AN EVALUATION OF CUSTOMER RETENTION AS A STRATEGY TO ENHANCE COMPETITIVENESS IN THE EDIBLE OILS INDUSTRY IN ZIMBABWE (2009-2013)

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DEDICATIONS

I dedicate this script to my mum, my husband and our children Tatenda, Tariro and Tanaka, for whose support saw me through this entire research.

DECLARATION

I, PRISCILLA KATSUMBE do hereby declare that this dissertation is a result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

…… ……

Student Signature Date

…… ……

Supervisor Signature Date

ACKNOWLEDGEMENTS

Firstly, I thank The Almighty God for His everlasting kindness and mercy in guiding me and granting me the strength to carry out this whole research.

My sincere gratitude goes to my supervisor, Mr. J. Kuhudzayi for his helpful guidance, support and contribution to this research.

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ABSTRACT

The main aim of the study was to evaluate customer retention as a strategy that enhances competitiveness in the edible oil industry in Zimbabwe. There is so much competition from within the industry and mainly from South Africa and Botswana resulting in imported competition and loss of market share.

This research is predominantly quantitative for which primary data was collected by way of administering constructed questionnaires to companies in the edible oil industry mainly Olivine and Surface Investments, and their customers. Data was analyzed using a statistical package called SPSS in which correlation analysis was done between the identified independent variables (service quality, customer satisfaction, trust, loyalty and price) and the dependent variable (customer retention). Through SPSS again the research hypothesis was validated.

The research results show that the companies in the edible oil industry are not as reliable in delivering of goods to the customers and that they are not responsive when it comes to acting promptly to customer issues. There is a weak negative correlation between price and customer retention with customers being divided over price fairness. However, the researcher found and concluded that there is a positive correlation between customer retention and industry competitiveness.

The researcher came up with some recommendations which companies in the edible oil industry can adopt and improve on retention of customers. These include adopting quality service factors which include reliability and responsiveness in order to build and sustain good relations with their customers, retraining of the sales force, focus more on satisfying the customers, become more reliable through increased capacity utilization, among other recommendations provided.

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LIST OF ABBREVIATIONS

ACLV	Average Customer Lifetime Value
CR	Customer Retention
CZI	Confederation of Zimbabwe Industries
ZIMSTATS	Zimbabwe Statistics
SPSS	Statistical package for Social Scientists
RM	Relationship Marketing

CHAPTER ONE

1.0 INTRODUCTION

1.1 INTRODUCTION TO THE STUDY

The intensity of competition has increased as a result of a rise in pace of globalization. The ability to retain customers has become increasingly important for sustainable competitiveness as firms catch up with technological innovations (Blattberg, 2008). Zimbabwe being part of the international market is presented by such competition. According Zimstat (2011), this industrial sector is faced with foreign competition which has taken away a 75% of market share to imported duty free consumer goods hence the need to evaluate the customer retention as a strategy to enhance competitiveness within the edible oils industrial sector with the intention to survive and grow in this competitive environment.

This chapter presents the background of the study reiterating issues around customer retention to reduce customer turnover and regain market share. The main issues in the study are then summarised under the statement of the problem section followed by research objectives and research questions. The chapter also summarises the research hypothesis and justification of the study.

1.2 BACKGROUND

1.2.1 Background of the edible oil industry

The industrial sector is one of the secondary sectors of the economy which comprises establishments engaged in the mechanical, physical or chemical transformation of materials, substances or components into new products for use or sale (Berr, 2009). Establishments in the industrial sector are often described as plants, factories or mills and use power-driven machines and material-handling equipment, (Berr, 2009). The edible oil industry in Zimbabwe in mainly comprised of Olivine Industries in Harare, Surface Investments in Chitungwiza, United Refineries in Bulawayo, Alliance Ginneries in Norton and Grafax in Sanyati.

The edible oil industry had inadequate capital, fairly old plant and equipment as well as poor performance management (CZI report, 2010). The industry was also faced by threats of imported duty free consumer goods, erratic utility water and electricity supply, low levels of disposable income and skills flight (CZI report, 2010). The edible oil industry requires agriculture inputs; however, in the first few years of land reform the commercial agriculture was negatively affected (Ministry of Agriculture 2012). A few farmers ventured into cotton and Soya beans farming due to lack of capital. Cotton production was 211,000 tonnes in 2009, 281,000 tonnes in 2010, 300,000 tonnes in 2011 and 195,000tonnes in 2012, respectively in the years (Ministry of Agriculture, 2012). Soya bean production in 2009 was 115,000tonnes in 2009, 70,000tonnes in 2010, 80,000tonnes in 2011 and 65,000tonnes in 2012, respectively in the years (Ministry of Agriculture, 2012). The edible oil industry requires cotton seeds and Soya beans for cooking oil production.

However, the edible oil industry is faced with stiff competition from within the industrial sector itself and from imported edible oil as is shown by the table below.

Table 1.1 Cooking oil imports to Zimbabwe between May 2010 and April 2011

Import destination	Import quantity (MT)
South Africa	59,374
Botswana	148
United Kingdom	19
Total	59,541

Source: Zimstat report 2011 – Ministry of Finance

Conferring to Porter (2008), whatever organization, be it medical, insurance, production, banking or local government, competition is very rife and each one of these organizations always strives to take their head off their competitors. The simplest way to grow customers is to retain them, as the impact of customer retention can be seen over time. Egan (2004) defined customer retention as a strategy focusing on the firm's existing customers with the aim of securing customer loyalty through customer satisfaction over time. Usually a loyal customer tends to stick to a particular brand or product as long as the basic needs of the customer continue to be fulfilled. The customer does not opt for taking the risk of going for a new product. The more is the possibility to retain customers the more is the probability of net growth of business.

This research is aimed at evaluating the customer retention in the edible oils industrial sector which is comprised of mainly Olivine industries, Surface investments and United Refineries. A synopsis of the industry analysis is given below as this has contributed to the shaping of the industry's current situation.

1.2.2 An analysis of the industry

According to Kotler (2005), a company can survive in the long run only if it successfully develops strategies to confront five competitive forces that shape the structure of competition in its industry. In Michael Porter's model of competition, any business that wants to survive and succeed must develop and implement strategies to effectively counter the five forces which are:

1) The rivalry among existing competitors
2) The threat of new entrants into the industry and its markets
3) Threat posed by substitute products which might capture market share
4) The bargaining power of customers/buyers
5) The bargaining power of suppliers

The figure 1.1 below is an illustration of these competitive forces.

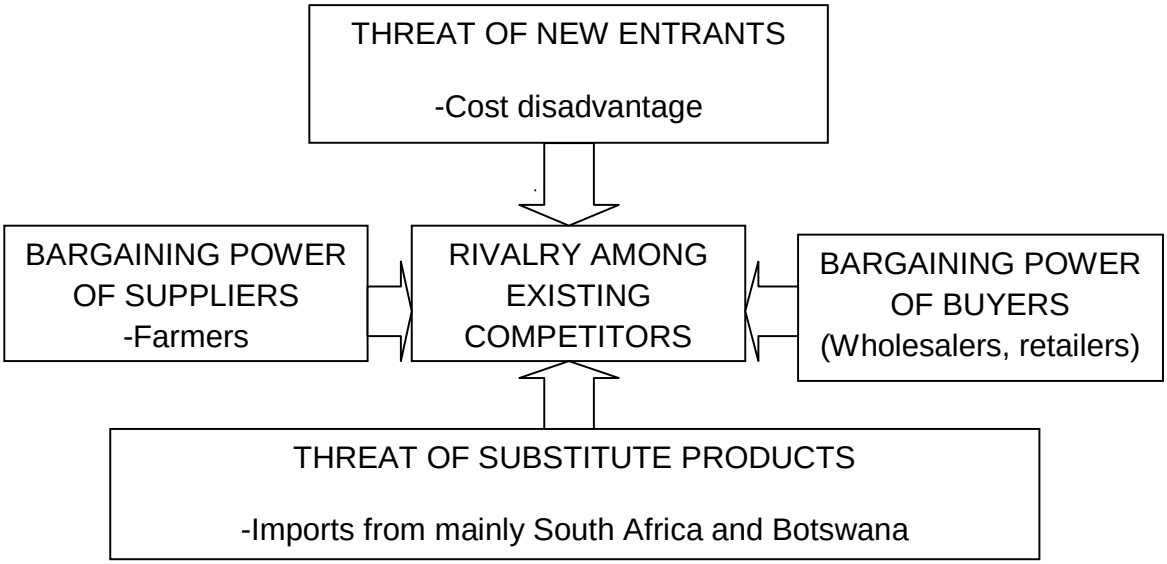

Figure 1.1: Porter's Five Forces that shape Industry Competition

Source: Porter (2008)

(a) The rivalry among existing competitors (within the industry)

According to Kotler and Keller (2008) rivalry amongst competitors tends to be intense when one or more competitors are not satisfied with their market position and start on moves to boost their standing at the cost of rivals or re-branding. For the majority of industries, the intensity of competitive rivalry is the most important determinant of the competitiveness of the industry (Porter, 2008).

An industry's profit prospective is mostly determined by the intensity of competitive rivalry within that industry as industry rivalry implies the intensity of competition among the existing competitors in the market (Porter, 2008). According to Porter (2008) the number of competitors and their capabilities determine the intensity of rivalry of which industry rivalry is normally high once:

i. There are many small or identical competitors and less when there is a clear market leader.
ii. Switching costs are low for customers
iii. Growing industry
iv. There are high exit barriers thus causing rivals to stay and compete
v. Fixed costs are high resulting in mass production and therefore a reduction in prices.

Competitors in the edible oil industry in Zimbabwe are mainly Olivine Industries in Harare, United Refineries in Bulawayo, Surface Investments in Chitungwiza, Alliance Ginneries in Norton and Grafax in Sanyati.

(b) The threat of new entrants into the industry and its markets

The entry of new competitors into the industry adds to competition, brings new capacity and increases the need to gain market share (Porter, 2008). According to Porter (2008) there are six main barriers to entrants namely:-

i. economies of scale,
ii. product differentiation,
iii. capital requirements,
iv. cost disadvantages independent of size,
v. access to distribution channels and,
vi. Government policy.

Businesses that fail to secure their competitive position in the market tend to lose market share to new entrants ensuing in low returns (Kotler & Keller, 2008). Companies in the edible oil industry are failing to maintain their competitive position on the background of onslaught from stiff competition from South African and Botswana.

(c) Threat posed by substitute products which captured market share

Customers can simply switch to other competitors products if they are dissatisfied with a particular product or service offering Porter (2008) suggested in his studies. Consequently, a company needs to be conscious of substitute products that are available in the market that dilute market share as they compete with the company's products in the market place.

Companies in the edible oil industry ought to be cautious that customers can effortlessly substitute their product or service if competitors are offering the same product or service at the same or less price like South African products especially, (Kotler, 2005). Furthermore if the quality of products offered by competitors is superior, customers will switch to competitors' products and services. Porter (2008) indicated that unless an industry can upgrade the quality of the product or differentiates the product, the industry will suffer in earnings and consequently growth. Substitute products not only reduce the benefits an industry can reap, but also limits profits in normal times (Porter, 2008).

Kotler and Keller (2008) stated that the availability of substitutes in any market inevitably invites customers to compare quality and performance as well as price. In terms of price, South African products were cheaper compared to locally produced products hence taking up about 75% of the market share (Zimstat, 2011).

(d) The bargaining power of customers or buyers

Customers can end up demanding higher quality or more service at low prices, as a result of higher bargaining power of buyers and competitors can end up playing against each other at the cost of industry profits, (Porter, 2008). Customers have higher bargaining power on condition that they are concentrated or they make purchases in large volumes, if there is product standardization or undifferentiating, if the product purchases from one industry to another form a component of a product and represent a considerable part of its cost, if profit earnings are low, which however is a great incentive to lower the costs of purchasing, if the industry is unessential to the quality of the products and services or if the customers pose a threat of integrating backward in order to make the industry's product (Porter, 2008). Customers bought what they could afford during the period of study irrespective of quality, for as long as it could perform

the function they expected the product to perform. Locally manufactured edible oils were more expensive on the shelf compared to substitute products imported from South Africa especially for which only loyal customers did not switch to other brands.

(e) The bargaining power of suppliers of services and raw materials

According to Porter (2008), suppliers are powerful when they function in an industry with a few companies, if the industry is more intense than the industry it supplies to, if the product is unique or differentiated or if there are built up switching costs, if it is not indebted to compete with other products for sale to the industry and if the industry is not the main customer to the supplier group. Kotler (2005) indicated that suppliers usually have high bargaining power if they are organized and concentrated, if there are a few substitutes available, if the number of customers is large, or if the product is uniquely being manufactured. More so the bargaining power of suppliers in concentrated within the supplier's sphere of influence if the switching costs from one supplier to another are high. Generally suppliers are in a strong position once the items they provide are important inputs into the buyer's position (Kotler, 2005). Edible oil manufacturing inputs are mainly agriculture products i.e. soya beans, cotton seed and sunflower seed. In 2012, Olivine entered into deals for toll manufacturing for which the edible oil extracted was for Olivine while the soya meal was for the supplier of the seed (Olivine Annual report, 2012). Contract farming deals for the edible oil industry failed to fully materialize due poor crop yield for which Surface Investments ended up importing some if beans from India (Surface Investments Annual report, 2012).

According to Kotler 2005, competition is a positive characteristic in any business, and competitors share a natural, and often healthy, rivalry. This rivalry encourages and sometimes requires a constant effort to gain competitive advantage through satisfying customers' needs hence customer retention and competitiveness.

1.3 STATEMENT OF THE PROBLEM

In the edible oils industry, locally produced cooking oil fast lost about 75% market share to imports especially from South Africa and Botswana (Zimstats, 2011). The Edible oil industry in Zimbabwe is faced with competitive rivalry mainly from within i.e. Surface Investments, Olivine Industries, United Refineries, Alliance Ginneries and Grafax, and imported competition mainly from South Africa and Botswana hence the idea of customer retention as a strategy to enhance competitiveness and regain the lost market share in the period 2009 to 2013.

1.4 RESEARCH OBJECTIVES

The main objective of this research is to evaluate customer retention as a strategy to enhance competitiveness in the edible oils industry in Zimbabwe in the period between 2010 and 2013.

The specific objectives of the study are:-

a. To assess the relationship between customer satisfaction and customer retention

b. To assess the relationship between service quality and customer retention

c. To assess the relationship between trust and customer retention

d. To assess the relationship between customer loyalty and customer retention

e. To assess the relationship between Pricing and customer retention

f. To give recommendations on ways of improving customer retention thus enhancing competitiveness of the edible oils industry in Zimbabwe

1.5 RESEARCH QUESTIONS

To what extent does customer retention enhance competitiveness in the edible oils industry in Zimbabwe?

