-sectional nature, hence recommendations to do further research that are longitudinal and from other sectors.

Rao and Abegaz (2017) explored RM function on CR in Ethiopia, Abay bank. Descriptive survey was adopted for the study. The study targeted 280 customers with the rate of response at 96%. Descriptive statistics was engaged to analysed data from primary and secondary sources. The results pointed out that one-third of the participants had special treatment. 71.1% of the bank customers are contented with the bank's services and are not planning to switch in the future. Furthermore, 45.19% of the bank customers appreciate services rendered by the bank at a lower cost. Finally, 74.81% of customers appreciate extended working hours by the bank. The study recommended that the bank management needs to study unsatisfied customers' needs and offer inclusive service for all customers. The study target population was very small compared to the population of the study, this limited generalization of the findings.

### **2.3.2 Rewards and Customer Retention**

Loyalty scheme can be used to increase customer retention and organisation profitability in a competitive market environment where customers find it easy to switch suppliers. Relationship marketers use loyalty programs with CRM tool to identify, award, and retain profitable customers (Kumar & Reinartz, 2018).

Khalil, Ullah and Khalil (2018) examined loyalty schemes effects on customer retention of hypermarkets in Parkistan. Descriptive research design was utilized to examine the objective

of loyalty programs such as level reward framework and non-fiscal projects on client retention. The study targeted a population of 120 customers in hypermarket in Parkistan. A total of 104 questionnaires were returned giving 86.7% as the response rate. The study adopted qualitative data analysis. The findings disclosed that loyalty programs significantly influenced customer retention and strong impact was observed for all types of loyalty schemes. Based on the study results, it recommended the following to retailers of hypermarkets in Parkistan; offer all loyalty schemes, invest in research to develop innovative techniques for loyalty schemes, provide loyalty scheme with flexible collection stations to customers, concentrate on client retention, and build a loyalty program with features that attract the youth, create a transparent feedback system. The study was limited to customer of Hypermarkets in Pakistan hence difficult to generalize the findings since the contextual and organization factors are different.

Fook and Dastane (2021) investigated loyalty programs effects on CR, and CS and brand association mediating effects between loyalty scheme and CR in Malaysian national car. The study was based on a positivist paradigm approach. Data collection was through open ended and closed questionnaire. The authors adopted convenience sampling technique which is non-probabilistic to get a population of 350 national car users in Malaysia. With a response rate of 89.4%, descriptive statistical was adopted to examine collected data. The study findings pointed out loyalty programs significantly influencing customer retention in a positive manner. Brand association indicated full mediating effect on loyalty programs and customer retention while customer satisfaction showed an insignificant mediating effect. In contrast band association disclosed a fractional mediating effect with no effect on customer satisfaction when tested separately. The study recommendations to national carmakers management was to plan and organise resources available to meet demand current customers and after-sales service. To

marketers, the study recommended emphasis on creating brand association on top of loyalty rewards. The study was partial in its generalizability since it was conducted in a niche market of Malaysian national cars. Furthermore, the study used several loyalty schemes, failing to identify specific loyalty program that strongly influenced customer retention

Ishumael, Brighton, Charles, and Munjeri (2019) examined customer retention strategies success in Zimbabwe Medical sector, Harare. The study design, was descriptive, however, it was cross sectional in nature. Purposive sampling was used to select sixty participants from Cellmed Health in Harare. With the rate of response at 86.7%, descriptive statistics was employed to analyse data. The findings showed monitoring customer relationships, market intelligence, loyalty programs and promotions gave the firm a competitive advantage. The study concluded loyalty programmes was not widely used for retention purpose inn Cellmed Health. In decision making process, the study recommended that managers should consider customer retention strategies to come with a good decision. Besides, the study recommended that for customer retention rates to increase, the organisation endeavour to render exceptional customer service. The study was limited to Cellmed Health in Harare therefore difficult to generalize the findings since the contextual and organization factors are different. Furthermore, the sample population were purposively selected hence the study was bias in selection criteria.

### **2.3.3. Relationship Commitment and Customer Retention**

Commitment in a relationship is a belief between related parties who want a continuous relationship, and considered it important to maintain the relationship (Sari , Sunaryo & Mugiono 2018). Yuliastuti, (2021) opined that commitment is between two parties desiring continuous long-term relationship.

Sigit Parawansa (2018) investigated commitment and CS effects on service quality and CR in rural banks in Makassar, Indonesia. The study was anchored on buyer behaviour theory combined with adaptation level theory. Three hundred people were sampled and responded to the questionnaires. The research was descriptive in its design. Inferential statistical analysis was employed to analyse data. The study showed commitment and CS had an impact on customer's retention. The study was limited to rural banks in Makassar, Indonesia hence difficult to generalize the findings since the contextual and organization factors are different. It is worth noting that the study didn't show the rate of response from the sampled questionnaires.

Oh (2021) investigated service quality, justice, and relationship benefits effects on customer loyalty and relationship commitment in the medical industry of Korea. This was a survey study that was descriptive hence survey questionnaires was employed to gather data. The study targeted 300 patients from spine specialized hospital. From the target population, there was a positive response of 254 patients. The response rate was 84.7 % and confirmatory factor analysis was deployed for data analysis. The results revealed that relationship commitment strongly and directly influenced customer loyalty while quality service, relationship benefits and justice greatly influenced relationship commitment. It was limited to specialized hospitals among the medical service field, especially the spine specialized hospital in Korea therefore generalization of its findings becomes a problem. Furthermore, it was cross sectional even though the nature and idea of relationship development and maintenance is dynamic matter.

Sari, Sunaryo and Mugiono (2018) determined the relationship of service quality, commitment, and satisfaction on CR in Java eating houses, Indonesia. The researchers adopted descriptive research with survey questionnaires to gather data. The population of the study was all

consumers in Javanese Restaurant in North Kuta District. A purposive sampling technique was adopted to target 100 customers. Descriptive statistics was employed for data analysis. The authors found that commitment and service quality insignificantly influenced customer retention while customer satisfaction significantly mediated on the relationship of service quality on CR. The recommendations were that the business needed enhance service quality to establish commitment between customers and service providers which in the end will foster customer retention of restaurants. The study limitation was on the sampling techniques adopted which was non-probabilistic method.

#### **2.3.4 Customer Orientation and Customer Retention**

According to Saad and Kamel (2021), customer orientation is viewed as the most effective sources for gaining in depth understanding of the customer, which supports in delivery of an acceptable plan to fulfil the needs of the client.

Shrestha assessed RM effects on CR in higher education in Kathmandu City, Nepal. The research design was exploratory and descriptive in nature. The population was students, faculty, and parents of various institutions who were picked conveniently. The findings indicated that trust, commitment and social bond significantly influenced customer orientation while customer orientation and CS positively influenced CR. To improve CS and retention, the study recommended that regulators and scholars concentrate on customer orientation and RM indicators. The study was limited to Kathmandu city hence difficult to generalize the findings since the contextual and organization factors are different. The study was also biased by using non-probabilistic sampling technique.

Xing and Devasia (2019) examined CRM influence on CR in the insurance industry of Malaysia. The research design used was descriptive design. The study targeted 14 customers' licensed insurance firms in life business from Kuala Lumpur with predicted population of 11,214,860 people. The study used non-probabilistic and convenience sampling techniques to have 230 as a sample size. With a response rate 88.7%, analysis was through descriptive statistical analysis and factors analysis. The findings showed customer orientation, knowledge management, CRM technology and CRM organization positively and significantly influenced CR with customer orientation having greatest effect. The study recommended that customer orientation is a major variable to work on for sustained customer retention in the insurance market. The study focused on licensed insurance companies in Kuala Lumpur, Malaysia hence difficult to generalize the findings since the contextual and organization factors are different. In addition, the study focused only on four CRM dimensions hence it proposed that licensed insurance firms in life business in Kuala Lumpur to consider other factors for better generalization of the findings.

