EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS ON CUSTOMER RETENTION IN LIFE INSURANCE COMPANIES IN KENYA
(A CASE STUDY OF BRITISH AMERICAN INSURANCE COMPANY (K) LTD)

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DECLARATION

I declare that this project is my own original work and has not been presented for award of any degree in any University or for any other award.

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This research project has been submitted for the course examination with approval of the University Supervisor.

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DEDICATION

I wish to dedicate this project to my lovely wife, Faith, and British American Insurance Company.
ACKNOWLEDGEMENT

My sincere thanks to all our Marketing class lecturers. Special gratitude to my supervisor Mr. Chrispen Maende, for the great partnership we made. His tireless effort in guidance, encouragement and patience in reading, correcting and refining this work is greatly appreciated.
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ABBREVIATIONS AND ACRONYMS

BRITAM  British American Insurance

CRM     Customer Relationship Management

IT      Information Technology

PAT     Path Analysis technique

RM      Relationship marketing

STP     Segmentation, Targeting And Positioning Strategy
### OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Communication</td>
<td>A process by which information is exchanged between individuals through a common system</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>The ways in which your company communicates and deals with existing customers</td>
</tr>
<tr>
<td>Customer Retention</td>
<td>The activity that a selling organization undertakes in order to reduce customer defections</td>
</tr>
<tr>
<td>Customer Segmentation</td>
<td>The act of separating a group of clients into sets of similar individuals that are related from a marketing or demographic perspective.</td>
</tr>
<tr>
<td>Feedback Management</td>
<td>An organized or central way for companies to take customer complaints, ideas, suggestions or requests and turn them into products</td>
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ABSTRACT

Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of the relationship. A company’s ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace. This study therefore sought to investigate the application of customer relationship management on customer retention in British-American Insurance as a case study of life insurance companies in Kenya. The study also sought to establish the relationship between communication, customer segmentation and feedback management on customer retention in British-American Insurance. This study used a descriptive research design. The target population in this study was 300 employees working in all the 11 departments in British-American Insurance. The sample size for this study was therefore 44 respondents. A questionnaire was used to collect the primary data. The data from the field was first coded according to the themes researched on the study. Analysis was done with aid of the statistical package for social sciences (SPSS) package. Descriptive statistics such as percentages, mean scores and frequencies was used for analysis. The results of quantitative data were presented in charts and tables. The study established that feedback management influences customer retention at British American Insurance Companies (k) Limited most followed by customer segmentation and communication. The study also found that communication helps to identify, establish, maintain and enhance customer-organization at a profit while meeting the objectives of both parties. In addition, perceptions of the brands are mainly influenced by the speed, reliability, ease of use and quality. This study recommends that the company should increase its contact with customers so as to increase customers’ retention.
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Customers are a key factor that keeps an organization operating effectively. Indeed, Kale (2004) posits that developing and maintaining customer relationships is vital for competitive advantage. Acquiring and retaining customers whose lifetime value to the firm is propitious affords a company opportunity to achieve its objectives. Failure to pay heed to customers and their variegated needs can leave a marketer bereft of the capacity to leverage the company’s competencies. In an effort to provide customers with the “perfect customer experience,” customer relationship management (CRM) has become the sine qua non for many organizations as a means of enhancing performance (Payne and Frow, 2005, 2006; Javalgi et al., 2006). Since the early 1944s, companies have adopted CRM to manage relationships with their customers in efforts to enhance firm performance. Despite the vast amount of resources invested in CRM implementation, results have often proved to be minor successes or even disastrous (Reinartz et al., 2004). In fact, some research has found that approximately 70 percent of firms that invested in CRM projects experienced no improvement or even declines in their performance (Gartner Group, 2003; Gartner Research, 2008). The issue of inefficiency is pegged on the structures in place and the willingness of the firm to review its systems.

1.1.1 Customer and Customer Trends

The insurance industry faces a wide spectrum of changes. Demographic shifts, the rise in power of the emerging markets and changing customer behavior will all help shape the sector’s longer term future. Insurers who can anticipate and plan for change can create their own future. Others
who are 'fast followers' will need to be agile enough to recognize the leaders and adopt similar strategies. The 'survivors' are likely to be focused on short-term performance. Faced with the unprecedented challenges of troubled financial markets, changing regulatory oversight and economic uncertainty, there is a risk that some insurers may not be listening and responding to the most important voice of all — that of their customers (Pace & Faules, 2003). Therefore, marketers must balance their customer portfolios vis-a'-vis their customers' needs, company efforts to foster customer value, and the means by which customers provide value for the firm (Boulding et al., 2005). Part of this entails correctly identifying responsive and profitable target customers (e.g. Cao and Gruca, 2005).

Historically, the insurance sector has been dominated by intermediaries who have played the role of understanding consumer and business needs, and then matching and tailoring insurance products and solutions to their needs (Oliver, 2006). Internet, mobility and social networking have changed the game over the past decade and have created a new generation of customers who demand simplicity, speed and convenience in their interactions. These trends will accelerate, leading to a situation where customers will be more willing to buy 'direct' using their online and offline 'trust' network of friends and family to guide their choice. New and ongoing social trends will shake up traditional business patterns in the insurance industry, resulting in an increase in consumer power. The rapid adoption and fast evolution of social networks will continue to empower both consumers and businesses to communicate more transparently and to harness the buying power of virtual communities. The growth of social networking — one of the fastest ever global adoptions — will help shift the balance of power towards customers (Peters, 2007).
1.1.2 Customer Relationship Management

As in all types of relationship marketing, timing execution is critical to CRM implementation. In other words, when a marketing effort is undertaken, the frequency with which it is conducted can have a marked impact on the customer. Indeed, Go"nu" I and Shi (2003) suggest that there are two types of customers based on marketing effort frequency. They find that the optimal timing of direct mail differs across these two customer groups. Failure to consider the frequency with which CRM efforts should be directed at specific customer groups thus appears to be questionable: “an underlying premise of CRM is that customers have different needs, and thus the firm should treat them differently” (Boulding et al., 2005, p. 163). Therefore, customers favorably inclined to greater marketing frequency should receive their fair share of the marketing budget, and overspending on marginal customers should be prevented (Reinartz et al., 2004). Even though the concept has exhibited enormous benefits, a number of organizations have become disillusioned with CRM investment perhaps due to the failure of the concept to deliver on its promise as the “holy grail” to the retention of customers leading to profitability. This has resulted in a situation whereby CRM on a number of occasions has been described as a fad and put in the prosecution box where critics have readily passed failure verdicts.

Bains and Co reports in 2001 that as many as 1 in 5 CRM investments have actually destroyed customer relationship (Knox, 2003). In a similar study, Customer Value Group, a business advisory firm found out that CRM systems are the root cause of Europe’s top 1,000 publicly quoted businesses losing up to 14 billion Euros of profit (CityAM. 2006). The concept has also been demonized and ranked in the bottom three for satisfaction out of 25 popular management tools and one in every five user reported that their CRM initiatives not only failed to deliver profitable growth but also damaged long standing relationship with customers according to
researchers of Cranfield School of Management. The above perhaps have led to the conclusion by critics that CRM is a fad. This is further strengthened by Shaw and Merrick (2005) who described CRM as a fad that has risen and on a decline and compared CRM to other propositions such as customer centered growth, customer engineering and total customer service. The authors forcefully maintained that the concept as a means of maximizing retention does not exploit profit as the economics of CRM dogma is poor. In elucidating their stance, the Shaw and Merrick interestingly admit that customers are not created equal, yet fail to appreciate that CRM seeks to analyze the value of individual customers, identify the best ones to target and customize the firms products and interactions to meet each customer needs.

Customer willingness to retain the relationship with the bank was assessed to ascertain CRM implementation activity effectiveness. Relationship maintenance is a good indicator of CRM performance (e.g. Yim et al., 2004). Customers were queried about whether they would continue the relationship with the bank in the following four conditions:

a) “If an e-mail comes more often than I expect, I do not wish to continue my relationship with the bank.”

b) “If I receive phone calls from my personal banker more often than I expect, I do not wish to continue my relationship with the bank.”

c) “Although the e-mail provides me information that I need, I do not wish to continue my relationship with the bank if the frequency of receiving such e-mails exceeds my expected level.”

d) “Although the phone call provides me information that I need, I do not wish to continue my relationship with the bank if the frequency of receiving such phone calls from my personal banker exceeds my expected level.”
The foregoing questions were utilized to ascertain customers' intention to maintain the relationship if the frequency of CRM bank activities is different from customers' desired interval. Responses to the four questions were made on a seven-point scale, where lower scores (.4.0) indicated a stronger desire to maintain the relationship and higher scores (.4.0) revealed a stronger desire to end the relationship (Kim and Park 2007).