The research is aimed at answering the following questions:-

a. To what extent does customer satisfaction relate to customer retention?

b. How does service quality relate to customer retention?

c. To what extent does customer trust relate to customer retention?

d. What is the relationship between customer loyalty and customer retention?

e. To what extent does pricing relate to customer retention?

f. What recommendations may improve customer retention and in the end enhance competitiveness in the edible oils industry in Zimbabwe?

1.6 RESEARCH HYPOTHESIS

H_o:- Customer retention enhances competitiveness of the edible oils industry

H1:- Customer retention does not enhance competitiveness of the edible oils industry

1.7 JUSTIFICATION OF RESEARCH

An evaluation of customer retention as a strategy to enhance competitiveness as far as customer satisfaction, service quality, customer trust, customer loyalty and product pricing are concerned enables the edible oil industry in Zimbabwe to position itself on the market correctly and be able to compete even better in the region. Through the recommendations provided by the researcher companies in the edible oil industry can gain a competitive edge when properly implemented. In addition it is envisaged that the research has provided new information for the academia while the researcher has also learned more about customer retention in this highly competitive environment.

This study to a certain extent enables companies in the edible oil industry to refocus their business operations and concentrate on how best to satisfy their customers, improve the quality of service offered to their customers, gain trust from the customers hence loyalty and offer competitive prices for their products. All this helps in retaining the customers and acquiring more customers therefore improving competitiveness and regaining the lost market share.

1.8 SCOPE OF RESEARCH

This research evaluated customer retention as a strategy to enhance competitiveness in the Edible oil industry of Zimbabwe with specific attention to Olivine Industries in Harare and Surface Investments in Chitungwiza. The case study covered staff and management across all functions and customers in Harare and Chitungwiza only.

1.9 LIMITATIONS AND ASSUMPTIONS OF THE RESEARCH

1.9.1 Research limitations

1. Not all respondents were available at the time of the survey hence replacing the targeted respondent with the available respondent.
2. Extraordinarily late responses hence physical follow-up and waiting for responses was done.
3. The process was time and finance consuming as the researcher had to travel from one processing plant to another and from one customer to another.
4. Openness to relevant but sensitive information turned to be vague as some respondents viewed the study with suspicion despite the confidentiality clause.

1.9.2 Research assumptions

1) The companies in the edible oil industry are exposed to the same environmental factors.
2) The selected companies are a true representative of the edible oil industry in Zimbabwe.
3) The information gathered through questionnaires from the managerial and non-managerial employees is a true representative of the industry even if information was not collected from Bulawayo or any other city or town in Zimbabwe.
4) The information gathered through questionnaires from the customers is a true representative of all the other customers of edible oil.

1.10 OUTLINE OF THE REST OF THE DISSERTATION

The rest of the dissertation is outlined as below:

Chapter 2:- Literature Review

This chapter covers the literature review relevant to the study, the conceptual framework, the secondary data and the interaction of different theories around customer retention. Independent and dependent variables were identified from which a conceptual framework was drawn and hypothesis summarised.

Chapter 3:- Methodology

This chapter focuses on the research design and data collection techniques that were employed for the research to address the research problem. The chapter also aimed at justifying the use of the selected research design, the target population, the sampling method, the sample, the data collection, the pilot study, validity and reliability and the data analysis procedure.

Chapter 4:- Data presentation and Analysis

In relation to the research objectives, in chapter four the gathered data is analysed and presented.

Chapter 5:- Conclusions and Recommendations

Conclusions and recommendations of the research are covered in this chapter.

1.11 CHAPTER SUMMARY

This chapter mainly covered the background to the study, presented the statement of the problem, and outlined the research objectives, the research questions, the research hypothesis, justification of the study, the scope of the research and the dissertation outline.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter reviews literature related to the retention of customers in the edible oils industry in Zimbabwe. Focus is mainly on evaluating how customer retention enhances competitiveness in the market place. Furthermore this section reviews literature on factors that influences ~~customer~~ retention, namely, service quality, customer satisfaction, trust, customer loyalty and price. A conceptual framework is constructed thereof.

In marketing theory and practice, Customer Retention (CR) has been shown to be a main goal in businesses that practice Relationship Marketing in recent years (Coviello, Brodie, Danaher & Johnston, 2002). Gronroos (2000) indicated that Relationship Marketing (RM) seeks to acquire and retain customers by providing good quality customer services, and therefore has become one of the key success factors in acquiring strong competitiveness in today's markets, because of its implications on market share, customer satisfaction and loyalty through generation of repeat purchase, creation of exit barriers and the view that it benefits all parties profitably.

2.2 DEFINITION OF CUSTOMER RETENTION

According to Lombard (2009), the true health of any business is closely related to how well it acquires and retains customers. Kotler and Keller (2008) indicated that the metrics for acquiring and retaining customers goes beyond the long-term view of a company of the annual financial benefit. This fact, according to Kotler and Keller (2008) has further implications for businesses, mainly those with periodic revenue business models.

Customer retention is defined by Kotler and Keller (2008) as the ability for a company to keep its existing customers. It is the measure of a company's ability to provide enough value with its products or services for customers to keep them coming back for more (Kotler & Keller, 2008). Ranaweera and Prabhu (2003) affirmed that customer retention is the future tendency of a customer to continue with the service provider. According to Weinstein (2002), the critical metric to measure customer retention for businesses with recurring revenue is Average Customer Lifetime Value (ACLV). Weinstein (2002) defined ACLV as the product of the customer duration and the average recurring charge. However, Evans (2002) suggested that the true customers are those with the uppermost residual lifetime value.

Kotler and Keller's definition emphasized more on keeping the existing customers; it does not directly bring out the idea of profitability to the business enterprise.

According to Rust and Chung (2009) customer retention is a way in which an organisation manages to maintain long term relationships with its existing customers through satisfying their needs and wants, this then is followed by profits. Hassens

(2007) generally agreed with Rust and Chung (2009) on the importance of retention as a key driver of a firm's profitability. This is however supported by Khan (2012) who pointed out that considerable attention that firms devote towards customer retention is to make profits. Buttle, (2004) indicated that sales volumes grow and customer referrals increase, concurrently, relationship maintenance costs decrease as both customer and supplier gets to know more about each other and customer replacement costs fall hence profits increase. This was further affirmed by Fleming and Asplund (2006) who indicated that Customer retention has a direct impact on profitability. Engaged customers generate 1.7 times more revenue than normal customers, while having engaged employees and engaged customer's returns a revenue gain of 3.4 times the norm (Fleming & Asplund, 2006).

Rust and Chung's definition of customer retention focuses on maintaining long term relationships with existing customers through satisfying their needs and wants, followed by profits. However, both parties i.e. the customer and the organization should realize some profits.

Another definition by Frederick (2004) suggested that customer retention is the action that a firm that sells assumes in order to lessen customer defections. Conferring to Gronroos (2000), effective customer retention commences with the first contact a firm makes with a customer and progresses all through the whole lifetime of a relationship. Gronroos (2000) further articulated that there is a strong relationship between a firm's capability to draw and retain new customers, with the way it services its current customers and the reputation it builds within and through the entire marketplace. According to Fredrick (2004), Customer retention goes further than fulfilling the customer expectations but to making customers become loyal advocates for a brand. Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the center of business strategy', (Coviello, Brodie, Danaher & Johnston 2002, p. 42). The key differentiator in a competitive environment is more often

than not the delivery of a consistently high standard of customer service (Frederick, 2004). Frederick (2004) introduced the issue of customer defections which implies that customer retention assumes that an organisation makes sure that it establishes its' reputation by substantiating customers' expectations and even exceeding expectations.

Fredrick relates the main purpose of customer retention to lessening defections but the profitability aspect to both parties i.e. the customer and the manufacturer at the market place is highly competitive.

Egan (2004) defined customer retention as a strategy focusing on the firm's existing customers with the aim of securing customer loyalty through customer satisfaction over time. However, no firm can hold on to all its customers with the aim of full customer retention. This is due to several factors including the fact that in highly competitive markets, customers may defect either temporary or permanently to other products or services. Egan (2004) further argued that it is unprofitable for companies to try to achieve full retention as the cost of doing so may be prohibitive. However, firms must know when to cut and when to run hence seeing customer retention as a strategic tool (Egan, 2004).

Combining all the above definitions, customer retention means identifying and satisfying the customer needs and wants first thereby creating customer value and securing loyalty then profits through growth in market share. This study adopted the definition of customer retention by Egan (2004) as it clearly brings out the issue of securing loyalty through satisfaction over time in the highly competitive markets like the Edible Oils industry in Zimbabwe which is faced by both local and imported competition. The literature also brings out the importance of customer retention resulting in long term

relationship. More so, maintaining existing customers is less costly than acquiring new customers. However, social influence may result in acquiring new customers or losing customers.

2.3 THEORIES ON CUSTOMER RETENTION

Through review of a variety of literatures surrounding Customer Retention (CR), different theories have been identified. These theories give an explicit description of numerous dimensions related to customer retention. These theories are the relationship commitment model, Holistic approach, satisfaction trust and switching barriers, conversion model and the Holistic approach to quality, price, indifference and inertia.

2.3.1 The relationship commitment model

The relationship commitment model consists of three factors which are the communication effectiveness, functional quality technical quality (service quality) and all are affected by trust which results in relationship commitment (Sharma & Patterson, 2000).

i. **Trust** - Sharma and Patterson (2000) defined trust as belief that service provider can be relied on to behave in such a way that the long term interests of the buyer will be served. It is this reliance on, or confidence in, that Kotler and Keller (2008) also suggested. Sharma and Patterson (2000) indicated that trust has a positive relation to the extent through which firms share similar values.

ii. **Service quality** - Service quality is has two main components which are technical quality and functional quality. Technical quality is related to the actual outcome or the core service as perceived by the customer. Zeithaml and Bitner (2003) defined service quality as the ability of the experts in achieving the best return on investment of their customers at acceptable risk levels. Technical quality is relevant to the promised service while Functional quality is concerned with interaction between service provider and service receiver and is assessed in highly subjective manner (Zeithaml & Bitner 2003).

iii. **Communication effectiveness** – This is referred to as formal and informal sharing of important and timely information between a customer and a firm representative in an apathetic manner, for which the purpose is to keep customers informed about product deliveries or delays in a way that can be clearly understood (Sharma & Patterson, 2000). Strong communication skills are required to ensure that customers understand and thus become more confident. Effective communication also helps a customer to understand unavoidable ups and downs of variable outcome performances. Consequently, the greater is the communication effectiveness, the greater the relationship commitment (Sharma & Patterson, 2000).

2.3.2 Holistic approach, satisfaction trust and switching barriers

Ranaweera and Prabhu (2003) drafted a holistic approach that examines satisfaction, trust and switching barriers as barriers to customers' satisfaction and define customer retention as a tendency of customers to stay with their service providers. The framework has two functions, its first function is to examine the main effect of the three variables on customer retention independently and its second function is to examine the interaction

effects that trust and switching barriers has on customer retention in the presence of satisfaction.

a) **Customer satisfaction** - According to Ranaweera and Neely (2003) customer satisfaction is the evaluation of a reaction to a product and assert that the higher is the satisfaction, the higher the level of customer retention. The more the customers are satisfied the more they are loyal hence firms have devoted a lot of efforts on managing and increasing customer satisfaction. Fornell (1992) indicated that satisfied customers are perceived to be essential, implying creating sustainable advantages in competitive environments. Companies have devoted lots of attention and effort on managing and increasing customer satisfaction (Ranaweera & Prabhu, 2003).

b) **Trust** – Trust is conceptualized as obtainable when one party is confident in the other party's reliability and integrity (Gounaris, 2003). Ranaweera and Prabhu, (2003) indicated that though firms may properly manage their customers, may fail to retain them, thus satisfaction alone may be inadequate to sustain long-term customer commitment to a single provider. Gounaris (2003) emphasized that trust is an essential element in any type of relationship. Trust is an important factor in the perceived quality of services especially in business to business services (Gounaris, 2003). Trust is developed gradually resulting from mutual adaptation to the other parties needs (Gounaris, 2003).

c) **Perceived switching barriers** - Sharma and Patterson (2000) indicated that the higher the level of perceiving switching cost the higher the probability for the customers to remain. Ranaweera and Neely (2003) perceived switching barriers contributes to the maintaining of relationships; however switching costs are of economical nature (Sharma & Patterson, 2000).

2.3.3 The conversion model

The conversion model provided by Richards (1996) is found on the fact that it is not enough to satisfy customers as satisfaction alone does not predict customer behaviours. Richards (1996) argued that satisfied customers will leave while dissatisfied customers remain. However, the following factors were identified by Richards (1996):

1) **Level of involvement** - The first factor is the involvement in the brand category. The more people are involved in a given choice the more careful they will choose and the more they have and once they have made their choices they stick to it. Therefore if the customer is dissatisfied and involved, his primary strategy will be to try and repair the relationships rather than seeking alternatives.

2) **Attraction of alternatives** - The second factor is the attraction of the alternative for which Richards (1996) argued that the more alternatives attract, the more dissatisfied customers communicate, implying that switching may result. If the alternatives available are not as good, conversion may then be delayed in spite of dissatisfaction. On the other hand, if the alternative attract, customers may converse, even though they are highly satisfied (Richards, 1996). Sharma and Patterson (2000) stated that when customers are not aware of the substitutes or competing alternatives they may continue in the service relationship even though it is unsatisfactory.

3) **The extent of ambivalence** – Richards (1996) indicated that this is insecurity caused by the range of choices as an ambivalence state is where customers are deciding whether to stay or leave. Ambivalence makes customer less committed, although conversion is delayed (Richards1996)

2.3.4 Holistic approach to quality, price, indifference and inertia.

Ranaweera and Neely (2003) drafted a holistic approach to customer retention incorporating service quality, price, customer indifference and inertia.

i. **Service quality** - several studies found that there is a close relationship between service quality and repurchase intentions. Ranaweera and Neely (2003) indicated that service quality is a consumer's appraisal of overall service excellence and superiority.

ii. **Price** - Ranaweera and Neely (2003) hypothesized that the greater the perceived the price was, the greater the level of repurchase intentions. However, Ranaweera and Neely (2003) indicated that little research has been conducted on the correlation between price and customer retention and therefore they argue that further research is needed in this area.

iii. **Inertia** - According to Ranaweera and Neely (2003), the higher the level of inertia the greater the level of repurchase intentions. Huang and Yu (1999) defined inertia as a non-conscious form of retention. Huang and Yu 1999 argued that this makes a distinction between loyalty and inertia because of the consciousness involved in decision to continue to purchase from the same provider.

iv. **Customer indifference** – According to Ranaweera and Neely (2003) the higher the level of indifference the higher the level of repurchase intentions. Ranaweera and Neely (2003) indicated that those who have positive perceptions of the service and also show a certain level of indifference are the less likely to leave as their service expectations are fulfilled and at the same time the find no need of switching.

