



*Aspire, Acquire, Prosper*

***THE EFFECTIVENESS OF CUSTOMER RETENTION STRATEGIES IN THE ZAMBIAN  
BANKING SECTOR, A CASE STUDY ON ZANACO BANK PLC.***

**PROGRAM : MSC IN ECONOMICS AND FINANCE**

**STUDENT NO. : 202002720**

THIS RESEARCH PROJECT IS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS TOWARDS COMPLETION OF A MASTERS OF FINANCE AND ECONOMICS DEGREE IN THE SCHOOL OF ECONOMICS AT ZCAS UNIVERSITY.

A handwritten signature in blue ink, appearing to be 'J. M. M.', is written over a horizontal line.

## **DECLARATION**

I declare that this is my work, and all other people's work has been fully acknowledged through citations and references. I further declare that I have never submitted this work before to this university or any other university for that matter to fulfil an academic programme requirement.

## **DEDICATION**

I dedicate this research project to my parents and entire family for the support rendered unto me while undertaking this master's degree programme. I am highly indebted.

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## **ACRONYMS & ABBREVIATIONS**

AFC: Agricultural Finance Company Limited

ANOVA: Analysis of Variance

BOZ: Bank of Zambia

COZ: Credit Organization of Zambia

CRM: Customer Relationship Management

FNB: First National Bank

MMD: Movement for Multiparty Democracy

PWC: Price Waterhouse Coopers

RDC: Rural Development Corporation

SERVQUAL: Service Quality

SPSS: Statistical Package for the Social Sciences

ZADB: Zambia Agricultural Development Bank

ZANACO: Zambia National Commercial Bank

ZNBS: Zambia National Building Society

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## **Abstract**

### **Introduction:**

This study examines the retention strategies employed by ZANACO Bank and their effectiveness in fostering customer satisfaction and loyalty within the Zambian banking sector. The research aims to identify key drivers of customer retention, evaluate the effectiveness of existing retention strategies, and assess their contribution to the bank's competitive advantage.

### **Methods:**

The study employs a mixed-methods approach, by employing a structured questionnaire to gather data from a sample size of 201 ZANACO Bank customers through simple random sampling. Analysis of the collected data was conducted using IBM SPSS Statistics version 27, employing descriptive statistics, frequency distributions, pie charts, and one-way ANOVA analysis to examine perceptions of retention strategies, drivers of customer retention, and the effectiveness of specific retention initiatives.

### **Results:**

The findings reveal mixed perceptions regarding the existence and effectiveness of retention strategies at ZANACO Bank. While customers acknowledge the importance of communication, personalized services, and incentives and rewards, there are notable gaps and areas for improvement identified. Competitive interest rates, customer service quality, and effective product offerings emerged as significant drivers of customer retention. Furthermore, personalized services and incentives and rewards demonstrate significant effectiveness in driving customer loyalty.

### **Recommendations:**

Based on the study findings, several recommendations are proposed for ZANACO Bank to refine its retention initiatives and foster stronger customer relationships. These include enhancing transparency and communication about retention strategies, tailoring services to individual customer needs, and optimizing incentives and rewards programs. By prioritizing customer satisfaction and loyalty, ZANACO Bank can achieve sustainable growth and success in the competitive Zambian banking sector.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

Since the liberalization of Zambia's economy in 1991, the banking sector has undergone significant transformation, characterized by increased competition and diversification of financial products (PWC Zambia, 2019). With this evolution, banks face intensified pressure to retain customers and sustain market share. Effective customer retention strategies have become paramount in ensuring competitiveness and long-term viability in the banking industry (Weinstein, 2012). This study investigates into the effectiveness of such strategies within the Zambian banking sector, focusing specifically on Zanaco Bank PLC. By analyzing Zanaco's retention initiatives and their impact on customer loyalty, this research aims to offer insights into bolstering customer relationships and fortifying market position amidst industry dynamics. Through empirical examination of customer retention practices, this study contributes to the scholarly discourse on banking strategy and customer relationship management, tailored to the Zambian banking context.

#### **1.1 Background of The Study**

The evolution of the Zambian banking sector has been shaped by various economic policies and reforms over the years. Following Zambia's independence, the government sought to exert control over the banking industry and ensure credit distribution aligned with national economic objectives (Chileshe, 2023). This interventionist approach led to the establishment of state-owned financial institutions, such as the Zambia National Commercial Bank (now ZANACO Bank), to address perceived imbalances in serving the local community's financial needs (Chiumya, 2004).

However, the limitations of interventionist policies became apparent, prompting market-oriented reforms in the early 1990s in response to economic challenges (Maimbo, 2001). This period saw the liberalization of the banking sector, leading to the emergence of new banks founded by local private investors eager to capitalize on profitability through foreign exchange trading and Treasury bill investments. The diversification of the financial services sector also saw the growth of non-bank financial institutions, reflecting a broader trend towards market-driven reforms (Mbanacele, 2000).

By the early 2000s, Zambia's financial landscape had expanded significantly to include a diverse array of commercial banks, leasing institutions, building societies, and microfinance institutions (Bank of Zambia, 2022). The increased competition resulting from financial sector reforms prompted banks to adopt customer-centric strategies, including customer retention initiatives, to maintain their competitive edge (Bank of Zambia, 2022).

Legislative reforms, such as the Banking and Financial Services Act, further underscored the importance of customer-centric practices by providing guidelines for handling customer complaints and improving service standards across the banking sector (Bank of Zambia, 2022). These regulatory measures reflect a strategic imperative for banks, including ZANACO Bank PLC, to prioritize customer satisfaction and retention in an increasingly competitive market environment.

## **1.2 Research Problem**

In the highly competitive banking landscape, where differentiation primarily hinges on pricing and quality, customer retention emerges as a pivotal strategy for gaining a competitive edge and ensuring long-term sustainability (Cohen et al., 2006). This urgency is underscored by statistics revealing the average customer retention rate for financial services at 78%, while the banking industry's retention rate stands at 75% (Howarth, 2023). Against this backdrop, the commercial banking sector in Zambia has undergone significant transformation, transitioning from a semi-controlled model to a fiercely competitive environment driven by globalization and technological advancements like electronic payment systems. This evolution has led to the entry of numerous players, including microfinance institutions and retail corporations, intensifying the competition for market share. Sagaciresearch.com reports Zanaco's customer satisfaction level at around 60%, indicating room for improvement compared to competitors like Standard Chartered, Absa, Stanbic Bank, and Atlas Mara. However, a 2022 study found that 85% of respondents were satisfied with ZANACO's services, suggesting a potential disparity in perceptions (Owolabi, 2022). Amidst these dynamics, banks with robust customer retention strategies are better positioned to weather the challenges posed by heightened competition and customer churn. Despite Zanaco's implementation of various customer relationship management programs aimed at acquisition and retention, the market's increased competitiveness has led to customer attrition, necessitating a

deeper understanding and enhancement of retention strategies to ensure sustained success in the dynamic banking landscape.

### **1.3 Research Justification**

The research aimed to investigate the effectiveness of customer retention strategies implemented by ZANACO Bank PLC in response to the evolving competitive landscape in the Zambian banking sector. The main reason for the study was to assess how ZANACO Bank's initiatives, particularly in customer service and loyalty programs, contributed to retaining customers amidst increasing competition. By focusing on ZANACO Bank as a case study, the research sought to understand the specific challenges faced by the bank in retaining customers and the strategies adopted to address these challenges. The study aimed to achieve several outcomes. Firstly, it sought to provide insights into the factors influencing customer retention in the Zambian banking sector, with a particular focus on ZANACO Bank's customer service mission and initiatives. Secondly, the research intended to evaluate the effectiveness of the strategies implemented by ZANACO Bank in improving customer satisfaction and loyalty. This assessment involved analyzing customer feedback and perceptions regarding the bank's services and identifying areas for improvement. Additionally, the study aimed to offer recommendations for enhancing customer retention strategies based on the findings, thereby contributing to the bank's competitiveness and sustainability in the market.

### **1.5 Research aim and objectives**

#### **1.5.1 General Objective**

The overall objective of the study is to gain understanding of customer retention strategies in commercial banks in Zambia, a case study of ZANACO will be conducted.

#### **1.5.2 Specific Objectives**

The following specific objectives will be addressed;

- i. To establish the current customer retention strategies at ZANACO bank.
- ii. To identify the key drivers of customer retention at ZANACO, with a specific focus on competitive interest rates, customer service quality, and product offerings meeting customer needs.
- iii. To assess the effectiveness of ZANACO's retention strategies, including regular communication, personalized services, and incentives or rewards, in retaining customers.

- iv. To examine the relationship between ZANACO's retention strategies on overall customer retention rates.
- v. To determine if the retention strategies employed provide a competitive advantage for ZANACO."

## **1.6 Research Questions**

- i. What are the current customer retention strategies implemented by ZANACO Bank?
- ii. What are the primary drivers of customer retention at ZANACO, with a specific focus on competitive interest rates, customer service quality, and product offerings meeting customer needs?
- iii. How effective are ZANACO's retention strategies, including regular communication, personalized services, and incentives or rewards, in retaining customers?
- iv. Does the implementation of retention strategies at ZANACO confer a competitive advantage for the bank?

## **1.7 Research scope**

From the literature review, it is key to account for the broad context of customer retention, especially Customer Relationship Management under which customer retention falls. The research will be limited to ZANACO bank and its customer retention strategies and processes. The research will include selected corporate customers and individual customers.

## **1.8 Research contributions**

The intended study is to be undertaken principally for two reasons. Firstly, commercial Banks in Zambia whether foreign owned or locally owned are not very diversified and as a result offer identical products. It is therefore essential for bank management to try their best to retain as many profitable customers as possible in order to remain viable (Cohen, Gram, Au Young, & Easter, 2006). The study focused on customer retention in particular and customer relationship management in general, and its advanced interest in and knowledge of the ideas as crucial instruments in not only ZANACO bank's decision-making processes but other commercial banks as well.

Secondly, ZANACO will also enhance understanding and efforts to customer service quality processes, service recovery processes and loyalty programmes. Regulatory authorities in the

financial sector, may find this intended research as a base for further understanding of the main drivers and barriers to customer retention as a cardinal concept in the Zambian financial sector. The research will also benefit the customers of ZANACO as the bank enhances its processes of service provision and recovery.

## **1.9 Research Approach and Method**

The research approach adopted for this study was a mixed methods approach, combining both qualitative and quantitative methods. This approach aligned with both inductive and deductive reasoning, allowing for a comprehensive exploration of customer retention strategies within ZANACO Bank. Qualitative methods were employed to gain insights into the perceptions and experiences of the bank's customers regarding retention strategies. This involved conducting structured interviews with selected customers, allowing for an in-depth exploration of their attitudes, preferences, and behaviors related to customer retention. Qualitative data obtained from these interviews provided rich narratives and contextual understanding, enhancing the depth of the study's findings (Creswell & Creswell, 2017).

Additionally, quantitative methods were utilized to gather numerical data for analysis. This involved designing a questionnaire to collect data on various aspects of customer retention strategies at ZANACO Bank. The questionnaire included Likert scale items to quantify respondents' perceptions and attitudes towards retention strategies. Statistical analysis of quantitative data enabled the identification of patterns, trends, and correlations among variables related to customer retention (Creswell & Creswell, 2017). Furthermore, secondary data were obtained from ZANACO Bank's company records and other sources such as regulatory records. This secondary data provided valuable insights into the bank's historical performance, market trends, and regulatory environment, complementing the primary data collected through interviews and questionnaires. By triangulating qualitative and quantitative data, this mixed methods approach allowed for a more comprehensive understanding of customer retention strategies at ZANACO Bank, addressing both the depth and breadth of the research objectives (Creswell & Creswell, 2017).



## **1.10 Dissertation Layout**

### **Chapter One: Introduction**

This chapter introduces the research theme, outlining the contextual framework for studying customer retention strategies in Zambia's banking sector, focusing on ZANACO. It defines the research problem, objectives, and scope, setting the stage for subsequent chapters.

### **Chapter Two: Literature Review**

Conducting a thorough review, this chapter synthesizes existing literature on customer retention strategies in Zambia's banking sector, with a focus on ZANACO. It critically evaluates prior research to identify gaps addressed by the present study.

### **Chapter Three: Methodology**

Detailing the research methodology, this chapter explains the procedures used to assess customer retention strategies in Zambian commercial banks, using ZANACO as a case study. It elaborates on population, sampling, data collection, and analysis techniques.

### **Chapter Four: Presentation and Interpretation of Findings**

This chapter presents and interprets the research findings, analyzing collected data through descriptive statistics and thematic analysis. It uncovers relationships and patterns, contributing to understanding customer retention in ZANACO.

### **Chapter Five: Discussion of Findings, Conclusion and Recommendations**

Focusing on ZANACO customers, this chapter analyzes research results, discussing findings within the research framework. It provides insights into the effectiveness of customer retention strategies through data exploration and examination. This final chapter also provides insights into enhancing customer retention efforts in ZANACO and other Zambian commercial banks. It also suggests directions for future research to address customer retention challenges in the banking sector.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

The literature review is a critical component of this study as it provides a comprehensive overview of existing research relevant to the investigation of customer retention strategies in the banking sector, specifically focusing on Zanaco Bank in Zambia. This segment starts by presenting and explaining of the study constructs followed by a review of empirical evidence which necessitates the identifying gaps in the literature. Furthermore, an exploration of relevant theoretical frameworks is conducted, and presenting a conceptual framework to guide the research.

#### 2.1 Study Constructs

Commercial banks are involved in the provision of a service because they generate profits by offering financial products with a certain mix of liquidity, risk, and return and then using the sales proceeds to acquire assets with a different mix of characteristics, a process known as asset transformation (Mishkin & Eakins, 2015). Obviously with the primary goal of maximizing profits and generating value for shareholders. As a result of the increasingly fierce competition, commercial banks are forced to change in an effort to gain new customers, with some embracing agency banking, as in the cases of ZANACO Express, Tenga by Atlas Mara bank, and FNB agency banking. A few of them have also ventured into the world of online banking.

Despite this adjustment, there has not been a major change in how many Zambians use official financial services. Only 20% of Zambia's adult population has had an active bank account in the past ten years, according to a 2018 Price Waterhouse (PWC) poll on banking and non-banking trends in Zambia (PWC Zambia, 2019). This implies that the consumers who already bank with the competitors are the target market for any bank trying to expand. Any bank that wants to keep its current clientele and avoid having it swayed by competition must overcome this problem. Any action or activity that one party can provide to another that is fundamentally intangible and does not lead to the acquisition of any property is referred to as a service. Its creation might or might not be connected to a tangible good (Kottler, 2012). In contrast to tangible objects, which can be seen, tasted, touched, held, or smelled before being purchased, services are often generated and

used at the same time. The level of service is dependent on the provider, the time and place of delivery, and cannot be stored.

### **2.1.1 Customer Retention Concept**

A component of customer relationship management is customer retention. Customer relationship management is the process of establishing and fostering relationships with both current and prospective customers in order to build customer equity and maximize shareholder value (Richards & Jones, 2008). The fundamental benefit of customer retention is that it is more beneficial for an organization to keep its current clientele than to actively seek out new ones.

Customer retention can be accounted for as the marketing objective of preventing your consumers from switching to competitors (Bell, Auh, & Smalley, 2005). It is also known as "customer retention marketing," which calls for the best use of marketing resources while maintaining internal customer activity. Customer retention directly affects a company's revenue and expenses. In this example, profitability is defined as revenue earned less expenses incurred. In this case, revenues notch up due to increased sales and costs tend to be lower due to reduced associated penetration costs of such revenue streams (Nasir, 2017).

### **2.1.2 Client Loyalty**

The ideas of client loyalty and retention are frequently treated interchangeably in literary works. Cohen et al. (2006) contend that there are differences between these ideas in their study of customer satisfaction in New Zealand. The term "consumer inertia" refers to the idea that certain customers are merely being kept on board rather than demonstrating commitment. Customers who are genuinely loyal are said to be less price conscious, more likely to make additional purchases, and more flexible when it comes shifting providers. Customer satisfaction frequently has an impact on client retention. It has a lot to do with how well a client is treated, as this influences their loyalty, which encourages customer retention. Attracting and keeping consumers can be challenging, especially in a market where customers have a wide range of options for goods and services (Weinstein, 2012).

