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Customer Retention Strategies Applicable to Zimbabwe Telecommunication Industry (A Customer Relationship Management Perspective)

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ABSTRACT Telecommunication industry contributes immensely to world economic development in terms of employment, revenue and improvement in people's standards of living. Despite such significance, the industry is experiencing radical changes due to deregulation, privatization, technological dynamism and resultant competition. Consumer tastes and preferences are also changing, necessitating the need for more aggressive customer retention strategies. Recent statistics indicate that. telecommunication revenue and profit margins are waning due to competition, subdued demand, market saturation and customer defection. The objectives of the study are (1) to explore of impact of Customer Relationship Management (CRM) on customer retention in Zimbabwean telecommunication services (2) to identify customer retention strategies applicable to the Zimbabwean telecommunications industry. The study used a case study research design. It had been observed that though CRM implementation has potential to provide several benefits to Zimbabwe telecommunication firm, its adoption in the industry is still slow and protracted. Secondly, though most Zimbabwean telecommunication operators use loyalty programmes to attract customers, customer loyalty is declining as evident by high customer churn. It is therefore imperative for telecommunication firms to adopt Customer Relationship Management (CRM) in order to attract and retain key customers for their sustainability. Literature confirms that embracing CRM offers firms competitive advantage in the market place.

INTRODUCTION

The telecommunication sector is interesting to study due to its volatile nature with regards to technological breakthroughs, tremendous growth patterns, and immense revenue contribution to national economy (Venkatram and Zhou 2015). Studies confirm that lack of telecommunication development severely constraints growth. Recently, the Zimbabwean telecommunication industry experienced tremendous growth as evidenced by the exponential increase in subscribers and market penetration rates. The industry is increasingly becoming the epicenter for innovation, growth and disruption for any industry (Wigginton 2016). However, due to liberalization, deregulation and competition, the industry has undergone major transformation in terms of structure, growth and technological content (Arora 2016). Comprehensive research by International Communication Union (2011), confirmed that telecoms sector in developing countries face overwhelming challenges of intensifying competition, technological advancement, changes in consumer tastes , stringent regulation by government and uncontrolled customer turn-over. Due to recession, market fragmentation, keen competition, short product life cycles and consumer awareness, firms needs to establish good relationships with key stakeholders (Sivesan 2012).

The purpose of Customer Relationship Management (CRM) is to improve relationships with key customers. Customer retention refers to organizational efforts or strategies to discourage profitable customers from switching to competitors. Attention to customer retention is gaining increasing popularity because it has been realized that it is cheaper to retain existing customers rather than to spend substantial resources acquiring new customers. The longer a customer stays with a firm, the more likely they are to repeat purchases. In addition, loyal customers are, for the most part immune to competitor offers and they provide positive word- of-mouth endorsement. According to Kiplagat and Oyugi (2016), a one per cent enhancement in customer retention increases a firm's value by five per cent. Due to competition, changes in consumer tastes and preferences, customer defection in the industry is very high, adversely affecting operator viability. Joshi et al. (2016) confirm that customer turn-over in developing countries ranges between 20 to 70 percent. One strategy for reducing customer turn-over through improving customer experience. Customer experience involves improving customer interactions across all customer touch points.

Objectives

(a) To explore the impact of Customer Relationship Management on customer retention in the Zimbabwean telecommunications industry.
(b) To identify customer retention strategies applicable to the Zimbabwean telecommunications industry.

METHODOLOGY

The study employed a multi-case approach. Data was gathered from six Zimbabwean telecommunication operators, namely Econet Wireless, Net One, Tel One,Telecel, Africom and Powertel Pvt Ltd. Data was collected using self-administered questionnaires and semi-structured interviews targeting telecommunication, employees and executives. Due to limitations of time and resources, a cross-sectional study was employed though a longitudinal study would have been ideal. Data were gathered from January to June in Harare Metropolitan city, Bulawayo, Gweru,Chihoyi and other towns. Research data were analyzed using SPSS version 17.

RESULTS

Data were gathered from 63 participants who comprised employees and management of the Zimbabwean telecommunications industry.

Gender

Table 1 shows that more males participated in the study compared to females.

Table 1: Gender demography of participants

		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Male	35	55.6	55.6	55.6
	Female	28	44.4	44.4	100.0
	Total	63	100.0	100.0	

III.2 Position in the Organization

Table 2 shows that data was gathered from management, middle management, lower- level management and general employees. This significantly improves validity and reliability of research findings.