Studies done by Ranaweera and Prabhu (2003), Ranaweera and Neely (2003) and Sharma and Patterson (2000) influenced my work. The researchers brought out the aspect of satisfying the needs of the customer first, the service quality offered to the customer, communication, trust, loyalty and price as factors generally influencing customer retention. The research gap on correlation between price and customer retention as indicated by Ranaweera and Neely (2003) also influenced my work. The Edible oil industry in Zimbabwe is faced with competitive rivalry mainly from within i.e. Surface Investments, Olivine Industries, United Refineries and Small to Medium Enterprises (SMEs), imported competition mainly from South Africa and Botswana hence the idea of customer retention as a strategy to enhance competitiveness and regain the lost market share. Furthermore, these researches were not conducted in this type of industry in the Zimbabwean context.

2.4 INDEPENDENT VARIABLES

2.4.1 Customer satisfaction

Oliver (2005) pointed out that customer satisfaction has generally been considered to be the fundamental basis of long-term consumer relationship. Customer satisfaction can be defined in many ways, such as the feeling of pleasure or disappointment that a customer experiences from comparing a product's perceived quality or performance to his or her expectations (Kotler, 2005). Customer satisfaction serves as a key element in customers' defection decisions (Armstrong & Kotler, 2008). According to Oliver (2005) customer satisfaction is considered as a measure that evolves over time and has evaluated satisfaction either on the basis of customers' self-reports or by drawing conclusions from customer behaviour. If the relative quality performance falls short of expectations, the customer is dissatisfied; if it exceeds expectations, the customer is

satisfied (Khan, 2012). Wilson, Soni, and O'Keeffe (2010) indicated that customer satisfaction is perceived to lead to good things such as repeat purchases and brand faithfulness, reduced costs of attracting new customers (Bolton, Kannan & Bramlett, 2006), and lower costs of handling returns and complaints (Goodman, 2006). Bolton et al, (2006) concluded that customer satisfaction affects customer retention. The more satisfied customers get, the greater is their retention. Satisfied customers are more positive towards the organization and are therefore more likely to be the faithful customers (Oliver, 2005). A satisfied customer develops a strong relationship with the firm, and this often leads to relationship prolonged existence (Fornell, Rust & Dekimpe, 2010). Upholding a high level of customer satisfaction is vital in competitive marketplaces, and consequently it is a key performance indicator (Khan, 2012).

Jones and Farquhar (2003) indicated that the relationship ends if unsatisfied customers leave as customers have a level of tolerance that can be defined as the difference between an adequate and a desired level of service. Curasi and Kennedy (2002) agreed to the fact that customers are willing to bear some unfavorable incidents before conveying them in terms of overall dissatisfaction.

In light of the above discussion there is a presumption that customer satisfaction may lead to repeat purchases and brand faithfulness, reduced costs of attracting new customers and lower costs of handling returns and complaints. Although some satisfied and dissatisfied customers may defect, however, there seems to be general consensuses from the numerous studies that customer satisfaction affects customer retention. (Fornell et al, 2010) concluded that there is a direct relationship between customer satisfaction and customer retention hence profitability.

2.4.2 Service quality

Over the past years there has been a heightened emphasis on service quality and customer satisfaction in business and academia alike. Ranaweera and Neely (2003) identified that strong relationships exist between service quality and customer retention while emphasizing that these two are conceptually distinct constructs from the customers' point of view. Dawes (2009) indicated that service quality leads to customer satisfaction hence customer retention and in a recent study conducted by Peres, Muller and Mahajan (2009), it was discovered that this correlation also exists in the e-commerce industry.

According to Ranaweera and Neely (2003), service quality and customer satisfaction are key factors in the battle to obtain competitive advantage and customer retention. Customer satisfaction is as a result of customer perception of the value received in a transaction or relationship, where value includes perceived service quality, as compared to the value expected from transactions or relationships with competing vendors (Dawes, 2009). Kotler, 2005 indicated that in order to achieve customer satisfaction, it is important to recognize and anticipate customers' needs to be able to satisfy them. Businesses which are able to quickly recognize and satisfy customers' needs attain greater returns than those which fail to recognize and satisfy them (Khan, 2012). Therefore as Kotler (2005) concluded, businesses must develop and manage a healthy and good customer relationship with all the entities they have to deal with.

The quality service factors stated by Grand (2002) in delivering high quality services are;

a) Reliability — delivering consistent and timely services or products.

b) Knowledge—being aware and understanding the customer's situation.
c) Empathy — offering individual care. Listening to the customer's requirements and problems. Clearly showing understanding of the customer's situation.
d) Responsiveness — demonstrating the willingness and readiness to solve problems.

Zeithaml, Berry and Parasuraman, (1993) indicated that the relative influence of service quality, product quality, and price on a buyer's assessment is an issue in need of systematic empirical research. However, case studies and subjective evidence strongly suggest that achieving sustainable competitiveness in the marketplace will be very difficult with just superior products and reasonable prices; despite of whether a company's core offerings are products or services, superior service quality is essential for excellent market performance on an enduring basis (Berry, Leonard & Parsuraman, 1991).

The underlying principle is that service quality is much more difficult for competitors to effectively copy compared to product quality and price. Service quality offers greater competitive leverage which is also relevant in the context of perceived value and customer loyalty since these are important determinants of market performance (Ranaweera & Neely, 2003).

Service quality is an important component in acquiring and retaining customers (Ranaweera & Neely, 2003). The relationship between service quality and retention has been investigated over the years in the service context where the interaction between the customer and the employee is face-to-face like it is in the banking sector. Some authors have pointed out that service quality affected customer retention mainly through satisfaction (Zeithaml & Bitner, 2003), while others disagreed for a direct effect (Ranaweera & Neely, 2003).

2.4.3 Customer loyalty

Bolton et al, (2006) indicated that customer loyalty is the willingness of customers to maintain their relations with a particular firm or service or product. Loyalty is also explained as a customer dedication to do dealing with a particular firm, purchasing its products and services and referring colleagues (Chen & Hu, 2010). Customer loyalty can be in two forms, one is based on behaviour and the other is based on attitudes (Gee, Coates and Nicholson, 2008). Rauyruen and Miller (2007) also explained customer loyalty as a combined concept of behavioural loyalty (willingness of customer to do repeat purchases from and continue relationships with the company) and attitudinal loyalty (emotional connections and support of customers towards the company).

In emerging business competitions, the loyalty of customers has come out to be a main aspect in getting continued competitive advantage (Wong, Chan, Ngai & Oswaldw, 2009). Customer value oriented business organization draws and increases loyal customers (Chan & Chen, 2007). It is crucial to understand the customer mind for constructing competitive policies to succeed in differentiation and captivating of customer loyalty in the competitive market (Chen & Hu, 2010). By developing loyalty, a firm can develop long lasting and profitable relationships with customers (Chen & Hu, 2010). Customer loyalty is an essential element for the sustained existence and operating of an organization's business (Chen & Hu, 2010). Loyalty can be measured by the intention to repurchase, recommending the product or services to others and tolerance towards price (Khan, 2012). Customer loyalty can be deliberated through repeated purchasing and forbearance for price (Wong et al, 2009).

Lindgreen, Davis, Brodie and Buchanan-Oliver (2000) indicated that the costs of acquiring new customers to replace those who have been lost are higher than the costs

of retaining the old customers. This is mainly because the expense of acquiring more customers is incurred only in the beginning stages of the business relationship (Healy, 2009). Furthermore, if satisfied, longer term customers buy more and, may generate positive word-of-mouth promotion for the company (Lindgreen et al 2000). Long-term customers also take less of the company's time and are less sensitive to price modifications (Healy, 2009). This literature highlights the opportunity to acquire referral business, as it is believed that reducing customer defections by as little as five percent can double the profits (Healy, 2009). Lindgreen et al (2000) indicated that apart from the benefits that the longevity of customers carries, research findings also suggest that the costs of customer retention activities are less than the costs of acquiring new customers. Rust and Zahorik (1993) confirmed that the cost implications of attracting new customers may be five times higher than keeping existing customers but maintaining high levels of satisfaction will not, by itself, ensure customer loyalty. According to Coyles and Gorkey (2002), firms lose satisfied customers who may have relocated, retired, or no longer need certain services of which as a consequence, retaining customers becomes a priority.

Clearly, there are convincing opinions to carefully consider the factors that might increase customer retention rates, with research providing ample justification for customer retention efforts by companies (Healy, 2009). The literature has identified a set of possible explanatory constructs that could have an impact on loyalty decisions.

2.4.4 Trust

Trust is defined by Kotler (2005) as when customers believe that the provider can offer them and they rely on the provider. In a similar way, Sharma and Patterson (2000) defined trust as belief that service provider can be relied on to behave in such a way

that the long term interests of the buyer will be served. Trust is a key mediating variable in that if a customer trusts his provider, he believes, that this provider will not behave opportunistically (Sharma & Patterson, 2000). The most important question is how trust will generally be built up. Customers, who are in contact with a company, usually find at this contact point a person from this company and it is the behaviour of this employee that is the key factor for the building of trust or rather the loss of trust (Sharma & Patterson, 2000). However if there is no personal interaction trust is normally generated by brand advancement and through the establishment of a good corporate image. The building up of trust to a provider proceeds mainly through personal interaction, but this customer-experience generally does not exist, (Sharma & Patterson, 2000).

2.4.5 Price

Price is one of the most essential determinants of customer decisions (Dawes, 2009). Price matching could be used to stimulate repeat purchase behaviour hence reducing price defection, because price matching may indicate a commitment to keep customers. However, existing customers focus less on price savings than new customers (Ranaweera & Neely, 2003). Understanding long-term effects of price matching on customers is important in determining if price has an impact on customer behaviour hence evaluating the effectiveness price in stimulating customer retention, in addition to customer acquisition (Dawes, 2009).

Dawes (2009) further indicated that price may affect customer behaviour through increasing or reducing retention of customers, as pricing strategies are important in building customer retention. According to Kotler (2005), there are multi-step quantity discounts, a mixture of an up-front flat payment and subsequent discounts spread out over a fixed period of time, and, time and loyalty based pricing which distinguishes

discounts over time. There is also the multi-product pricing scheme which is the strongly discounted sale of the main product and is linked to multi-person discounts where a reduction in price is offered not to the major buyer but to an extra buyer if their purchases are tied together, (Kotler, 2005).

2.5 CASE STUDIES REGARDING CUSTOMER RETENTION

The ways in which firms retain their customers are highly dependent on the firm's objectives, philosophies and the context of each firm and once firm knows who their customers are they tend to use specific tactics to accomplish the objective and retaining the customers (Zeithalm, Bitner & Gremler, 2006). Below, are the case studies regarding customer retention:

2.5.1 Relationship between Customer Retention and Competitiveness

In modern global business competition, Lin and Wu (2011) affirmed that customer retention is a vital marketing strategy as companies adopt the "customer is the king", concept. Stauss, Chojnacki, Decker and Hoffman (2001) indicated that customer retention is requirement of time in competitive environment for survival of the business and its development. Stauss et al, (2001) further indicated that there is need to retain customers in order to fight competition in business as strategy related with customers is the most viable technique to achieve the set objectives of the business. According to Fornell, Rust and Dekimpe (2010), customer retention is directly related with high sales volumes hence increased profits, therefore, to survive, a business organization should adopt competitive strategies regarding customer satisfaction and retention as retaining

the customer base is critical to business success. Fornell et al (2010) further pointed out that competitors will give customers reasons to leave if the business organization does not satisfy the customers' needs since customer retention and satisfaction drive profits. However it is less expensive to grow the customer base currently in existence and sell more products and services to them than it is to seek new, single-transaction customers (Bolton, Kannan & Bramlett, 2006).

Healy, (2009) indicated that an organization needs to deliver on the factors that cause its core customers to be loyal promoters in particular uniqueness and timeliness - brand promise specifically. In accordance with Weinstein (2002), Customer lifetime value may be considered to be part of the business development strategies as it is a critical metric to measure customer retention for businesses. However, Healy (2009) further indicated that customer retention plays a pivotal role on business development hence impacts on business competitiveness and growth. In this study, the major research question is framed in terms of the view of enhancing business competitiveness in the market place as a result of customer retention.

2.5.2 Relationship between service quality and customer retention

Researches by Potter (2001), verified that with the cost of losing customers raising every day companies persistently seek new ways to acquire, retain and increase business. Service is an essential issue in customer retention and research by Potter (2001) suggested its role is more critical than ever and will continue to grow. Both internal and external customers may consider products and service a collective organisational responsibility rather than a functional or departmental one. However, according to Potter (2001), as the relationships customers have with companies continue to widen, anyone who interacts with a customer is in a position either to jeopardize or to enhance that relationship. To ensure quality service, every person who interacts with customers in any way must have the appropriate skills to respond,

efficiently and effectively to customer needs, (Gee, Coates & Nicholson, 2008). Many organizations have not broadened the role of service or eliminated the barriers that exist between the sales and service departments and other support functions. A salesperson who promises more than can be delivered on a delivery date yet does not check to see if he holds enough stock to supply the order. The salesperson may also fail to communicate with the customer service representative who in turn is required to handle an angry delivery department and an angry customer (Porter, 2001). Terblanche and Boshoff, (2010) stated that organisations must train employees that they are all service providers and emphasize their crucial role in customer retention. The service provider is essential in hearing the voice of the customer.

The underlying principle is that service quality is much more difficult for competitors to effectively copy compared to product quality and price. Service quality offers greater competitive leverage which is also relevant in the context of perceived value and customer loyalty since these are important determinants of market performance (Ranaweera & Neely, 2003). Accordingly, the researcher assesses the relationship between service quality and customer retention.

2.5.3 Relationship between customer satisfaction and customer retention

According to Ranaweera and Prabhu (2003), in modern day the effect of customer satisfaction on customer retention plays an important role because the more satisfied customers are, the greater is their customer retention. Kotler and Keller (2008) affirmed that the key to customer retention is customer satisfaction. The Study of Customer Satisfaction, Customer Trust and Switching Barriers on Customer Retention in Malaysia Hypermarkets carried out by Danesh, Nasab and Ling (2012) indicated that there is a weak correlation between customer satisfaction and customer retention. However, their

study recognized that customer satisfaction, customer trust and switching barriers are positively related to the overall customer retention in the Malaysia retail market. Consequently, this research assesses the relationship between customer satisfaction and customer retention using.

2.5.4 Relationship between customer loyalty and customer retention

Various research studies have looked at the relationship of customer loyalty and customer retention in different situations. Some studies indicate that there is positive relationship; others indicate that there is a negative relationship, while some others indicate that there is no relation between them. Wong, Chan, Ngai and Oswaldw (2009) carried out an empirical study proved that having a good relationship with customers has a significant impact on customer loyalty. Smith and Chang (2009) indicated that customer retention has no impact on customer loyalty. Rust and Zahorik (1993) concluded that there is a relationship between customer retention and customer loyalty. Bolton, Kannan and Bramlett (2006) confirmed that customer loyalty has a considerable impact on customer retention. Khan (2012) concluded that there is a strong positive correlation between satisfaction and loyalty; that a strong positive correlation exists between loyalty and retention; and also the relationship between satisfaction and retention is a strong one. Accordingly, this research assesses the relationship between customer loyalty and customer retention.