1.1.3 Customer Relationship Management Systems (CRMs)

Customer Relationship Management (CRM) standard package software has become a key contributor to attempts at aligning business and IT strategies in recent years. The past decade has witnessed a shift from the need to manage transactions to that of the need to manage relationships. Where Enterprise Resource Planning software dominated the management of transactions era, CRM software leads in regard to relationships (Jopline, 2001).

The rise of CRM software can be linked to two decades of globalization and the requirement for an appropriate strategic response. During this time, many organizations identified that IT and organizational infrastructures were incompatible with a globalization strategy. The chronology of the situation was often that IT infrastructures developed on a functional silo basis, nationally and internationally. Therefore, management attention focused on maximizing operational efficiency and effectiveness and was a key reason for the domination by ERP systems (Ganesh et al., 2000). The focus on improving transactional effectiveness and efficiency ignored a critically important issue. Organizations were aware that as globalization occurred, levels of international competition, and subsequently the threat of new entrants, and new opportunities, increased. What seemed to be neglected was that trying to compete for new customers was more resource intensive than keeping existing ones (Hawkins et al., 2004). Even the organizations that
recognized this belief that improvements in operational efficiency and effectiveness would keep customers happy, despite the concept of relationship marketing gaining widespread acceptance. It was not until throughout the 1940s that the need to manage relationships was embraced. Perhaps this may be linked with the growth of CRM software, rather than the concept of relationship marketing or CRM per se.

1.1.3 Customer Retention

Today, many organizations such as banks and short-term insurance organizations realize the importance of CRM and its potential to help them acquire new customers retain existing ones and maximize their lifetime value. A close relationship with customers will require a strong coordination between information technology (IT) and marketing departments to provide a long-term retention of selected customers. Relationship marketing is a consumer centered approach seeking long term relationships with existing as well as with prospective partners to the marketing process (that is, consumers, suppliers, alliances, competitors, distributors and employees and consumers) (Uncles, Dowling & Hammond, 2003). Relationship marketing wants to establish a long term relationship with customers of the organization as well as other role players which will contribute to the successful operation of the organization in the future (Hawkins, Best & Coney, 2004).

Customer retention is not only a cost effective and profitable strategy, but in today's business world it's necessary. Customer lifetime value enable an organization to calculate the net present value of the profit an organization will realize on a customer over a given period of time. Retention Rate is the percentage of the total number of customers retained in context to the customers that approached for cancellation (Duffy, 2003). Customer loyalty programs are
coordinated, membership-based marketing activities designed to enhance the building of continued marketing exchanges among pre-identified customers toward a sponsoring brand or firm. Loyalty programs use targeted communications and customize the delivery of branded goods and services to build stronger bonds with the sponsoring brand/firm than would result without such programs.

A courtesy system is a powerful system that improves the interpersonal skills of an organization's team and changes the spirit of the organization. It involves speaking to colleagues politely and pleasantly, without sarcasm or parody, and treating them at least as well as one would want them to treat customers (Wright & Sparks, 2004). This helps the team to feel worthwhile and important, which makes for pleasant social contacts at work. It also motivates them to provide extraordinary service, encourages them to be consistently pleasant in all of their dealings and to relate to customers in a warm, human and natural manner. This results in better, warmer, stronger, more trusting relationships and longer term bonds with your customers.

In their study Wright and Sparks (2004) argue that an organization should avoid losing customers by building relationships and keeping in touch using a rolling calendar of communications. This is a programmed sequence of letters, events, phone calls, “thank you’s”, special offers, follow-ups, magic moments, and cards or notes with a personal touch etc. that occur constantly and automatically at defined points in the pre-sales, sales and post-sales process.

1.1.4 British American Insurance Company (Kenya) Limited

British-American Insurance Company has evolved over the years since its inception in Kenya in 1965. The company has grown from a home service based company to its current position as a
The company started by selling insurance door to door for premiums as low as 5 shillings to industrial workers. Every record was hand-written, moving the company to hire people whose sole purpose was to retrieve client data from the mountain of records. Amidst such operating difficulties, British-American Insurance weathered the storm to grow into the East African powerhouse it is today. In 2004 there was a share swap whereby the ownership of British-American Insurance Company moved to British-American Investments Company. British-American Investments Company in turn established British-American Asset Managers Ltd. After the successful launch of British-American Asset Managers in 2004, the group reorganized its structure. The new organization structure came into place in January 2007. The structure has continued to evolve to accommodate the ever changing needs of the market. The Holding company British American Investments company Limited (BAICL) had its subsidiaries. British American Insurance Company (Kenya) Limited commonly known as BRITAK and British-American Asset Managers commonly known as BAAM. The company has since opened its operations in Uganda and South Sudan and will soon be opening its operations in Rwanda among other regional countries.

The company has grown tremendously. The total gross premium as at 31st Dec 2010 was Kshs. 4.3 billion while the total assets under management were Kshs. 25.4 billion. Investment income was over Kshs. 4.7 billion by 25th Dec 2010. The human resource has also grown from 29 employees and 50 agents in 1980 to 300 employees and 1000 agents in 2010. In year 2012, the company rebranded to a consolidated master brand by the name ‘BRITAM’. According to the company the purpose of rebranding was to ensure consistency across the region, for strategic positioning, to appeal to new markets and to re-energize the brand.
Company (Kenya) Limited retains this as its legal name under the brand *Britam*.

### 1.2 Statement of the Problem

Market competition demands corporations to continuously seek means to gain customer loyalty. However, although corporations are realizing the value of keeping customers loyal, no one knows for sure how to do it. Corporations measure customer satisfaction, and hope that if the satisfaction scores are good, the customers will stay with the firm. But the truth is that even satisfied customers leave for the temptation of competitors’ offers (Peck et al., 2004).

Loyal customers bring several advantages. They usually lead to increased revenues for the corporation, result in predictable sales and profit streams, and are more likely to purchase additional goods and services (Bramlet 2013). The link between customer relations management systems and customer retention has become increasingly recognized in marketing strategy, and the increasing interest in customer relations strategies is a result of the recognition that generating more business from existing customers usually are cheaper and more effective than just trying to attract new ones (Wright & Sparks, 2004).

Several research studies have been done on customer relationship systems and customer retention; Siboe (2006) conducted a study on customer retention strategies used by internet service providers in Kenya and Jerono (2008) studied relationship marketing practices and their impact on customer retention in the commercial banks in Kenya. The importance of customer retention studies in the current competition in the life insurance industry notwithstanding, there remains information gaps on the effects of customer relations
management on customers' retention in life insurance companies in Kenya. The customer retention rate at British American Insurance Company was at 70% (BRITAM Persistency Report Quarter 2012) which falls below the best practices (93 – 95%) (Aartrijik 2010). This investigated the application the relationship between customer relationship management systems and customer retention.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The general objective of this study was to investigate the effect of customer relationship management systems on customer retention in British American Insurance Companies (k) Limited.

1.3.2 Specific Objectives of the Study

The specific objectives of this study were;

i. To establish the relationship between communication and customer retention in British-American Insurance Company (Kenya) Limited.

ii. To determine the role of customer segmentation on customer retention in British-American Insurance Company (Kenya) Limited.

iii. To find out the relationship between feedback management and customer retention in British-American Insurance Company (Kenya) Limited.

1.4 Research Questions

i. What is the relationship between communication and customer retention in British-American Insurance Company (Kenya) Limited?
ii. How does customer segmentation influence customer retention in British-American Insurance Company (Kenya) Limited?

iii. What is the relationship between feedback management and customer retention in British-American Insurance Company (Kenya) Limited?

1.5 Significance of the Study

The findings of the study would help British-American Insurance and other life insurance companies to get information on customer relationship management systems on customer retention. The findings would also be useful to Customer relationship, the human resource and the marketing departments as it outlined the main benefits of using customer relationship management systems such as effects of communication, loyalty programs/schemes, feedback management, complaint handling and customer segmentation which can be used to form new strategies that can be used to improve customer relationship management in companies.