Chetioui, Abbar, Benabbou (2017) examined CRM dimensions impact on CR in the hospitality sector of Morocco. It used descriptive research design and the theory of resource-based. The population targeted for the study was 100 hotels in Morocco and had 88% as the rate of response. Descriptive statistical analysis was employed to analyse data. The findings revealed that customer retention was significantly influenced by customer orientation, knowledge management, and CRM organization with CRM technology showing insignificant effect. The study used dummy variable therefore recommendations was made for further research on CRM technology. The study was limited in measuring customer retention since data was gathered

from hotels managers hence biased in its findings. In addition, the study heavily relied on one theory.

The current study used faster delivery of services, customised work schedule and special rates to determine preferential treatment of customers in Postal Corporation of Kenya Nairobi region, Kenya. Commitment factored in relationship benefit, service quality and shared values while reward engaged recognition, promotion and special gifts to customers. Customer orientation was determined using customer focus, customer knowledge and value for customers.

#### **2.4 Summary of the Literature and Research Gaps**

The study revised four theories that clearly indicated the need for relationship marketing strategies in an organization and how the strategies can be adopted for sustained customer retention. The study empirical review clearly indicates that preferential treatment, customer rewards, relationship commitment and customer orientation play major role in aiding customer retention. In a dynamic market environment facing Postal Corporation of Kenya, smart strategies are need to build loyalist customers and sustain them for profitability and sustainability of business.

**Table 2.1 Summary of literature and research gaps**

<b>Author (s)</b>	<b>Study focus</b>	<b>Findings</b>	<b>Study gaps</b>	<b>Current study focus</b>
<b>Preferential Treatment</b>				
Amoakoh and Naong (2017)	Relationship marketing significance for hair salon's attractiveness	Customer retention is a pointer to CS and satisfaction is a precursor of loyalty and retention.	The context of government industry in Kenya needs to be explored.	Relationship marketing strategies on customer retention in PCK, Nairobi region, Kenya.
Aldaihani and Ali (2018)	RM and customer empowerment effects on CR	CR is significantly influenced by customer empowerment and relationship marketing.	The study concentrated on Islamic banks neglecting the other religions	RM strategies on customer retention in PCK, Nairobi region, Kenya.
Rao and Abegaz (2017)	RM role on customer retention in Ethiopia, Abay bank.	The bank customers are satisfied with the services and are not planning to switch to competitors in the future.	The sample used was small comparing with the population of the study therefore need to bridge methodological gap	Relationship marketing strategies on customer retention in PCK, Nairobi region, Kenya.
<b>Rewards</b>				
Khalil, Ullah and Khalil (2018)	Loyalty Programs effects on Customer Retention: hypermarkets.	Loyalty programs significantly impacted retention of valued customers.	The study was done in Pakistan, therefore the need to do it locally to bridge the contextual gap	Relationship marketing strategies on customer retention in PCK, Nairobi region, Kenya.
Fook and Dastane (2021)	Loyalty programs, brand association and customer satisfaction impact on customer retention	Loyalty program significantly influenced customer retention while brand association and customer satisfaction showed little mediating effects.	The study used non-probabilistic sampling hence the need to bridge methodological cap. No theory used hence the need to bridge the gap.	RM strategies on customer retention in PCK, Nairobi region, Kenya.



Ishumael, Brighton, Charles, and Munjeri (2019)	Effectiveness of CR Strategies in health sector.	CR strategies and profit showed significant relationship.	There is a need to bridge the contextual gap, the study was done in Zimbabwe medical sector	RM strategies on customer retention in PCK, Nairobi region, Kenya.
<b>Relationship Commitment</b>				
Sigit Parawansa, D. A. (2018)	Commitment and customers' satisfaction effects on quality service and CR in rural banks.	Commitment significantly influenced customer retention positively. Commitment and CS mediated on service quality for CR.	The contextual and organization factors are different hence the need to bridge the gap.	RM strategies on customer retention in PCK, Nairobi region, Kenya.
Oh (2021)	Customer Retention strategy: Specialized medical services	Relationship commitment strongly and directly influenced customer loyalty while quality service, relationship benefits and justice greatly influenced relationship commitment.	The study was cross sectional hence the need to bridge the gap of methodology.	Relationship marketing strategies on customer retention in PCK, Nairobi region, Kenya.
Sari, Sunaryo and Mugiono (2018)	Service quality, commitment and satisfaction effects on service quality and CR.	Commitment and service quality insignificantly influenced CR while customer satisfaction significantly mediated on the relationship of service quality on CR	Non probabilistic sampling techniques was used hence the need to bridge methodological gap	Relationship marketing strategies on customer retention in PCK, Nairobi region, Kenya.
<b>Customer orientation</b>				
Shrestha (2020)	Marketing impact on Customer Retention in Education	Customer orientation was significantly influenced with trust, commitment and social bond. Customer retention was positively influenced with customer orientation and customer satisfaction	There is a need to bridge the contextual gap since the study was limited to education sector in Nepal. Methodological gap needs to be bridge since the study used non-probabilistic sampling technique.	Relationship marketing strategies on customer retention in PCK, Nairobi region, Kenya.
Xing and Devasia (2019)	Relationship Management influence on CR.	Customer orientation was highly significantly related with customer retention, while knowledge	There was contextual and methodological gap. It also used non-	Relationship marketing strategies

	Retention in the Insurance Sector	management, CRM organization and CRM technology significantly influenced CR.	probabilistic sampling technique.	on customer retention in PCK, Nairobi region, Kenya.
Chetioui, Abbar, Benabbou (2017)	CRM impact on CR in the hospitality industry.	Customer retention was significantly influenced by customer orientation, knowledge management, and CRM organization with CRM technology showing insignificant effect	The study heavily relied on one theory hence need to bridge the theoretical gap, The study used dummy variable bringing the need to bridge the conceptual gap	RM strategies on customer retention in PCK, Nairobi region, Kenya.