2.6 LITERATURE SYNTHESIS AND CONCEPTUAL FRAMEWORK

2.6.1. Crystalisation of the research question

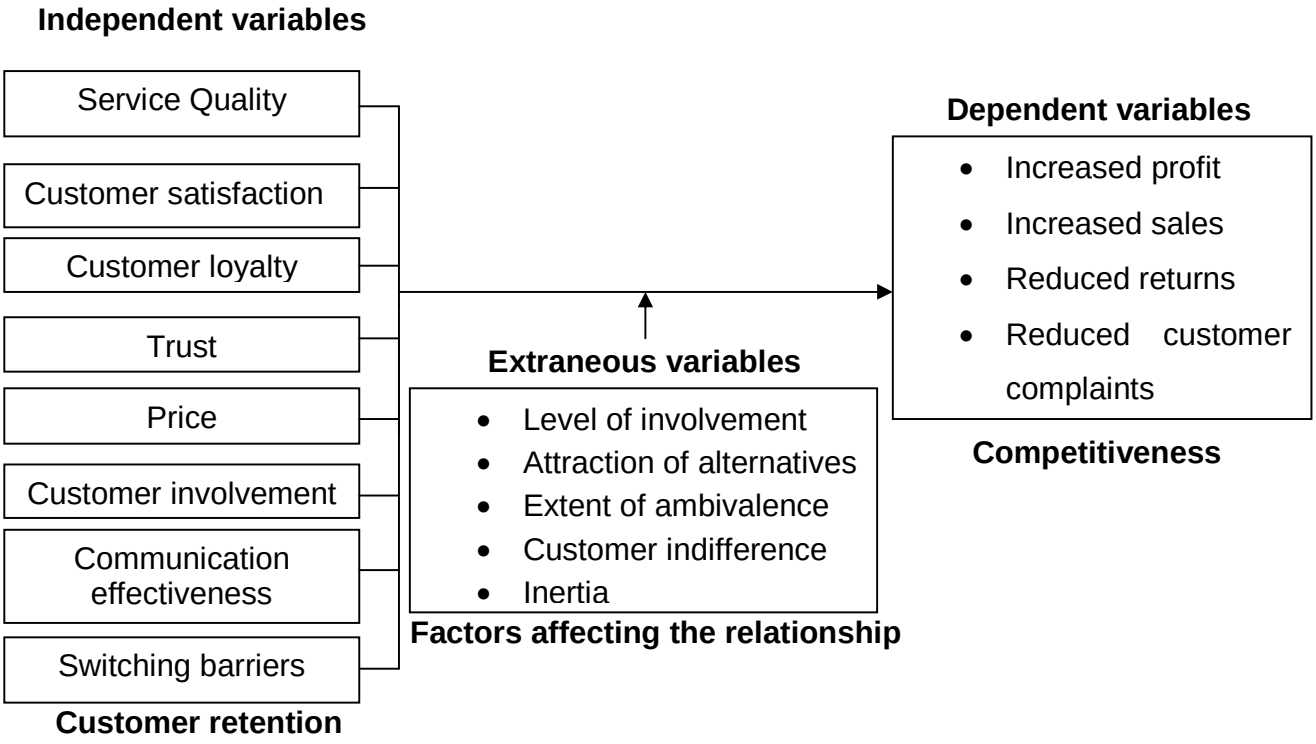

Figure 2.1:- Diagrammatic presentation of the conceptual framework

Source: Own, 2013.

From the conceptual framework, this research seeks to explore the relationship that exists between customer retention and competitiveness. The research assumes that there is a correlation between the independent variables and dependant variables, with the extraneous variables however affecting the relationship between the two. Through reviewing literature on the dependant and independent variables of this study the research objectives were addressed.

2.7 CHAPTER CONCLUSION

This chapter has reviewed literature related to customer retention in which various theories have been explored. Literature has shown that customer retention enhances competitiveness as a result of customer satisfaction, service quality, customer loyalty, trust, price, customer involvement, Switching barriers and communication effectiveness. However, the study seeks to evaluate customer retention particularly in the Edible oils industry in Zimbabwe as literature has also indicated that no such research study has been carried out in this type of industry in Zimbabwe. It is therefore this research gap which this study fills as research indicates that the theory on customer retention was proved in the case studies reviewed in the literature. The next chapter presents the research methodology that was undertaken for the purposes of the study.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter presents the research methodology that was used in this research. It focuses on the research design and data collection techniques that were employed for the research to take place to address the research problem as outlined in Chapter one. The chapter also aimed at justifying the use of the selected research design, the target population, the sampling method, the sample, the data collection, the pilot study, validity and reliability and the data analysis procedure.

3.2 THE RESEARCH DESIGN

According to Yin (2003) a research design is the plan of investigation used to obtain answers to research questions. Therefore the choice of the research design depends on the relevance of the design to the objectives of the research (Saunders, Lewis & Thornhill, 2009). There are various types of research designs, namely descriptive, exploratory and casual. The researcher adopted descriptive research as the research design as it involves developing and testing hypothesis and testing theories (Saunders et al, 2009). The descriptive or positivism is derived from natural or pure science and is based on values of reason, truth and validity for which there is focus on pure facts which

are empirically measured using quantitative methods such as surveys, experiments and statistical analysis (Saunders et al, 2009).

3.3 RESEARCH PHILOSOPHY

According to Saunders et al (2009), the Research philosophy relates to development of knowledge and the nature of that knowledge in relation to the research. However, the philosophy is based on assumptions that underpin the research strategy and the research methods used in a study (Saunders et al, 2009). This study employed the epistemology philosophy as it is more objective.

Epistemology is described by Easterby-Smith, Thorpe and Jackson, (2008) as the views about the most appropriate ways of enquiring into world's nature, the definition and sources of knowledge. Epistemology is the theory or science of the method or grounds of knowledge expanding into a set of claims or assumptions about possible ways to gain knowledge of reality, how what exists can be known, what can be known, and what criteria must be satisfied in order to be described as knowledge (Erikson & Kovalainen, 2008). The researcher evaluated customer retention as a strategy to enhance the competitiveness of the edible oil industry in Zimbabwe in light of stiff competition within the industry itself and imported competition to a greater extent.

The researcher used Epistemology which according to Erikson and Kovalainen (2008) employs quantitative research and is also characterized by the testing of hypothesis developed from existing literature hence deductive or theory testing. Quantitative approach has advantages of placing great emphasis on objectivity and reliability of research findings and promotes replication (Erikson & Kovalainen, 2008).

3.4 THE RESEARCH APPROACH

According to Saunders et al (2009), there are two kinds of research approaches, namely, deductive approach and inductive approach. Deductive approach involves collecting data from which a hypothesis developed first, followed by a research strategy in which to test the hypothesis is designed and then data analysis. The conclusions tag along logically from available facts (Burney, 2008).

Deductive (the theory testing) and positivist (the data collection method) approach was used in this research. Deductive reasoning starts from the more general to the more specific perspective and involves a high degree of uncertainty (Burney, 2008).

This study is a predominantly quantitative research and is hence deductive in approach. Quantitative methods involve the use of numerical measurements and statistical analyses of measurements to examine social phenomena (Saunders et al, 2009). In terms of this approach, questionnaires were designed and samples of the employees were requested to complete them in order to assist in ascertaining their perceptions of the customer retention as a strategy for competitiveness. According to Shajahan (2004) positivism is considered as scientific research which has the following advantages:

a) Economical collection of large amounts of data.
b) Clear theoretical focus for the research at the outset.
c) Greater opportunity for the research to retain control of the research process.
d) Easily comparable data.

Because of economical collection and ease of comparing of data, quantitative research was chosen for this study. The research question of the study requires the use of

quantitative research. Supporting why quantitative research was chosen, Shajahan (2004) further argued that it keeps subjective element away from the field of social research. If statistics and figures are correct then the conclusions drawn are bound to be correct and dependable, if off course objectively analysed.

3.5 RESEARCH STRATEGY

Yin (2003), defined a research strategy as a plan of action that gives direction to efforts, enabling one to conduct research systematically rather than haphazardly.

There are also the ways in which data is obtained in any research and these include experiments, case studies and surveys among other strategies.

i. **Experiment,** this normally takes place in pure scientific research in a laboratory or in a natural setting in a systematic way. The aim is to manipulate the independent variable in order to observe the effect on the dependent variable. This strategy was not used in this research.

ii. **Action research** where the research takes more of the form of a field experiment.

iii. **Case studies** which seek to understand social phenomena within a particular setting.

iv. **Surveys** – According to Yin (2003), these are normally used where large volumes of data are involved with quantitative methods of analysis hence a survey was carried out in the edible oil industry in Zimbabwe.

This study adopted a survey approach where 150 questionnaires were distributed to staff and management of companies in the Edible Oil Industry and their customers.

3.5.1 Research instruments

According to Sekaran (2004) data collection methods include interviews, questionnaires and observation methods. However, in this research the data was collected using personally administered questionnaires. Sekaran (2004) presented the following advantages for using personally administered questionnaires:

i. Can establish rapport and motivate respondent.
ii. Doubts can be clarified.
iii. Less expensive when administered to groups of respondents.
iv. Almost 100% response rate ensured. Anonymity of respondent is high.

Sekaran (2004) stated that questionnaires are data collection instruments that enable the researcher to pose questions to subjects in his/her research in order to obtain answers to the research questions. Saunders et al. (2003) maintained that it is generally good practice not to rely solely on questionnaire data but to use the questionnaire in conjunction with at least one other data collection instrument. Gupta (2003) said questionnaires are a popular means of collecting data, but are difficult to design and often require many rewrites before an acceptable questionnaire is produced.

In this study, two sets of questionnaires with closed ended questions were designed for the staff and management in the Edible Oil Industry and another set was designed for the customers. An attempt was made to include all the major questions in the questionnaire and to make them as short as possible. Berenson and Levine (2005) observed that there is an inverse relationship between the length of a questionnaire and the rate of response to the survey. The longer the questionnaire, the lower will be the rate of response; the shorter the questionnaire, the higher will be the rate of response.

Structured questionnaires were self administered to the staff and management of Edible Oil Industry and its customers. Some questionnaires were also hand delivered while some were emailed to the respondents.

3.5.2 Questionnaire construction

Hair, Bush and Ortinau (2004) defined a questionnaire as a dignified set of questions involving one or more measurement scales intended to collect specific primary data. A questionnaire with questions in the form of likert scales was used to collect data because the scale is suitable for self-administered research method (Hair et al, 2004).

The questionnaire used in this study does not require the name of the respondent and that promoted anonymity (See appendices). According to Krisnaswamy, Sivakumur and Mathirajan (2006) the cardinal approach to developing a questionnaire is to make it simple and avoid ambiguous and leading questions.

Through an adoption from different sources of existing literature, multiple scales were used in the questionnaire to measure the constructs. To measure the relationship between independent and dependent variables, the items were adopted from Wong (2011); Ranaweera & Prabhu (2003); Ranaweera & Neely (2003) and Sharma & Patterson (2000). Questions were grouped into groups of five under a heading developed from the research questions. The headings clarify the type of information required. The questions searched for answers to the research problem.

On other questionnaires for the customers, simple and few questions were constructed and the researcher ensured that the questions were answering the research questions of the study.

3.5.3 Pilot study

A pilot study was conducted with employees who were not involved in the final distribution of questionnaires. A total of ten participants were selected to participate in the pilot study. All ten questionnaires distributed to the staff and management of Olivine Industries which was convenient for the researcher. The questionnaires showed that some questions contained grammatical errors and others were not so clear. The questions involved were all corrected and edited before the final questionnaire was distributed. The purpose of the pilot study was to test whether the questionnaire would give the researcher the required result and whether everyone would understand the questionnaire without any difficulty. In addition, the purpose was to refine the items included in the questionnaire in order to ensure that no ambiguity or bias was present and so that the measuring instrument could be fine tuned for data collection (Sekaran, 2003).

3.6 POPULATION AND SAMPLING

Wegner (2005) defined a population as the collection of all the observations of a variable under study and about which one is trying to draw conclusion in practice. Cooper and Schindler (2003) defined a population as the total collection of elements about which the researcher wishes to make a deduction. The study of the whole population is called a census (Wegner, 2008). An appropriate sample used for the research was taken, taking into consideration budgetary constraints and the accuracy needed in the data. The population of this study consisted of two companies in the edible oil industry which are; Surface Investments and Olivine Industries, and their customers for which a total of one hundred and fifty (150) questionnaires were distributed and administered.

3.6.1 Sampling procedure.

In this research, the survey population was employees and management in the edible oil industry and their customers but for practical reasons, the research was confined to only two biggest manufacturers of edible oils. Tables 3.1 indicate the staff and management of the top three edible oil manufacturers in Zimbabwe.

Table 3.1 Number of samples of staff and management in the edible oil industry

	Surface Investments	Olivine Industries
Management	10	20
Non-managerial employees	20	30
Total number of respondents	**30**	**50**

According to Saunders, et al (2009) to collect data from only a part of the population is clearly less costly and provided the estimates are sufficiently precise, sampling is thus more economic. It is important that a representative sample is drawn to come up with results that can be generalised for the population. The researcher selected those who were more relevant to the study and these are those who are in the marketing department, purchase and supply department and those who are in the operations departments.

There are various sampling techniques that can be used in a research. Sampling techniques are different ways of which a sample can be chosen from a population. Sampling techniques can be divided into probability (representative sampling) and non-probability (judgmental) sampling (Saunders, et al 2009).

This study used stratified sampling and simple random technique. In a stratified sampling the population embraces a number of distinct categories, the frame can be organised by these categories into separate strata. A sample is then drawn from within these strata using any one of the different sampling methods for each stratum and the

sampling method can vary from one stratum to another, (Wegner, 2005). Respondents were stratified into management and those who are non-managerial.

According to Saunders, et al (2009) simple random sampling is the easiest method of sampling and it is the most commonly used. For each given sample size, all such subsets of the frame are given an equal chance. Each item in a population has an equal chance of inclusion in the sample, (Saunders, et al 2009). The staff and management were assigned numbers the researcher generated random numbers using excel. The researcher just picked the numbers randomly and those who were represented and the members picked were given questionnaires.

The customers of the edible oil industry were also the population of this study. The customers who were selected were the large supermarkets and wholesalers in Harare. Due financial and time constraints supermarkets and wholesalers within Harare were selected and ten questionnaires per each outlet were administered. The table below indicates the customers of the edible oil industry.

Table 3.2 Number of samples of customers in the edible oil industry

Customer	Number of outlets	Number of respondents
Spar	1	10
Ok	1	10
TM	1	10
Borne Marche	1	10
Pick n Pay	1	10
Mohammed Musa	1	10
Badhela	1	10
Total	**7**	**70**

Those who are in the customer care and sales team were selected to participate in the study. These were considered strategic since they have a direct contact with individual customers who are the consumers of their product. Simple random technique was also used to select the respondents amongst the individual customers. A sample ten respondents were selected in every outlet selected.