The results of the study would help the researchers and academicians have a base upon which secondary material on customer relations management and customers’ retention would be drawn. The study also provided good literature on customer relations management. To the general academic fraternity the study formed a base for further studies on customer relations management and customer retention.

Findings on fundamental strategies of customer relations provided information to the government, Association of Kenya Insurers, Insurance Regulatory Authority and policymakers that can be used to formulate policies in reference to customer relations management in insurance companies for better operations.
1.6 Scope of the Study

This research study was a case study which was carried out in British American Insurance Company (Kenya) Limited. British-American Investments Company (Kenya) Limited is a leading diversified financial services Group in the country offering a wide range of Insurance and Asset Management services to individuals, small businesses, corporations and government entities. The company has a total of 300 employees. However, the study was limited to 30% of the staffs in five departments of British American Insurance. The sample size of this study was 44 respondents.

1.7 Limitations of the Study

The limitations of the research were expected to emanate from the challenges that the researcher expected to face during the study period. The researcher encountered unwillingness by respondents to reveal information as it is on the ground due to the sensitivity of information this study is seeking. To counteract this, the researcher assured respondents of confidentiality for any information given. The researcher further assured the respondents that the study was purely for academic endeavor and therefore the information given would not be revealed to any other authority but would be used to meet an academic requirement. In addition, the researcher obtained a university permission letter protecting the use of information given.

Another challenge in this study was financial and time constraints to enable the researcher collect views or data from a wide range of potential respondents for a more comprehensive study. The researcher was a self-sponsored student and hence he used his personal savings and a soft loan to complete this project. In addition, the researcher made use of questionnaires in data collection. According to Mugenda and Mugenda (2003), questionnaires are very economical in terms of
time, energy and finances. In addition, this study was confined to Nairobi Region and only 30% of the staffs in five departments of British American Insurance were used.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review of studies that have been done on communication, loyalty programs/schemes, feedback management, complaint handling and customer segmentation and their influence on customer retention. The chapter also presents a theoretical framework of models related to customer relation management.

2.2 Customer Relationship Management

Customer relationship management is a widely-implemented strategy for managing a company’s interactions with customers, clients and sales prospects. It involves using technology to organize, automate, and synchronize business processes—principally sales activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients back into the fold, and reduce the costs of marketing and client service (Hawkins et al., 2004). Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments. The use of a CRM system will confer several advantages to a company: Quality and efficiency, Decrease in overall costs, Decision support, Enterprise agility and Customer Attention.
2.3 Customers Switching and Customer Retention

A key role in marketing theory is taken by relationship marketing. In recent years practices have highlighted the significance of relationships in improving the profitability of the firm and future viability. Most of these benefits are associable to the attributes of the literature in maintaining and keeping relationships which last for long. Current research shows that continuing customers could have: a greater resistance and greater predispositions to being involved in positive word-of-mouth towards their competitors persuasive attempts, increased receptivity for the firm’s new products (Hawkins et al., 2004), pervasive use of the firm’s services (Bolton and Lemon, 2004), lower price sensitivity.

Hence, a loss of a single customer is very costly to the firm’s current and future earnings. A firm therefore needs to expand its base of resources by replacing the lost customers with new ones through promotion, advertising and initial discounts to avoid losing the benefits discussed above. Consequently, retaining the current customer base is much more attractive than searching for new customers (Irving and Taylor, 2010). Moreover, the loss of a customer carries with it setbacks such as tainted reputation, bad mouthing and even dents the brand image of the firm which affects the prospects of the firm negatively. Consequently, the firm’s ability to capture new customers is feeblower thus it incurs extra costs to regain and win confidence of the customers.

The above implicates that relationship in marketing theory is so crucial in addressing the issues on switching decision of the consumers. This highlights how important it is to understand what determines customers’ decision to switch to a different firm.
Relationships in the field of marketing literature have received increasing seriousness and attention because of the huge role it plays in retaining customers. This prevents the firms from the agony of suffering the unpleasant effects brought by the switching by the customers. Current studies have tried to establish the ways on improving customer retention. This is through the following: specific factors which that encourage switching, bases of customer switching decisions and the variations of the customer bases of the firms so as to and its significance for analysis of the differences between those who switch and those who stay (Bolton, Kannan, Bramlet 2013).

Customer switching decisions were studied by Roos (2004). He distinguished three determinants of upon which switch decisions by the customers are based using Path Analysis technique (PAT). From his study he categorized the determinants into pulling, pushing and swaying factors. Pulling factors are those reasons which would make the customers to go back, pushing are those which attract customers to other join suppliers while sawyers never caused any change to the customers. Bansalette al., (2005) came up with a model which explained customers switching processes on providers of services. They established categories similar to those of Roos (2004) i.e push, pull and those that were mooring which had no effect to the switching decisions of the customers. Rooset al (2004) in the same research study, analyzed the variations in such processes in five distinct service industries by showing the differences in impacts of the determinants previously known pertaining function of configuration of industry

However, literature on switching behavior has been on those factors which cause switching. In 1995 Keaveney one of the most influential pioneering works, identified eight factors which included: core service failures, pricing, employee responses to service failures, attraction by
competitors, or inconvenience. Gerrard and Cunningham (2004) carried out a similar analysis on
bank services, incorporating the weight that customers gave to each incident that provoked
switching and got same factors as Keaveney.

Literature has also been known to be a determinant in customer’s switching decision: for
example the postulates of switching costs by Taylor (2010), dissatisfaction by Swinyard and

The above works by different people have done a lot in assisting to identify the processes and
determinants of switchers and stayers. Based on this, recent streams of research deals with the
heterogeneous nature of the customer base in more details, found significant differences in
switching behavior between customers. The work of Ganesh et al. (2000) in the financial
services sector showed that switchers differ from Stayers in aspects such as satisfaction,
involvement and loyalty. According to Keaveney and Parthasarathy (2001), the differences with
aspects were related to socio-demographic nature, attitude and behavior.

2.4 Theoretical Framework

Communication, feedback management, and customer segmentation and their relationship to
customer retention are discussed in the following models:

2.4.1 A Holistic Communication Model

Lindberg-Repo (2001) brought the fresh and dynamic aspects of processes of communication
which were applicable to the services of communication thinking. He assumed that buyer and
seller relationships could have evolved gradually through various phases. This reflected
buildings, enhancements and maintenance of the relationships over time. The Process of relationship between consumers and marketers implicate diverse dynamics on the basis of the stage of relationship and the degree of interaction between the parts which relate to one another. According to Bundrant (2012) there is mutual dependence amongst the units and parts of the relational system. Current research reveals relationship communications as the linking tools that adjoin the communicative parts as being firm based on the value building processes by well organized communications processes and connectedness. The connection at the interface of all communication processes and their abilities to affect understanding of the participants and the marketers is of great importance for linking the parties with the future relationships

2.4.2 Relationship Commitment Model

A model showing the determinants of relationship commitment was brought forward by Sharma and Patterson (2004). The model had three factors which included communication effectiveness functional and technical quality. They argued that all were affected by the level of trust contained in the relationship which eventually affected the relationship commitment.

Trust has been defined by Sharma and Patterson (2004) as the belief that a provider of a service can be relied on by behaving in manner that the interest of a long term buyer will be served. This implies confidence in the person or the process. Hence, the relationship commitment increases with the increase in trust. Quality of a service is divisible into two components: technical and functional qualities (Sharma and Patterson 2004). Technical quality relates to customers perception of the actual outcomes or core service.

Effectiveness in communication is the formal and the informal sharing of timely and meaningful information between the advisor and a client done in an empathetic manner. Goo communication
skills are needed to equip the clients with knowledge on investments and become extra confident while accessing the financial risks and the associated outcomes. When communications are effective also helps the customers to penetrate the ups and downs of variable investment performances. Thus, the more the communication effectiveness there is the stronger the relationship commitment.

2.4.3 Conversion Model

This model was put forth by Richards (1996). It is built on the ground that satisfying the customers alone is not enough to predict customer’s behavior. According to Richards (1996) satisfied customers leave while dissatisfied ones remain, therefore it is good as well for the farmers to discuss customer commitment too. Moreover, satisfaction of the customers is helps to keep them committed although it is too involving compared to satisfying them. He also identified three other drivers of customer commitment.