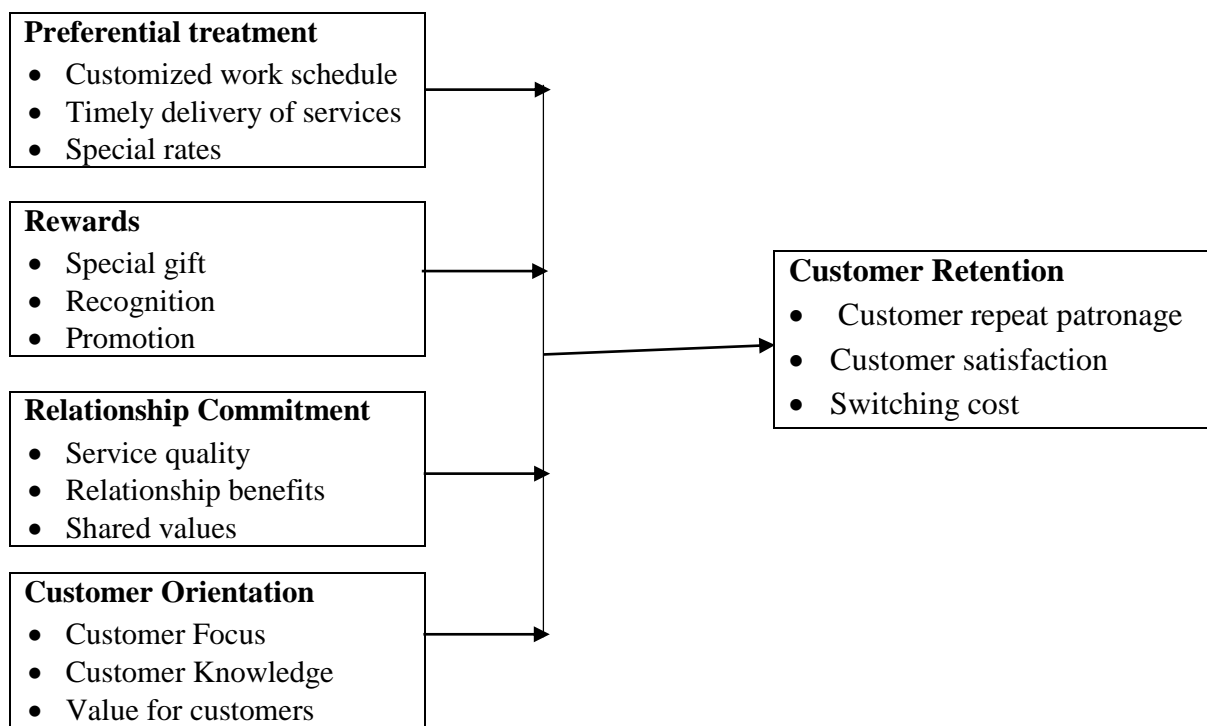
**Sources: Author (2022)**

## 2.5 Conceptual Framework

Mugenda and Mugenda (2003) described conceptual framework as a concept under investigation portrayed by the use of graphic or visual description of the domains of the research. CR, will be indicated by customer repeat patronage, customer satisfaction, and switching cost. The independent variable is relationship marketing indicated by preferential treatment, rewards relationship commitment and customer orientation.

**Figure 2.1 Conceptual Framework**

### Relationship Marketing Strategies



**Independent Variables**

**Dependent Variable**

**Source: Author, (2022)**

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The section comprises of the following sub titles; the study research design, target population, sample and sampling technique, data collection instrument, the procedure for data collection adopted, validity and reliability tests, data analysis and presentation adopted, and the study ethical considerations.

### **3.2 Research Design**

The study used descriptive research design because of its quantitative nature. A descriptive research design describes a population in line with main variables under the study to determine the rate of occurrence (Kothari, 2004). Descriptive designed aided in answering the research questions associated with a research objective describing the sample population's characteristics and behaviours. Quantitative data was displayed in tables with illustrations, giving it a wider view of the topic investigated. According to Cooper and Schindler (2006), descriptive studies is designed to collect primary or secondary data from a sample and analyse to give generalized results to a population.

### **3.3 Target Population**

Mugenda and Mugenda (2013) define a population as any people or objects or groups of institutions with similar features. The study targeted three hundred managers from sales and marketing department, Customer care department and operations department in Postal Corporation of Kenya, Nairobi region, Kenya. Ngechu (2004) defined a target population as an assembly of factors of things of a concept under study. It denotes the universe of components that share same attributes from which a sample is picked.

**Table 3.1 Target population**

<b>Departments</b>	<b>Population Targeted</b>	<b>Percentage</b>
Sales and Marketing	100	33.3%
Customer Care	70	23.3%
Operations	130	43.3%
<b>Total</b>	<b>300</b>	<b>100%</b>

**Source: PCK Human Resource Department (2020)**

### **3.4 Sample and Sampling Technique**

The sample representative who contributed in the research were selected using simple random technique. The sample size was centred on the Roscoe’s rule of the thumb principle Sekaran (2003:295). According Onuko, Muganda and Musiega, (2015), a sample that is more than thirty and below five hundred is good enough for research. Mugenda and Mugenda (2013) opined that 10% to 30% sample size is a good depiction of the targeted population, hence 30% of 300 manages was selected. The study therefore sampled ninety manages.

**Table 3.2 Sample size**

<b>Departments</b>	<b>Target Population</b>	<b>Sample</b>
Sales and marketing	100	30
Customer Care	70	21
Operations	130	39
<b>Total</b>	<b>300</b>	<b>90</b>

**Source: (Author 2023)**

### **3.5 Data Collection Instruments**

Questionnaires were used to gather data. Questionnaires have ability to allow the researcher to have uniformity in the way of asking questions hence compatibility of responses. The study used structured questionnaire to allow for collection and analysis of quantitative data. Structured questionnaires, according to Mugenda and Mugenda (2008), are questions that are defined, specific, and pre-determined, as well as a tally of likely opportunities arising out of participant choose the response that utmost represents the circumstance. Questionnaire guarantees the confidentiality of the source of information through anonymity while ensuring standardization (Kerlinger, 1973).

### **3.6 Data Collection Procedure**

Authorization communication from Kenyatta University accompanied by a research licence from the NACOSTI was acquired before embarking on data collection. Questionnaires was dropped and picked later. Ragab and Arisha (2017), agrees that questionnaires can have variety of questions that can help researcher acquire much information at the convenience of respondents. The process of collecting data took three weeks.

### **3.7 Validity and Reliability of data collection instruments**

The study aimed at enhancing the transparency and accuracy of the outcome and supported its findings by testing the validity and the reliability of the data collection tool.

#### **3.7.1 Validity of Research Instrument**

Validity was engaged to show reliability of research instruments to correctly examine the phenomenon under study and generate the desired outcome. Bryman and Cramer (2005), agrees that validity is the precision and relevancy of measurements derived from research outcome. The study ascertained content validity which measured the adequacy of handling the

topic under investigation and construct validity which measured the degree of accuracy in measuring the underlying variables under investigation. Content validity was improved by seeking, professionals' opinions and ideas in marketing. To certain construct validity, there was relevant review of empirical and theoretical literature.

The author took a pilot study to enhance face validity. Mugenda and Mugenda (2003) defined a pilot test as an experimental test of one tenth of population with similar attributes deployed to verify the validity of research instruments. This study piloted thirty managers from sales and marketing, customer care and operations department.

### 3.7.2 Reliability of Research Instruments

This is the degree of similarity of the outcomes of the instrument of research being used every now and then. According to Irungu , Kiragu & Ndirangu ( 2020), it is the capability of research tools to constantly give identical outcomes for many trials. In this study, Cronbach's alpha ( $\alpha$ ) tested internal reliability. In the study, the instruments of research were tested and questions with a coefficient below 0.7 was considered unreliable. According to George and Mallery (2003), at least 0.7 or more Cronbach alpha index is good enough to establish the reliability of research instrument.

**Table 3.3 Reliability Test Results**

<b>Variable</b>	<b>No. of items</b>	<b>Cronbach alpha Coefficient</b>
Preferential treatment	6	0.77
Customer Reward	6	0.90
Relationship Commitment	6	0.91
Customer Orientation	6	0.77
Customer Retention	6	0.93
<b>Overall reliability</b>	<b>30</b>	<b>0.96</b>

**Source: Author (2023)**

The statistics in Table 3.3 shows results that Preferential Treatment, Customer Rewards, Relationship Commitment, Customer Orientation and Retention had Cronbach alpha value of 0.77, 0.90, 0.91, 0.77, and 0.93 respectively. The results indicate that all the variables had a Cronbach coefficient of 0.7 and above meaning that the variables were all accepted as reliable. Further, the overall reliability for the study was 0.96 showing that the study was reliable.