3.6.2 Primary data collection using self administered the questionnaires

Questionnaires which are completed by the respondents without direct interference from the interviewer are called self administered questionnaires (Wegner, 2008). Questionnaires were administered through electronic mail but mainly by hand. The researcher walked from office to office and factory to factory, to personally administer the questionnaires to the managerial staff. Section heads of departments were also given ten questionnaires each to administer to non-managerial staff and collected the following day. Some questionnaires were filled in whilst the researcher waited for managerial staff and major customers. The main reason for doing this was that most questionnaires sent electronically were not returned.

3.7 DATA ANALYSIS

Data analysis involved summarizing the data collected and presenting the results in a way that communicated the most important features of the research which is the customer retention in the edible oil industry. According to Wegner (2005) data are raw materials for statistical analysis. The quality data is influenced by the type, source and methods of data collection (Wegner, 2005). The researcher checked for accuracy and

completeness of the questionnaires. Raw data was edited to detect errors and omissions, and correcting them where possible. The editing process ensures accuracy, consistency, uniformity and completeness to allow for easy coding and tabulation of research findings (Diamantopoulos & Schlegelmilch, 2000). Data was computerized using Epi-Info and analyzed using Statistical Packages for Social Scientists (SPSS) through which correlation analysis was carried out.

3.8 ETHICS AND VALUES

The researcher upheld strict ethical standards to protect the rights and welfare of respondents throughout the period of this study. The ethical considerations to taken were, the approval of carrying out the research, informed consent, confidentiality and anonymity, honest and accountability, and access to results.

3.8.1 Validity

Zikmund (2003) defined validity as the extent to which a measuring instrument satisfies the purpose for which it was constructed. It also refers to the extent to which it correlates with some criterion external to the instrument itself. Validity is the degree to which an instrument succeeds in measuring what it has set out to measure (Zikmund, 2003).

Zikmund (2003) further indicated that the validity of a questionnaire indicates how worthwhile a measure is likely to be in a given situation with reason being that validity

shows whether the instrument is reflecting the true story, or at least something approximating the truth. A valid research instrument demonstrates that it detects some genuine ability, attitude or prevailing situation that the researcher can identify and characterise. If the ability or attitude is itself stable, and if a respondent's answer to the items is not affected by other unpredictable factors, then each administration of the instruments should yield essentially the same results (Zikmund, 2003). In order for a researcher to ensure validity, questionnaires focused only on questions aimed at answering the research objectives.

3.8.2 Reliability

Verma and Verma (2006) stated that reliability is a statistical concept and is related to consistency and dependability, that is, consistency in obtaining the same relative answer when measuring phenomena that have not changed. Types of reliability include the following:

i. Test-retest reliability (coefficient of stability) in which consistency is approximated by comparing two or more repeated administrations with the measuring instruments. This makes available an indication of the dependability of the result on one occasion which may then be compared with the results obtained on a different occasion.

ii. Internal consistency reliability, which shows how well the test items measure the same thing.

iii. Split-half reliability which done by correlating the results obtained from two halves of the same measuring instrument, split-half reliability can be calculated.

In essence, reliability refers to consistency, although consistency does not guarantee truthfulness. The reliability of a question is no proof that the answers given reflect the respondent's true opinion (Dane, 2000). Reliability refers to the degree to which measurement results are free of unpredictable errors (Dane, 2000). The researcher used an editor to ensure that questionnaires are error free as well as reliability test through Cronbach Alpha.

However, according to Hussey and Hussey (2005), the reliability of the data collected largely depends on the design of the questions, structure of the questionnaire and the severity of pilot testing. The researcher paid attention to these issues in order to ensure the credibility of the study.

3.9 CHAPTER CONCLUSION

This study is predominantly quantitative in nature in which a survey approach was used and questionnaires were used as data collection instruments. Random sampling was used to choose participants for this study. A pilot study of 10 questionnaires was done with the employees at Olivine industries. The research ethics were observed. A statistical package for the social Scientists (SPSS) was used to analyse the data. The next chapter focuses on the presentation of the findings of the study.

CHAPTER FOUR

4.0 RESEARCH FINDINGS, ANALYSIS AND DISCUSSIONS

4.1 INTRODUCTION

The chapter presents the research analysis, presentation and discussion of data collected from the staff and management in the edible industry as well as from customers. Secondary data was also considered for analysis through documentary data from annual reports of organisations, internet based materials, journals and textbooks. The analysis reports on the aspects raised by the research objectives and questions because it is from this chapter that the research hypothesis is confirmed in respect of the research findings. The data analysis and discussion seeks to provide a description of information on the research findings and to synthesize the researchers understanding of the implication of the research results to the research objectives.

4.2 RESPONSE RATE

A total of one hundred and fifty (150) questionnaires were sent out to staff and management of in the edible oil industry as well as customers. Out of one hundred and fifty (150) questionnaires, twenty (20) questionnaires were not returned, twenty-eight (28) were spoiled and, hundred and two (102) were properly responded to and returned. This gives a response rate of 68% which warrants validity and reliability of the research findings. Flowler (2002) indicated that there is no standard minimum or maximum

response although, the more responses a researcher gets the more likely it is for the researcher to draw statistically significant conclusions about the target population.

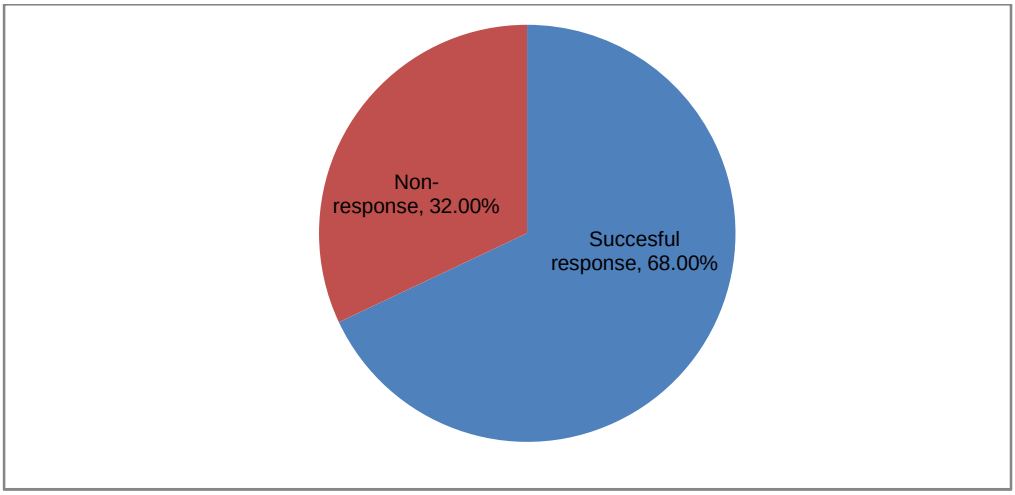

Figure 4.1:- Response Rate

4.3 DEMOGRAPHICS

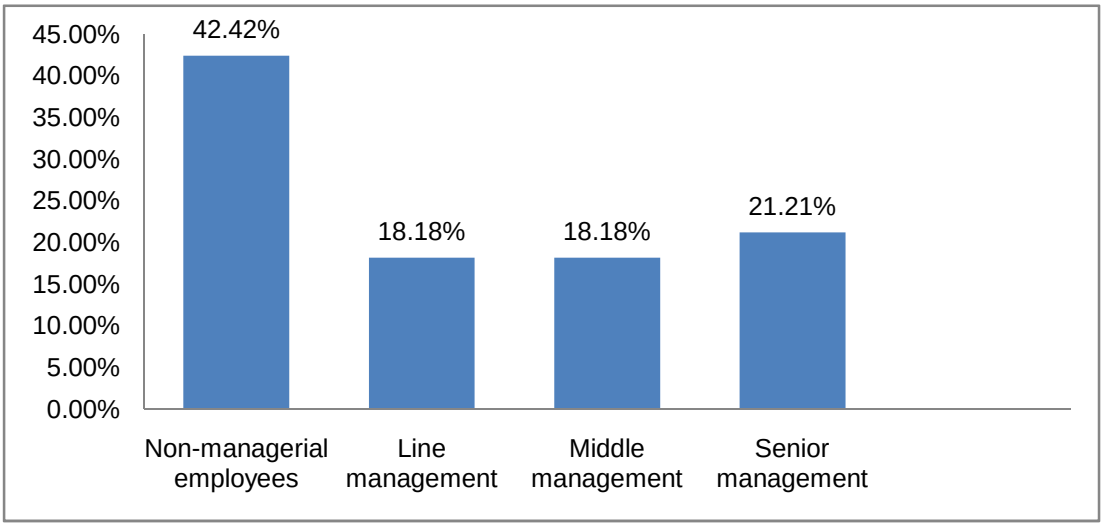

Figure 4.2:- Positions

The study found that of the respondents 42.42% were non managerial employees, 18.18% were line managers, 18.18% were middle managers and 21.21% were senior managers. This analysis shows that the researcher covered all staff categories to get views about factors of customer retention since it is every employee's responsibility to ensure that customers retain for more.

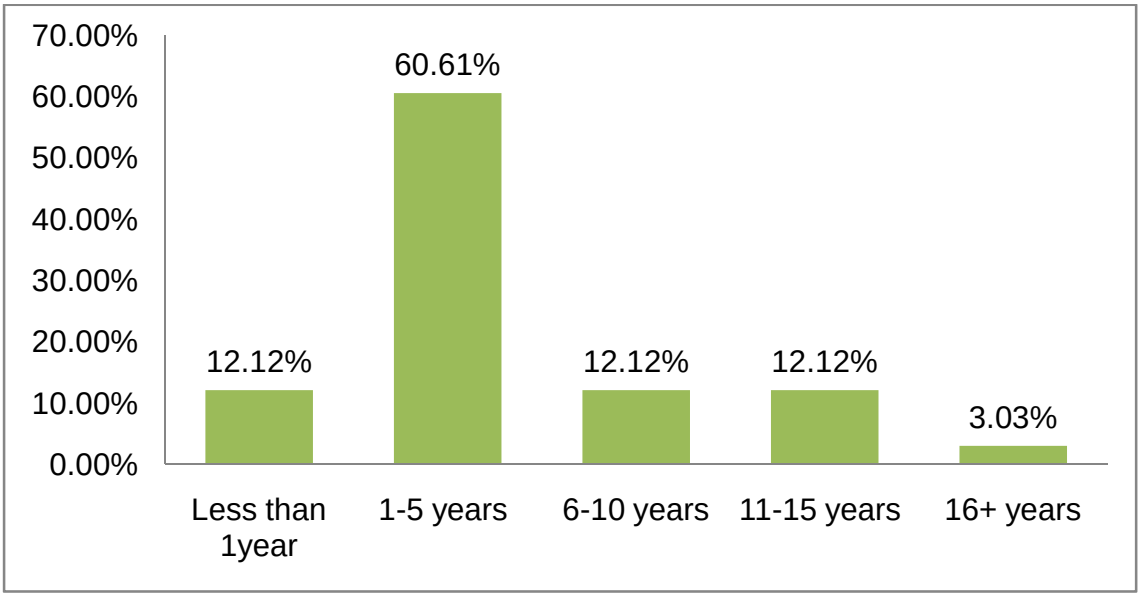

Figure 4.3:- Duration of Working in the Edible Oil Industry

The analysis shows that about 61% of the responding employees had spent between 1 and 5 years at their organisations, 12% had spent between 6 and 10 years and another 12% between 11 and 15 years. The same figure shows that 12% had spent less than 1 year and 3% had spent between 15 and 20 years. The majority of 61% had work experience between 1-5 years and therefore contribute significantly to the study. The respondents were knowledgeable about customer retention in the edible oil industry in the period of study.

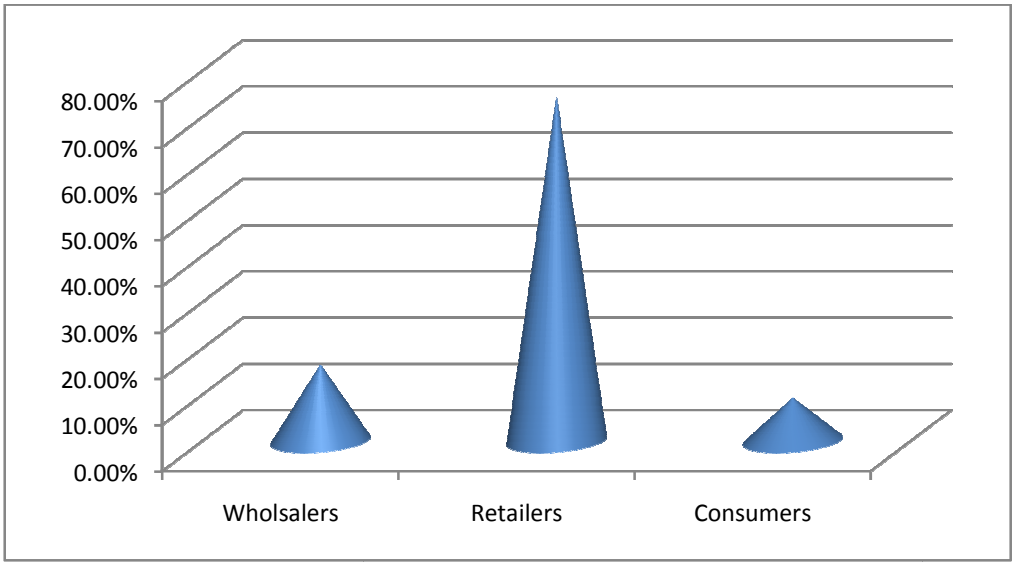

Figure 4.4:- Nature of Customers

The analysis in figure 4.4 shows that about 74.29% of the responding customers were retailers, 16.43% were wholesalers and 9.28% were consumers. The majority of 74.29% were retailers and therefore contribute significantly to the study.

4.4 RELIABILITY TESTS

The reliability tests conducted in this study relates to the consistency of results over a time frame. A scale is reliable if it produces consistent results when the measurements are done all over again (Hair, Bush & Oftinau, 2004). Table 4.1 below indicates that the Cronbach alpha for all the six constructs were above the recommended 0.7 (Cavana, Delahaye & Sekaran, 2001). This implies that the measurement scales used for measuring the constructs were stable and consistent, hence confirming the reliability of the constructs.

Table 4.1 Reliability of the constructs

Constructs	Cronbach Alpha (α)
Service Quality	0.898
Customer Satisfaction	0.836
Customer Trust	0.842
Pricing	0.756
Customer loyalty	0.761
Customer Retention	0.832

Source: Developed for this research study

4.5 EDIBLE OIL INDUSTRY CRITICAL OBJECTIVES

The researcher sought to establish the critical objectives of their respective organisation. The objectives were customer retention, acquiring more customers, increase customer satisfaction, increase of sales and creation of new product and service offering.