One of the factors is the level of involvement in category and brand. The greater the number of people involved in a given choice the more they carefully made their choices and once the choices had been made they often could stick to it. If a customer was dissatisfied but he was engaged then his initial strategy was to try and repair the relationship and not to seek for other alternatives. But if they were uninvolved and dissatisfied they did not care even to fix the relationship but opted to switch the providers. According to Richards (1996) Involvement created willingness to tolerate dissatisfaction by the customers.

The other factor is attraction to alternatives. Richards (1996) argued that more alternatives attracted the more the customers who were dissatisfied would converse and switched to other service providers.
The third factor is the level of ambivalence. Thus, the range of factors was caused by insecurity. The advantages and the disadvantages of each specific alternative were supposed to be viewed and compared. A state of ambivalence is when customers were indifferent on whether to stay or leave. This state makes customers to be less committed; although converting could be delayed since neither choice gives any obvious advantage (Richards, 1996).

2.5 Empirical Review

2.5.1 Communication

In the 21st century communication has become one of the managerial priorities in service firms since it has been found to play a great role in value creation. Customers are empowered by organizations to participate in communication activities on services or products they get from a company before and after the service via technological tools such as emails or telephone. Customers' demands have increased over the years and they are more than ready to switch to other products or service providers if their relationship with the organization is not enhanced. Organizations should therefore come up with new knowledge to increase understanding on client-organization communication and relationship. To ensure that there is enhancement and improvement of customer-organization relationship, value creation should be emphasized through communication.

Recent research studies have shown that value can be customers created by the use of communication processes employed in service organizations as discussed by Barker and Angelipo (2005); Berry 2000; Grönroos and Lindberg-Repo 2002; Grönroos 2000). Value when put in service context can be capitalized by understanding and widening the communication process. This can be achieved by changing managing expectations in an organization to
managing the relationship in communication processes in service context. To achieve this communication management should be incorporated in the strategic plan of the organization in context. Lindberg-Repo (2001) argues that communication supports the process of value creation and value transfer between the parties. In a relationship perspective, a relationship is said to exist when both the customer and the organization benefit from their exchanges. Grönroos (2000) defines relationship marketing as a process that identifies, establishes, maintains and enhances customer-organization at a profit while meeting the objectives of both parties.

With the use of relationship marketing organizations have realized that frequent customers are assets and hence they must be retained (Margetta 2004). In service providing companies a strong customer-organization relationship is paramount and in order to retain the relationship customers should experience benefits in the relationship. This therefore necessitates the use of communication and its role and consequences should support a value generation process.

Recent studies have found that company-customer unresolved failure may lead to negative communication, or a relationship fading phase, or relationship dissolution (Roos 2004). In a case where the organization is not able to resolve the complaint, service communication becomes harmful since the upset customers may negatively use word mouth against the company.

According to Grönroos (1944) moments of truth can address communication complaints which enable company-customer value creation. From this reason value generation and creation must be put in place in service communications. Marketers as well as consumers are equally regarded as participants and hence communication process facilitates value creation for both.

It is therefore paramount for service companies to invest in communication processes in order to meet the postmodern consumer requirements (Lindberg-Repo 2001). Changes in the business
environment such as information technology, globalization the role of consumers are heavily
effecting communication management in organizations (Grönroos 2000; Lindberg-Repo 2001).

2.5.2 Feedback Management

Communication in business is the way people converse with one another in the course of
transactions. Whether verbal or written it has to portray courtesy to the customers and remains
profit oriented. A study conducted by the University of North Carolina found that 52 percent of
the respondents lost work time on circumstances of rudeness. This means that the productivity of
any business could be increased by ensuring that the workers enjoyed places of work as a result
of high levels of courtesy by the employees (Wright and Sparks, 1999).

One of the fast and efficient modern methods of communication is email. A single word of
salutation or writing the name of recipient is very courteous in the use of email. Using proper
language and completing sentences is also kind to the receivers of the messages. To facilitate
courtesy it is good for individual to always avoid acronyms, chat jargons or use of emoticons.

Courtesy is not only earned through written communication but also in verbal communication
especially in meetings and when talking with the customers. The simple words of saying
"please" and "thank you much "for a simple job is very kind regardless of the position one holds
in the business. These words may help one gain respect and do not diminish his or her authority.

Communication also may be done using memorandums, newsletters and charts. These styles are
mainly unique to companies and firms. An example of being courteous to the customers is by
ensuring that the brand names of the firms are well written and spelt. Names are very important
components of businesses as they give identities to business and people. Thus, taking time to
write them well pays to the business respect and reputation (Wayland and Cole, 1997)
Courtesy plays a major role in a business communication with the customers. Mainly, customers have a preferred place to spend their time and even money. Respect and kind approach to customers create strong bonds with the customers this enhances customer retention and the ability to obtain more. This entails conciseness and forthrightness in delivering the services since customers view such as a way of respect to their time. Other courteous words such “good morning sir/madam” and “have a nice day” seem small and trivial but earn the business a lot in terms of reputation. This shows how a small effort to be courteous on any person in the business can contribute largely towards its success.

Customer service encompasses all attributes of customer-business interaction and points to the firm the kind of altitude the customers have for the firm. This is because a customer is the one who provides the basis and the backbone of the other activities of the business.

When customers are happy and contended with business services they attract more customers to the business by good mouthing. Also, they make repeat purchases and they become loyal customers to the business. This is true because there is high likelihood that when a customer has been satisfied by the services of a business he creates a relationship with the business.

Strong business –customer relationship helps the business to detect flaws in their structures and procedures and even provides important customer responses. When the responses are received by the businesses, they analyze the customers feeling and images of their services. This knowledge is vital since the firm can rectify any system or brand which were defective before and were unknown to the business. In addition it portrays the perspective of the outsiders on the brands of the business; this gives the business an insight of its activities.
Contended customers will more likely be involved in business activities that generate preference data for the customer. The data is useful in the marketing objective by providing avenues for getting potential customers and better targets.

Therefore, it is evident that customer service is very important for a business’s success. As the saying goes ‘the customer is always right’ and this should form the basis of organizations. This points to the fact that customer service is the foremost principle of most of the firms. The importance of keeping personalized customer service is reflected in a firm’s ability to remain competitive in a tough and very competitive business environment. The human touch created goes a long way in establishing a strong relationship between the two parties which is the foundation of the future success of the business (Siboe, 2006).

Strong interactions between a customer and a firm create a sense of belonging to the customer and makes she/he to be connected to the business. An example could be a relationship built by an owner of a pub who socializes with his customers and even knows them by their names. Suppose further he improves the customer service by ensuring that they have a particular bartender who serves with hot and fresh foods. This creates a good experience to the side of the customers since they feel well treated and cared for. But for big organization which use modern technology like the online services there is narrow potential for this closeness to be achieved and therefore the business should come up with new ways of satisfying their customers (Roos, 2004)

2.5.3 Customer Segmentation

Most of the product segments and images are very competitive, with a many brands competing for some share in the market. Mostly the competitive products and services have the same
features and prices that are comparable and differentiated with respect to the quality. Hence, the brands become the only differentiating factor in a customer’s decision to choose one product from the rest.

Brand is ideally the sum of the experiences related to products, services and companies which produce and deliver the firm’s product. The perceptions of the brands are mainly influenced by the speed, reliability, ease of use and quality. Secondly, emotional experiences the customers attribute the product with (i.e improves my performance, makes my life more gratifying, makes me feel better)

Brands are of diverse and different types depending on the value the customers attach to the products. The brands can be from the perceived quality, loyalty, awareness, and brand associations. Brand equity is when the customer is more informed and used to the brand and has strong preferable and explicit association memory.

Brand associations could be recalled to the minds of the customer by the emotional attributes (Fiske and Taylor, 1995). Consumer decisions are greatly influenced by the brand awareness because it affects the brand associations in their minds (Keller, 1997). According to Pitta and Katsanis (1995) there exist other various dimensions on the awareness of the brands and the associations. They also contended that brand associations of products could be kept in the minds of the consumer after the product awareness was in the memory.

Atilgan et al (2005) argues that brand awareness and brand associations were correlated. In addition higher levels of awareness of the brands affected the formation of brand image in a

Pappu et al (2005) found out those consumers who keeps favourable associations towards a certain brand could probably bring preferable perceptions of increased quality and vice versa. In their study they defined brand awareness as the capability to remember that a brand was under the product category. The brand awareness of the consumers is more likely to be very high if it has firm associations for the brand especially when they expect the brand quality to be of high value and vice versa.