### **3.8 Data Analysis and Presentation**

Data was gathered and analysed descriptively by inferential statistics. To enable the researcher meaningfully describe a distribution of scores or measurements, data analysis was done using statistical package for social sciences software (SPSS). The quantitative analysis used both descriptive and inferential statistical techniques. SPSS helped the researcher to use multiple regression method in creating relationship between the variables of concern. The descriptive parameters like frequencies, mean and percentages was looked at. Results was presented using tables which classified data into information showing patterns and relationships of variables under research. Regression equation for the study was;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

In context, the regression equation above becomes:

$$CR = \beta_0 + \beta_1 PT + \beta_2 R + \beta_3 C + \beta_4 O + e$$

Where;

CR= Customer Retention

$\beta_0$ = Regression constant

$\beta_1 - \beta_4$ = Regression coefficient

PT = Preferential Treatment

R = Reward

C= Commitment

O = Orientation

e = Error term



### **3.9 Ethical considerations**

The study safeguarded stakeholder's rights by adhering to the research discipline and regulations. First, research authorization letter was obtained from Kenyatta University and NACOSTI. For confidentiality, the research presented the introduction letter assuring respondent of their anonymity. There was no mentioning of names of respondents for the purpose of confidentiality and anonymity. For the materials and references, the researcher ensured proper citation done.

## CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSION

### 4.1 Introduction

The section outlines data presentation, analysis, interpretations and argument of research outcomes. The purpose of the study was to investigate the effect of RMS on customer retention in the postal corporation of Kenya, Nairobi region, Kenya. The results of the outcome were displayed in tables.

### 4.2 Rate of Response

The study sampled 90 respondents from a total of 300 managers drawn from sales and marketing department, Customer care department and operations department of Postal Corporation of Kenya, Nairobi region, Kenya. The results are as below.

**Table 4.1 Rate of Response**

<b>Item</b>	<b>Frequency</b>	<b>Percentage</b>
Returned questionnaires	72	80
Unreturned questionnaires	18	20
<b>Total</b>	<b>90</b>	<b>100</b>

**Source: Survey Data (2023)**

The results above indicate that out of 90 questionnaires circulated, 72 respondents managed to fill and returned the questionnaires while 18 respondents did not return the questionnaires. This result translates to a response rate of 80%. According to Mugenda and Mugenda (2013), 50% response rate is considered acceptable, 60% is good while above 70% is considered excellent. The study response rate was excellent because it was above the 70% response rate with the ability to support analysis and inferences drawn from the collected data (Mugenda & Mugenda, 2013).

### 4.3 General Information

In regards to the general information of the respondents, the study gathered data on the basis of their gender, years of experience, the department they belong, the highest level of academic qualification, and the adopted relationship marketing strategies the corporation use and their general opinion on the effect of relationship marketing strategies such as preferential treatment, customer rewards, customer orientation and relationship commitment on customer retention. Table 4.2 illustrate the outcomes on the general information of the participants..

**Table 4.2 Demographic Characteristics of the Respondents**

Category	Sub- Category	Frequency	Percentage
Gender	Male	40	55.6
	Female	32	44.4
	<b>Total</b>	<b>72</b>	<b>100.0</b>
Department you Belong	Sales and Marketing	31	43.1
	Customer Care	25	34.7
	Operations	16	22.2
	<b>Total</b>	<b>72</b>	<b>100.0</b>
Years of Experience	Below 1 year	7	9.7
	1 -2years	11	15.3
	2-5- years	26	36.1
	6-9 years	15	20.8
	Over 10 years	13	18.1
	<b>Total</b>	<b>72</b>	<b>100.0</b>
Level of Education	Certificate	7	9.7
	College diploma	8	11.1
	Undergraduate	37	51.4
	Master	16	22.2
	Doctorate	4	5.6
	<b>Total</b>	<b>72</b>	<b>100.0</b>

Have you Adopted	Yes	48	66.7
Relationship Marketing	No	24	33.3
Strategies in your Company	<b>Total</b>	<b>72</b>	<b>100.0</b>
Do you think the	Yes	45	62.5
relationship between	No	27	37.5
relationship marketing dimensions has an effect on customer retention	<b>Total</b>	<b>72</b>	<b>100.0</b>

**Source: Survey Data (2023)**

The summarised statistics above indicate that 55.6% of the respondents were male and 44.4% of the respondents were female. This portrays that relationship marketing is majorly taken by the male. The outcomes further show that out of the 72 respondents, 43.1% were from sales and marketing, 34.7% were from customer service department while operations had only 22.2% of the respondents. This is an indication that the strategy is mostly practised by the marketers. Further, the summarised statistics indicate that those that practised relationship marketing within the corporation majority had between 2-5 years of experience, followed 6-9 years of experience representing 20.8% of the respondents, over 10 years of experience were represented by 18.1%. 15.3% of the participants had between 1-2 years of experience while the least group to practise relationship marketing within the corporation were employees who were relatively new with less than one year in the organisation. From the statistics, it is evident that the strategy is mainly exercised by employees who have been with the state corporation for a reasonable year. This helps them understand the market and the customers they are serving hence making the strategy implementation efficient and effective. The many years of experience also gives the managers an opportunity to gain knowledge and understanding of the market.

Further, the summarized statistics in Table 4.2 express that 51.4% of the responded had a bachelor's degree and their highest rank of education. This takes more than half of the respondents, an indication that with a bachelor's degree one gains a deeper knowledge of the marketing dynamics to the extent that they can develop and implement a marketing strategy like relationship marketing. This was followed by 22.2% with masters, 11.1% with a college diploma while only 5.6% had a doctorate degree. This also indicate that for the development and adoption of relationship marketing strategies, one doesn't necessarily need to have a doctorate degree to come up with one. It was also noted that 66.7% of the respondents within the corporation generally acknowledged that the corporation has adopted relationship marketing strategies while 33.3% did not agree that the corporation had adopted the strategies. This indicate that the corporation needs to do more so that the good will of the employees in terms of support of the strategy is acquired to a very large extent. Finally, 62.5% of the respondent's concurred that relationship marketing strategies have a potential to have an effect on customer retention while 37.5% were of a different opinion.

#### **4.4 Descriptive Analysis**

The segment gives descriptive information on the study variables; preferential treatment, customer orientation, customer reward, customer commitment and customer retention. Data was obtained using a 5-point Likert scale where 5 signified strongly agree, 4 signified agree, 3 signified moderately agree, and 2 disagree and 1 signified strongly disagree, the respondents were expected to give their response on each statement made against each variable. The characteristics of each variable were summarized by use of measures of central tendency which included the standard deviation and the mean. The results of the descriptive statistics were shown as follows

#### 4.4.1 Preferential Treatment and Customer Retention

The study sought to understand the effect of preferential treatment on CR in PCK, Nairobi region, Kenya. The participants were invited to show the degree they support the statements explaining the dimensions of preferential treatment being practiced by the corporation so as to enhance customer retention. The respondents were requested to stipulate in a Linkert scale of 1-5 which 5 represent strongly agree, 4 represented agree, 3 represented moderately agree, 2 disagree while 1 represented strongly disagree. The results are shown as below

**Table 4.3 Preferential Treatment and Customer Retention Statistics**

<b>Preferential Treatment Statistics</b>					
<b>Statements</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
The corporation has customer segmentation strategies with regards to products and services	72	1.00	5.00	4.000	1.151
Our market segmentation strategies are effective and has really helped us gain ground on customer retention.	72	1.00	5.00	3.986	0.942
The corporation has target pricing for various market segments' and value adding activities to enhance repeat patronage.	72	1.00	5.00	2.819	1.293
Our clients are happy and satisfied with special treatment they get and have remained loyal to us.	72	1.00	5.00	4.153	1.030
The corporation practices designed marketing communication strategies for various market satisfaction.	72	1.00	5.00	4.222	0.876
The corporation is flexible with regards to adjusting to customer needs and choices e.g. door step delivery.	72	1.00	5.00	3.778	1.010
<b>Overall Aggregate Score</b>				<b>3.826</b>	<b>1.050</b>