Table 4.2 Critical Objectives

Key 1=Critical 2=Important

		Customer retention	Customer Acquiring	Customer satisfaction	Increase of Sales	Create new Product Offering
N	Valid	31	29	27	29	27
	Missing	2	4	6	4	6
Mean		1.13	1.48	1.52	1.69	1.37
Mode		1	1	2	2	1

Table 4.2 reveals that the critical objectives of the industry are customer retention, acquiring of new customers and offering new product and service. The analysis shows that important priority is placed on customer satisfaction and increase of sales.

4.6 RELATIONSHIP OF SERVICE QUALITY AND CUSTOMER RETENTION

This section provides an analysis of the relationship between customer retention and service quality. In this study service quality was measured on tangibles, reliability, responsiveness, assurance and empathy.

Table 4.3 Service Quality

Key: 1=Strongly disagree; 2=disagree; 3=Unsure; 4=Agree; 5=Strongly agree

		Tangibles	Reliability	Responsiveness	Assurance	Empathy
N	Valid	31	31	31	31	29
	Missing	2	2	2	2	4
Mean		3.7	3.0	3.5	4.0	3.7
Mode		4.00	2.67	3.25[a]	4.00	4.00

4.6.1 Tangibles

Table 4.3 above shows that the mean for tangibles is 3.6 which is approximately equal to 4. The key shows that 4 means respondents have agreed to fact that the edible

industry has modern manufacturing equipment, pamphlets and statements that are visual, well packaged products and transport to deliver goods to customers.

Customers were asked to comment on issues to do with the tangibles of the edible oil industry.

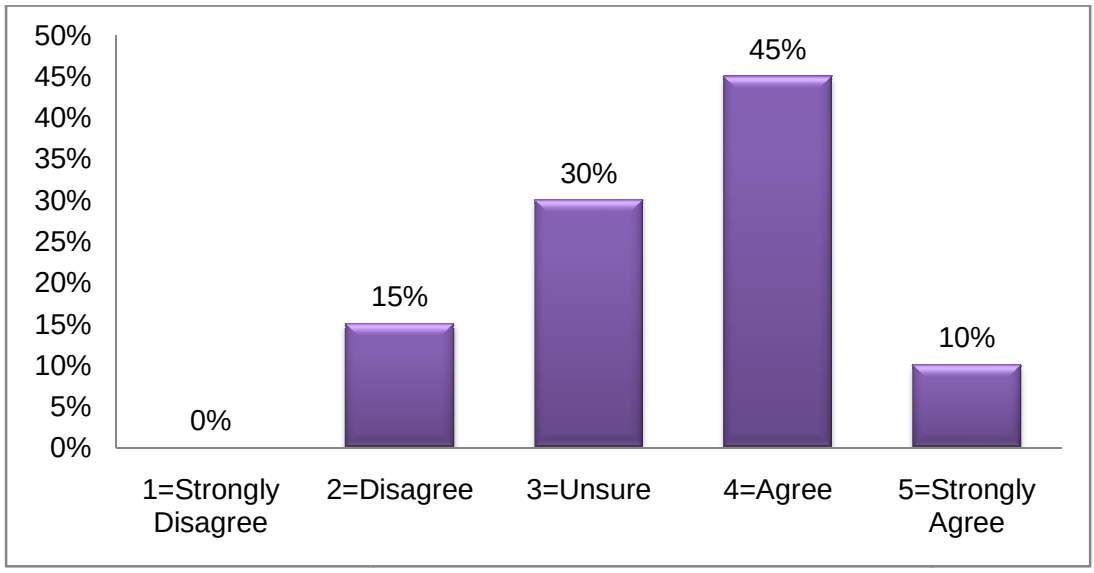

Figure 4.5:- Tangibles (Customers)

The analysis shows that 45% of the customers agreed, 10% of the customers strongly agreed, 30% indicated that they were unsure while 15% disagreed. However a majority total of 55% with a mean response of 3.7 were in agreement, implying that the industry has moderately modern manufacturing equipment, pamphlets appealing and that the packaging is well done.

4.6.2 Reliability

Table 4.3 above shows a mean response of 3 on the reliability of the companies in the edible oil industry. The key shows that 3 means respondents were unsure about the reliability of the industry. Reliability measured the availability of the product in the market, delivering of the product on the right time and sincerity of staff on customer issues. This implies that the industry is not as reliable and lacks customer surveys that give data on issues to do with customers.

4.6.3 Responsiveness

Responsiveness was measuring promptness of service to the customer, staff not too busy to respond to customers' request, willingness of employees in the industry to help customers. The analysis shows that the mean response is 3.5 which show that staff in the industry argued that the responsiveness is averagely good but not the best. To ensure quality service, every person who interacts with customers in any way must have the appropriate skills to respond, efficiently and effectively to customer needs, (Gee, Coates & Nicholson, 2008).

The researcher followed up the analysis above with the one from customers and results are presented in figure 4.6 below.

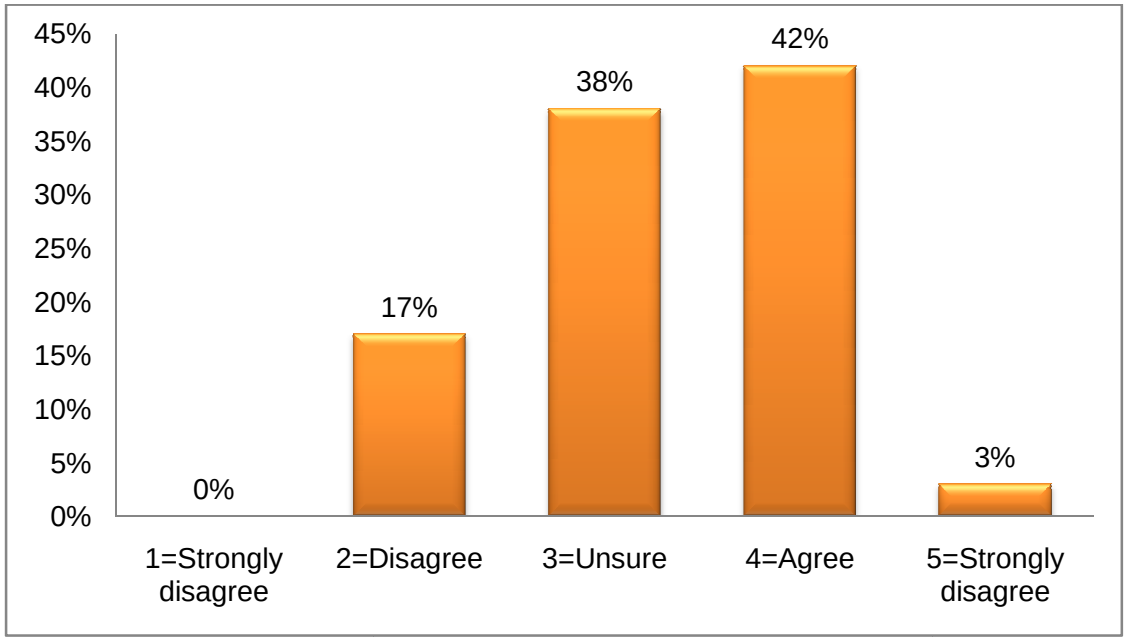

Figure 4.6: Responsiveness (Customers)

Figure 4.6 above revealed that 17% of the customers disagreed, 38% of the customers were unsure whilst a total of 45% agreed implying that customers were on average unsure about the responsiveness of the companies in the edible industry. This implies that customers of the companies in the edible oil industry have to work on the delivery of their product and availability of the product in their shops.

4.6.4 Assurance

Table 4.3 above shows that staff the mean response on assurance is 4 which represent agreeing. This means that staff was of the view that they instill confidence in customers and that it is safe to deal with companies in the industry.

4.6.5 Empathy

The empathy mean response was found to be 3.7 meaning that staff in the industry argued that they give attention to customers with their interests at center stage, operating hours are convenient and that they give personal attention to customers.

According to Grand, (2002) in order to succeed in offering higher services to customers, the business needs to identify service factors and the quality of these service factors. Grand (2002) stated that the essential issues in delivering high quality services are reliability, knowledge, empathy and responsiveness.

Service is an important factor in customer retention and this research suggests its role is very critical for the continued growth of the edible oil industry**.**

4.7 RELATIONSHIP OF CUSTOMER TRUST AND CUSTOMER RETENTION

This section provides an analysis on the relationship between customer retention and trust. The analysis focuses trust on the service, products and brands of the local edible oil industry.

4.7.1 Trust on Service

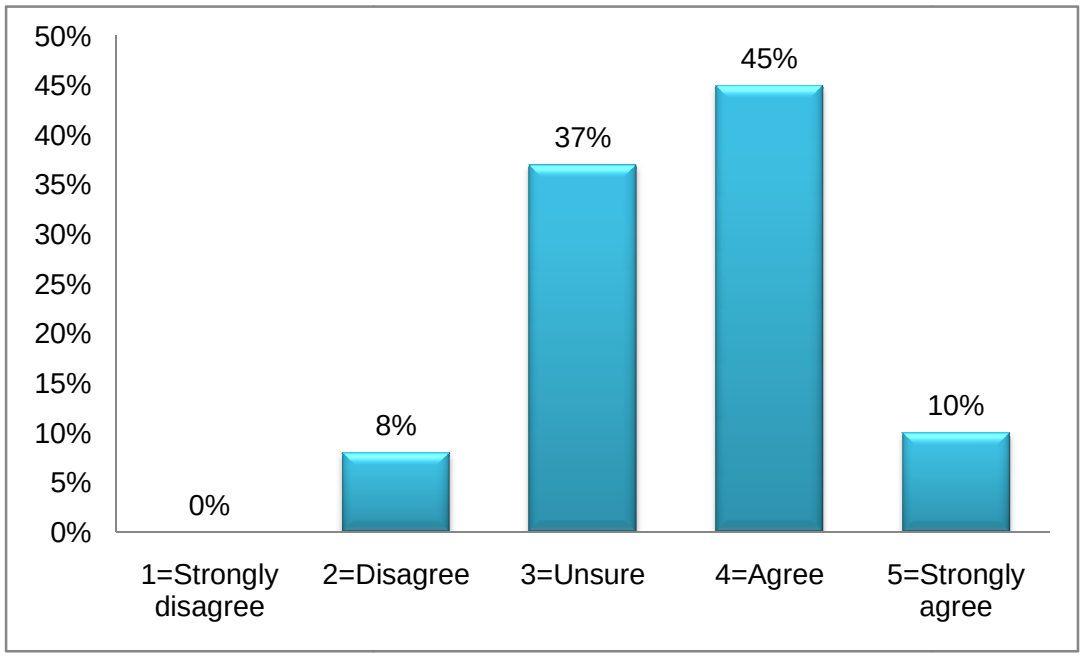

Figure 4.6:- Trust on service from the industry

Figure 4.7 above shows a total majority of 55% response onto the agreeing side. This implies that staff in the edible oil industry generally agreed that customers trust the service coming from the industry.

An ability of a company to attract and retain new customers, is not only related to its products services, but also strongly related to the way it services its present customers and the name it creates within and across the marketplace. Dissatisfaction with the service is an essential factor in determining whether or not a customer decides to remain with a supplier, (Xevelonakis, 2004).

4.7.2 Trust on Brands

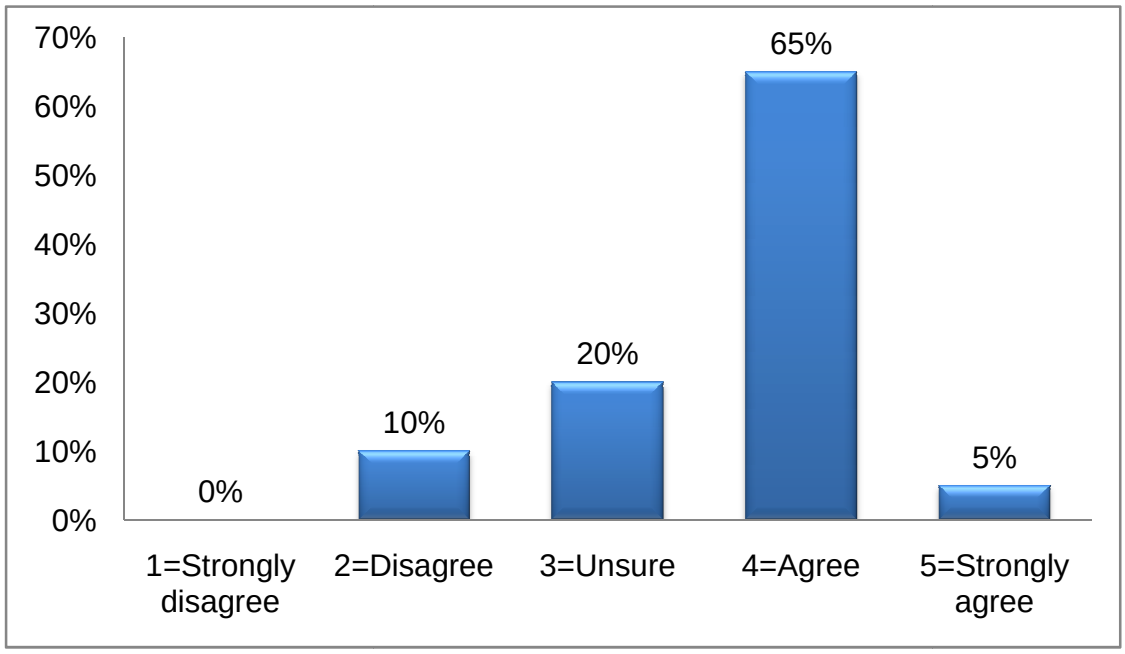

Figure 4.7:- Trust on the Brand and Product

The analysis shows a majority total response of 70% of staff and management agreed that customers believe that customers trust local edible oil industry brands and products, that edible oil industry brands are believed to be the best in the market however the edible oil industry should always have products they need in stock.

The researcher followed up the analysis above with the customers and results are shown in Figure 4.9 below.