A comparison of a customer's expectations and experiences leads to customer satisfaction. It depends on how well the product meets the buyer's expectations in relation to how it is perceived

to perform. Depending on the service quality, which affects the degree of happiness, a client may wish to use a service again after using it for the first time. This is frequently referred to as a repeat buy. Because recurring business leads to increased customer loyalty, the service provider must put forth a lot of effort to keep the client buying and using the service in order to increase client retention (Mubanga, 2010).

### **2.1.3 Customer Happiness**

Customer happiness is an excellent place to start when trying to keep consumers, but it's not the only thing that matters. According to the literature, customer satisfaction has been prioritized in relationship marketing strategies because it is widely recognized as the primary factor in retaining customers. It's crucial to remember, too, that while customer satisfaction levels sometimes correlate with retention in some businesses, they do not in others (Lowenstein, 2005). It is also argued that some customers though they are satisfied will leave while those who are dissatisfied will remain.

Effective customer retention hinges on understanding why customers may leave. One significant factor is poor service, as customers expect quality interactions and support from organizations (Mubanga, 2010). Additionally, dissatisfaction with products or finding better alternatives elsewhere can prompt customers to seek alternatives. External influences, such as recommendations from friends, can also sway customer loyalty beyond the organization's control. Moreover, life changes, such as moving houses, may necessitate a switch to a new service provider. To counteract these challenges, businesses must prioritize knowledge gathering. Establishing comprehensive customer profiles, including demographic information, interactions, and purchases, is crucial. Utilizing segmentation and analysis tools enables businesses to assess each customer's profitability accurately, aiding in targeted retention efforts.

Knowledge is the first step towards efficient customer retention. A comprehensive customer profile that enables customers to view all demographic information, interactions, communications, and purchases should be created by businesses. This data, along with a powerful segmentation and analysis tool, allows the business to more accurately determine how profitable each customer is (Mubanga, 2010).

#### **2.1.4 Significance of Customer Retention Strategies in Competitive Markets**

No business can maintain all of its customers while aiming for 100% customer retention. Customers may migrate to another product or service permanently or temporarily as a result of a number of circumstances, the most important of which is the highly competitive markets. Customer retention is increasingly being viewed as a strategic agenda by organizations. In order to maintain a customer's loyalty over time, customer retention methods are thought to concentrate on a company's current clientele base (Egan, 2004).

Customer retention also addresses other important issues such as customer service, relationship marketing, interpersonal communication and complaint handling. The justification for customer retention is rather simple. Keeping an existing customer instead of acquiring new ones is more economical. In order to "replace" the lost customers, it becomes more expensive to acquire new ones. This is so because the cost of obtaining customers can only be incurred in the early phases of the business relationship while in the long-term, clients also tend to make more purchases and, if pleased, may promote the business favorably through word of mouth. Long-term clients also require less time from the business and are less sensitive to price adjustments. It is believed that cutting customer attrition by just 5% can increase profitability by a factor of two (Mornay, 2009).

#### **2.1.5 Customer Satisfaction and Retention in the Banking Sector**

High customer satisfaction does not, however, necessarily result in higher customer retention, as Mubanga (2010) pointed out. The fact that loyal customers are satisfied is a major contributor to the generally high correlation between customer satisfaction and loyalty. It's dangerous to assume that delighted clients will stay with you. The complete depth of the relationship that consumers have with the company, not just their satisfaction, must be recognized in order to improve customer retention.

An integrated strategy that analyses, forecasts, and eventually changes consumer behaviour must be devised if client retention is to provide the financial benefits (Baran & Galka, 2016). The competition in the banking sector has made client management crucial for ZANACO Bank, like the majority of other businesses. It is important to study the bank's client retention strategy because

a loss in the financial institution's customer base, could have an effect on projected deposit growth, profitability, and overall market share.

#### **2.1.6 Retaining Customers**

Mubanga and Chileshe (2010) explored the dynamics of customer retention and defection recovery, drawing insights from loyalty. Rather than simply focusing on customer satisfaction, Mubanga emphasized the importance of proactive strategies to identify potential defectors within an organization's customer base. This involves monitoring customer activity levels and utilizing various communication channels, including phone calls, emails, and direct mail, to engage with customers who may be on the verge of defection. Additionally, frontline staff play a crucial role in detecting signs of dissatisfaction and inconsistency among customers, providing valuable feedback for organizational improvement.

Furthermore, Mubanga and Chileshe (2010) underscored the significance of treating valuable customers well and ensuring fairness in customer interactions. By surveying customers and understanding their preferences, organizations can prioritize their efforts to retain those customers who are most valuable and influential in the market. Addressing customer complaints promptly and satisfactorily not only resolves immediate issues but also strengthens customer loyalty in the long run.

While exit barriers can be used strategically to prevent customer defection, Mubanga and Chileshe (2010) cautioned against overreliance on such measures and emphasized the importance of promptly addressing customer concerns to prevent their departure. Additionally, in cases where customers have already left the organization, efforts should be made to understand the reasons for their departure, rectify any underlying issues, and extend invitations to return, particularly targeting valuable customers who contribute to the organization's reputation and growth. (Mubanga, 2010)

Moreover, Reichheld and Sasser (2009) highlighted the numerous benefits of customer retention, including cost-effectiveness compared to customer acquisition, positive brand reputation, and increased customer lifetime value. Loyal customers are less price-sensitive, more likely to make repeat purchases, and often serve as advocates for the organization, driving word-of-mouth

referrals and expanding the customer base. The cumulative impact of customer retention on revenue and profitability underscores its strategic importance for organizations in competitive markets.

### **2.1.7 Economic Advantages of Customer Retention**

Mornay (2009) delineated six economic advantages of customer retention, emphasizing cost savings on acquisition or replacement expenses, assurance of base profits from existing customers' consistent spending, gradual growth in customer revenue over time, decreased relative operating costs through efficient resource allocation, and maintenance of price parity. Restropo (2016) highlighted key areas for effective retention management and provided seven strategies.

Firstly, developing a comprehensive retention and customer management plan tailored to the current clientele's needs, encompassing overarching goals, tactical initiatives, and performance evaluation metrics. Secondly, segmenting the customer base based on Pareto's 80-20 rule or attrition rate, allowing for cost-effective strategies for the majority of customers while focusing on specific tactics for the top 20%.

Next, targeting product or service offers to each customer segment to secure retention and increase engagement. Moreover, increasing relevance, usage, and service penetration to foster loyalty, utilizing techniques such as expanding services, implementing loyalty programs, or incorporating high-value features. Ensuring organizational readiness to provide assistance, emphasizing staff friendliness and courtesy as integral components of customer service.

Establishing a robust service recovery strategy by defining precise service standards, ensuring staff awareness of these standards, and promptly addressing any breaches to maintain customer satisfaction. Lastly, maintaining vigilance on customer attrition by implementing a monitoring process, gathering customer feedback, analyzing external factors, and adjusting strategies accordingly. Key elements of an effective monitoring program include selecting appropriate metrics, implementing follow-up procedures, minimizing bias in customer feedback, executing effectively, and learning from new findings.

### **2.1.8 Employee Retention**

In the majority of industries, significant personnel turnover can negatively impact elements like quality and customer service. Payne (2006) noted that losing employees might cost a company a lot of money. The expense of hiring new employees can be up to 50% greater than the core employees' annual wage. Other expenses include the loss of expertise, experience, information, and training expenditures. Employees have a key role in putting customer service policies into practice, increasing process effectiveness, and fostering client confidence. Employees give the means for enhancing efficiency, fostering customer pleasure, and ensuring quality and lower costs. Egan (2014) further observed that, satisfied customer can in turn mean satisfied employees. Long term employees are also more likely to form bonds with customers which can lead to additional customer retention.

A component of customer relationship management is customer retention. The goal of customer relationship management is to better understand customers' demands and behaviors in order to forge stronger bonds with them (Leverin and Liljander, 2006). It is a corporate-wide strategy created to lower expenses and boost revenue by fostering a sense of loyalty among clients. Customer relationship management is made up of several different elements, including measurement methods, defection management, client retention, and technology. (Mornay Roberts, 2009).

### **2.1.9 Development of Customer Relationship Management**

Customer relationship management's initial goal was to develop deeper and more intimate relationships with clients, which included "being willing and able to change your behavior toward an individual client based on what the client tells you and what else you know about the client" (Peppard, 2000). Additionally, it states that customer relationship management is based on the idea that retaining current customers is more cost-effective than finding new ones, adding new products to the existing customer base is less expensive, and customer retention would be maximized by better matching products and service levels to customer expectations.

Ahmad and Buttle (2001) assert that the traditional marketing strategy promotes the marketing mix principles, the pursuit of market dominance through mass marketing strategies, and an emphasis



on gaining new customers. For many years, this method has helped managers plan and carry out their marketing initiatives. The focus of traditional marketing strategies is typically on gaining new clients and expanding market share, segmenting clients into homogeneous groups based on their characteristics, and leveraging brands to advertise goods and draw in new clients. The approach assumes that marketers can then exert unilateral control over their customers through timely manipulation of the '4ps' or other elements of the marketing mix, particularly with the use of financial rewards such as price discounts, gifts and promotions to retain customers. The '4ps' model of the marketing mix was popularised by McCarthy and comprises of the price, place, promotion and product (Ahmad and Buttle, 2000).

### **2.1.10 Shortcomings of Conventional Marketing Strategy**

The shortcomings of this conventional marketing strategy, often known as a conventional or classical marketing strategy, resulted in an alternative approach namely Relationship Marketing. Kotler (2012) defined marketing as, to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfilment of promise.

In contrast to the traditional approach, Relationship Marketing emphasises interactions with customers and the preservation of long-term relationship. Its goal is to retain customers for long term (Rizal Ahmad and Francis Buttle, 2001). Rizal Ahmad and Francis Buttle (2001) further provides that, from a Relationship Marketing perspective, Successful businesses are those who are able to convert prospects into clients and customers into partners. They also understand that it may be more cost-effective to keep current customers than to get new ones.

### **2.1.11 Relationship Marketing and Customer Development**

Relationship marketing, as described by Kotler (2012), is a strategic approach focused on fostering long-term connections with customers. This methodology involves a progressive process whereby new clients are transformed into loyal advocates and partners of the business. Initially, the emphasis is on converting new clients into repeat customers, establishing a foundation for ongoing engagement and trust-building.

The customer relationship development process outlined by Kotler involves several sequential stages. It begins with the conversion of new clients into repeat customers, wherein the company aims to provide exceptional service and cultivate trust. As customers demonstrate loyalty, they advance to the status of valued clients, receiving personalized attention and support. Through membership programs offering exclusive benefits, the company seeks to deepen customer engagement and foster a sense of belonging.

Kotler (2012) delineates distinct levels of investment in customer relationships, each reflecting varying degrees of engagement and interaction. At the basic marketing level, the focus is primarily on transactional interactions, with sales personnel facilitating product or service sales. Moving beyond transactions, reactive marketing encourages two-way communication by inviting customers to share queries, feedback, or concerns. Accountable marketing involves post-sale follow-up to ensure customer satisfaction and address any issues that arise. Proactive marketing entails reaching out to customers with updates on new offerings or suggestions for enhancing their experience. Finally, partnership marketing represents the highest level of engagement, involving collaborative partnerships between the company and its customers aimed at mutual benefit and shared objectives.

#### **2.1.12 Customer Retention in Financial Services Industry**

In the 21st century, the financial services market has undergone changes at an increasingly rapid pace. The changes include: the nature and variety of product offering and the changing nature of customer base. This has given rise to an increasing focus on customer relationship management in the financial services sector (Mubanga, 2010).

Panda, (2001), those financial institutions which are emerging as competitive are those that have shifted their focus on the customer and their specific expectations of products and services. As competition becomes more and more intense, understanding and meeting a customer's individual needs is important to their retention. Numerous businesses are now forced to concentrate on their current consumers as a result of the increased levels of competition. Customer retention is increasingly being seen as a crucial managerial concern, especially from the standpoint of a saturated market or a slower rise of the number of new consumers (Ahmad and Buttle, 2002).

### **2.1.13 Customer Retention Trends**

Magasi (2016) observed that one service industry that has shown a steady fall in customer retention is the banking sector. Different banks are realizing the urgent need to change their business strategies to be more competitive; they frequently recognize the necessity to develop more aggressive client acquisition and retention strategies.

A bank's operational environment is divided into two parts: the back office and the front office. The back-office's job is to deliver the essential efficiency that clients cannot see. Contrarily, the front office operations have a clear focus and include all duties and actions that take place at the "moment of truth," or when customers connect with customer contact personnel. In general, a focus on technology supports back-office operations while a focus on people supports front-office operations.

## **2.2 Empirical Review**

### **2.2.1 Competitive Strategies and Customer Retention Among Commercial Banks**

Several studies have been conducted on the effectiveness of retention strategies. To start with, Munyiri (2014) conducted research on competitive strategies and customer retention among commercial banks in Kenya. The study aimed to explore how competitive strategies influence customer retention in the Kenyan banking sector, given the intense competition prevalent in the industry. The study employed a descriptive survey design and targeted all forty-four registered commercial banks in Kenya. Data collection was done using questionnaires distributed to the banks, and the drop-and-pick-later method was utilized. Statistical Package for Data Analysis (Version 20) was used for data analysis (Munyiri, 2014).

The study by Munyiri (2014) found a significant relationship between cost leadership strategies and customer retention. Banks offering low prices for their products targeted average customers, while developing new products to meet market demands. Differentiation strategies, involving the provision of superior goods and services, were also identified as influencing customer retention significantly. Additionally, focus strategies, targeting specific market segments, were found to be

effective in retaining customers. Customer satisfaction was observed to have a measurable relationship with customer retention in banks (Munyiri, 2014).

The study concluded that cost leadership, differentiation, and focus strategies significantly influence customer retention in the Kenyan banking sector (Munyiri, 2014). It recommended that banks should adopt cost leadership strategies to attract and retain more customers, design superior quality products to gain a competitive advantage, and embrace focus strategies to target different income classes. Furthermore, the study suggested that banks should adopt various competitive strategies to remain relevant to their customers by offering superior products.

### **2.2.2 The Effects of Customer Retention Strategies on Customer Retention**

In addition, Kaguri (2016) investigated the effects of customer retention strategies on customer retention in Kenya's banking industry. The study aimed to understand how customer relationship management (CRM), relationship marketing, and perceived pricing tactics impact customer retention in the sector. The study surveyed customer relationship managers from all 43 banks in Kenya. Questionnaires were used for data collection, and correlation analysis was conducted to analyze the data.

Customer relationship management (CRM) was found to have a moderately strong positive relationship with customer retention. However, there was only a weak positive relationship between perceived pricing tactics and customer retention, which was attributed to price regulations in the industry. Similarly, relationship marketing showed a very weak positive relationship with customer retention, possibly due to the similarity of practices across banks (Kaguri, 2016). The study concluded that in sectors with similar products and prices, customer retention is largely driven by customer relationship management. Therefore, it recommended that banks invest more in managing relationships with customers to retain and attract new customers, as CRM provides a more significant competitive advantage than pricing or relationship marketing.

### **2.2.3 The Effect of Customer Service Strategies on Customer Retention**

Furthermore, Raj and Muthuswamy (2022) investigated the effect of customer service strategies on customer retention in the private banking sector in Lusaka, Zambia. The study focused on selected private banks in the area and assessed customer retention abilities within the retail banking sector. The study collected primary data from bank customers using Likert-type scale

questionnaires adapted from the SERVQUAL dimensions of service quality for banks. A sample size of 106 respondents from private banks was utilized. Data analysis was conducted using Microsoft Excel and SPSS (21.0), including simple correlation analysis (Raj & Muthuswamy, 2022).

The study by Raj and Muthuswamy (2022) identified various customer service strategies employed by private banks to enhance customer retention, including digital channels of service delivery, ATM networks, innovation of new products, prompt service delivery, and efficiency in handling customer complaints. Customers were generally satisfied with the banks' customer service strategies across the five dimensions of the SERVQUAL model.