Another study to establish the link between equity and loyalty brands was undertaken by Atilgan et al (2005). They suggested that loyalty is the most influential aspect of equity in brands. They also conducted a two-method study on the relationship among brand awareness, brand loyalty and quality as perceived by the customer. They recommended that all the three above were of equal importance and none needed to be given a preferential treatment.
2.6 Conceptual Framework

Figure 2.1: Conceptual framework

Communication
- Managerial priorities
- Value creation and transfer
- Service communications

Feedback management
- Emails, short messages and letters
- Verbal communication

Customer Retention
- Customer lifetime value
- Profitability
- Rate of retention

Best Practices
- Value
- Consistency
- Communication
- Utmost good faith
- Relationship

Customer segmentation
- Emotional attributes
- Brand awareness
- Non subjective criteria i.e. age, income

Independent variables | Intervening Variables | Dependent variables

Source: Author 2013

2.7 Study Model

This study was based on Lindberg-Repo (2001) model which brought the fresh and dynamic aspects of processes of communication which were applicable to the services of communication thinking. The assumption is that buyer and seller relationships could have evolved gradually through various phases. The Process of relationship between consumers and marketers implicate diverse dynamics on the basis of the stage of relationship and the degree of interaction between
the parts which relate to one another. In agreement Pace and Faules (1994) postulates that there is mutual dependence amongst the units and parts of the relational system. The connection at the interface of all communication processes and their abilities to affect understanding of the service providers and the clientelle is of great importance for linking the parties with the future relationships (Wayland and Cole, 1997).
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. Specifically, the following subsections are included: research design, target population, sample size sampling design, data collection, validity and reliability, data analysis and ethical considerations.

3.2 Research Design

This case study used a descriptive research design. This design refers to a set of methods and procedures that describe variables. It involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions (Babbie, 2002). Its advantage is that it is used extensively to describe behavior, attitude, characteristic and values. According to Kothari (2004), descriptive design is the precise measurement and reporting of the characteristics of the phenomena under investigation, and describes phenomena, situations and events. In this regards, since this study was investigating the application of customer relationship management systems to achieve customer retention in British American Insurance Company (Kenya) Limited, descriptive research becomes the most appropriate approach.
3.3 Target population

Mugenda and Mugenda (2003) described population as, the entire group of individuals or items under consideration in any field of inquiry and have a common attribute. The target population in this study was the employees working in all the departments in British-American Insurance. British-American Insurance has 11 departments: Finance, Branch Operations, Human resource, information Technology, Customer Relations, Policy Administration, Risk and Compliance, Underwriting, Claims, Marketing, corporate affairs, Legal. The target population of this study was therefore 300.

3.4 Location of the study

The study locale was the British American Insurance head office in Nairobi given the facts that it controls all the operations of the company therefore has the database of the entire clientele. Further the researcher had a direct access to the head office.

3.5 Data Collection instruments

Primary data was used in this study. According to Cooper & Schindler (2003), primary data refers to what is collected directly by the researcher for the purpose of the study. The questionnaire was used to collect the primary data. They included structured (close-ended) questions and were administered through drop and pick method to respondents who were officers in sales and marketing department in the organization. The structured questions were used in an effort to conserve time and money as well as to facilitate easier analysis as they are in immediate usable form. At the same time, with the use of structured questions, if the researcher is after information that he finds easier for administration purposes, he would use this method since the questionnaires and interviews are followed by alternative answers. Mugenda and Mugenda
(2003) observed that, the pre-requisite to questionnaire design is definition of the problem and the specific study objectives. A pilot survey was conducted to test the reliability and validity of the research instrument. Pilot survey is a small scale replica and rehearsal of the main study. It assists in determining the suitability and ease of use of the research instruments and the operational aspects of administering the questionnaire. The purpose of a pilot test is to discover possible weaknesses, inadequacies, ambiguities and problems in any aspect of the research process.

3.5.1 Instruments Validity

Validity is defined as the degree to which results obtained from an analysis of data actually represents the phenomena under study (Mugenda & Mugenda, 1999). Validity of a data collection tool ensures that the items in the instrument are representative of the subject area while the content validity ensures that the tool actually measures what it is supposed to measure (Fraenkel & Wallen, 2000).

Validity was ensured by having objective questions included in the questionnaire. In addition, the validity of the research instruments was established by seeking opinions of experts in the field of study especially the supervisors.

3.5.2 Instruments Reliability

A reliable instrument consistently yields the same results when used repeatedly to collect data from the same sample drawn from a population (Orodho, 2005). Reliability is therefore the degree to which research instruments yields consistent results when administered a number of times (Shaw & Wright, 1969). An instrument is reliable when it measures a variable accurately and consistently is used repeatedly under similar conditions. Reliability of a questionnaire is
concerned with the consistency of responses to the researcher’s questions (Mitchell, 1996). According to him there are three approaches to assessing reliability.

Reliability on the other hand was ensured by pre-testing the questionnaire with a selected sample that will not be included in the main study. An internal consistency technique was applied by use of Cronbach’s Alpha. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates acceptable reliability and 0.8 or higher indicated good reliability (Mugenda & Mugenda, 2003). The pilot data will not be included in the actual study.

3.6 Sampling Procedure and Sample size

The researcher used stratified random sampling to select 30% of the respondents from each of the departments in British American Insurance Company. According to Mugenda and Mugenda (2003) a 10-30% sample of the target population is a good representation.
Table 3.1: Sample Size

The sample size for this study will therefore be 44 respondents.

<table>
<thead>
<tr>
<th>Departments</th>
<th>Subsections</th>
<th>Employees Per Subsection</th>
<th>Total Employees</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Treasury and investments</td>
<td>10</td>
<td>40</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Disbursement</td>
<td>10</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Operations</td>
<td>20</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Branch Operations</td>
<td>Customer service</td>
<td>30</td>
<td>100</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Accounts</td>
<td>50</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Administration</td>
<td>20</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Human resource</td>
<td>Payroll</td>
<td>4</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Operations</td>
<td>6</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Administration</td>
<td>5</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Information</td>
<td>Service Delivery</td>
<td>10</td>
<td>35</td>
<td>4</td>
</tr>
<tr>
<td>Technology</td>
<td>Operations</td>
<td>15</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Innovations</td>
<td>10</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Customer Relations</td>
<td>Front office</td>
<td>7</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Disbursement</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Reception</td>
<td>2</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Policy Administration</td>
<td>Direct Debit team</td>
<td>6</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Centralized Check/off</td>
<td>7</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Local Check/off</td>
<td>7</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Refunds</td>
<td>5</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Risk and Compliance</td>
<td>Risk</td>
<td>6</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
<td>4</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Underwriting</td>
<td>Underwriting Life</td>
<td>10</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Claims</td>
<td>General Claims</td>
<td>10</td>
<td>30</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Maturities and Surrenders</td>
<td>15</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Bonuses and benefits</td>
<td>5</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Marketing, corporate affairs</td>
<td>Social Media</td>
<td>2</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Loyalty programs</td>
<td>5</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>General Media</td>
<td>8</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Legal</td>
<td>Legal</td>
<td>10</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>300</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: HR -Britam Employee Relation Metrics 2013

3.7 Data Collection Procedure

Research instrument was administered on the respondents, this was done accurately. The questionnaires were distributed through drop and pick later method with an enclosed self
addressed return envelope to help increase response rate. This was followed by the personal visit and phone calls.

3.8 Ethical Issues

Ethics as noted by Minja (2009) is referred to, as norms governing human conduct which have a significant impact on human welfare. A research permit was obtained from the department before embarking on the data collection. The respondents were informed on their rights to participate or not to participate in this study. In this study, confidentiality was of concern as the information relevant to the study is of strategic importance. In this regard, the names of the respondents were not disclosed. In addition, where a response could have been attributed to specific individuals, the said information was maintained in strict confidence.

3.9 Data Analysis and Presentation

This study collected qualitative data. Descriptive statistics and inferential statistics were used to analyze quantitative data with the help of Statistical Package for Social Sciences (SPSS). Descriptive statistics include percentages, frequency distribution and measures of central tendencies (mean). The data was presented in tables and graphs. Descriptive statistics enable the researcher to meaningfully describe a distribution of measurements and also to describe, organize and summarize data (Mugenda & Mugenda, 2003).