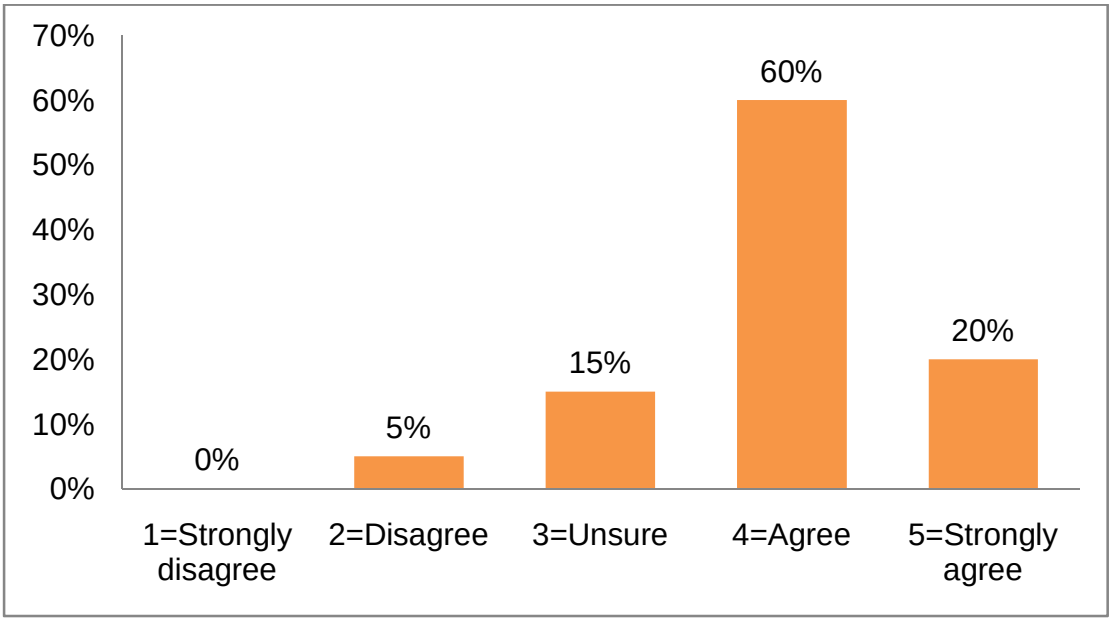

Figure 4.8:- Trust of the Brands (Customers)

The analysis shows a majority total response 80% of the customers agreed that they trust the local brands. This means that customers are confident with the local brands and that they trust the cooking oils produced by local edible oil industry.

Customer retention is more than giving the customer what they expect by exceeding customers' expectations so that they become loyal advocates for the industry's brands and products. The findings above are supported by Grand, (2002), who pointed out that the objective of a customer retention as a strategy is to nurture long-term relationships with customers through trust, responsiveness, customised services and reliability.

4.7.3 First Choice

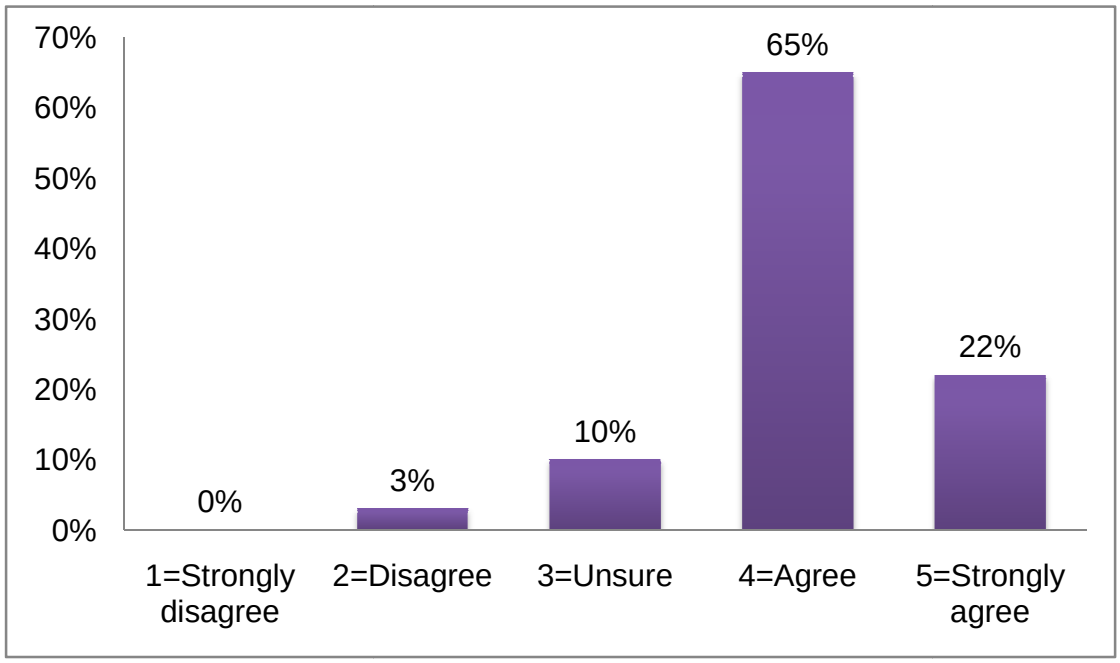

Figure 4.10:- Edible Oil Industry First Choice

Figure 4.10 above shows that staff and management agreed that customers make products of the edible oil industry their first choice.

Customers have more choice in selecting edible oil on the market. Coyles and Gokey, (2002) stated that when customers are considering whether to keep or change an existing supplier, there are three factors they think about which are the quality of the service or product, price and the quality of customer service.

Table 4.4 Correlation between customer trust and customer retention

		Customer Retention	Customer Trust
Customer Retention	Pearson Correlation	1	0.147
	Sig. (2-tailed)		0.446
	N	31	29
Customer Trust	Pearson Correlation	0.147	1
	Sig. (2-tailed)	0.446	
	N	29	31

Table 4.4 above shows that there is a positive weak correlation of 0.147 between customer retention and trust. This implies that trust by customers has a positive weak effect to the retention of customers in the edible industry of Zimbabwe.

However, according to Wegner (2008), if the probability value (p-value) is greater than 0.05 then accept the hypothesis. A p-value of 0.446 is greater than 0.05, therefore the null hypothesis that there is a relationship between customer trust and customer retention is accepted.

4.8 RELATIONSHIP OF CUSTOMER SATISFACTION AND CUSTOMER RETENTION

This section provides an analysis on the relationship between customer satisfaction and customer retention.

Table 4.5 Correlation between Customer satisfaction and customer retention

		Customer Retention	Customer Satisfaction
Customer Retention	Pearson Correlation	1	0.212
	Sig. (2-tailed)		0.288
	N	31	27
Customer Satisfaction	Pearson Correlation	0.212	1
	Sig. (2-tailed)	0.288	
	N	27	29

Table 4.5 above shows that there is a positive correlation relation of 0.212 between customer retention and customer satisfaction. However, the relationship is weak which implies that customer retention is partly affected by the level of satisfaction and it proves that there are other factors which affect customer retention.

However, the probability value (p-value) of 0.288 is greater than 0.05, therefore the null hypothesis that there is a relationship between customer satisfaction and customer retention is accepted. Wegner (2008) indicates that if the p-value (which is the probability of accepting the null hypothesis) is greater than 0.05, then accept the null hypothesis.

Table 4.6 Other issues around customer satisfaction

		Satisfied with product	Loyal	Industry attractive	Complaints well handled	Relationship with customers	Fewer complaints handling costs	Repeat purchase
N	Valid	29	29	29	29	29	29	29
Mean		4.34	3.93	3.76	3.93	3.93	3.48	4.59
Mode		4	4	4	3[a]	4	4	5

The analysis in Table 4.6 shows that mode on issues around customer satisfaction is 4. This implies that staff agreed that customers are loyal, industry is attractive, complaints well handled, good relationship with customers, fewer complaints of handling costs and repeat purchase.

Oliver (2009) pointed out that customer satisfaction has traditionally been regarded as a fundamental determinant of long-term consumer behaviour. Wilson, Soni, and O'Keeffe (2010) indicated that customer satisfaction is assumed to lead to repeat purchases and brand loyalty, decreased costs of attracting new customers.

Bolton, Kannan, and Bramlett, (2000) stated that the more satisfied customers are, the greater is customer retention. Satisfied customers are more constructive towards the organization and therefore are more likely to be the loyal customers.

4.9 RELATIONSHIP OF CUSTOMER LOYALTY AND CUSTOMER RETENTION

Table 4.7 Correlation between Customer loyalty and customer retention

		Customer Retention	Customer Loyalty
Customer Retention	Pearson Correlation	1	0.009
	Sig. (2-tailed)		0.966
	N	31	26
Customer Loyalty	Pearson Correlation	0.009	1
	Sig. (2-tailed)	0.966	
	N	26	28

Table 4.7 above shows that there is a weak positive correlation of 0.009 between customer retention and customer loyalty. However, it is evident that the relationship is extremely weak and it can be concluded that loyalty of customers affects customer retention to a small extent but the probability value of 0.966 is way greater than 0.05, therefore the fact that there is a relationship between customer loyalty and customer retention is accepted. Wegner (2008) indicates that if the p-value is greater than 0.05, then accept the null hypothesis.

However, Rauyruen and Miller (2007) explained customer loyalty as a combined concept of behavioural loyalty (willingness of customer to do repeat purchases from and continue relationships with the company) and attitudinal loyalty (emotional connections and support of customers towards the company). Customer loyalty is an essential element for the sustained existence and operating of an organization's business (Chen & Hu, 2010).

Customers were asked to comment the probability of remaining the customer of the local edible oil industry and results are shown in figure 4.11 below.

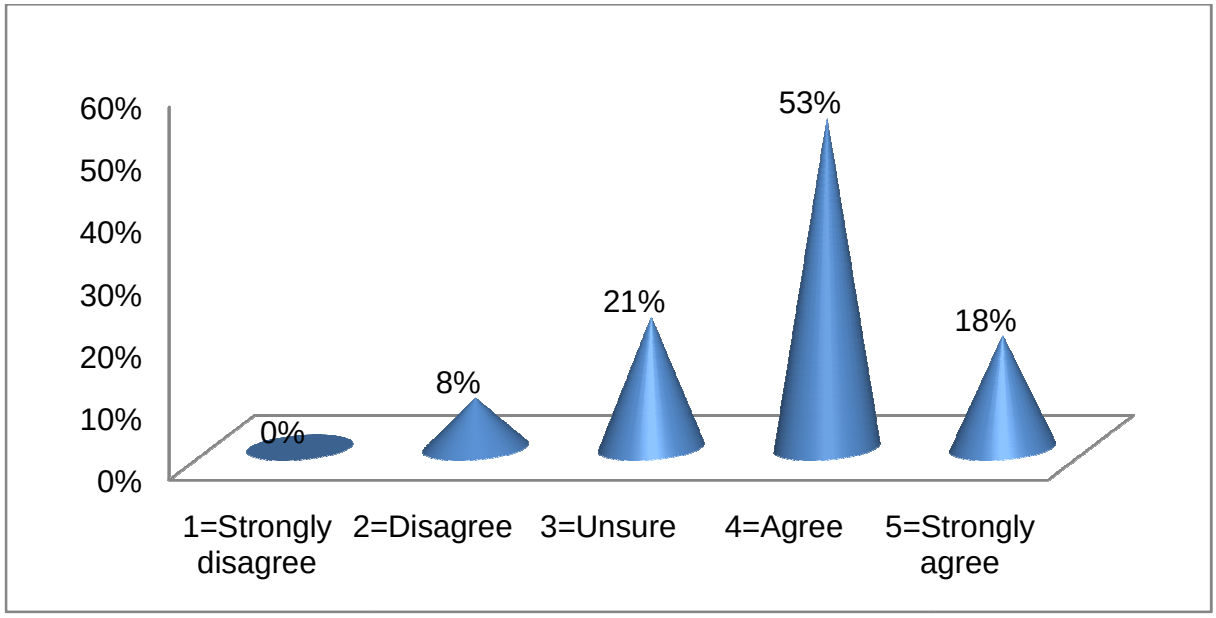

Figure 4.9:- Customer Loyalty

Figure 4.11 shows a majority total response of 81% customers revealed that they are loyal to the local companies in the edible oil industry.

Kim & Yoon, (2004) indicated that customer loyalty is the willingness of customer to maintain a relationship with a particular company or service or product. Customers lost their faith in local edible oil companies during the 2008 and part of the 2009 era when no cooking oil was supplied in the shops and hence switched to imported oil. Vesel and Zabkar, (2009) pointed out that customer loyalty, which can be influenced by management action ensures the success of company sales. A company can develop long lasting, jointly profitable relationships with customer by developing customer loyalty (Chen & Hu, 2010).

4.10 RELATIONSHIP OF PRICE AND CUSTOMER RETENTION

Table 4.8 Correlation between Price and Customer Retention

		Customer Retention	Price
Customer Retention	Pearson Correlation	1	-0.193
	Sig. (2-tailed)		0.334
	N	31	27
Price	Pearson Correlation	-0.193	1
	Sig. (2-tailed)	0.334	
	N	27	29

Table 4.8 shows that there is a weak negative correlation of -0.193 between customer retention and price of the products. This means that price may not one of the variables contributing to the retention of customers in the edible oil industry. However, the probability value (p-value) which according to Wegner (2008) is the probability of accepting true null hypothesis, is greater than 0.05. The null hypothesis that there is a relationship between price and customer retention is accepted but it is a weak negative correlation. Dawes (2009) indicated that price may affect customer behaviour through increasing or reducing retention of customers, as pricing strategies are important in building customer retention.

The researcher also asked customers to highlight their views on the prices being charged on the local edible oil products.

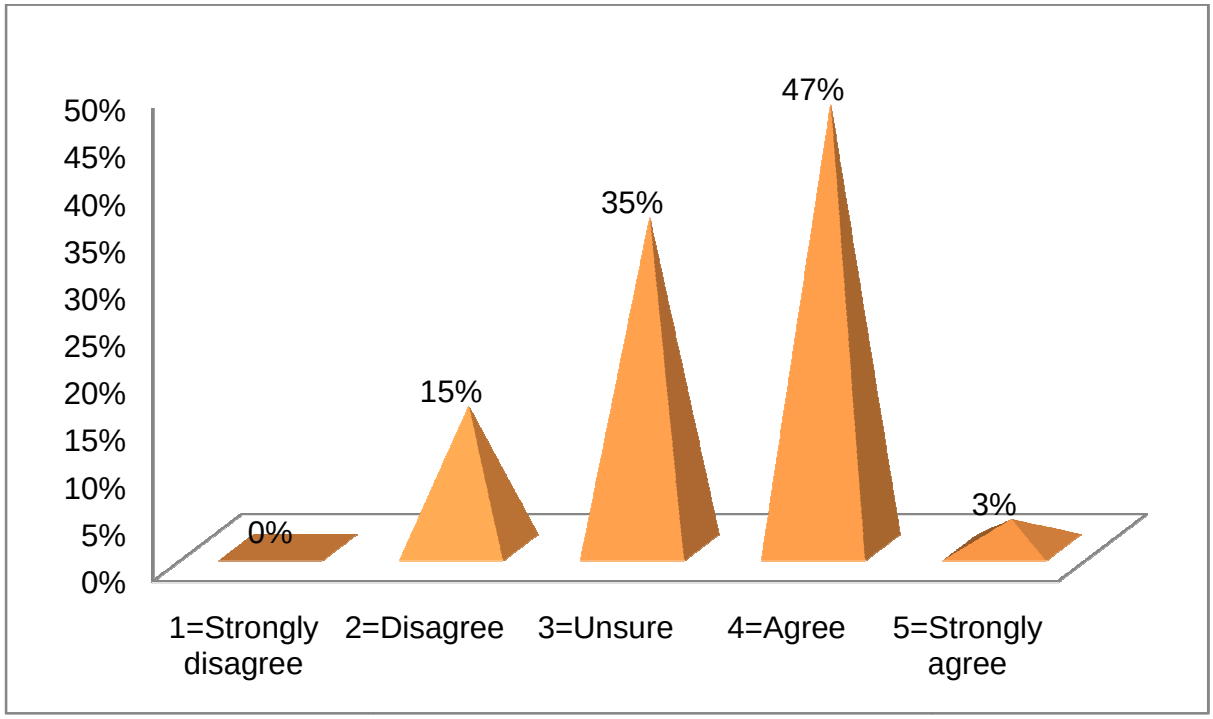

Figure 4.10:- Price (customers)

The graph shows the response of a total of 50% of customers agreed whilst the other 50% of customer were either unsure or disagreed implying that customers partially felt that the prices were unfair. However, this shows that customers are divided over the fairness of prices.