However, dissatisfaction was reported in areas such as frequent downtime of systems, internet banking, and ATMs, affecting tangibility, reliability, and responsiveness. The study concluded that while private banks have effective customer retention strategies in place, there are areas of concern that need urgent attention, particularly related to tangibles, reliability, and responsiveness. It recommended addressing these areas promptly and regularly seeking customer feedback to ensure satisfaction. Furthermore, the study suggested investing in staff training and motivation to ensure excellent service delivery and the frequent review of service quality to identify and remedy gaps (Raj & Muthuswamy, 2022).

#### **2.2.4 The Effects of Customer Retention Strategies on The Performance of Commercial Banks**

Additionally, Mugambi and Karigi (2015) explored the effects of customer retention strategies on the performance of commercial banks in Kenya. The study aimed to understand how location, credit process, pricing, and customer service impact the performance of commercial banks in the country. The study utilized a descriptive survey design, collecting both primary and secondary data. Structured and unstructured questionnaires were administered to five commercial banks, targeting customer service managers.

Secondary data was collected through literature and document review. Pearson Correlation statistical tool facilitated by SPSS was employed for data analysis. Location, credit process, pricing, and customer service were found to have significant effects on the performance of commercial banks in Kenya. Banks invested in opening more delivery channels to guarantee

higher customer retention, streamlined credit processes to reduce turnaround time, and emphasized pricing and customer service to enhance performance (Mugambi & Karigi, 2015). The study concluded that customer identification and retention strategies significantly impact the performance of commercial banks in Kenya. It recommended that banks should focus on attracting and retaining customers more effectively than competitors to achieve efficient performance. The study also suggested increasing investments in customer identification and retention strategies to maintain competitive advantage.

### **2.2.5 The Financial Factors Affecting Customer Retention in Commercial Banks**

Finally, Siele and Muturi (2016) investigated the financial factors affecting customer retention in commercial banks in Kenya, specifically focusing on Banks in Thika Town. The study aimed to determine the effects of financial products, online services, interest rates, and bank charges on customer retention. The study employed a descriptive research design, targeting heads of finance departments, credit departments, and branch managers in all 22 commercial banks in Thika Town. A sample of 66 respondents was utilized, and primary data was collected through self-administered questionnaires. Data analysis involved descriptive and inferential statistics.

Financial innovation and online services were found to reduce customer attrition rates, while interest rates and bank charges increased the likelihood of customers leaving the banks. All variables were deemed relevant in explaining customer retention, emphasizing the importance of financial factors in retaining customers (Siele & Muturi, 2016). The study concluded that banks and the government should implement measures to reduce interest rates and charges to retain customers in the banking industry. It recommended that banks focus on introducing more financial innovations and online services to enhance customer retention. Additionally, it suggested that banks frequently review service quality based on customer feedback to identify and address gaps in customer service (Siele & Muturi, 2016).

### **2.2.1 Gaps in Literature**

While existing studies offer valuable insights into customer retention strategies in the banking sector, they demonstrate several shortcomings that warrant attention. Specifically, these studies exhibit a limited geographical scope, focusing primarily on specific regions such as Kenya and Lusaka, Zambia, thereby restricting the generalizability of findings (Munyiri, 2014; Raj & Muthuswamy, 2022; Mugambi & Karigi, 2015; Siele & Muturi, 2016). Moreover, the emphasis

on customer service strategies overlooks the potential impact of other critical factors such as regular communication, personalized services, incentives, product innovation, and regulatory frameworks.

Additionally, the lack of comparative analysis across different banks or market segments limits the ability to benchmark the effectiveness of retention strategies and identify best practices. Furthermore, while one study addresses financial factors affecting customer retention, there is a notable absence of a comprehensive exploration of the role of financial products, pricing strategies, and economic variables in shaping retention strategies (Siele & Muturi, 2016). Lastly, the predominance of cross-sectional research designs highlights the need for longitudinal studies to capture the evolution of retention strategies and customer behaviors over time (Munyiri, 2014; Kaguri, 2016; Raj & Muthuswamy, 2022; Mugambi & Karigi, 2015; Siele & Muturi, 2016).

## **2.3 Theoretical Framework**

In the quest to understand and improve customer retention in the banking sector, several theoretical perspectives offer valuable insights. This theoretical framework integrates three main theories: the Social Exchange Theory, Theory of Planned Behavior, Customer Relationship Management (CRM), and Expectancy Theory.

### **2.3.1 Social Exchange Theory**

American sociologist George Homans is credited with developing social exchange theory in 1958. Homans' theory combines behaviorism and basic economics (Cropanzano & Mitchell, 2005). The Social Exchange Theory offers a foundational framework for comprehending how customers assess their relationship with ZANACO Bank. This theory posits that individuals engage in relationships based on the perceived benefits and costs involved. In the banking context, customers evaluate retention strategies based on the benefits they receive in return for their loyalty, such as personalized services or incentives, weighed against costs like time, effort, or financial commitments. By applying this theory, the study aims to uncover how customers balance these factors to determine their loyalty to the bank. Additionally, the theory assumes rational decision-making, where customers engage if benefits outweigh costs (Zhang, 2009). This implies that customers expect equitable exchanges of benefits, such as consistent and reliable services, in exchange for their loyalty and financial commitment to the bank. Consequently, the study seeks to

explore customer-bank relationship dynamics and their impact on retention strategies. Moreover, Social Exchange Theory emphasizes understanding perceived benefits and costs from customers' perspectives, acknowledging their varying perceptions based on experiences and preferences (Ferm & Thaichon, 2021). Thus, the study aims to provide insights into optimizing retention strategies at ZANACO Bank to meet diverse customer needs, fostering stronger and sustainable customer relationships.

### **2.3.2 Theory of Planned Behaviour**

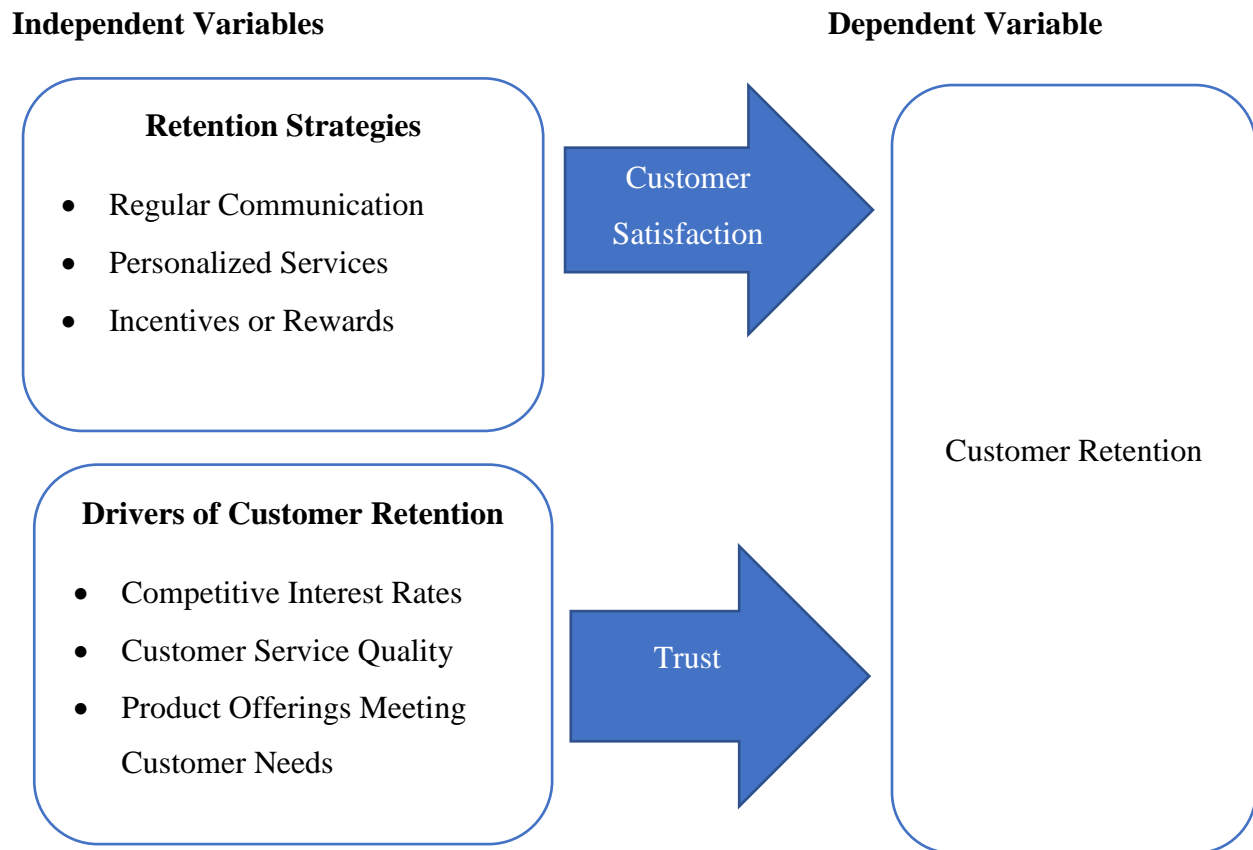
Icek Ajzen developed the Theory of Planned Behavior (TPB), which provides a comprehensive framework for understanding the psychological processes underlying customers' intentions to remain loyal to ZANACO Bank (Ajzen, 1991). In the context of customer retention, customers' intentions to stay with ZANACO Bank are shaped by their beliefs about the consequences of their actions, subjective norms, and perceived ability to engage in loyalty behaviors. Therefore, by applying the TPB, the study aims to uncover the cognitive and social factors driving customers' loyalty intentions, thus informing the development of more effective retention strategies. Moreover, by exploring the factors that enhance or inhibit customers' perceived behavioral control, the study seeks to provide actionable insights for ZANACO Bank to enhance its retention strategies and cultivate stronger customer loyalty (Steinmetz et al., 2016; Koropp et al., 2014).

## **2.4 Conceptual Framework**

The conceptual framework for the research study on customer retention in commercial banks in Zambia, focusing on ZANACO, involves two categories of independent variables that influence the dependent variable of customer retention.



Figure 1: Conceptual Framework



The conceptual framework for this study encompasses two main categories of variables: independent variables and a dependent variable. The independent variables include retention strategies implemented by ZANACO, such as regular communication, personalized services, and incentives or rewards, aimed at retaining its customer base. Additionally, the drivers of customer retention, including competitive interest rates, customer service quality, and product offerings meeting customer needs, influence customers' decisions to stay with ZANACO. These independent variables are expected to impact the dependent variable, customer retention, which represents the extent to which customers maintain their banking relationship with ZANACO over time. The framework also considers intervening variables that may mediate the relationship between retention strategies and customer retention, providing a structured approach to examining the dynamics of customer retention in the Zambian banking sector. Intervening variables, which

mediate the relationship between retention strategies and customer retention, can include customer satisfaction and trust.

## **2.5 Chapter Summary**

Chapter 2 provides a comprehensive examination of existing literature related to customer retention strategies in the banking sector, with a specific focus on Zanaco Bank in Zambia. The chapter begins by defining and elucidating the study constructs, ensuring clarity on essential terms and concepts. It proceeds to review empirical studies, highlighting key findings and identifying gaps in the literature, thereby justifying the significance of the current study. Furthermore, relevant theoretical frameworks are explored to provide theoretical insights and perspectives guiding the research. Finally, a conceptual framework is introduced to outline the key variables and their relationships, laying the groundwork for the subsequent empirical investigation.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the research methodology employed in this study to investigate customer retention strategies in ZANACO Bank comprehensively. This segment delineates the research approach, design, population, sample size, sampling techniques, data collection methods, data analysis techniques, and ethical considerations adopted throughout the research process. By elucidating these methodological aspects, this chapter aims to provide a clear understanding of how the study was conducted and how the data were collected, analyzed, and interpreted to address the research objectives effectively.

#### **3.1 Research Approach**

In this study, a mixed methods research approach was employed, aligning with both inductive and deductive reasoning. Mixed methods research integrates qualitative and quantitative methods within a single study, allowing researchers to explore complex phenomena from multiple perspectives and obtain richer insights than would be possible with either method alone (Creswell & Creswell, 2017). The decision to adopt a mixed methods approach was informed by the need to achieve a thorough understanding of customer retention strategies. Structured questionnaires were employed to quantitatively gather data on various aspects of customer retention strategies at ZANACO Bank. These questionnaires allowed for deductive analysis, providing numerical data for statistical analysis (Creswell & Creswell, 2017). Statistical analysis allowed the researchers to identify patterns, trends, and correlations among variables related to customer retention. By triangulating qualitative and quantitative data, the study could cross-validate findings from different sources, enhancing the overall validity and reliability of the research outcomes (Creswell & Creswell, 2017). The integration of quantitative methods provided empirical evidence and statistical validation, contributing to a comprehensive understanding of customer retention strategies at ZANACO Bank.

### **3.2 Research Design**

The study employed a case study design to investigate customer retention strategies within ZANACO Bank. This approach was chosen due to its suitability in providing an in-depth exploration of the subject matter within the specific context of the bank. Case studies are particularly adept at capturing rich, contextualized data that allows for a comprehensive understanding of complex phenomena (Bryman, 2016). In the case of this research, exploring the details of customer retention strategies within ZANACO Bank required a design that could capture not only the strategies themselves but also the organizational culture, operational dynamics, and customer interactions that shape these strategies.

The case study approach was implemented by conducting extensive fieldwork within ZANACO Bank, involving interactions with key stakeholders, observations of customer interactions, and analysis of internal documents and records. By immersing oneself in the daily operations of the bank, the researcher was able to gain firsthand insights into the implementation and effectiveness of various retention strategies. This included understanding how strategies were devised, communicated, and executed within the organization, as well as their impact on customer behavior and loyalty. The importance of employing a case study design lies in its ability to provide distinct, contextually rich insights that would be difficult to obtain through other research methods. Customer retention within the banking sector is influenced by a myriad of factors, including organizational culture, competitive landscape, and customer preferences (Nurhilalia & Saleh, 2024).

### **3.3 Study Population**

The study population consisted of Zanaco customers, estimated to be around 2,700,000 based on the bank's annual report for 2021. Zanaco, renowned as the largest bank in Zambia, serves as a cornerstone of the country's banking sector, boasting substantial annual profits and an extensive customer base. With customers spanning various industries and socioeconomic backgrounds, Zanaco's influence permeates throughout Zambia's financial landscape (Zanaco, 2021). Selecting Zanaco customers as the study population aligned closely with the research objectives, which centered on understanding customer retention strategies within the bank. Given that customers significantly influence retention outcomes through their behaviors and interactions, examining the

perspectives and experiences of Zanaco's vast customer base was crucial for gaining insights into the effectiveness of retention strategies and pinpointing areas for enhancement.

The considerable size and prominence of the study population, estimated at 2.7 million customers, underscored Zanaco's pivotal role within the Zambian banking sector and its broader economic implications. As the leading bank in Zambia, Zanaco's diverse customer base encompasses individuals, businesses, and institutions across urban and rural areas, facilitating a comprehensive examination of customer retention dynamics. This diversity enabled researchers to capture a broad spectrum of perspectives and experiences related to banking services and customer loyalty, enhancing the depth and breadth of the study's insights.

### 3.4 Sample Size

To determine the sample size for the study, the Yamane formula was applied using the estimated population of Zanaco customers, which is approximately 2,700,000 (Zanaco, 2021). The Yamane formula is commonly used in research to calculate the sample size required for a given population. It is expressed as:

$$n = \frac{N}{(1+Ne^2)} \dots\dots\dots \text{Equation 1}$$

Where:

- $n$  = sample size
- $N$  = total population size
- $e$  = margin of error (expressed as a decimal)

Given that the margin of error ( $e$ ) is typically set at 5% (0.05), the formula can be applied to calculate the sample size required for the study.

$$n = \frac{2,700,000}{(1 + 2,700,000 \times 0.05^2)} = \mathbf{399}$$

After computation, the calculated sample size using the Yamane formula was found to be approximately 399 respondents. However, for practical reasons and to ensure an adequate representation of the population, the study aimed to collect responses from 400 Zanaco customers.