Table 2: Organizational demographies

		Frequency	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Top management	2	3.2	3.2	3.2
	Middle management	23	36.5	36.5	39.7
	Lower management	15	23.8	23.8	63.5
	General employee	23	36.5	36.5	100.0
	Total	63	100.0	100.0	

One-Sample Test

The statistics in Table 3 demonstrate the relationship between Customer relationship Management and customer retention.Data gathered by semi-structured interviews administered on telecommunication employees and executives confirmed a positive relationship between adoption of CRM and customer retention. Telecommunication service providers will retain customers if they provide affordable tariffs, offer loyalty programmes, segment customers according to their value, improve service delivery and communicate with their customer regularly.

This study verified that firms that implement CRM successfully enjoy the benefits of customer retention, enhanced profitability, increased sales, market share and enhanced firm competitiveness. Such conclusion can be generalized to the whole population since larger sample of 446 participants were used and data were triangulated using questionnaires and interviews to gather data.

Table 4 represents the \analyses customer retention strategies that are applied by the Zimbabwean Telecommunication industry. Findings from this study indicate that operators implement sales promotions and value addition to retain customers. Firms cross- sell and up-sell products and services like issuing insurance and car-tracking services. Recently, telecommunication firms embarked on mobile banking in order to diversify risks.

Table 3: Results for question 13

	Test Value = 3					
					95% confidence interval of the difference	
	t	*Df*	*Sig. (2-tailed)*	*Mean difference*	*Lower*	*Upper*
Indicate your agreement that there is a positive relationship between customer relationship and customer retention.	10.552	62	.000	1.190	.96	1.42

Zimbabwe telecommunication operators were rated poorly by subscribers with regards to increasing switching costs and the establishment of good customer relationship. Firms like Econet Wireless, Net One among others, need to improve significantly on provision of affordable tariffs, service quality, efficient network coverage and differentiation of products and services. Due to globalization, deregulation, technological advancement, competition, recession and dynamic changes in consumer preferences, operators need to differentiate their offerings in order to survive.

Responses from semi-structured interviews reveled that Zimbabwean telecommunications firms should implement innovation and creativity through introducing new products and services. In addition, they should consider infrastructure sharing, reduce tariff charges, adopt advanced technology, undertake regular market research and achieve customer satisfaction.

DISCUSSION

Customer satisfaction and retention are assuming greater importance in the current competitive environments. Dissatisfied customers have a tendency to defect to competitors. Studies carried out by Srivastava (2016) reiterated that telecommunication firms should focus on improving service quality of employees in order to retain customers. Studies undertaken by Khan and Afsheen (2016) in the telecommunication industry in Pakistan concluded that major determinants of customer satisfaction are network coverage, customer service and tariff charges. The findings coincide with those found in the Zimbabwean telecommunications sector. Further

Table 4: Analysis of customer strategies

	Test Value = 3					
					95% confidence interval of the difference	
	t	*Df*	*Sig. (2-tailed)*	*Mean difference*	*Lower*	*Upper*
1. Effective promotions	2.485	382	.013	.175	.04	.31
2. The provision of services and products of value	2.933	382	.004	.201	.07	.34
3. Effective customer care	-1.709	382	.088	-.117	-.25	.02
4. Differentiation of their products and services to satisfy my individual needs	-1.044	381	.297	-.071	-.20	.06
5. Affordable Tariffs	-5.718	382	.000	-.394	-.53	-.26
6. Efficient network coverage	-3.681	382	.000	-.256	-.39	-.12
7. Efficient dealer network	-2.389	382	.017	-.162	-.30	-.03
8. Increasing customer switching costs	-9.609	382	.000	-.587	-.71	-.47
9. Establishing good relationships with customers	-6.761	380	.000	-.472	-.61	-.34

studies undertaken by Thilakarathne and Abeysekera (2016) further emphasised that telecommunications firms should focus on price, convenience and service quality in order to retain customers.

CONCLUSION

Research findings show that Zimbabwean telecommunications operators rated poorly on the establishment of good relationships with customers, differentiation and increasing customer switching costs. Findings from this study confirm that customers regularly complain about erratic network coverage, expensive tariffs and a poor dealer network especially in remote rural areas. These grievances aggravates customer rate of turn-over in the industry.

RECOMMENDATIONS

In order to control defection, Zimbabwean telecommunication firms should improve network coverage, service delivery, and should provide affordable tariffs. Furthermore, operators need to improve relationships with customers through conducting regular market research in order to understand consumer needs and wants. In addition, they should strive to communicate with their customers through social media and other channels. In order to improve service delivery, enhance network coverage and reduce costs, operators should consider engaging in infrastructure sharing with other firms in the industry.

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