**Source: Survey Data (2023)**

The summarized statistics in Table 4.3 indicate that PCK has customer segmentation strategies in regards to products and services (Mean = 4.000, SD = 1.151). This means that if the management of the corporation takes seriously the segmentation strategies, the customer retention level will increase. The segmentation strategies that the corporation use has helped them gain ground on customer retention (Mean = 3.986, SD = 0.942). In addition, the report indicate that the corporation has target pricing for various market segments' and value adding activities to enhance repeat patronage (Mean = 2.819, SD = 1.293). This indicated that the respondent to a small extent disagreed with the practice of the dimension within the corporation. The results indicate the respondent did not agree that the corporation is committed towards the target pricing within the market segment to the extent that repeat purchase is achieved. Therefore, the management of the corporation needs to put more emphasis in this dimension.

The summarized statistics further indicate (Mean = 4.153, SD = 1.030) to show that customers are happy and satisfied with special treatment they get and have remained loyal to the organization. The corporation practices designed marketing communication strategies for various market satisfaction had a (Mean = 4.153, SD = 1.030) while the corporation ability to be flexible with regards to adjusting to customer needs and choices e.g. door step delivery (Mean = 3.778, SD = 1.010).

#### **4.4.2 Customer Reward and Customer Retention**

The study investigated the effect of customer reward on CR in PCK, Nairobi region, Kenya. The participants were invited to show the degree they concur with the statements explaining the dimensions of customer reward being practiced by the corporation so as to enhance CR.

The respondents were asked to mark on a Linkert scale of 1-5 which 5 represent strongly agree, 4 represented agree, 3 represented moderately agree, 2 disagree while 1 represented strongly disagree. The results are shown below.

**Table 4.4 Customer Reward and Customer Retention Statistics**

<b>Customer Reward Statistics</b>					
<b>Statements</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
The corporation has in place value-adding strategies like rewards programs and incentives that reward loyalty.	72	1.00	5.00	4.181	1.105
The corporation has strategies which targets regular customers like quantity discounts' to reducing customer's perceived sacrifices.	72	1.00	5.00	3.917	1.071
The corporation has strategies that stimulate customer repurchasing activities like incentives on repeat buys.	72	1.00	5.00	4.083	0.975
The corporation give special gift to their contracted customers who stay on till the contract expiry period	72	1.00	5.00	3.708	1.204
The corporation recognizes loyalty among contracted customer and give tangible rewards like T-shirts and Diaries	72	1.00	5.00	3.972	1.150
The corporation engage in promotional activities e.g giving discounts to customers to encourage repeat purchases.	72	1.00	5.00	4.153	1.002
<b>Overall Aggregate Score</b>				<b>4.002</b>	<b>1.085</b>

**Source: Survey Data (2023)**

The summarized statistics above indicate that participants concur to a large extent that the corporation has in place value-adding strategies like rewards programs and incentives that reward loyalty (Mean = 4.181, SD = 1.105). This means that the corporation ability to attract and retain customers is enhanced. The respondents moderately agreed that the corporation has strategies which targets regular customers like quantity discounts' to reducing customer's perceived sacrifices ( Mean = 3.917 , SD = 1.071), the corporation has strategies that stimulate



customer repurchasing activities like incentives on repeat buys had a ( Mean = 4.083, SD = 0.975). This means that strategies that stimulate the market for the regular customers are in place hence the ongoing repeat purchases. The respondents agreed to a moderate extent that the corporation give special gift to their contracted customers who stay on till the contract expiry period (Mean = 3.708, SD = 1.204) while the corporation recognizes loyalty among contracted customer and give tangible rewards like T-shirts and Diaries had a (Mean = 3.972, SD = 1.150). Finally, the statistics portray that the respondents agreed that the corporation engage in promotional activities e.g giving discounts to customers to encourage repeat purchases with a (Mean = 4.153, SD = 1.002). Generally, the respondents concur to a large degree that customer reward is being practiced by the corporation with a (Mean = 4.002, SD = 1.085).

#### 4.4.3 Relationship Commitment and Customer Retention

The study sought to determine the effect of relationship commitment on CR in PCK, Nairobi region, Kenya. The participants were requested to show the extent they concur with the statements explaining the dimensions of relationship commitment being practiced by the corporation so as to enhance CR. The participants were invited to show on a Linkert scale of 1-5 which 5 represent strongly agree, 4 represented agree, 3 represented moderately agree, 2 disagree while 1 represented strongly disagree. The results are as below.

**Table 4.5 Relationship Commitment and Customer Retention Statistics**

<b>Relationship Commitment Statistics</b>					
<b>Statements</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
The customer would continue to do business with us even if the corporation prizes are increase.	72	1.00	5.00	4.000	0.993
The corporation has got dedicated work force that go extra mile to ensure customers' needs are met	72	1.00	5.00	4.111	0.958

satisfactorily.					
The corporation always get positive feedback from customers who invite friends and family to do business with us.	72	1.00	5.00	4.403	0.816
Customer have a strong relationship with the corporation and would not mind renewing their contract agreement.	72	1.00	5.00	4.361	0.810
The corporation is committed to offering quality services meet and exceed customers expectation	72	1.00	5.00	4.403	0.867
Customers always pay the corporation promptly for quality services offered.	72	1.00	5.00	4.292	0.926
<b>Overall Aggregate Score</b>				<b>4.262</b>	<b>0.895</b>

**Source: Survey Data (2023)**

The summarized statistics above indicate that participants concur to a moderate extent with the effect of customer commitment on CR with an aggregate of (Mean = 4.262, SD = 0.895). This shows that the respondents agreed that the customer would continue to do business with them even if the corporation prizes are increased with a ( Mean = 4.000, SD = 0.993), the corporation has got dedicated work force that go extra mile to ensure customers' needs are met satisfactorily ( Mean = 4.111, SD = 0.958). This has seen the corporation retain some of its major customers such as government and key NGOs and individual customers. The corporation always get positive feedback from customers who invite friends and family to trade with them had a (Mean= 4.403, SD = 0.816). This means that the participants concurred to a great extent that positive feedback has played a key role in customer retention.

Customer have a strong relationship with the corporation and would not mind renewing their contract agreement had a (Mean = 4.361, SD = 0.810) while the corporation is committed to offering quality services meet and exceed customers expectation had a (Mean = 4.403, SD = 0.867). Finally, the participants concur to a great extent that customers always pay the

corporation promptly for quality services offered with a (Mean = 4.292, SD = 0.926). This has been made possible due to the qualified employees being engaged in service delivery. In addition, it was notable that the employees had life-long experience hence the wealth of knowledge acquired on the job.