This sample size was deemed sufficient to provide meaningful insights into customer retention strategies within the bank while maintaining feasibility and manageability in data collection and analysis. During the data collection phase, a total of 400 structured questionnaires were distributed to Zanco customers (Cheung, 2021). Out of these, 201 responses were successfully collected, yielding a response rate of 50.25%. While the response rate fell slightly short of the initial target, the obtained sample size of 201 respondents was considered adequate for conducting the analysis and addressing the research objectives effectively.

The collected responses encompassed a diverse range of perspectives and experiences among Zanco customers, allowing for a comprehensive examination of customer retention strategies and their effectiveness within the bank. Despite the slightly lower response rate, the obtained sample size remained statistically significant and provided valuable insights for informing the study's findings and recommendations.

### **3.5 Sampling Techniques**

In this study, a combination of simple random sampling and convenience sampling techniques was employed to select participants from the target population of Zanco customers. Simple random sampling was utilized to ensure each Zanco customer had an equal chance of being selected for inclusion in the study (Babbie, 2016). Using the Yamane formula, a random sample size was determined from the total population of 2,700,000 Zanco customers. Through a lottery method or random number generator, participants were selected from the customer database, ensuring that every customer had an equal opportunity to be chosen. This approach helped to reduce bias and ensure the representativeness of the sample, enhancing the generalizability of the study findings to the wider Zanco customer base.

Additionally, convenience sampling was employed to facilitate practical data collection. Convenience sampling involves selecting participants based on their accessibility and availability to the researcher. Zanco customers were approached conveniently at various bank branches, online platforms, and through social media channels, making it easier to reach a diverse pool of participants. While convenience sampling may introduce some bias due to self-selection, it was chosen for its efficiency and feasibility in gathering data from a large and geographically dispersed customer base within the study's constraints. Together, these sampling techniques enabled the

study to gather a diverse range of perspectives and experiences from Zanaco customers while ensuring the feasibility of data collection within the study's resources and timeline.

### **3.6 Data collection**

For data collection, a structured questionnaire was developed and administered using Google Forms, an online survey platform, aligning with the method of the study (Dillman, Smyth, & Christian, 2014). Likert scale items were employed extensively throughout the questionnaire to gauge respondents' perceptions, attitudes, and behaviors concerning customer retention at Zanaco Bank. The questionnaire encompassed various dimensions of customer retention strategies, including communication effectiveness, personalized services, incentives and rewards, competitive interest rates, customer service quality, and product offerings. Respondents rated their agreement with statements on a 5-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree," enabling the quantification of opinions on each retention aspect. Additionally, demographic inquiries were included to gather data on respondents' characteristics such as age, gender, income level, and relationship duration with Zanaco Bank, vital for segmenting and analyzing the data. Utilizing a structured questionnaire ensured standardized data collection procedures, enhancing the reliability and validity of the study findings (Bryman, 2016). Moreover, the use of Likert scales facilitated efficient data collection and analysis, providing measurable insights into respondents' perceptions and preferences regarding Zanaco Bank's customer retention strategies.

### **3.7 Data Analysis**

In the analysis of the collected data on customer retention strategies at Zanaco Bank, a comprehensive approach was adopted, utilizing specific software, SPSS 27, tailored to the method of data collection, which involved a structured questionnaire administered through Google Forms. Descriptive statistics, including frequency distributions, were employed to summarize and elucidate key data characteristics, such as means, medians, and standard deviations, providing an overview of respondents' perceptions and attitudes (Bryman, 2016). The frequency distributions facilitated exploration of response distributions across different categories, offering insights into prevalent opinions and behaviors among respondents.

Additionally, one-way ANOVA (Analysis of Variance) was conducted to assess the differences in means across multiple groups or categories of a categorical independent variable (Saunders, Lewis, & Thornhill, 2019). This statistical technique was used to examine whether there were significant differences in respondents' perceptions of customer retention strategies based on demographic variables such as age, gender, income level, or length of relationship with the bank. By analyzing variance between groups, ANOVA helped identify any significant associations or differences that may exist among different customer segments. Furthermore, pie charts were utilized to visually represent the distribution of responses for categorical variables. Pie charts provided a clear and concise way to illustrate the proportion of respondents who agreed, disagreed, or were neutral towards various statements related to customer retention strategies. Visualizing data in this manner allowed for easy interpretation and identification of dominant trends or patterns within the dataset (Creswell & Creswell, 2017).

### **3.8 Ethical Considerations**

#### **3.8.1 Accessibility**

In conducting this research on customer retention strategies at Zanaco Bank, ethical considerations were prioritized to ensure accessibility for all participants. Informed consent was obtained from each participant, ensuring they were fully aware of the study's purpose, procedures, and potential risks and benefits. Participants were assured of their voluntary participation and their right to withdraw at any stage without facing repercussions. This commitment to accessibility extended to the data collection and analysis process, where confidentiality and anonymity were rigorously maintained. Personal identifiers were removed or anonymized to protect participants' privacy and prevent any unintended consequences.

#### **3.8.2 Conduct**

Ethical conduct was integral to every aspect of this research endeavor. Measures were implemented to uphold the highest standards of integrity, validity, and transparency. Data handling and storage protocols were designed to prevent unauthorized access or disclosure, safeguarding participants' confidentiality. Furthermore, potential conflicts of interest were disclosed, and steps were taken to mitigate bias or undue influence, ensuring the objectivity of the study. Ethical considerations also guided the dissemination of research findings, ensuring accurate reporting and



interpretation without misrepresentation. The research team remained transparent about the implications of the findings, fostering trust and credibility in the research process. Overall, adherence to ethical principles such as informed consent, confidentiality, integrity, and transparency was paramount in conducting a rigorous and ethically sound study in the banking sector.

### **3.9 Chapter Summary**

Chapter 3 outlines the comprehensive research methodology employed to investigate customer retention strategies at ZANACO Bank. The study utilized a mixed-methods research approach, integrating both qualitative and quantitative methods. This approach enabled the researcher to gain insights into the effectiveness of retention strategies by triangulating data from different sources. The research design adopted was a case study approach, chosen for its ability to provide rich, contextualized data within the specific context of the bank. The study population consisted of ZANACO customers, estimated to be approximately 2.7 million, selected through a combination of simple random sampling and convenience sampling techniques. Data collection involved the administration of structured questionnaires through Google Forms, enabling standardized and efficient data collection procedures. Descriptive statistics, one-way ANOVA, and pie charts were employed for data analysis, providing insights into respondents' perceptions and attitudes towards customer retention strategies. Ethical considerations, including accessibility and conduct, were prioritized throughout the research process to ensure participant rights and maintain research integrity.

## **CHAPTER FOUR**

### **ANALYSIS AND PRESENTATION OF FINDINGS**

#### **4.0 Introduction**

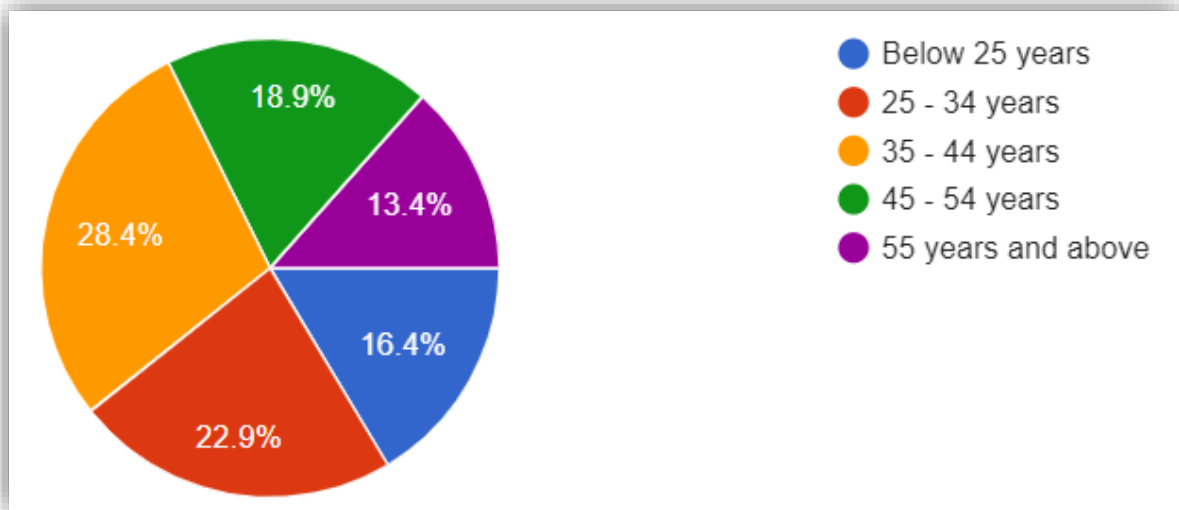
This chapter examines the findings related to the effectiveness of the retention strategies employed by Zanaco Commercial Bank. It begins with a detailed exploration of participant demographics, including age distribution, educational backgrounds, and professional experience. Subsequent sections delve into the types of retention strategies employed. The analysis extends to scrutinizing the effectiveness of the retention strategies using the analysis of variance. Additionally, the effectiveness of the retention strategies in regards to offering a competitive advantage to Zanaco is also presented using ANOVA through the comparison of means.

#### **4.1 Demographic Results**

##### **4.1.1 Age of the Respondents**

The results presented in Figure 2 indicate a predominantly younger age distribution among the respondents, with the majority falling within the age range of 35 to 44 years, comprising 28.4% of the participants. This suggests that the sample population is relatively youthful, which may have implications for understanding their perspectives and customer experience-related retention strategies. The next significant segment includes individuals aged 25 to 34 years, accounting for 22.9% of the respondents. Furthermore, 18.9% of respondents are in the age group of 45 to 54 years, indicating a notable representation of a diverse perception from a relatively mature demographic. Remarkably, another 16.4% of respondents are under 25 years old, reflecting the presence of younger individuals in the sample. However, it is noteworthy that 13.4% of the participants are over 55 years old, indicating a good presentation of customers overall.

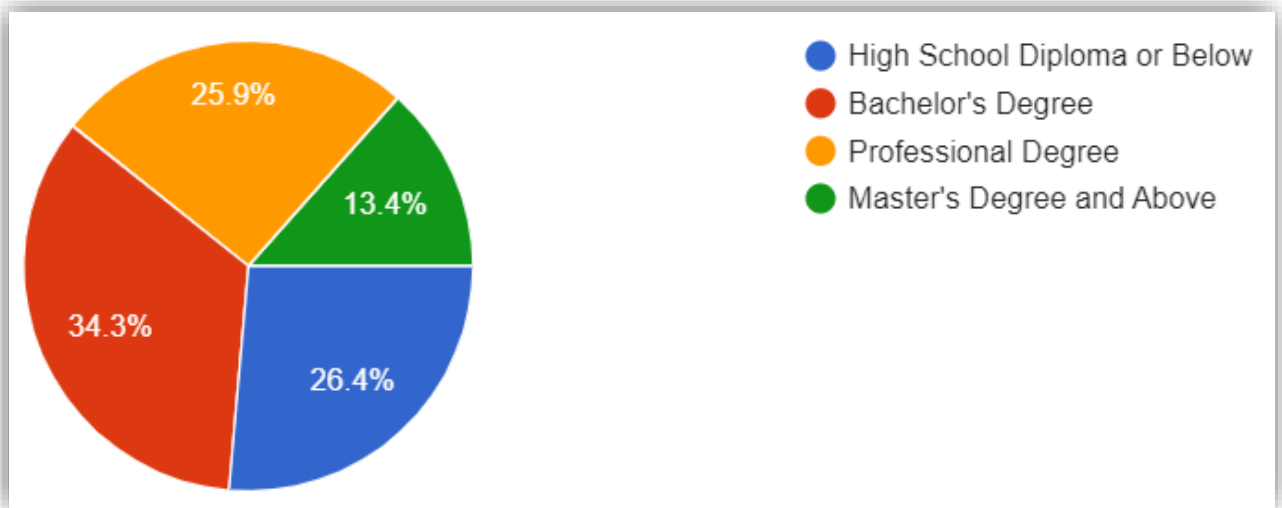
*Figure 2: Age of the Respondents*



#### **4.1.2 Level of Education**

The results displayed in Figure 3 show the levels of educational attainment among the 201 respondents. Notably, 34.3% of the sample, constituting the majority, holds a bachelor's degree, aligning with the assertion suggesting that higher education levels may correlate with better understanding of complex concepts (Biggs, 2012). This suggests that a significant proportion of the participants have completed their undergraduate education. Additionally, 26.4% of the participants indicated possessing a diploma or high school certificate, reflecting a diverse educational background within the sample. A total of 25.6% of the participants reported having professional degrees, indicating a substantial presence of individuals with specialized training or qualifications. Lastly, 13.4% of the population holds a master's degree or higher, representing a subset of the sample with advanced education levels, which may suggest a thorough understanding of ideas and potentially more exposure to customer experience and retention tactics in banking.

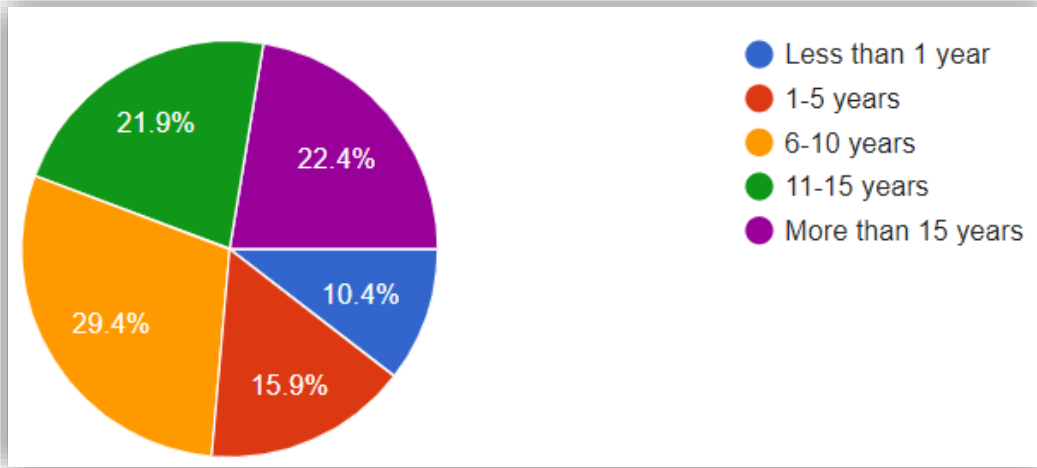
Figure 3: Level of Education



#### 4.1.3 Customer Experience

Figure 4 presents the distribution of respondents based on their experience as bank customers, offering insights into their familiarity and engagement with banking services. The largest group, comprising 29.4% of the respondents, reported having between six and ten years of experience. This finding suggests that a significant portion of the sample possesses a substantial level of exposure to banking operations and customer interactions, potentially indicating a good understanding of banking processes and expectations (Arcand, PromTep, Brun, & Rajaobelina, 2017). Moreover, the substantial presence of participants with over 15 years of expertise in customer service, accounting for 22.4% of the sample, highlights a cohort with extensive experience. This demographic likely includes seasoned customers who have developed preferences and expectations based on long-term interactions with banks. Additionally, the distribution of participants across various experience brackets, including those with one to five years and less than a year of experience, underscores the diversity within the sample and the inclusion of individuals at different stages of their banking journey. Such diversity in experience levels enriches the study's findings by capturing insights from both novice and seasoned customers, offering a comprehensive understanding of customer perceptions and behaviors within the banking context (Coltman, Devinney, & Midgley, 2011).

Figure 4: Years of Experience



## 4.2 Retention Strategies Employed

Table 1 presents the responses of respondents who were asked to rate their awareness of defined retention strategies implemented by the bank. The table also presents the findings on the types of retention strategies employed.