According to Healy, (2009) long-term customers also take less of the company's time and are less sensitive to price changes. Ranaweera and Neely (2003) indicated customer's price sensitivity may be reduced as the relationship continues. Berry and Parasuraman, (1991) indicated that customers want lower prices for high amount of purchases especially for those customers who have been with the firm a longer time.

4.11 HYPOTHESIS OF THE STUDY

Null hypothesis; H_o: Customer retention enhances Industry Competitiveness

Alternative Hypothesis; H1: Customer retention does not enhance Industry Competitiveness

Table 4.9 Correlation between Industry Competitiveness and Customer Retention

		Retention	Competitiveness
Retention	Pearson Correlation	1	0.168
	Sig. (2-tailed)		0.238
	N	52	51
Competitiveness	Pearson Correlation	0.168	1
	Sig. (2-tailed)	0.238	
	N	51	52

Table 4.9 above shows that there is a positive weak correlation of 0.168 between customer retention and industry competitiveness. However, the probability value of 0.238 (the p-value) which is the probability of accepting the null hypothesis, is greater than 0.05. Therefore accept the null hypothesis, H_o, that customer retention enhances Industry Competitiveness. The competitiveness of an industry is enhanced by the level of customer retention through service quality, customer satisfaction, customer trust, price and customer loyalty.

Stauss, Chojnacki, Decker and Hoffman (2001) indicated that customer retention is requirement of time in competitive environment for survival of the business and its

development. Stauss et al, (2001) further indicated that there is need to retain customers in order to fight competition in business as strategy related with customers is the most viable technique to achieve the set objectives of the business. Healy (2009) further stated that customer retention plays a pivotal role on business development hence impacts on business competitiveness and growth.

4.12 CHAPTER CONCLUSION

This chapter provided an analysis of the study findings from the questionnaires which were administered to respondents in the edible oil industry. The chapter also provided a discussion which links literature to the study findings. The next chapter presents conclusions and recommendations of the study.

CHAPTER FIVE

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter provides conclusions and recommendations derived from the findings related to the research objectives. This final chapter validates the research hypothesis and suggests areas of future study.

5.2 CONCLUSIONS

The study found and concludes that the critical objectives of the edible oil are customer retention, acquiring of new customers and offering new product and service. On the other hand the study found that other important objectives to be pursued by companies in the industry are customer satisfaction and increase of sales.

5.2.1 Relationship of Service Quality and Customer Retention

The researcher concludes that there is indeed relationship between Service quality and customer retention because if there is no quality service then customers may not come back for more and do word of mouth promotion. The research reviews that management, staff and customers of the industry generally agreed to tangibles,

assurance and empathy. However, they were unsure about how reliable and responsive can these companies in the edible oil industry be. Further conclusion is that companies in the edible oil industry cannot be relied upon in making the local products readily available on the market place in being responsive to customer requests.

5.2.2 Relationship of Customer Retention and Customer Trust

The study found and concludes that customers trust the products of the edible oil industry of Zimbabwe and that customers trust local edible oil industry. Customers indicated that the local edible oil industry brands are believed to be the best in the market. The study further concludes that there is a weak positive relationship between customer retention and trust. It was found that trust by customers in the industry is affecting the degree at which customers are retained. One of the main objectives of edible oil industry is customer retention as a strategy is to nurture long-term relationships with customers through trust.

5.2.3 Relationship of Customer Satisfaction and Customer Retention

There is a relationship between customer satisfaction and customer retention. However, there is a weak positive relationship between customer satisfaction and customer retention. The study also found and concludes that customers in the edible oil industry are satisfied with the local companies in the sector although sometimes they feel let down by the erratic supplies. The mode on issues around customer satisfaction is 4 which imply that staff agreed that customers are satisfied.

5.2.4 Relationship between Customer Loyalty and Customer Retention

It can be concluded that Customer Loyalty affects customer retention to a small extent due to the extremely weak positive correlation (0.009) between customer loyalty and customer retention. There researcher also concludes that customers are loyal to the local companies in the edible oil industry and that there is a relationship between customer loyalty and customer retention.

5.2.5 Relationship between Price and Customer Retention

The researcher concludes that pricing has a weak negative correlation with customer retention and that customers are divided over the fairness of prices. However, the researcher safely concludes that there is a relationship between price and customer retention in the edible oil industry in Zimbabwe.

5.3 VALIDATION OF RESEARCH HYPOTHESIS

The study concludes that the level of customer retention is affected by the competitiveness of the industry. Analysis shows that there is a positive weak correlation of 0.168 between customer retention and industry competitiveness, and a probability value of 0.238. Therefore the competitiveness of an industry is enhanced by the level of customer retention through service quality, customer satisfaction, trust, price and loyalty. It is recongnised that simply making a sale is not enough because nowadays customers are much more informed hence do not require only good service during the sale but also the post-sale service. Allowing a customer to drift away due to inattentiveness of needs may result in losing that customer and potential referrals. By the referring of satisfied and trusting customers, an industry can attract more customers

and in return, retain more customers hence improve its competitiveness and regain market share.

5.4 RECOMMENDATIONS

a) It is recommended that each company in the edible oil industry has to identify service factors and the quality of these service factors in order to succeed in offering superior services to customers. The key factors in delivering high quality services are reliability, knowledge, empathy and responsiveness. Ranaweera and Neely (2003) indicate that service quality is much more difficult for competitors to effectively and hence offer a greater competitive leverage. Employees dealing directly with customers should be retrained especially on how to be more responsive to customers.

b) It is recommended that companies in the edible oil industry attract and retain new customers through improving on the way they services their existing customers and the reputation they create within and across the marketplace.

c) It is recommended that the edible oil industry improves on customer satisfaction through adopting the “Customer is king” concept and even exceed their expectations. Customer satisfaction is a fundamental determinant of long-term consumer behaviour since it leads to repeat purchases and brand loyalty, decreased costs of attracting new customers.

d) The objective of edible oil industry on customer retention strategy should be to nurture long-term relationships with customers through trust, responsiveness, customized services and reliability.

e) To improve on reliability and trust, companies in the edible oil industry can improve on capacity utilization so as to make the products always available on the market place.

f) Managers in the edible oil industry should make use of the results obtained in this research in order to increase on rate of customer retention as the researcher feels that the study contributes to improving knowledge. Knowledge management can be used to gain strategic competitive advantage through rethinking or revisiting their business models.

5.5 AREA OF FURTHER STUDY

The proposed conceptual framework can be applied to different industries in Zimbabwe to test how the results vary among different industrial contexts. Since the study was confined to the edible oil industry in Harare (Olivine Industries) and Chitungwiza (Surface Investments) and their customers, further research could be done in the Small to Medium Enterprise (SME) sector.

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APPENDICES

UNIVERSITY OF ZIMBABWE

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RESEARCH TOPIC: An evaluation of Customer Retention as a strategy to enhance competitiveness in the Edible Oils Industry in Zimbabwe

QUESTIONNAIRE FOR THE STAFF AND MANAGEMENT

NAME OF COMPANY……

- Please note that the responses in this questionnaire are strictly meant to be used in this research ONLY.

SECTION A: DEMOGRAPHIC RESPONSES *(Please tick the applicable box)*

1. What is your work Position?

Senior management [ ]

Middle Management [ ]

Line management [ ]

Non managerial employee [ ]

2. For how long have you been working in the edible oil industry?

16+ years [ ]

11-15 years [ ]

6-10 years [ ]

1-5 years [ ]

Less than a year [ ]

3. Which of the following will be **critical** objectives for your organization? *(Circle your preference 1= critical; 2= important)*

Retaining Customer s	1	2
Acquiring more customers	1	2
Increase satisfaction level	1	2
Sell more products and services to existing customers	1	2
Create new product or service offering	1	2

Please note the following guidelines for answering the sections below

a. To answer mark the appropriate column with an X

b. Answer all questions.

c. Note the scale used;

1 = strongly disagree

2 = disagree

3 = unsure

4= agree

5 = strongly agree

SECTION B: RELATIONSHIP OF CUSTOMER RETENTION AND SERVICE QUALITY

a. Tangibles

Companies in the edible oil industry have modern manufacturing equipment

1 2 3 4 5

Pamphlets and statements are visually appealing

1 2 3 4 5

Products in the oil industry are well packaged

1 2 3 4 5

We have transport for delivering goods to customers

1 2 3 4 5

b. Reliability

When a customer has a problem, companies in the edible oil industry will show a sincere interest in solving it.

1 2 3 4 5

Oil industry has their products readily available

1 2 3 4 5

The edible oil companies deliver products to the customer right in time

1 2 3 4 5

c. Responsiveness

The edible oil industry give customers prompt service

1 2 3 4 5

The members of staff in the edible oil industry is never too busy to respond to customers' request

1 2 3 4 5

Employees in the edible oil industry tell you exactly when services will be performed.

1 2 3 4 5

Employees in the edible oil industry are always willing to help their customers.

1 2 3 4 5

d. Assurance

We instill confidence in customers

1 2 3 4 5

It is safe to deal with the companies in the edible oil industry

1 2 3 4 5

e. Empathy

The edible oil industry gives individual attention to customers.

1 2 3 4 5

The edible oil industry has customers interest at heart.

1 2 3 4 5

The edible oil industry has operating hours convenient to all its customers.

1 2 3 4 5

The edible oil industry has employees who give customers personal attention

1 2 3 4 5

SECTION C: RELATIONSHIP OF CUSTOMER RETENTIONAND CUSTOMER TRUST

Your customers believe that the edible industry can provide prompt service

1 2 3 4 5

Customers believe that edible oil industry always have products they need in stock

1 2 3 4 5

Customers trust the local edible oil industry brands

1 2 3 4 5

Customers believe that the edible oil industry always fulfill its promises

1 2 3 4 5

Edible oil industry brands are believed to be the best in the market

1 2 3 4 5

Customers make products of the edible oil industry their first choice

1 2 3 4 5

SECTION C: RELATIONSHIP OF CUSTOMER RETENTION AND CUSTOMER SATISFACTION

Customers are satisfied with the quality of your products

1 2 3 4 5

Customers are loyal to the edible oil industry brands

1 2 3 4 5

The edible oil industry is able to attract new customers

1 2 3 4 5

Customers' complaints are well handled in the edible oil industry

1 2 3 4 5

The edible oil industry has a strong relationship with its customers

1 2 3 4 5

The employees in the edible oil industry understand the queries and requests brought by the customers

1 2 3 4 5

The edible oil industry has fewer costs in handling returns and complaints

1 2 3 4 5

Satisfied customers make repeat purchases'

1 2 3 4 5

SECTION D: RELATIONSHIP OF CUSTOMER RETENTION AND CUSTOMER LOYALTY?

Customers in the edible oil industry make regular purchases

1 2 3 4 5

The edible oil industry and its customers have a continued relationship

1 2 3 4 5

The customers in the edible oil industry are not restraining from the prices of its products

1 2 3 4 5

The customers in the edible oil industry have emotional commitment to the relationship they have with the industry

1 2 3 4 5

Customers make referrals to friends and colleagues

1 2 3 4 5

SECTION E: RELATIONSHIP OF CUSTOMER RETENTION AND PRICING

My organization is surviving in a competitive market

1 2 3 4 5

Customers prefer our products as a result of our pricing

1 2 3 4 5

Our sales growth and profitability is increasing

1 2 3 4 5

The edible oil industry offer increasing discounts at higher purchase levels.

1 2 3 4 5

The edible oil industry offer some long term purchases agreement with its customers

1 2 3 4 5

The edible oil industry has price bundling system from their customer

1 2 3 4 5

There are Price guarantees in the edible oil industry.

1 2 3 4 5

Time and loyalty based pricing strategies are used in the edible oil industry

1 2 3 4 5

End of questionnaire

Thank you for your time and effort

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Researcher's cell number 0772 392 890

RESEARCH TOPIC: An evaluation of Customer Retention as a strategy to enhance competitiveness in the Edible Oils Industry in Zimbabwe

QUESTIONNAIRE FOR THE CUSTOMERS

Please note that the responses in this questionnaire are strictly meant to be used in this research ONLY.

- For how long have you been a customer in the edible oil industry? *Please tick the applicable box*

Less than a year [ ]

Between 1 and 5 years [ ]

More than 5 years [ ]

1. Nature of customer?

Wholesaler [ ]

Retailer [ ]

Consumer [ ]

Please note the following guidelines for answering the questions that follow:

a. To answer mark the appropriate column with an X

b. Answer all questions.

c. Note the scale used ;

1 = strongly disagree

2 = disagree

3 = unsure

4= agree

5 = strongly agree

2. Companies in the edible oil industry have modern manufacturing equipment

   1 2 3 4 5

3. Pamphlets and statements in the edible oil industry are visually appealing
   1 2 3 4 5

4. Products in the edible oil industry are well packaged

   1 2 3 4 5

5. The edible oil industries deliver goods in time?

   1 2 3 4 5

6. Edible oil industry has their products readily available

1 2 3 4 5

7. Employees in the edible oil industry are never too busy to respond to customers request

1 2 3 4 5

8. As a customer of edible oil industry I am confident with the local edible oil products

1 2 3 4 5

9. I believe that I can get prompt service from the edible oil industry

1 2 3 4 5

10. I believe that our local edible oil industry have products we need in stock

1 2 3 4 5

11. I trust the local edible oil industry brands

1 2 3 4 5

12. m)I am satisfied with the quality of the products offered in edible oil industry

1 2 3 4 5

13. The Prices of the local edible oil products are fair

1 2 3 4 5

14. My Needs are being satisfied

1 2 3 4 5

15. I spend more money on the edible oil products

1 2 3 4 5

16. I get high value from the local edible oil products

1 2 3 4 5

17. I can make referrals to friends and colleagues to purchase local edible oil products

1 2 3 4 5

End of questionnaire

Thank you for your time and effort