#### 4.4.4 Customer Orientation and Customer Retention

The study pursued to establish the effect of customer orientation on CR in PCK, Nairobi region, Kenya. The participants were invited to show the extent they concur with the statements explaining the dimensions of customer orientation being practiced by the corporation so as to enhance CR. The respondents were asked to indicate in a Linkert scale of 1-5 which 5 represent strongly agree, 4 represented agree, 3 represented moderately agree, 2 disagree while 1 represented strongly disagree. The results are illustrated below

**Table 4.6 Customer Orientation and Customer Retention Statistics**

<b>Customer Orientation Statistics</b>					
<b>Statements</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
The corporation has innovative products and services to satisfy customer needs and wants.	72	1.00	5.00	2.917	1.172
The corporation staff are all well conversant with the products and services being offered and can articulate well to the customers to have their needs met.	72	1.00	5.00	3.903	0.995
Agility and readiness of staff members to help in a pleasant and effective way is perfect and very satisfying	72	2.00	5.00	4.056	0.785
The corporation has a customer care section that is active and handles all customer complaints and enquiries promptly.	72	1.00	5.00	4.111	1.042
The service quality of the firm is very competitive and customer focused creating satisfaction and	72	1.00	5.00	4.111	1.042

loyalty to customers.					
The firm has a response system e.g. firm collects customer input and feedback which is then seriously considered for relationship improvement and sustainability.	72	1.00	5.00	4.083	1.097
<b>Overall Aggregate Score</b>				<b>3.863</b>	<b>1.022</b>

**Source: Survey Data (2023)**

The statistics above illustrate that the corporation has innovative products and services to satisfy customer needs and wants with a (Mean = 2.917, SD = 1.172). This means that the participants concur with the statement since they have been able to see the creativity and innovation through the creative stamps and door to door delivery of mails being carried out by the state corporation. The respondents moderately agreed that the corporation staff are all well conversant with the products and services being offered and can articulate well to the customers to have their needs met. This was evident through a (Mean = 3.903, SD = 0.995). The results also indicate that there is evidence which was to a moderate extent that the agility and readiness of staff members to help in a pleasant and effective way is perfect and very satisfying (Mean = 4.056, SD = 0.785).

Both the corporation has a customer care section that is active and handles all customer complaints and enquiries promptly and the service quality of the firm is very competitive and customer focused creating satisfaction and loyalty to customers had a (Mean = 4.111, SD = 1.042). This shows that the respondents concur that the customer service section in the organization is actively trying to handle customers complained to a large extent leading to improved customer retention rate. Finally, the statistics indicated that the dimension explaining on how the firm has a response system e.g. firm collects customer input and feedback which

is then seriously considered for relationship improvement and sustainability had a (Mean = 4.083, SD = 1.097), indicating that to a great extent participants concur that measures the corporation has put in place to handle customer feedback is bearing fruits hence the rise in customer retention level. Finally, the overall (Mean = 3.863, SD = 1.022) indicated that the responded generally agreed that customer orientation has an effect on CR in postal corporation of Kenya, Nairobi region, Kenya.

#### 4.4.5 Customer Retention

The study wanted to examine the degree at which CR is felt at the Postal Corporation of Kenya, Nairobi region, Kenya. The participants were invited to point out the level they concur with the statements explaining the dimensions of customer retention being practiced by the corporation so as to enhance CR. The participants were invited to specify on a Linkert scale of 1-5 which 5 represent strongly agree, 4 represented agree, 3 represented moderately agree, 2 disagree while 1 represented strongly disagree. The results are shown below.

**Table 4.7 Customer Retention Statistics**

<b>Customer Retention Statistics</b>					
<b>Statements</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
Customers are always satisfied with the corporation products and services and they keep talking well of us.	72	1.00	5.00	4.181	0.954
The corporation have meet and exceeded customer expectations with their innovative products and services	72	1.00	5.00	4.319	0.885
There is an increase in customer base, who have remained loyal to the corporation products and services.	72	1.00	5.00	4.097	1.037
The organization have experience exponential growth rate over the years.	72	1.00	5.00	4.292	1.013

The number of customers leaving the corporation to the competitions has reduced.	72	1.00	5.00	4.333	0.904
Customers give positive feedback to the corporation through Word of mouth and Social media	72	1.00	5.00	3.889	1.042
<b>Overall Aggregate Score</b>				<b>4.185</b>	<b>0.973</b>

**Source: Survey Data (2023)**

The above statistics show that participants concur to a great extent that Customers are always satisfied with the corporation products and services and they keep talking well of us (Mean = 4.181, SD = 0.954) while the corporation have meet and exceeded customer expectations with their innovative products and services had a (Mean = 4.319, SD = 0.885). This has enabled the corporation to attract and retain majority of its customers. It is because most employees that deals with customers have marketing and customer service experience which are at the core of customer retention. There respondents also to a large extent that there is an increase in customer base, who have remained loyal to the corporation products and services with a (Mean = 4.097, SD = 1.037). The summarized statistics further indicate that there is a drastic reduction of the number of customers leaving the corporation to the competitions with a (Mean = 4.333, SD = 0.904). Finally, customers give positive feedback to the corporation through word of mouth and social media had a (Mean = 3.889, SD = 1.042). The respondents generally agreed that customer retention is being felt within the corporation with a (Mean = 4.185, SD = 0.973). This has been possible because of the many relationship marketing strategies conducted by the corporation to ensure customer retention. In addition, it was noted that the corporation employs qualified and experienced staff to handle customer relations matters.

#### 4.5 Regression Analysis

The analysis was done to demonstrate the relationship between independent and dependent variables. The findings are illustrated as below

**Table 4.8 Relationship Marketing Strategy and Customer Retention**

Model Summary						
Model	R	R Squared	Adjusted R Square	Std. Error of the Estimate		
1	.930 <sup>a</sup>	.865	.857	.31934		
ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.684	4	10.921	107.091	.000 <sup>b</sup>
	Residual	6.833	67	.102		
	Total	50.516	71			
Regression Coefficients						
Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.369	.241		1.541	.002
	Preferential Treatment	.189	.083	.162	2.280	.026
	Customer Reward	.024	.482	.732	.218	.031
	Relationship Commitment	.956	.112	.851	8.545	.000
	Customer Orientation	.088	.125	.074	.702	.016

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Preferential Treatment, Customer Reward, Customer Commitment, Customer Orientation

**Source: Survey Data (2023)**

The model summary in Table 4.8 shows an adjusted  $R^2$  of 0.857, indicating that the independent variables that is; preferential treatment, customer reward, relationship commitment and customer orientation jointly explain 86.5% of disparity in customer retention in the Postal Corporation of Kenya, Nairobi region, Kenya. The remaining 14.3% of the difference is clarified by alternative aspects that weren't engaged in the research. The correlation coefficient (R) is seen as 0.930, which indicates a strong positive correlation existing between relationship marketing strategies and CR of the Postal Corporation of Kenya, Nairobi region, Kenya.

Furthermore, the F statistic for  $F(4, 67) = 107.091$  is more than the F critical (table value = 2.17), which portrays the whole model as significantly adequate to determined retention. Analysis of Variance's (ANOVA) was employed to show concurrent evaluations between the means. It investigated if dependent and independent variables had any significant relationship. The results revealed that the data was appropriate for making decision on the population's parameters as the calculated probability of 0.000 is less than the 5% threshold accepted.