The study also used multivariate regression analysis to establish the relationship between the dependent variable and dependent variables. The regression model in this study was;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

Whereby \( Y \) = Customers Retention

\( X_1 \) = Communication
X2 = Feedback management
X3 = Customer segmentation
ε = Error Term
β0, β1, β2, β3 = Unknown parameters
CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter covers the presentation and interpretation of the findings. The purpose of the study was to investigate the effect of customer relationship management systems on customer retention in British American Insurance Companies (k) Limited. The study also sought to establish the role of communication, customer segmentation and feedback management on customer retention in British-American Insurance Company (Kenya) Limited. The study made use of frequency tables and percentages to present data.

4.1.1 Response Rate

This study had a sample of 44 respondents who were selected from each of the departments in British American Insurance Company. Out of 44 respondents, 29 filled and returned their questionnaires, which represents a 65.91% response rate. According to Babbie (2002) any response of 50% and above is adequate for analysis thus 65.91% is even better.

4.2 General information

As part of their general information the researcher requested the respondents to indicate their gender, age bracket, highest level of education and the duration they had been working in the organization.

4.2.1 Gender of the Respondents

The respondents were asked to indicate their gender. The results are presented in figure 4.1
From the findings as shown by figure 4.1, 55.17% of the respondents indicated that they were female while 44.83% indicated that they were male. These findings clearly show that most of the respondents in this study were female.

4.2.2 Respondents’ Age Bracket

The respondents were also requested to indicate their age bracket. The results are presented in figure 4.2 below.
Figure 4.2: Age of the respondents

From the findings 12.5% of the respondents were aged between 41 and 50 years, 67.5% were aged between 31 and 40 years while 25% were aged between 20 and 30 years. From these findings we can deduce that majority of the respondents were aged between 31 and 40 years.

4.2.3 Respondents’ Level of Education

In an effort to determine whether the respondents had the required information on the effect of customer relationship management systems on customer retention, the researcher requested the respondents to indicate their level of education. The results are shown in figure 4.3 below.
Figure 4.3: Level of education

On their level of education, 62.5% of the respondents indicated that they were university graduates while 37.5% indicated that they were college graduates. This clearly shows that majority of the respondents were university graduates and hence the acquired data was reliable.

4.2.4 Respondents’ Work Experience

In an effort to determine the respondents work experience, the researcher requested the respondents to indicate the duration of time (years) they had been working in their organization. The results are shown in figure 4.4 below.

From the findings as shown by figure 4.4 above, 38% of the respondents indicated that they had been working in their organisations for less than 3 years, 32% had been working in the organisation for between 3 and 9 years, 32% had been working in the organisation for between 9 and 12 years and 9% had been working in their organisation for above 12 years. From these
findings we can deduce that majority of the respondents had been working in their organisation for 3 and above years.

### 4.3 Customer retention strategies

The respondents were requested to indicate the extent to which they agreed that the stated customer retention strategies were used in British American Insurance.

**Table 4.1: Customer retention strategies used in British American Insurance**

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company engages in efforts to reduce customer</td>
<td>3.081</td>
<td>0.564</td>
</tr>
<tr>
<td>Attrition – none is lost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When a customer purchases one product there are efforts</td>
<td>3.867</td>
<td>0.561</td>
</tr>
<tr>
<td>to have him/her buy another one</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is extraordinary customer service which is</td>
<td>4.089</td>
<td>0.665</td>
</tr>
<tr>
<td>frequently reviewed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The courtesy system is up-to-date</td>
<td>4.012</td>
<td>0.876</td>
</tr>
<tr>
<td>Complaints are handled as gifts</td>
<td>4.11</td>
<td>0.516</td>
</tr>
</tbody>
</table>

According to the findings, the respondents strongly agreed with a mean of 4.11 and a standard deviation of 0.516 that complaints are handled as gifts in British American Insurance. The respondents also strongly agreed with a mean of 4.089 and a standard deviation of 0.665 that there is extraordinary customer service which is frequently reviewed at British American Insurance. Further, the respondents agreed with a mean of 4.012 and a standard deviation of 0.876 that the courtesy system is up-to-date at British American Insurance. Additionally, the
respondents agreed with a mean of 3.867 and a standard deviation of 0.561 that when a customer purchases one product there are efforts to have him/her buy another one at British American Insurance. Lastly, the respondents agree with a mean of 3.081 and a standard deviation of 0.564, that the company engages in efforts to reduce customer attrition – none is lost.

4.4 Communication

The study sought to establish the relationship between communication and customer retention in British-American Insurance Company (Kenya) Limited.

4.4.1 Communication customer retention strategies

The respondents were further asked to indicate the extent to which communication customer retention strategies apply in their organization. The results are shown in figure

![Figure 4.5: Communication customer retention strategies](image)

From the findings as shown by figure 4.5 above, 23% of the respondents indicated that communication customer retention strategies apply in their organization to a very great extent, 52% indicated to a great extent, 22% indicated to a moderate extent and 3% to a low extent.
From these findings we can deduce that communication customer retention strategies apply in British American Insurance to a great extent.

4.4.2 Communication strategies

The respondents were further asked to indicate the extent to which they agreed with the stated statements.

Table 4.2: Communication strategies

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is constant e-mail communication with customers</td>
<td>2.263</td>
<td>0.523</td>
</tr>
<tr>
<td>The company calls to customers at least once a month</td>
<td>2.412</td>
<td>0.231</td>
</tr>
</tbody>
</table>

According to the findings, the respondents agreed with a mean of 2.412 and a standard deviation of 0.231 that the company calls to customers at least once a month. Further, the respondents indicated with a mean of 2.263 and a standard deviation of 0.523 that there is constant e-mail communication with customers.

4.4.3 Role of Communication

The respondents were also asked to indicate the extent to which they agreed with the statement that “communication helps to identify, establish, maintain and enhance customer-organization at a profit while meeting the objectives of both parties”.

42
Figure 4.6: Role of communication

From the findings 12% of the respondents agreed to a very great extent that communication helps to identify, establish, maintain and enhance customer-organization at a profit while meeting the objectives of both parties, 51% agreed to a great extent, 21% to a moderate extent and 16% to a low extent. From the results we can deduce that communication helps to identify, establish, maintain and enhance customer-organization at a profit while meeting the objectives of both parties.

4.4.4 Effects of Communication on Customer Retention

The respondents were requested to indicate the extent to which they agreed with the stated results of communication on customer retention in their organization.
Table 4.3: Effects of communication on Customer Retention

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased number of customers</td>
<td>4.32</td>
<td>0.943</td>
</tr>
<tr>
<td>Enhancement and improvement of customer-organization relationship</td>
<td>3.97</td>
<td>0.837</td>
</tr>
<tr>
<td>Communication supports the process of value creation and value transfer between the parties</td>
<td>3.89</td>
<td>0.801</td>
</tr>
</tbody>
</table>

From the findings the respondents agreed to a great extent with all the stated effects of communication on organizational performance. The respondents agreed with mean of 4.32 and a standard deviation of 0.943 that communication helped to increase the number of customers to a great extent. They also agreed with a mean of 3.97 and a standard deviation of 0.837 that communication helped to enhance and improve customer-organization relationship to a great extent. Lastly, the respondents indicated with a mean of 3.89 and a standard deviation of 0.801 that communication supports the process of value creation and value transfer between the parties.

4.5 Customer segmentation

The study also sought to determine the role of customer segmentation on customer retention in British-American Insurance Company (Kenya) Limited.

4.5.1 Influence of Customer segmentation on customer retention

The respondents were asked to indicate the extent to which customer segmentation helps in customer retention in their organization. The results are shown in figure 4.7 below.
Figure 4.7: Influence of Customer segmentation on customer retention

From the findings 67.5% of the respondents indicated that customer segmentation helps in customer retention in their organization to great extent, 25% indicated to a moderate extent and 12.5% indicated to a very great extent. From these findings we can deduce customer segmentation helps in customer retention in British-American Insurance Company (Kenya) Limited.