Table 1: Retention Strategies Employed

Defined Retention Strategies	Regular Communication		Personalized Services		Incentives and Rewards	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	4	2.0	-	-	1	.5
Disagree	61	30.3	6	3.0	33	16.4
Neutral	76	37.8	29	14.4	56	27.9
Agree	57	28.4	158	78.6	102	50.7
Strongly Agree	3	1.5	8	4.0	9	4.5
Total	201	100.0	201	100.0	201	100.0

### 4.2.1 Defined Retention Strategies

The findings reveal a diverse range of perceptions among respondents regarding the existence of defined retention strategies at the bank. From the total sample of 201 respondents, it is evident that opinions vary significantly. A small proportion (2.0%) of respondents strongly disagreed with the

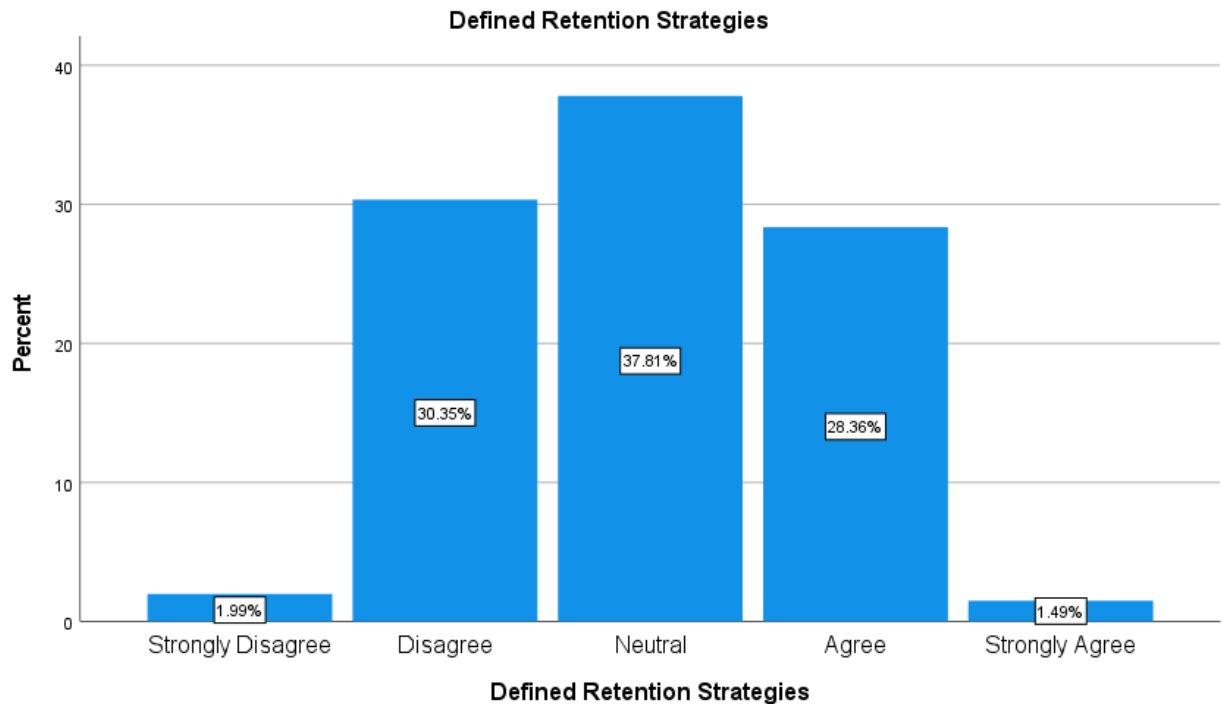
notion that the bank has defined retention strategies, echoing concerns about the clarity and effectiveness of the bank's retention initiatives (Otaigbe, 2018). This minority holds a firm conviction that the bank lacks clear strategies aimed at retaining customers, indicating potential gaps in strategic planning and execution. A substantial portion (30.3%) of respondents disagreed with the idea of the bank having defined retention strategies, suggesting a notable level of scepticism or uncertainty among respondents regarding the presence or clarity of such strategies. The largest percentage of respondents (37.8%) expressed a neutral stance regarding the bank's defined retention strategies, reflecting a state of uncertainty or lack of knowledge among a significant segment of the customer base.

A notable proportion (28.4%) of respondents agreed that the bank has defined retention strategies, acknowledging the presence of retention strategies within the bank's operations, which aligns with the tenets of effective customer relationship management (CRM) practices (Andreevna, 2021). This suggests that a significant segment of respondents perceives the bank as actively engaged in customer retention efforts, albeit with room for improvement. A small minority (1.5%) of respondents strongly agreed that the bank has defined retention strategies, indicating a firm belief among a select few respondents in the efficacy and clarity of the bank's retention initiatives (Bode, Singh, & Rogan, 2015). These findings underscore the importance of effective communication and transparency regarding the bank's retention strategies, echoing the need for clear and consistent messaging to build trust and confidence among customers (Bolton, Lemon, & Verhoef, 2008). There is a significant proportion of respondents who are either unaware or uncertain about the bank's efforts in this regard, emphasizing the necessity for the bank to improve its communication channels and outreach to ensure that customers are well-informed about the strategies implemented to retain their loyalty.

These findings also resonate with Social Exchange Theory, which posits that individuals engage in relationships based on the perceived benefits and costs involved. According to this theory, customers assess the value proposition offered by the bank in exchange for their loyalty (Auka, 2012). Additionally, the Theory of Planned Behavior suggests that attitudes, subjective norms, and perceived behavioral control influence individuals' intentions, including their willingness to remain loyal to a particular bank (Farah, 2017). The findings reflect varying attitudes and

perceptions among respondents, indicating the need for the bank to address concerns and reinforce positive attitudes towards its retention strategies.

Figure 5: Defined Retention Strategies



#### 4.2.2 Regular Communication

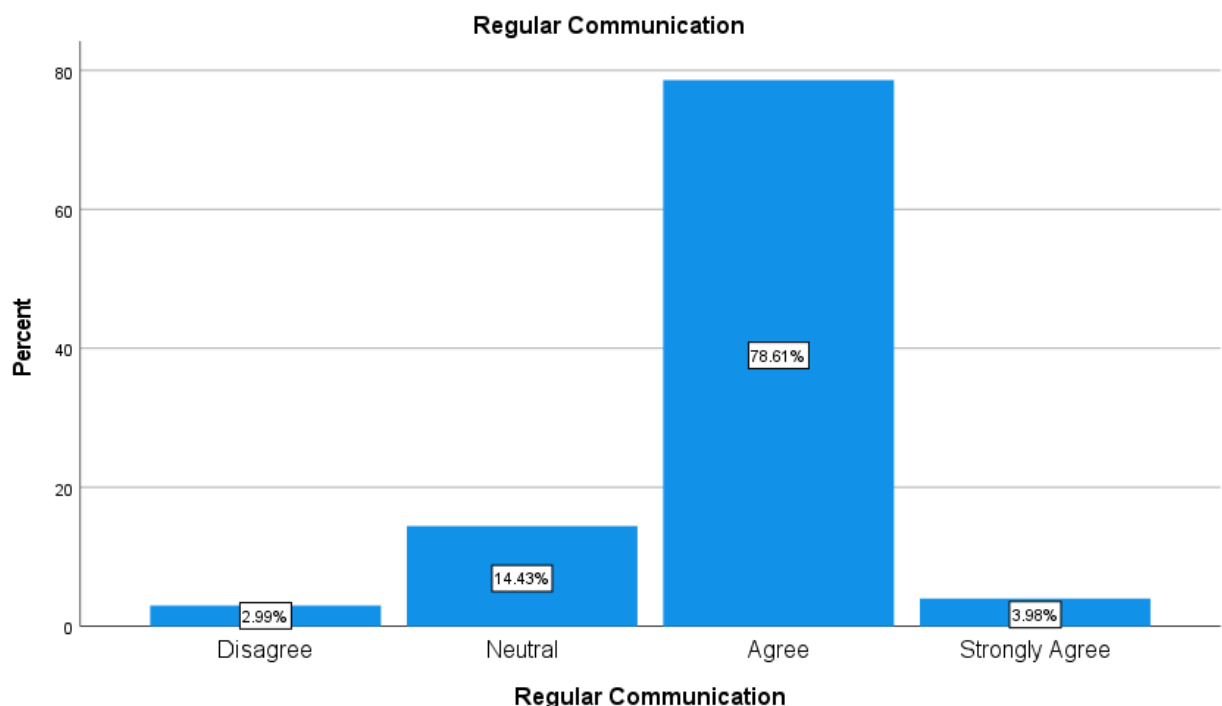
The following results are based on respondents' perceptions of whether ZANACO Bank regularly communicates with customers to ensure their satisfaction and loyalty. Approximately 3% of the respondents disagreed, indicating a small percentage that does not believe that the bank engages in regular communication with customers for these purposes. This finding aligns with the Social Exchange Theory, which suggests that customers assess the benefits received from their relationship with the bank, including communication efforts aimed at ensuring satisfaction and loyalty (Bolton, Lemon, & Verhoef, 2008).

About 14.4% of respondents chose the neutral option, indicating a significant portion with no strong opinion regarding whether the bank regularly communicates with customers. This suggests a level of uncertainty or indecision among this group of respondents (Hansemark & Albinsson, 2004). According to the Theory of Planned Behavior, individuals' attitudes, subjective norms, and

perceived behavioral control influence their intentions, including their perception of the bank's communication efforts (Farah, 2017). The majority of respondents (78.6%) agreed that ZANACO Bank regularly communicates with customers for satisfaction and loyalty. This indicates a strong belief among a significant portion of respondents that the bank indeed engages in regular communication with customers for these purposes. A smaller but still notable percentage (4.0%) of respondents strongly agreed that the bank regularly communicates with customers for satisfaction and loyalty, suggesting a subgroup of highly convinced respondents.

The findings reveal that the majority of respondents (approximately 82.6%) either agree or strongly agree that ZANACO Bank regularly communicates with customers for satisfaction and loyalty. However, there is a smaller portion of respondents (approximately 17.4%) who either disagree, are neutral, or have a lower level of agreement with this statement. These insights can guide the bank in understanding the varying perceptions of its communication efforts and help tailor strategies to enhance customer satisfaction and loyalty.

*Figure 6: Regular Communication*





### **4.2.3 Personalized Services**

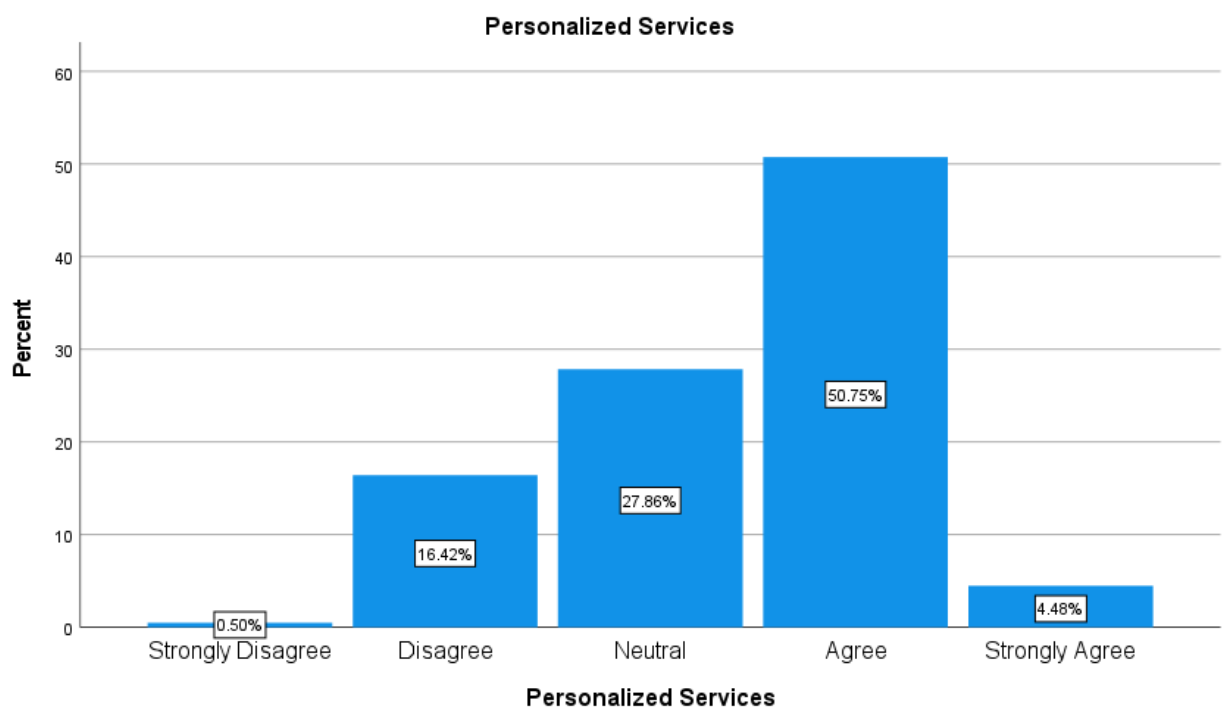
The following results were obtained when respondents were asked about whether ZANACO Bank offers personalized services to retain its customers as presented in Table 1. A very small percentage (0.5%) of respondents strongly disagreed that ZANACO Bank offers personalized services for customer retention. This indicates that a tiny minority of respondents are highly convinced that the bank does not provide personalized services for customer retention. This finding aligns with the Theory of Planned Behavior, which suggests that individuals' attitudes and perceptions influence their intentions and behaviors (Farah, 2017).

About 16.4% of respondents disagreed that ZANACO Bank offers personalized services to retain its customers. This suggests a significant portion of respondents do not believe that the bank provides personalized services for customer retention. Previous research by Wagner, Hennig-Thurau, & Rudolph (2009) supports this notion, indicating that skepticism towards personalized services may stem from a lack of perceived value or relevance. Furthermore, 27.9% of respondents chose the neutral option, indicating a sizable portion with no strong opinion regarding whether the bank offers personalized services for customer retention. This suggests a level of uncertainty or indecision among this group of respondents. Munyiri (2014) argue that neutral responses in survey data may reflect a lack of awareness or understanding of the topic, highlighting the importance of clear communication and education.

The majority of respondents (50.7%) agreed that ZANACO Bank offers personalized services to retain its customers. This indicates a strong belief among a significant portion of respondents that the bank indeed provides personalized services for customer retention. This finding resonates with Coelho & Henseler (2012), who emphasize the role of personalized services in enhancing customer satisfaction and loyalty. A smaller but still notable percentage (4.5%) of respondents strongly agreed that the bank offers personalized services to retain its customers. This suggests a subgroup of respondents who are highly convinced of the bank's provision of personalized services for customer retention. Malhotra & Mukherjee (2004) argue that strong agreement with personalized services may indicate a deep emotional connection between customers and the bank, leading to increased loyalty and advocacy.

Therefore, the findings reveal that a majority of respondents (approximately 55.2%) either agree or strongly agree that ZANACO Bank offers personalized services to retain its customers. However, there is a portion of respondents (approximately 44.8%) who either disagree, are neutral, or have a lower level of agreement with this statement. These insights can guide the bank in understanding the varying perceptions of its personalized service offerings and help tailor strategies to enhance customer retention efforts, aligning with the principles of relationship marketing and customer-centricity.