The beta coefficients showed that the four independent variables (Preferential treatment  $\beta = 0.162$ ,  $P = 0.026$ , customer reward  $\beta = 0.732$ ,  $P = 0.031$ , relationship commitment  $\beta = 0.851$ ,  $P = 0.000$  and customer orientation  $\beta = 0.074$ ,  $P = 0.016$ ) all had a substantial effect on customer retention in of the Postal Corporation of Kenya, Nairobi region, Kenya. The outcomes further show that if all the other aspects were held constant, a unit upsurge in preferential treatment, customer reward, relationship commitment and customer orientation will enhance customer retention in postal corporation of Kenya, Nairobi region, Kenya by 0.162, 0.732, 0.851, 0.074 and 0.369 respectively. The regression equation foreseeing the



impact of the various components of the independent variable on the dependent variable, customer retention, was estimated in the equation;

$$Y = 0.369 + 0.162 X_1 + 0.732X_2+ 0.851X_3 + 0.074X_4 + \varepsilon$$

Where; Y= Customer Retention

$\beta_0$  = Constant (0.369)

Beta Coefficients = (0.162, 0.732, 0.851 & 0.074)

$X_1$  = Preferential Treatment

$X_2$ = Customer Reward

$X_3$ = Relationship Commitment

$X_4$ = Customer Orientation

$\varepsilon$  = Error Term

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This is the last segment of the study. It summarises the outcomes of the study, giving conclusions and recommendations for the research objectives. Moreover, it has proposals for forthcoming investigations.

### **5.2 Summary**

The study resolved to measure the effect of RM strategies on CR in Postal Corporation of Kenya, Nairobi region. Specifically, it desired to understand the effect of customer preferential treatment on customer retention in PCK, Nairobi region, Kenya to explore the effect of customer reward on CR in Postal Corporation of Kenya, Nairobi region, Kenya to determine the effect of relationship commitment on CR in Postal Corporation of Kenya, Nairobi region, Kenya to examine the effect of customer orientation on CR in PCK, Nairobi region, Kenya. The study employed structured questionnaire collect data from sales and marketing, customer care and operations departments within the corporation since they were considered to have pertinent information in relation to the study.

In regard to the effect of preferential treatment on CR in PCK, the respondents moderately agreed that the state corporation is trying to embrace the variation in order to retain its customers. It was also noted that at a P value less than 0.05, the variable was significant hence preferential treatment has a significant positive relationship CR.

On the influence of customer reward on CR, the descriptive statistics indicates that the respondents strongly concurred that it has an effect on CR. It was noted that the corporation needs to have a mechanism of rewarding loyal employees as a retention strategy. Loyalty points could be considered as a reward mechanism. The regression results also indicated a

significant relationship with a P value of 0.031 which is less than the threshold 0.05 with a beta coefficient of 0.732. This indicates that a unit increase in customer reward will increase CR by 0.732 units.

Further, the descriptive statistics indicate that respondents strongly agreed that customer commitment has a relationship with CR. The respondents indicated that the level of customer commitment to the state corporation has an effect on their retention level. The statistics were further regressed to affirm the statistics by having a significant positive relationship with CR at a P value of less than 0.05. The beta coefficient indicated that one-unit upsurge of customer commitment will increase CR by 0.851 units. With these results, it is important to the corporation to pay keen attention to customer commitment level within the corporation.

In relation to customer orientation, the respondents concur that customer orientation has an effect on CR. They noted that if the institution operates with customer in mind while making policies then there will be enhanced customer retention. The correlation coefficient was significant at a P value of 0.026 which is less than 0.05. This meant that customer orientation has a significant positive effect on CR. The management of the corporation must take into consideration customer orientation activities that help improve customer retention level.

### **5.3 Conclusion**

The purpose of the study was to investigate the effect of RMS on customer retention in PCK, Nairobi region, Kenya. The conclusion of the study is anchored on the findings of each specific objective. The findings reported in chapter four of the study, the interpretations and discussions provided thereof lead to several conclusions.

The first goal was to establish the effect of preferential treatment on CR in Postal Corporation of Kenya, Nairobi region, Kenya. Preferential treatment and CR indicated positive significant relationship as seen in the regression results. This means that if the corporation can embrace preferential treatment to their esteem customers the level of customer retention will be improved.

Secondly, the study resolved to investigate the effect of customer reward on customer retention in Postal Corporation of Kenya, Nairobi region, Kenya. The outcomes indicate a significant positive relationship between customer reward and CR. It is concluded that the corporation needs to develop more customer reward strategies so as to improve on CR levels.

Thirdly, the research sought to determine the effect of relationship commitment on CR in Postal Corporation of Kenya, Nairobi region, Kenya. The results show a positive significant relationship between relationship commitment and CR. It is concluded that the corporation needs to develop ways to enhancing their relationship with their customers and be commitment towards the delivery of the services as a way of improving the relationship leading to improved CR.

Lastly, the study examined the effect of customer orientation on CR in PCK, Nairobi region, Kenya. The results indicate a significant positive relationship for customer orientation and CR. It is concluded that the strategies and operations of the corporation must provide room for customers to be heard and served. When this is done the retention level of the customers will greatly improve.

#### **5.4 Recommendations**

The study presents several commendations to policy makers in Postal Corporation of Kenya. The post master general should adopt and enhance relationship marketing strategies that aims at improving customer retention levels. This will improve on the number of customers the corporation is able to serve hence improve market share. Once customers come on board, the management and employees of the postal corporation of Kenya should ensure preferential treatment are practiced within the corporation while having an orientation that is customer focused.

The top management in the postal corporation of Kenya should promote trainings that institutionalize relationship marketing strategies and institutionalize the same in the organization to enhance its implementation. The general manager in charge of human resources must come up with appropriate trainings and reward systems that motivates staff to embrace relationship marketing. This should start by reviewing the leadership approach used to treat customers by the three departments that were under observation.

In addition, the marketing department manager together with the customer service department manager should work closely to always carry out a base survey that informs the type of reward strategy that should be adopted by the state corporation. With rewards, the customers feel appreciated and wanted within the organization hence will not only act as a retention strategy but as an attraction to new customers. The manager in charge of operations and customer service should be trained so as to enhance their level of engagement with customers for quality customer service experience. This eventually will improve customer commitment between the corporation and its esteem customers.

Finally, the cabinet secretary for the ministry of information, communication and digital economy together with CAK should come up with policies and procedures that ensures that customers are treated well in order to improve relationship marketing.

### **5.5 Suggestions for Further Research**

The study focused on employees of postal corporation of Kenya who were drawn from sales and marketing, customer service and operation departments whose contextual factors and organizational factors are different from other organizations. The study therefore recommends a further research from other organizations from other sectors like manufacturing and insurance industry. It is also worth noting to include other departments in future research since customers are both internal and external in nature.

Secondly, the current study focused on four dimensions of customer relationship, future studies can include other dimensions of customer relationship and test the effect on CR.

Finally, the indicators of CR was limited to customer repeat patronage, customer satisfaction and switching cost, future research may include other indicators of customer retention for a holistic result when empirically tested.

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## APPENDICES

### Appendix I: Introductory Letter

Dear participant,

I'm a student at Kenyatta University pursuing MBA (Marketing). As a prerequisite for the award of the degree, the university requires me to undertake a research study. I'm inviting you to participate by responding to the questionnaires on the topic of the study. "*Relationship marketing strategies on customer retention in Postal Corporation of Kenya, Nairobi region, Kenya*". Please answer the questions without fear because the findings will be used for academic purposes only and information gathered will be confidential. Enclosed herewith is the university letter and research license required to do the research.

Thank you.

Yours Sincerely,

Consolata Oduor

## Appendix II: Questionnaires

The items in this questionnaire are intended to collect data on the effects of relationship marketing on customer retention in Postal Corporation of Kenya, Nairobi region, Kenya.

### SECTION A: GENERAL INFORMATION

Kindly tick where appropriate.