4.5.2 Customer Segmentation and Customer Retention

The respondents were asked to indicate the extent to which they agreed with the statement in relation to customer segmentation and customer retention in their organization.
Table 4.4: Customer Segmentation and Customer Retention

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptions of the brands are mainly influenced by the speed, reliability, ease of use and quality</td>
<td>3.872</td>
<td>0.726</td>
</tr>
<tr>
<td>Emotional experiences the customers attribute the product with (i.e improves my performance, makes my life more gratifying, makes me feel better)</td>
<td>4.089</td>
<td>0.677</td>
</tr>
<tr>
<td>Brands are of diverse and different types depending on the value the customers attach to the products.</td>
<td>3.872</td>
<td>0.7612</td>
</tr>
</tbody>
</table>

From the findings, the respondents indicated with a mean of 4.089 and a standard deviation of 0.677 that emotional experiences the customers attribute the product with (i.e improves my performance, makes my life more gratifying, makes me feel better). The respondents also indicated with a mean of 3.872 and a standard deviation of 0.726 that perceptions of the brands are mainly influenced by the speed, reliability, ease of use and quality. Lastly, the respondents indicated with a mean 3.872 and a standard deviation of 0.7612 that brands are of diverse and different types depending on the value the customers attach to the products.

4.6 Feedback management

The study further sought to find out the relationship between feedback management and customer retention in British-American Insurance Company (Kenya) Limited.

4.6.1 Influence Feedback management on customer retention

The respondents were asked to indicate the extent to which feedback management influence
customer retention in their organization.

![Bar Chart: Influence Feedback Management on Customer Retention](image)

**Figure 4.8: Influence Feedback management on customer retention**

From the findings, 31% of the respondents indicated that feedback management influence customer retention in their organization to a moderate extent, 23% indicated to a great extent, 22% indicated to a low extent, 12% indicated to a very great extent and the same percentage indicated to a low extent. From these findings we can deduce that feedback management influence customer retention at British-American Insurance Company (Kenya) Limited to a moderate extent.

### 4.6.2 Feedback management and customer retention

The respondents were also requested to indicate the extent to which they agreed with the statements in relation to feedback management and customer retention in your organization.
<table>
<thead>
<tr>
<th>Strong business –customer relationship helps the business to detect flaws in their structures and procedures and even provides</th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>When the responses are received by the businesses, they analyze the customers feeling and images of their services.</td>
<td>3.876</td>
<td>0.617</td>
</tr>
<tr>
<td>Knowledge is vital since the firm can rectify any system or brand which were defective before and were unknown to the business</td>
<td>3.628</td>
<td>0.715</td>
</tr>
<tr>
<td>Strong interactions between a customer and a firm create a sense of belonging to the customer and makes she/he to be connected to the business.</td>
<td>4.089</td>
<td>0.762</td>
</tr>
</tbody>
</table>

According to the findings, the respondents agreed with a mean of 4.089 and a standard deviation of 0.762 that strong interactions between a customer and a firm create a sense of belonging to the customer and makes him/her to be connected to the business. In addition, the respondents agreed with a mean of 4.018 and a standard deviation of 0.782 that strong business –customer relationship helps the business to detect flaws in their structures and procedures and even provides important customer responses. Further, the respondents agreed with a mean of 3.876 and a standard deviation of 0.617 that when the responses are received by the businesses, they analyze the customers feeling and images of their services. Lastly, the respondents agreed with a mean of 3.628 and a standard deviation of 0.715 that knowledge is vital since the firm can rectify any system or brand which were defective before and were unknown to the business.
4.6.3 Effects of Feedback Management

The respondents were further asked to indicate the extent to which they agreed with the statements in relation to feedback management and customer retention in their organization.

Table 4. 6: Effects of Feedback Management

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Lifetime Value</td>
<td>4.091</td>
<td>0.765</td>
</tr>
<tr>
<td>Profitability</td>
<td>3.082</td>
<td>0.5414</td>
</tr>
<tr>
<td>Rate of retention</td>
<td>3.872</td>
<td>0.451</td>
</tr>
</tbody>
</table>

From the findings, the respondents indicated with a mean of 4.091 and a standard deviation of 0.765 that feedback management leads to customer lifetime value at British-American Insurance Company (Kenya) Limited. The respondents also indicated with a mean of 3.978 and a standard deviation of 0.652 that feedback management influences profitability at British-American Insurance Company (Kenya) Limited. Additionally, the respondents indicated with a mean of 3.872 and a standard deviation of 0.451 that feedback management influences rate of retention at British-American Insurance Company (Kenya) Limited.

4.7 Regression analysis

The researcher conducted a multiple linear regression analysis so as to determine the relationship between the dependent variable and dependent variables.

The regression model in this study was:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

Whereby \( Y = \) Customers Retention
X1 = Communication
X2 = Feedback management
X3 = Customer segmentation
e = Error Term
β0, β1, β2, β3 = Unknown parameters

Table 4.7: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.843</td>
<td>0.711</td>
<td>0.709</td>
<td>0.4216</td>
</tr>
</tbody>
</table>

The three independent variables that were studied, explain 70.9% of the customer retention at British American Insurance Companies (k) Limited as represented by the $R^2$. This therefore means that other factors not studied in this research contribute 29.1% of the customer retention at British American Insurance Companies (k) Limited.

Table 4.8: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>4</td>
<td>5.585</td>
<td>2.362</td>
<td>.022</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>24</td>
<td>.688</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>150.979</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The significance value is 0.022 which is less that 0.05 thus the model is statistically significance in predicting communication, customer segmentation and feedback management influence customer retention at British American Insurance Companies (k) Limited. The F critical at 5%
level of significance was 2.362. Since F calculated is greater than the F critical (value = 2.244), this shows that the overall model was significant.

**Table 4.9: Coefficient of determination**

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.344</td>
<td>1.335</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>0.421</td>
<td>0.128</td>
<td>3.982</td>
<td>0.021</td>
</tr>
<tr>
<td>Customer segmentation</td>
<td>0.425</td>
<td>0.241</td>
<td>3.643</td>
<td>0.023</td>
</tr>
<tr>
<td>Feedback management</td>
<td>0.652</td>
<td>0.222</td>
<td>3.782</td>
<td>0.022</td>
</tr>
</tbody>
</table>

The regression equation will be;

\[ Y = 1.344 + X_1\cdot 0.421 + X_2\cdot 0.425 + X_3\cdot 0.652 \]

The regression equation above has established that taking all factors into account (communication, customer segmentation and feedback management) constant at zero, customer retention at British American Insurance Companies (k) Limited will be 1.344. The findings presented also shows that there is a significant relationship between communication and customer retention at British American Insurance Companies (k) Limited as shown by a coefficient of 0.421 and a p-value of 0.021. In addition, there is a significant relationship between customer segmentation and customer retention at British American Insurance Companies (k) Limited as shown by a coefficient of 0.425 and a p-value of 0.023. Further, the findings show that there is a significant positive relationship between feedback management and customer retention at British American Insurance Companies (k) Limited as shown by a coefficient of 0.652 and a p-value of 0.022. This infers that feedback management influences
customer retention at British American Insurance Companies (k) Limited most followed by customer segmentation and communication.
CHAPTER FIVE
DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the purpose of the study which was to investigate the effect of customer relationship management systems on customer retention in British American Insurance Companies (k) Limited. The study also sought to establish the role of communication, customer segmentation and feedback management on customer retention in British-American Insurance Company (Kenya) Limited.

5.2 Discussions of Key Findings

The study established that most of the respondents in this study were female. Additionally, majority of the respondents were university graduates and hence the acquired data was reliable. The study also found that most of the respondents had been working in their organisation for 3 and above years.

The study revealed that in British American Insurance, complaints are handled as gifts. In addition, there is extraordinary customer service which is frequently reviewed at British American Insurance. Further, the courtesy system is up-to-date and when a customer purchases one product there are efforts to have him/her buy another one at British American Insurance. Additionally, the company engages in efforts to reduce customer attrition – none is lost.
5.2.1 Communication

The study sought to establish the relationship between communication and customer retention in British-American Insurance Company (Kenya) Limited. The study established that communication customer retention strategies apply in British American Insurance to a great extent. In addition, the study found that the company does not call to customers for less than a month. In addition there is no constant e-mail communication with customers at British-American Insurance Company (Kenya) Limited. These findings disagree with Grönroos (2000) argument that customers are empowered by organizations to participate in communication activities on services or products they get from a company before and after the service via technological tools such as emails or telephone.

The study further established that communication helps to identify, establish, maintain and enhance customer-organization at a profit while meeting the objectives of both parties. Grönroos (2000) had earlier indicated that relationship marketing as a process that identifies, establishes, maintains and enhances customer-organization at a profit while meeting the objectives of both parties. In addition, the study revealed that communication helped to increase the number of customers, enhance and improve customer-organization relationship and supports the process of value creation and value transfer between the parties.