*Figure 7: Personalized Services*



#### 4.2.4 Incentives and Rewards

Respondents were asked about whether ZANACO Bank provides incentives or rewards to encourage customer loyalty, and the results are presented in Table 1. A small percentage (2.0%) of respondents strongly disagreed that ZANACO Bank provides incentives or rewards for customer loyalty. This aligns with the Social Exchange Theory, which posits that individuals weigh the costs and benefits of their actions in relationships (Nunkoo, 2016). For some

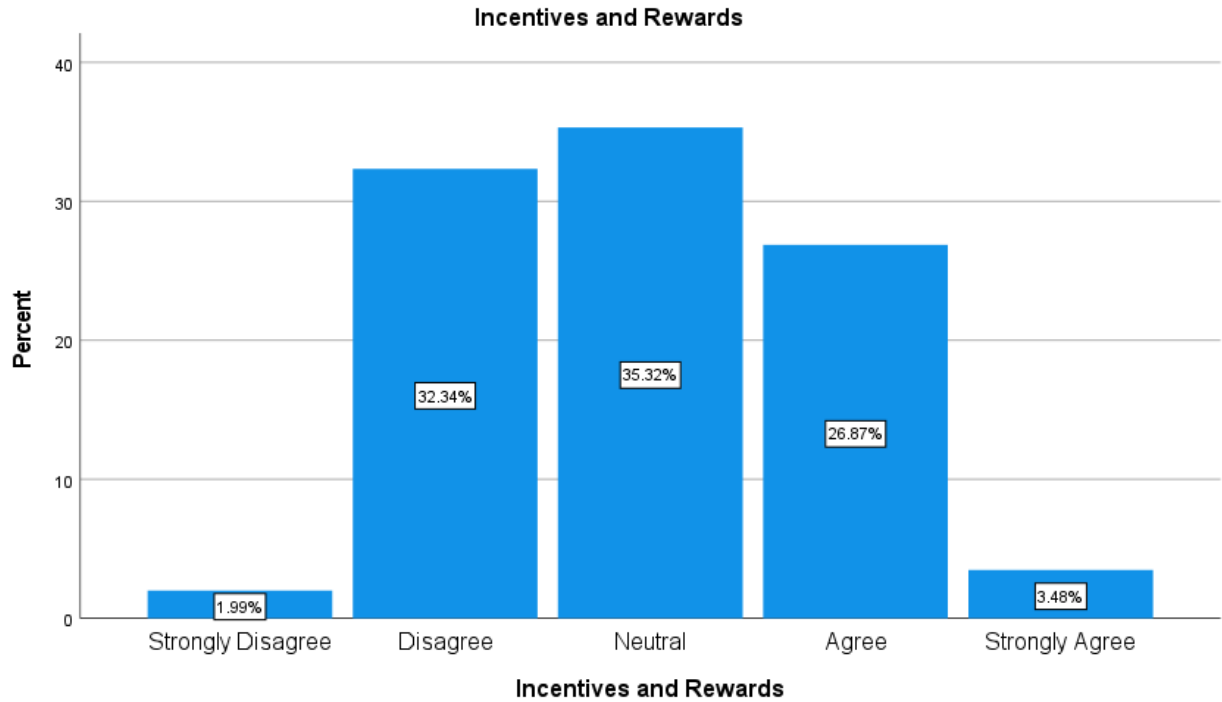
respondents, the perceived lack of incentives or rewards may diminish the perceived benefits of their relationship with the bank.

About 32.3% of respondents disagreed that ZANACO Bank provides incentives or rewards to encourage customer loyalty. This suggests a significant portion of respondents do not believe that the bank offers incentives or rewards for customer loyalty. Previous research by Foreh & Grier (2003) suggests that scepticism towards rewards programs may stem from concerns about their actual value or relevance to customer needs. Furthermore, 35.3% of respondents chose the neutral option, indicating a sizable portion with no strong opinion regarding whether the bank provides incentives or rewards for customer loyalty. This suggests a level of uncertainty or indecision among this group of respondents. This finding underscores the importance of clear communication and transparency in rewards program design (Scott, Sperling, McMullen, & Bowbin, 2007).

A notable portion of respondents (26.9%) agreed that ZANACO Bank provides incentives or rewards to encourage customer loyalty. This indicates a belief among a significant portion of respondents that the bank indeed offers incentives or rewards for customer loyalty. This finding is consistent with the Theory of Planned Behavior, which suggests that positive attitudes towards rewards programs may lead to intentions to participate (Jorge & Restropo, 2006). A smaller but still notable percentage (3.5%) of respondents strongly agreed that the bank provides incentives or rewards to encourage customer loyalty. This suggests a subgroup of respondents who are highly convinced of the bank's provision of incentives or rewards for customer loyalty. This strong agreement may indicate a deep emotional connection between customers and the bank, driving loyalty and advocacy.

The findings reveal that a majority of respondents (approximately 30.4%) either agree or strongly agree that ZANACO Bank provides incentives or rewards to encourage customer loyalty. However, there is a portion of respondents (approximately 69.7%) who either disagree, are neutral, or have a lower level of agreement with this statement. These insights can guide the bank in understanding the varying perceptions of its incentives and rewards offerings and help tailor strategies to enhance customer loyalty efforts, aligning with the principles of relationship marketing and customer-centricity (Lemon & Verhoef, 2016).

Figure 8: Incentives and Rewards



### 4.3 Main Drivers for Customer Retention

Table 2 presents the findings obtained from the respondents that explains the main drivers of customer retention by Zanco bank. The table presents the results pertaining to primary drivers like Competitive interest rates, customer service quality and effective product offering.

Table 2: Main Drivers for Customer Retention

	Competitive Interest Rates		Customer Service Quality		Effective Product Offering	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	1	.5	3	1.5	1	.5
Disagree	2	1.0	26	12.9	9	4.5
Neutral	51	25.4	56	27.9	39	19.4
Agree	137	68.2	104	51.7	141	70.1
Strongly Agree	10	5.0	12	6.0	11	5.5
Total	201	100.0	201	100.0	201	100.0

#### **4.3.1 Competitive Interest Rates**

Respondents were asked about whether ZANACO Bank's competitive interest rates are a key factor in retaining customers. A very small percentage (0.5%) of respondents strongly disagreed that ZANACO Bank's competitive interest rates are a key factor in retaining customers. This finding may contradict expectations, as competitive interest rates are often considered a fundamental factor in attracting and retaining customers in the banking industry (Mäntymaa, 2013). However, it is essential to note that perceptions of competitiveness can vary among customers, influenced by factors such as individual financial needs and market comparisons (Shokouhyar, Safari, & Mohsenian, 2018).

About 1.0% of respondents disagreed that ZANACO Bank's competitive interest rates are a key factor in retaining customers. While this percentage is small, it still indicates a portion of respondents who do not prioritize interest rates in their banking decisions. This finding suggests that factors other than interest rates may also influence customer retention, such as service quality and product offerings (Jayawardhena & Foley, 2000).

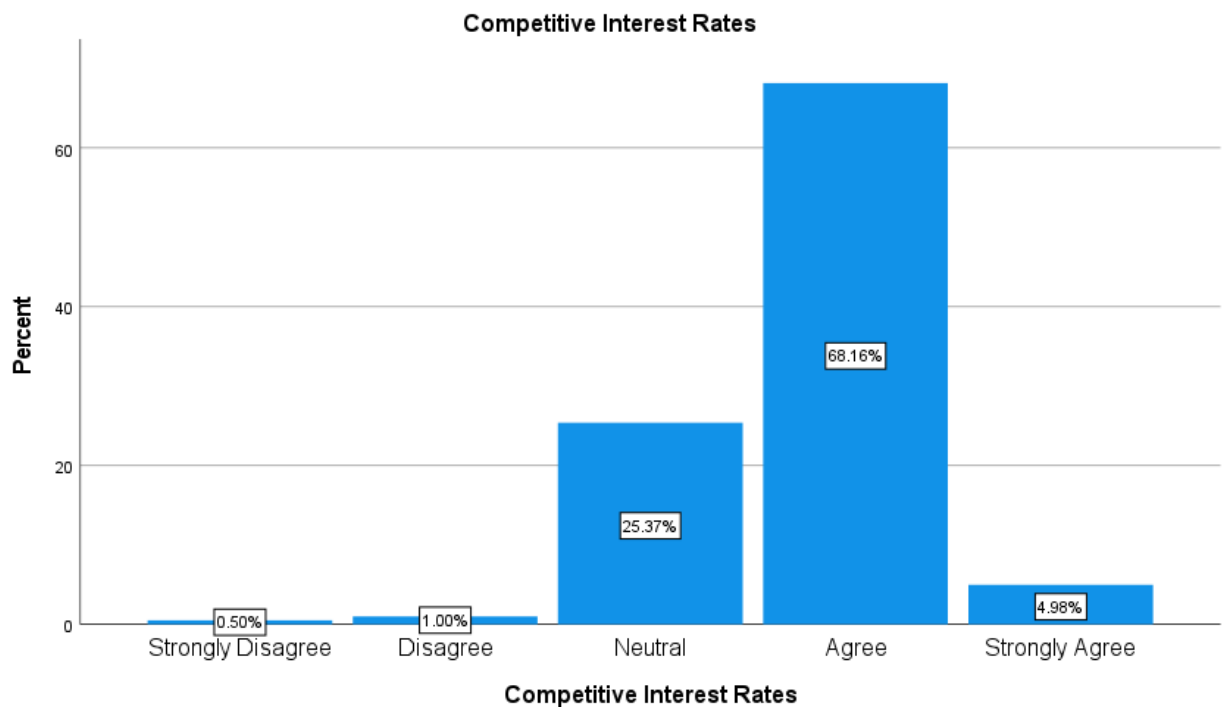
Additionally, 25.4% of respondents chose the neutral option, indicating uncertainty or indecision regarding the importance of competitive interest rates for customer retention. This finding underscores the complexity of customer perceptions and the complex nature of retention drivers in the banking sector. Neutral responses may indicate that customers weigh various factors, including interest rates, alongside other considerations when evaluating their banking relationships.

The majority of respondents (68.2%) agreed that ZANACO Bank's competitive interest rates are a key factor in retaining customers. This aligns with the Theory of Planned Behavior, which suggests that positive attitudes towards competitive interest rates may lead to intentions to remain with the bank (Yousafzai & Foxall, 2010). Moreover, a smaller but notable percentage (5.0%) of respondents strongly agreed with this statement, indicating a subgroup of customers who highly prioritize competitive interest rates in their banking decisions.

Therefore, the findings reveal that a significant majority of respondents (approximately 73.2%) either agree or strongly agree that ZANACO Bank's competitive interest rates are a key factor in retaining customers. However, it is essential for the bank to recognize that a portion of respondents

(approximately 26.9%) either disagree, are neutral, or have a lower level of agreement with this statement. These insights emphasize the importance of understanding diverse customer preferences and tailoring retention strategies to accommodate varying needs and priorities (Hennig-Thurau et al., 2002).

Figure 9: Competitive Interest Rates



#### 4.3.2 Customer Service Quality

Respondents were asked about whether ZANACO Bank's customer service quality significantly influences customer retention. Only a small percentage (1.5%) of respondents strongly disagreed that ZANACO Bank's customer service quality significantly influences customer retention. This finding suggests that while there may be outliers who do not prioritize customer service quality, the majority of customers recognize its importance in fostering loyalty. About 12.9% of respondents disagreed that ZANACO Bank's customer service quality significantly influences customer retention. This indicates that there is a portion of customers who may not perceive customer service quality as a critical factor in their decision to stay with the bank (Kheng,

Mahamad, & Ramayah, 2010). Factors such as convenience and product offerings may play a more substantial role for these individuals in their banking relationships.

Furthermore, 27.9% of respondents chose the neutral option, suggesting uncertainty or indecision regarding the impact of customer service quality on customer retention. This finding underscores the complexity of customer perceptions and the need for further investigation into the specific aspects of customer service that influence retention. The majority of respondents (51.7%) agreed that ZANACO Bank's customer service quality significantly influences customer retention. This aligns with the Social Exchange Theory, which posits that positive interactions with service providers can foster feelings of reciprocity and loyalty among customers (Cropanzano & Mitchell, 2005). Additionally, a smaller but notable percentage (6.0%) of respondents strongly agreed with this statement, indicating a subgroup of customers who highly value exceptional customer service in their banking relationships.

Overall, the findings reveal that a majority of respondents (approximately 58.7%) either agree or strongly agree that ZANACO Bank's customer service quality significantly influences customer retention. However, it is essential to acknowledge the portion of respondents (approximately 42.3%) who either disagree, are neutral, or have a lower level of agreement with this statement. These insights underscore the importance of continuous improvement in customer service quality to meet diverse customer expectations and enhance retention efforts.

Figure 10: Customer Service Quality



#### 4.3.3 Effective Product Offering

Respondents were asked about whether ZANACO Bank's product offerings meet the needs of its customers, leading to retention. Only a very small percentage (0.5%) of respondents strongly disagreed that the bank's product offerings effectively meet customer needs for retention. This finding suggests that while there may be outliers who perceive shortcomings in the bank's product offerings, the majority of customers are satisfied with the available products. About 4.5% of respondents disagreed that ZANACO Bank's product offerings meet the needs of its customers for retention. This indicates a small portion of respondents who may feel that the bank's product range does not adequately address their specific needs or preferences (Jun & Cai, 2001).

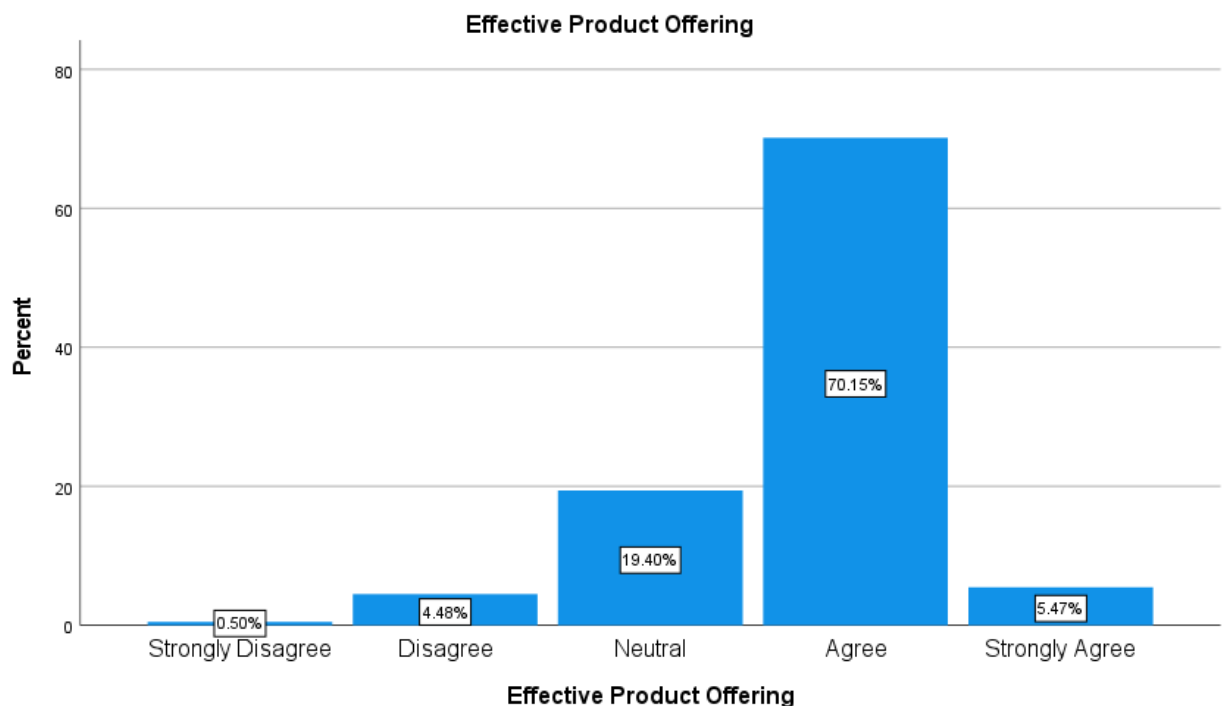
Furthermore, 19.4% of respondents chose the neutral option, suggesting uncertainty or indecision regarding the effectiveness of the bank's product offerings in retaining customers. This highlights the need for the bank to further investigate customer preferences and tailor its product portfolio accordingly to better meet diverse needs. The majority of respondents (70.1%) agreed that ZANACO Bank's product offerings meet the needs of its customers, leading to retention. This



indicates a strong belief among a significant portion of respondents that the bank's product offerings effectively meet customer needs for retention. A smaller but still notable percentage (5.5%) of respondents strongly agreed with this statement, indicating a subgroup of customers who highly value the bank's product offerings and their role in customer retention (Auka, 2012).