**1. Gender**

Female	<input type="checkbox"/>
Male	<input type="checkbox"/>

**2. For how long have you worked with Postal Corporation of Kenya, Nairobi region, Kenya?**

Bellow 1 year	1 -2years	2-5- years	6-9 years	Over 10 years
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**3. Your highest level of academic qualification.**

Certificate	College diploma	Undergraduate	Master	Others (Specify)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**4. Have you adopted Relationship marketing strategies in your enterprise?**

<table border="1"> <tr> <td>YES</td> <td><input type="checkbox"/></td> </tr> </table>	YES	<input type="checkbox"/>	<table border="1"> <tr> <td>NO</td> <td><input type="checkbox"/></td> </tr> </table>	NO	<input type="checkbox"/>
YES	<input type="checkbox"/>				
NO	<input type="checkbox"/>				

**5. Do you think relationship marketing such as preferential treatment, customer rewards, relationship commitment, and customer orientation affects customer retention?**

<table border="1"> <tr> <td>YES</td> <td><input type="checkbox"/></td> </tr> </table>	YES	<input type="checkbox"/>	<table border="1"> <tr> <td>NO</td> <td><input type="checkbox"/></td> </tr> </table>	NO	<input type="checkbox"/>
YES	<input type="checkbox"/>				
NO	<input type="checkbox"/>				

**KEY WORDS**

**Relationship Marketing** is a marketing strategy that is designed to attract, manage and retain customers in an organization hence fostering customer loyalty and long-term engagement.

**Customer Retention** is the activity that a selling organization undertakes in order to reduce customer defections.

**Customer Rewards** Something given to a customer in recognition of their loyalty and to entice them to remain with the firm or the product.

**Preferential Treatment** is special treatment given to identified regular customers for their loyalty.

**Relationship Commitment** is an organization willingness to fulfil their promises to their customers.



**Customer Orientation** is alignment of organization activities towards solving customer long time needs and wants.

**SECTION B: RELATIONSHIP MARKETING**

**PART I: PREFERENTIAL TREATMENT**

Indicate your level of agreement with the following statements relating to preferential treatment in PCK, Nairobi region, Kenya. Use a scale of 1-5, where;

**1= Strongly Disagree      2= Disagree      3=Moderately Agree      4= Agree      5= Strongly Agree**

**Tick the most appropriate box in each case**

<b>Preferential Treatment</b>	1	2	3	4	5
The corporation has customer segmentation strategies with regards to products and services					
Our market segmentation strategies are effective and has really helped us gain ground on customer retention.					
The corporation has target pricing for various market segments' and value adding activities to enhance repeat patronage.					
Our clients are happy and satisfied with special treatment they get and have remained loyal to us.					
The corporation practices designed marketing communication strategies for various market satisfaction.					
The corporation is flexible with regards to adjusting to customer needs and choices e.g. door step delivery.					

**PART II: CUSTOMER REWARDS**

To what extent do you agree with the following statements relating to customer rewards in PCK Nairobi region, Kenya? Use the scale of 1-5

**1= Strongly Disagree      2= Disagree      3=Moderately Agree      4= Agree      5= Strongly Agree**

**Tick the most appropriate box in each case**

<b>Customer Rewards</b>	1	2	3	4	5
The corporation has in place value-adding strategies like rewards programs and incentives that reward loyalty.					
The corporation has strategies which targets regular customers like quantity discounts' to reducing customer's perceived sacrifices.					
The corporation has strategies that stimulate customer repurchasing activities like incentives on repeat buys.					

The corporation give special gift to their contracted customers who stay on till the contract expiry period					
The corporation recognizes loyalty among contracted customer and give tangible rewards like Tshirts and Diaries					
The corporation engage in promotional activities e.g giving discounts to customers to encourage repeat purchases.					

**PART III: RELATIONSHIP COMMITMENT**

To what extent do you agree with the following statements relating relationship commitment in PCK Nairobi region, Kenya? Use the scale of 1-5

**1= Strongly Disagree      2= Disagree      3=Moderately Agree      4= Agree      5= Strongly Agree**

**Tick the most appropriate box in each case**

<b>Relationship commitment</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The customer would continue to do business with us even if the corporation prizes are increase.					
The corporation has got dedicated work force that go extra mile to ensure customers’ needs are met satisfactorily.					
The corporation always get positive feedback from customers who invite friends and family to do business with us.					
Customer have a strong relationship with the corporation and would not mind renewing their contract agreement.					
The corporation is committed to offering quality services, meet and exceed customers expectation					
Customers always pay the corporation promptly for quality services offered.					

**PART IV: CUSTOMER ORIENTATION**

Indicate your level of agreement with the following statements relating to customer retention in PCK, Nairobi region, Kenya. Use a scale of 1-5, where;

**1= Strongly Disagree      2= Disagree      3=Moderately Agree      4= Agree      5= Strongly Agree**

**Tick the most appropriate box in each case**

<b>Customer Orientation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The corporation has innovative products and services to satisfy customer needs and wants.					

The corporation staff are all well conversant with the products and services being offered and can articulate well to the customers to have their needs met.					
Agility and readiness of staff members to help in a pleasant and effective way is perfect and very satisfying					
The corporation has a customer care section that is active and handles all customer complaints and enquiries promptly.					
The service quality of the firm is very competitive and customer focused creating satisfaction and loyalty to customers.					
The firm has a response system e.g. firm collects customer input and feedback which is then seriously considered for relationship improvement and sustainability.					

**PART V: CUSTOMER RETENTION**

To what extent do you agree with the following statements relating to customer retention in PCK Nairobi region, Kenya? Use the scale of 1-5

**1= Strongly Agree      2= Agree      3=Moderately Agree      4= Disagree      5= strongly Disagree**

**Tick the most appropriate box in each case**

<b>Customer Retention</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Customers are always satisfied with the corporation products and services and they keep talking well of us.					
The corporation have meet and exceeded customer expectations with their innovative products and services					
There is an increase in customer base, who have remained loyal to the corporation products and services.					
The organization have experience exponential growth rate over the years.					
The number of customers leaving the corporation to the competitions has reduced.					
Customers give positive feedback to the corporation through Word of mouth and Social media					

**THANK YOU!**



### Appendix IV: Research plan

Activity	Time					
	Jan-Mar 2022	July 2022	Sept – Nov 2022	December 2022	January 2023	Feb-Mar 2023
Chapter 1-3						
Defense						
Corrections						
Data collection						
Data Analysis						
Chapter 4-5						

### Appendix V: Research Budget

No.	Stationery	Amount (Kshs.)
1.	Printing of proposal and project	10,000
2.	Photocopying	7,000
3.	Data collection	25,000
4.	Data analysis	30,000
5.	Transport	5000
6	Binding of reports	13,000
7.	Article's publication	25,000
	<b>Total</b>	<b>115,000</b>





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NAIROBI, KENYA  
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Our Ref: D53/CTY/PT/27255/2019

DATE: 6<sup>th</sup> December, 2022

Director General,  
National Commission for Science, Technology  
and Innovation  
P.O. Box 30623-00100  
NAIROBI

Dear Sir/Madam,

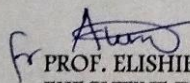
RE: RESEARCH AUTHORIZATION FOR CONSOLATA ADHIAMBO ODUOR- REG. NO. D53/CTY/PT/27255/2019

I write to introduce Consolata Adhiambo Oduor who is a Postgraduate Student of this University. The student is registered for MBA degree programme in the Department of Business Administration.

Consolata intends to conduct research for MBA Project Proposal entitled, "Relationship Marketing Strategies on Customer Retention in the Postal Corporation of Kenya, Nairobi Region."

Any assistance given will be highly appreciated.

Yours faithfully,

  
fr PROF. ELISHIBA KIMANI  
EXECUTIVE DEAN, GRADUATE SCHOOL

AM/mo