5.2.2 Customer segmentation

According to Fiske and Taylor (1995), brand associations could be recalled to the minds of the customer by the emotional attributes. Consumer decisions are greatly influenced by the brand awareness because it affects the brand associations in their minds. According to Pitta and Katsanis (1995) there exist other various dimensions on the awareness of the brands and the
associations. The study also sought to determine the role of customer segmentation on customer retention in British-American Insurance Company (Kenya) Limited. The study revealed that customer segmentation helps in customer retention in British-American Insurance Company (Kenya) Limited. Further, the study established that emotional experiences the customers attribute the product with (i.e. improves my performance, makes my life more gratifying, makes me feel better). In addition, perceptions of the brands are mainly influenced by the speed, reliability, ease of use and quality. The study also revealed that brands are of diverse and different types depending on the value the customers attach to the products. Papuuet al (2005) found out those consumers who keeps favourable associations towards a certain brand could probably bring preferable perceptions of increased quality and vice versa.

5.2.3 Feedback management

The study further sought to find out the relationship between feedback management and customer retention in British-American Insurance Company (Kenya) Limited. The study established that feedback management influence customer retention at British-American Insurance Company (Kenya) Limited to a moderate extent.

It was also established that strong interactions between a customer and a firm create a sense of belonging to the customer and makes him/her to be connected to the business. According to Siboe (2006) strong business –customer relationship helps the business to detect flaws in their structures and procedures and even provides important customer responses. When the responses are received by the businesses, they analyze the customers feeling and images of their services. This knowledge is vital since the firm can rectify any system or brand which were defective
before and were unknown to the business. In addition it portrays the perspective of the outsiders on the brands of the business; this gives the business an insight of its activities.

The study further revealed that feedback management leads to an up-selling at British-American Insurance Company (Kenya) Limited. In addition, feedback management influences customer lifetime value, frequency of purchase, average transaction value, transaction recency and time taken between purchases at British-American Insurance Company (Kenya) Limited.

5.3 Conclusion

The study concludes that there is a positive relationship between communication and customer retention in British-American Insurance Company (Kenya) Limited. However, the company does not call to customers for less than a month and there is no constant e-mail communication with customers at British-American Insurance Company (Kenya) Limited. Communication helps to identify, establish, maintain and enhance customer-organization at a profit while meeting the objectives of both parties. In addition, communication helped to increase the number of customers, enhance and improve customer-organization relationship and supports the process of value creation and value transfer between the parties.

The study also concludes that there is a positive relationship between customer segmentation and customer retention in British-American Insurance Company (Kenya) Limited. The study established that emotional experiences the customers attribute the product with (i.e improves my performance, makes my life more gratifying, makes me feel better). In addition, perceptions of the brands are mainly influenced by the speed, reliability, ease of use and quality. The study also revealed that brands are of diverse and different types depending on the value the customers attach to the products.
Lastly, the study concludes that there is a positive relationship between feedback management and customer retention in British-American Insurance Company (Kenya) Limited. Strong interactions between a customer and a firm create a sense of belonging to the customer and make him/her to be connected to the business. In addition, the strong business –customer relationship helps the business to detect flaws in their structures and procedures and even provides important customer responses. In addition, feedback management influences customer lifetime value, frequency of purchase, average transaction value, transaction recency and time taken between purchases at British-American Insurance Company (Kenya) Limited.

5.4 Recommendations

The study established that that the company does not call to customers for less than a month. In addition there is no constant e-mail communication with customers at British-American Insurance Company (Kenya) Limited. This study recommends that the company should increase its contact with customers so as to increase customers’ retention.

The study therefore recommends that the management of the organization should ensure that all the employees use of proper language, avoid the use of acronyms, chat jargons or use of emoticons when communicating with customers and use words such as “please” and “thank you in order to enhance customer-organization relationship.

The study also established that perceptions of the brands are mainly influenced by the speed, reliability, ease of use and quality. The study therefore recommends that British-American Insurance Company (Kenya) Limited should increase its efficiency to customers by increasing customers segmentation.
The study established that feedback management influences customer lifetime value, frequency of purchase, average transaction value and time taken between purchases. The study therefore recommends that British-American Insurance Company (Kenya) Limited should improve its feedback management so as to improve customers’ retention.

5.5 Recommendation for Further Studies

From the study and related conclusions, the researcher recommends further research in the area of the role of communication strategies in enhancing organizational performance in the insurance industry in Kenya.
References


Frederick W (2006). Application of customer relationship marketing strategies by classified hotels in Nairobi Unpublished research project


Siboe A (2006). *Customer retention strategies used by internet service providers in Kenya* Kenyatta University, Unpublished research project


Appendix I: Questionnaire

1. Please indicate your gender
   - Female [ ]
   - Male [ ]

2. Indicate your age bracket
   - 20-30 yrs [ ]
   - 31-40 yrs [ ]
   - 41-50 yrs [ ]
   - 51 and above [ ]

3. State your highest level of education
   - Primary level [ ]
   - Secondary level [ ]
   - College [ ]
   - University [ ]
   - Postgraduate [ ]

4. For how long have you been working in your organization?
   - Less than 3 years [ ]
   - 3 to 9 years [ ]
   - 9 to 12 years [ ]
   - Above 12 years [ ]
Customer retention strategies

5. The following customer retention strategies are in use in British American Insurance

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company engages in efforts to reduce customer Attrition - none is lost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When a customer purchases one product there are efforts to make Efforts to have him/her buy another one</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is extraordinary customer service which is frequently reviewed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The courtesy system is up-to-date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complaints are handled as gifts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. To what extent do communication customer retention strategies apply in your organization?

   To a very great extent     [     ]
   To a great extent          [     ]
7. To what extent do agree with the following statements?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>agree</th>
<th>neutral</th>
<th>disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is constant e-mail communication with customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company calls to customers at least once a month</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. To what extent do you agree with the statement that “communication helps to identify, establish, maintain and enhance customer-organization at a profit while meeting the objectives of both parties”?

<table>
<thead>
<tr>
<th>Extent</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very great extent</td>
<td></td>
</tr>
<tr>
<td>To a great extent</td>
<td></td>
</tr>
<tr>
<td>To a moderate extent</td>
<td></td>
</tr>
<tr>
<td>To a low extent</td>
<td></td>
</tr>
</tbody>
</table>
9. To what extent do you agree with the following results of communication on customer retention in your organization?

<table>
<thead>
<tr>
<th>Results of Communication</th>
<th>Strongly agree</th>
<th>agree</th>
<th>neutral</th>
<th>disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased number of customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhancement and improvement of customer-organization relationship</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication supports the process of value creation and value transfer between the parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Customer segmentation**

10. To what extent does customer segmentation help in customer retention in your organization?

- To a very great extent [ ]
- To a great extent [ ]
- To a moderate extent [ ]
- To a low extent [ ]
11. To what extent do you agree with the following statement in relation to customer segmentation and customer retention in your organization?

<table>
<thead>
<tr>
<th>Perceptions of the brands are mainly influenced by the speed, reliability, ease of use and quality</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate extent</th>
<th>Low extent</th>
<th>No extent at all</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Emotional experiences the customers attribute the product with (i.e improves my performance, makes my life more gratifying, makes me feel better)</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate extent</th>
<th>Low extent</th>
<th>No extent at all</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Brands are of diverse and different types depending on the value the customers attach to the products.</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Moderate extent</th>
<th>Low extent</th>
<th>No extent at all</th>
</tr>
</thead>
</table>

**Feedback management**

12. To what extent do feedback management influence on customer retention in your organization?

To a very great extent  [  ]
13. To what extent do you agree with the following statements in relation to feedback management and customer retention in your organization?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>agree</th>
<th>neutral</th>
<th>disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong business–customer relationship helps the business to detect flaws in their structures and procedures and even provides important customer responses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When the responses are received by the businesses, they analyze the customers feeling and images of their services.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge is vital since the firm can rectify any system or brand which were defective before and were unknown to the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To a great extent  [  ]
To a moderate extent  [  ]
To a low extent  [  ]
To no extent at all  [  ]
Strong interactions between a customer and a firm create a sense of belonging to the customer and makes she/he to be connected to the business.

<table>
<thead>
<tr>
<th>Customer Retention</th>
</tr>
</thead>
</table>

14. To what extent do you agree with the following statements in relation to feedback management and customer retention in your organization?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>agree</th>
<th>neutral</th>
<th>disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Lifetime Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>