Therefore, the findings reveal that a significant majority of respondents (approximately 75.6%) either agree or strongly agree that ZANACO Bank's product offerings meet the needs of its customers, leading to retention. However, it is essential to acknowledge the portion of respondents (approximately 24.4%) who either disagree, are neutral, or have a lower level of agreement with this statement. These insights can guide the bank in understanding the varying perceptions of its product offerings and their impact on customer retention efforts.

*Figure 11: Effective Product Offering*



#### 4.4 Effective Customer Retention Strategies

The following segment presents the respondent's perceptions of the effectiveness of Zanaco's customer retention strategies. This encompasses the effectiveness of retention strategies from making customer switch to other banks and the whether the strategies address the needs and preferences of its customers adequately. The findings are presented in table 3.

*Table 3: Effective Customer Retention Strategies*

Effective Retention Strategies			Customer Needs and Preferences Addressed	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	-	-	-	-
Disagree	33	16.4	15	7.5
Neutral	35	17.4	44	21.9
Agree	122	60.7	134	66.7
Strongly Agree	11	5.5	8	4.0
Total	201	100.0	201	100.0

##### 4.4.1 Effective Retention Strategies

Respondents were asked about whether ZANACO Bank's customer retention strategies effectively prevent customers from switching to other banks. Only 16.4% of the respondents disagreed, indicating that a notable portion of respondents do not believe that the bank's retention strategies are effective in retaining customers (Nath & Mahajan, 2011). This skepticism may stem from various factors such as dissatisfaction with current offerings or perceptions of better alternatives elsewhere (Bell, Auh, & Smalley, 2005).

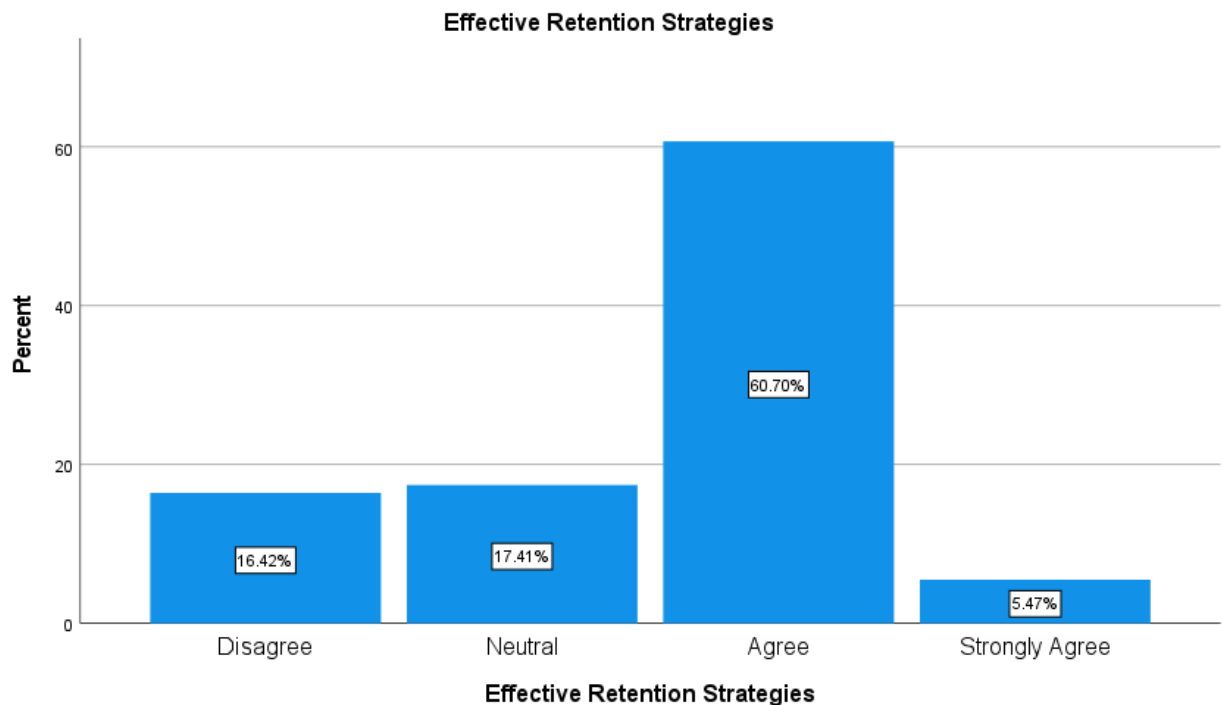
About 17.4% of respondents chose the neutral option, indicating a significant portion with no strong opinion regarding the effectiveness of the bank's retention strategies. This suggests a level of uncertainty or indecision among this group of respondents, possibly due to a lack of clear understanding of the bank's initiatives or their impact. The majority of respondents (60.7%) agreed that ZANACO Bank's customer retention strategies effectively prevent customers from switching to other banks. This indicates a strong belief among a significant portion of respondents that the bank's retention strategies are indeed effective in retaining customers. The Social Exchange Theory

suggests that customers may perceive value in remaining loyal to the bank if they feel they are receiving benefits in return for their continued patronage (Bode, Singh, & Rogan, 2015).

A smaller but still notable percentage (5.5%) of respondents strongly agreed with this statement, indicating a subgroup of customers who are highly convinced of the effectiveness of the bank's retention strategies. This reflects a high level of satisfaction or loyalty among these customers, possibly due to personalized services or rewards programs (Kumar et al., 2010).

The findings reveal that a significant majority of respondents (approximately 66.2%) either agree or strongly agree that ZANACO Bank's customer retention strategies effectively prevent customers from switching to other banks. However, there is a portion of respondents (approximately 33.8%) who either disagree or are neutral on this matter. These insights can guide the bank in understanding the varying perceptions of its retention strategies and their impact on customer retention efforts. Further exploration of customer preferences and experiences may help refine these strategies to better align with customer needs and expectations (Lemon & Verhoef, 2016).

*Figure 12: Effective Retention Strategies*



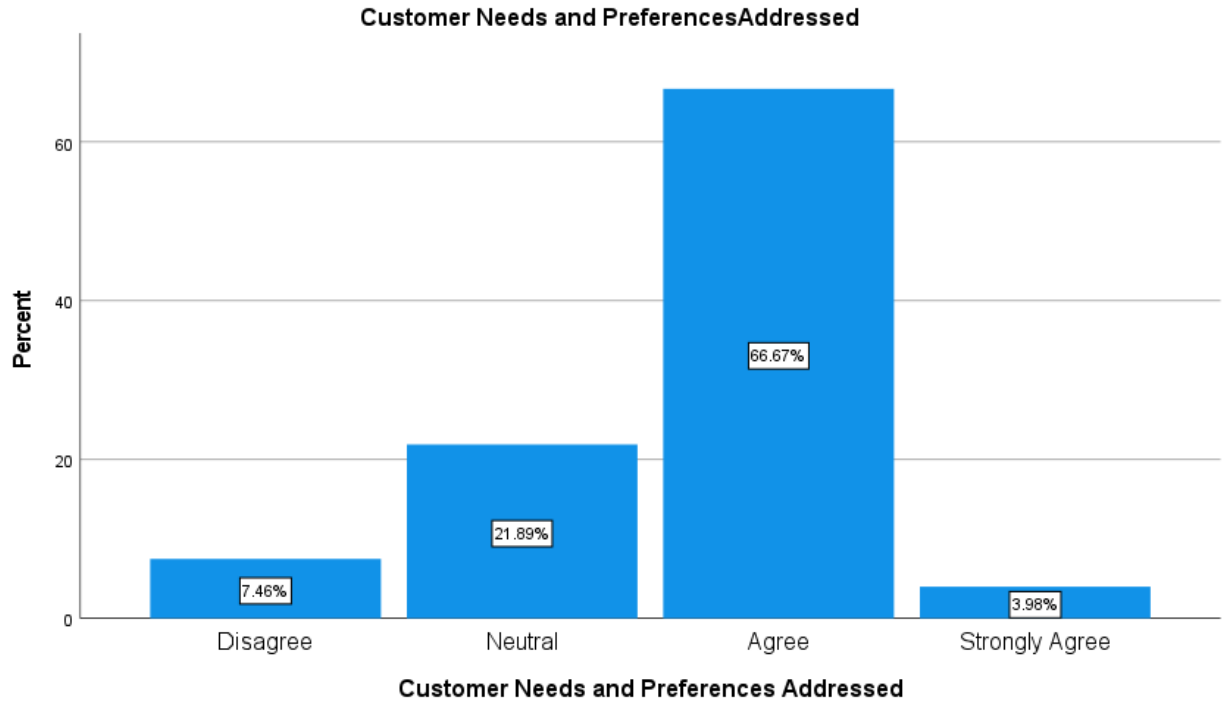
#### **4.4.2 Customer Needs and Preferences Addressed**

Respondents were asked about whether ZANACO Bank's customer retention strategies adequately address the needs and preferences of its customers. According to the results presented in table 3, only 7.5% of respondents disagreed, indicating that a small but notable portion of respondents do not believe that the bank's retention strategies effectively cater to customer needs and preferences (Wirtz & Lovelock, 2016). This discrepancy may arise from mismatches between customer expectations and the actual offerings provided by the bank. About 21.9% of respondents chose the neutral option, suggesting a significant portion with no strong opinion regarding the effectiveness of the bank's retention strategies in meeting customer needs and preferences. This uncertainty may stem from a lack of clarity or communication regarding the specific features and benefits of the bank's offerings (Reichheld, 2003).

The majority of respondents (66.7%) agreed that ZANACO Bank's customer retention strategies adequately address the needs and preferences of its customers. This indicates a strong belief among a significant portion of respondents that the bank's retention strategies are indeed effective in catering to customer needs and preferences. The Theory of Planned Behavior suggests that customers are more likely to remain loyal to a bank if they perceive its offerings as meeting their specific needs and preferences (Farah, 2017). A smaller but still notable percentage (4.0%) of respondents strongly agreed with this statement, indicating a subgroup of respondents who are highly convinced of the effectiveness of the bank's retention strategies in meeting customer needs and preferences. This suggests a high level of satisfaction among these customers, potentially leading to increased loyalty and positive word-of-mouth recommendations.

Therefore, the findings reveal that a significant majority of respondents (approximately 70.7%) either agree or strongly agree that ZANACO Bank's customer retention strategies adequately address the needs and preferences of its customers. However, there is a portion of respondents (approximately 29.4%) who either disagree or are neutral on this matter. These insights can guide the bank in understanding the varying perceptions of its retention strategies and their alignment with customer needs and preferences (Rust et al., 2000). Further investigation into specific customer preferences and feedback may help refine these strategies to better meet customer expectations and enhance overall satisfaction (Parasuraman et al., 1988).

Figure 13: Customer Needs and Preferences Addressed



#### 4.5 Competitive Edge in the Market

Respondents indicated their level of agreement with whether the bank's customer retention strategies distinguish it from other banks in the market and whether the bank's customer retention strategies give it an advantage over its competitors. The results are presented in table 4.

Table 4: Competitive Edge in the Market

Distinguished Customer Retention Strategies			Customer Retention Strategies Offer Competitive Advantage	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	-	-	-	-
Disagree	28	13.9	23	11.4
Neutral	45	22.4	53	26.4
Agree	120	59.7	117	58.2
Strongly Agree	8	4.0	8	4.0
Total	201	100.0	201	100.0

#### 4.5.1 Distinguished Customer Retention Strategies

Respondents were asked about whether ZANACO Bank's customer retention strategies distinguish it from other banks in the market. Only 13.9% of respondents disagreed, indicating that a notable portion of respondents do not believe that the bank's retention strategies effectively set it apart from competitors (Lambert & Davidson, 2013). This disagreement may stem from perceptions of homogeneity among the offerings of different banks or a lack of clear differentiation in the strategies employed (Lambert & Davidson, 2013).

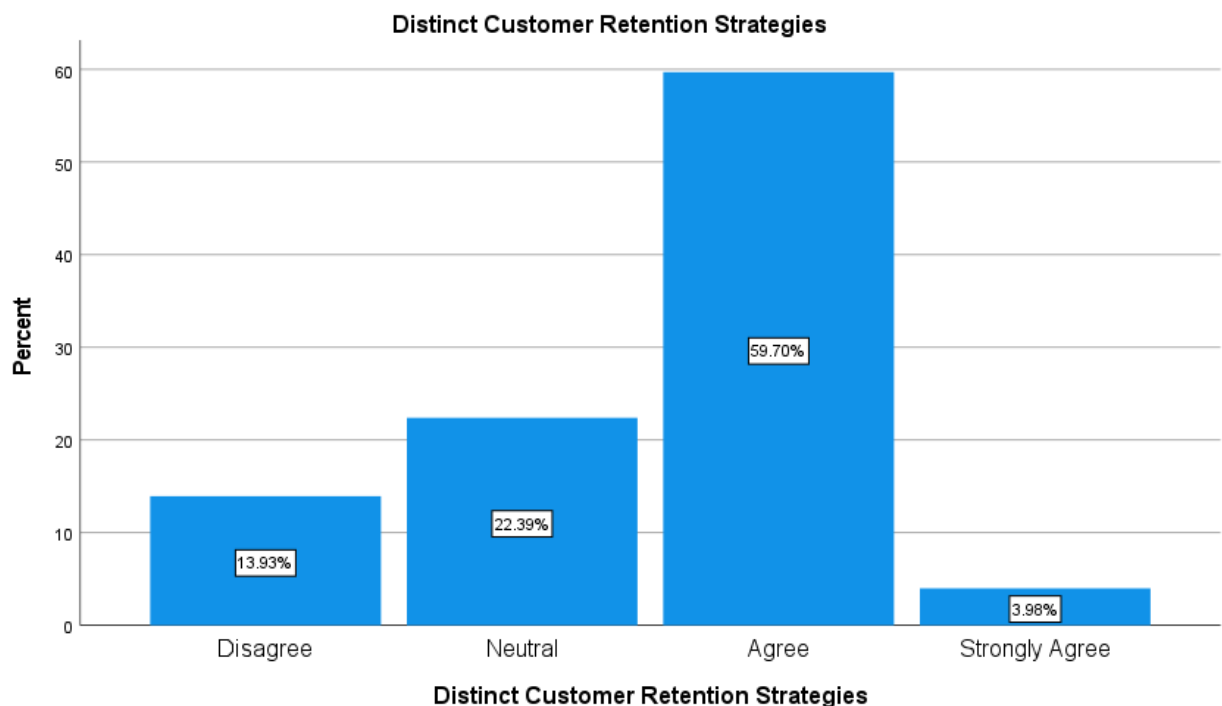
About 22.4% of respondents chose the neutral option, suggesting a significant portion with no strong opinion regarding the distinctiveness of the bank's retention strategies. This ambivalence may arise from a lack of awareness or understanding of the specific features and benefits that differentiate ZANACO Bank from its competitors (Kotler P. , 2017).

The majority of respondents (59.7%) agreed that ZANACO Bank's customer retention strategies distinguish it from other banks in the market. This indicates a strong belief among a significant portion of respondents that the bank's retention strategies indeed differentiate it from competitors. According to the Social Exchange Theory, customers are more likely to remain loyal to a bank if they perceive its offerings as superior or unique compared to alternatives (Cropanzano & Mitchell, 2005).

A smaller but still notable percentage (4.0%) of respondents strongly agreed with this statement, suggesting a subgroup of respondents who are highly convinced of the distinctiveness of the bank's retention strategies. This alignment with the bank's positioning and branding efforts may lead to increased loyalty and positive word-of-mouth recommendations (Rajaobelina, Prom Tep, Arcand, & Ricard, 2021).

The findings reveal that a significant majority of respondents (approximately 63.7%) either agree or strongly agree that ZANACO Bank's customer retention strategies distinguish it from other banks in the market. However, there is a portion of respondents (approximately 36.3%) who either disagree or are neutral on this matter. These insights can guide the bank in understanding the varying perceptions of its retention strategies and their effectiveness in setting it apart from competitors in the market (Porter M. , 2008). Further exploration into specific aspects of the bank's offerings and communication strategies may help enhance its perceived distinctiveness and competitive advantage (Kapferer, 2012).

*Figure 14: Distinguished Customer Retention Strategies*



## 4.6 Effectiveness of retention strategies employed

An Analysis of Variance (ANOVA) test was conducted to assess the effectiveness of three retention strategies: Regular Communication, Personalized Services, and Incentives and Rewards. ANOVA is a statistical method used to compare the means of three or more groups to determine if there are statistically significant differences between them. The results are summarized in the table 5 below:

*Table 5: Effectiveness of retention strategies employed*

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
Regular Communication	Between Groups	2.083	3	.694	2.557	.056
	Within Groups	53.499	197	.272		
	Total	55.582	200			
Personalized Services	Between Groups	19.747	3	6.582	10.869	.000
	Within Groups	119.307	197	.606		
	Total	139.055	200			
Incentives and Rewards	Between Groups	27.096	3	9.032	13.105	.000
	Within Groups	135.779	197	.689		
	Total	162.876	200			

The table presents key statistical measures used in analyzing the effectiveness of retention strategies employed by ZANACO Bank. The Sum of Squares (SS) quantifies the total variability in the dependent variable (effectiveness of retention strategies) explained by the independent variable (different strategies). Degrees of Freedom (df) represent the number of independent pieces of information used to calculate the estimate, accounting for the number of groups and sample size. Mean Square (MS) reflects the average variance within or between groups, calculated by dividing SS by df. The F-value serves as the test statistic to assess if group means significantly differ, obtained by dividing the between-groups variability (mean square between groups) by the within-groups variability (mean square within groups). The Sig. (Significance Level) indicates the probability of observing the data if the null hypothesis (equality of group means) is true, with a small p-value ( $< 0.05$ ) indicating statistically significant differences between groups. These



measures collectively provide insights into the effectiveness of retention strategies and the significance of differences observed among them (Gujarati & Porter, 2008).

The findings from the statistical analysis reveal varying degrees of significance among different retention strategies employed by ZANACO Bank. In terms of regular communication, the F-value of 2.557 and a p-value of 0.056 indicate that there isn't enough evidence to establish significant differences in effectiveness between different levels of regular communication. This aligns with the notion that mere communication might not suffice in enhancing retention efforts without personalized or incentive-driven approaches. This finding resonates with the Social Exchange Theory, which posits that individuals engage in relationships where benefits outweigh costs (McLeod, Jenkin, Walters, & Irving, 2021). Thus, regular communication alone may not offer sufficient benefits to customers to outweigh the costs of switching banks.

Conversely, for personalized services and incentives and rewards, the F-values of 10.869 and 13.105, respectively, with p-values less than 0.001, demonstrate strong evidence to reject the null hypothesis. These results underscore the effectiveness of personalized services and incentives in bolstering customer retention efforts. This finding is consistent with the Theory of Planned Behavior, which emphasizes the importance of perceived behavioral control and incentives in shaping intentions and behaviors (Pavlou & Fygenson, 2006). Moreover, it aligns with the Social Exchange Theory, as personalized services and rewards provide tangible benefits that enhance the perceived value of the relationship between the bank and its customers, thereby fostering loyalty.

Overall, while regular communication may not yield significant improvements in retention, prioritizing personalized services and offering incentives and rewards could serve as robust strategies for enhancing customer loyalty. These findings underscore the importance of understanding customer preferences and aligning retention strategies accordingly, as well as the significance of incorporating theories like the Social Exchange Theory and Theory of Planned Behavior into retention strategy development.

## **4.6 Competitive Advantage**

The provided ANOVA table (6) tests whether the retention strategies (Regular Communication, Personalized Services, and Incentives and Rewards) offer Zanaco a competitive edge.

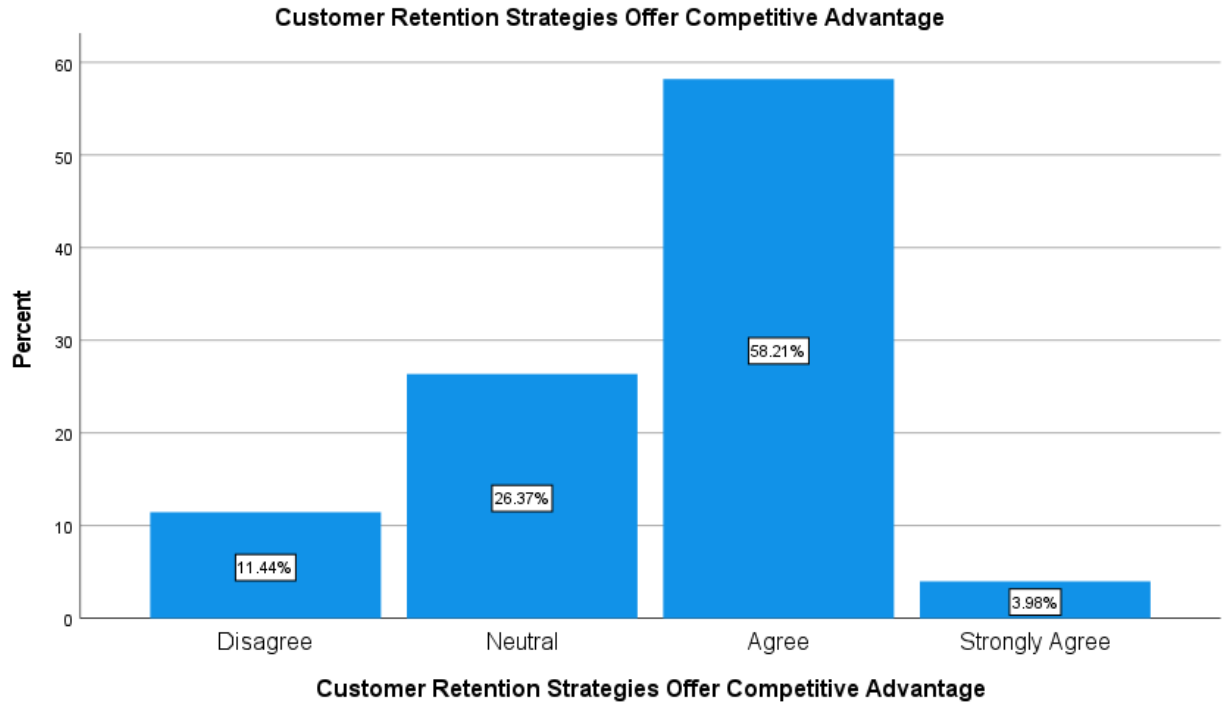
Table 6: Competitive Advantage

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
Regular Communication	Between Groups	3.522	3	1.174	4.442	.005
	Within Groups	52.060	197	.264		
	Total	55.582	200			
Personalized Services	Between Groups	27.367	3	9.122	16.091	.000
	Within Groups	111.688	197	.567		
	Total	139.055	200			
Incentives and Rewards	Between Groups	16.862	3	5.621	7.583	.000
	Within Groups	146.013	197	.741		
	Total	162.876	200			

The statistical analysis indicates significant differences in the effectiveness of various retention strategies employed by Zanaco Bank. For regular communication, the F-value of 4.442 with a significance of 0.005 suggests that the differences in effectiveness are statistically significant. This finding implies that regular communication may provide Zanaco with a competitive advantage compared to other strategies, albeit to a lesser extent. In contrast, personalized services and incentives and rewards exhibit even more substantial competitive advantages. The F-values of 16.091 and 7.583, respectively, with very small significance values ( $<0.001$ ), indicate statistically significant differences in their effectiveness as retention strategies. These results suggest that both personalized services and incentives and rewards offer Zanaco a significant competitive edge compared to other strategies.

These findings align with the Social Exchange Theory, which emphasizes the importance of perceived benefits in relationships (Pavlou & Fygenson, 2006). Personalized services and rewards provide tangible benefits to customers, enhancing their perceived value of the relationship with the bank and fostering loyalty. Additionally, they resonate with the Theory of Planned Behavior, highlighting the influence of incentives and perceived control over behavior. Given these results, Zanaco should prioritize the implementation and enhancement of personalized services to maintain its competitive edge in the market. By focusing on strategies that offer the greatest competitive advantage, Zanaco can effectively strengthen customer loyalty and retention.

Figure 15: Competitive Advantage



#### 4.8 Chapter Summary

Chapter Four, provides a comprehensive examination of the effectiveness of the retention strategies implemented by Zanaco Commercial Bank. The chapter commences with an in-depth exploration of participant demographics, encompassing variables such as age distribution, educational backgrounds, and professional experience, to provide context for the subsequent analysis. Following this, the chapter meticulously scrutinizes the various types of retention strategies employed by the bank. Utilizing the analysis of variance (ANOVA), the effectiveness of these strategies is rigorously evaluated, shedding light on their impact on customer retention. Moreover, the chapter presents an assessment of how these retention strategies contribute to offering a competitive advantage to Zanaco Commercial Bank, employing ANOVA to compare means and discern significant differences. Through this thorough analysis and presentation of findings, Chapter Four elucidates key insights into the efficacy of Zanaco's retention strategies and their implications for the bank's competitive positioning in the dynamic banking landscape.

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS AND CONCLUSION**

#### **5.0 Introduction**

This chapter delves into the discussion of findings and the conclusion of the. The discussion begins by exploring the retention strategies employed by ZANACO Bank, focusing on regular communication, personalized services, and incentives and rewards. The analysis evaluates the perceptions of customers regarding the existence and effectiveness of these strategies. Subsequently, the chapter investigates the drivers of customer retention at ZANACO Bank, drawing from theories of competitive advantage and CRM. Furthermore, the chapter evaluates the effectiveness of retention strategies through statistical analysis. Finally, a conclusion is provided drawn from the analysis of retention strategies. The chapter also offers actionable recommendations to improve customer retention efforts. Additionally, it outlines areas for future research to further improve the understanding and inform future strategic initiatives in the realm of customer retention in the banking sector.

#### **5.1 Retention Strategies Employed**

The study's objective to establish the current customer retention strategies at ZANACO Bank revealed mixed perceptions among respondents regarding the existence of defined strategies, indicating potential areas for improvement in communication and strategy articulation. Findings resonate with Social Exchange Theory and the Theory of Planned Behavior, highlighting the influence of perceived benefits and attitudes on customer intentions (Ferm & Thaichon, 2021; Nasri & Charfeddine, 2012). Identified strategies, such as communication and personalized services, align with CRM principles, emphasizing the importance of dialogue and customization to enhance loyalty (Wereda & Woźniak, 2019; Ismaili, 2015). Moreover, mixed perceptions regarding incentives underscore the need to align rewards with customer value, as suggested by Expectancy Theory and the literature on CVPs (Koo, Yu, & Han, 2020; Payne, Frow, & Eggert, 2017). Leveraging the SERVQUAL model can help ZANACO Bank identify areas for improvement and enhance satisfaction and loyalty in the Zambian banking sector (Sangeetha & Mahalingam, 2011).

## **5.2 Drivers of Customer Retention**

As per the second research objective, the study provides insights into the key drivers of customer retention at ZANACO Bank, focusing on competitive interest rates, customer service quality, and product offerings meeting customer needs. Competitive interest rates emerged as a significant factor, consistent with Munyiri's (2014) emphasis on cost leadership strategies in customer retention. Customer service quality also played a crucial role, aligning with Mugambi and Karigi's (2015) emphasis on exceptional service for customer retention. Effective product offerings were similarly influential, echoing Siele and Muturi's (2016) emphasis on product innovation. The acknowledgment of dissenting views underscores the need for tailored strategies to meet diverse customer preferences. By leveraging these insights, ZANACO Bank can enhance its retention initiatives, fostering stronger relationships and competitive advantage in the Zambian banking sector, while also highlighting the importance of ongoing adaptation to evolving customer needs and market dynamics.

## **5.3 Effectiveness of Retention Strategies**

The third research objective was to assess the effectiveness of ZANACO Bank's retention strategies, including regular communication, personalized services, and incentives or rewards, in retaining customers. The ANOVA test conducted to evaluate these strategies sheds light on crucial insights into customer retention in the Zambian banking sector, aligning with existing literature on customer relationship management (CRM) practices. While regular communication did not yield statistically significant results ( $p = 0.056$ ), suggesting its impact may be more subtle, personalized services ( $p < 0.001$ ) and incentives and rewards ( $p < 0.001$ ) emerged as significantly effective strategies. While the finding on the lack of statistical significance of communication may appear counterintuitive given the conventional wisdom that communication is vital for maintaining customer relationships, it's essential to consider the nuanced dynamics at play. The lack of statistical significance might suggest that customers perceive communication as a baseline expectation rather than a distinguishing factor. This aligns with Munyiri's (2014) assertion that while communication is essential, it may not always be a primary driver of customer retention in highly competitive markets. All in all, the finding resonates with prior research emphasizing the importance of tailored offerings and tangible benefits in driving customer retention (Kaguri, 2016; Siele & Muturi, 2016). By aligning their strategies with customer preferences and enhancing value

propositions, ZANACO Bank can strengthen customer satisfaction, loyalty, and competitiveness in the dynamic banking landscape of Zambia. Thus, the study underscores the importance of adopting a holistic approach to customer relationship management, integrating communication, customization, and value proposition enhancement to optimize retention efforts and drive long-term profitability.

## **5.4 Competitive Advantage**

The fourth and final research objective was to determine if the retention strategies employed provide a competitive advantage for ZANACO Bank. The findings, derived from ANOVA analysis, suggest that ZANACO's retention strategies indeed contribute to its competitive edge in the banking sector. Regular Communication, Personalized Services, and Incentives and Rewards emerged as significant factors influencing the bank's competitive position. The significance of Regular Communication ( $F = 4.442$ ,  $p = 0.005$ ) underscores its role in fostering trust and loyalty among customers, aligning with principles of relationship marketing (Kaguri, 2016; Munyiri, 2014). Similarly, the effectiveness of Personalized Services ( $F = 16.091$ ,  $p < 0.001$ ) and Incentives and Rewards ( $F = 7.583$ ,  $p < 0.001$ ) highlights their importance in enhancing customer satisfaction and loyalty, consistent with existing literature on customer-centric strategies and incentive-based retention approaches (Klimontowicz, 2014; Siele & Muturi, 2016; Raj & Muthuswamy, 2022). These findings provide actionable insights for ZANACO Bank to prioritize resource allocation towards these strategies, thereby strengthening its competitive position and fostering sustainable growth in the dynamic banking market.

## **5.6 Conclusions**

### **5.6.1 Retention Strategies Employed**

The study provided a comprehensive analysis of the retention strategies employed by ZANACO Bank, aiming to assess their current effectiveness and identify areas for improvement. By examining communication, personalized services, and incentives and rewards, the study unearthed both strengths and weaknesses in the bank's approach to customer retention. While ZANACO Bank's regular communication efforts were found to be effective, there were noticeable deficiencies in personalized services and incentives and rewards programs. These findings highlight the importance of addressing these gaps to enhance overall customer satisfaction and

loyalty, which aligns with the bank's overarching goal of retaining customers effectively. By implementing targeted improvements in these areas, ZANACO Bank can further solidify its position in the Zambian banking sector and strengthen its competitive advantage.

### **5.6.2 Drivers of Customer Retention**

The study successfully delved into the drivers of customer retention at ZANACO Bank, aiming to identify the key factors influencing customers' decisions to remain with the bank. Through rigorous analysis, competitive interest rates, customer service quality, and effective product offerings emerged as significant drivers of customer retention. By acknowledging the importance of these drivers and shedding light on areas for enhancement, the study provides invaluable insights for ZANACO Bank to bolster its competitive standing and cultivate long-term customer relationships. Recognizing these pivotal drivers allows the bank to tailor its strategies and allocate resources effectively to meet evolving customer expectations, thereby strengthening its foothold in the Zambian banking landscape.

### **5.6.3 Effectiveness of Retention Strategies**

The study meticulously evaluated the effectiveness of ZANACO Bank's retention strategies, with a particular focus on regular communication, personalized services, and incentives and rewards. While regular communication may not have yielded statistically significant results, personalized services and incentives and rewards were found to have a significant impact on driving customer retention. Leveraging these strategies effectively enables ZANACO Bank to bolster its competitive advantage and position itself as the preferred choice among customers in Zambia's dynamic banking sector. By fine-tuning these strategies in line with customer expectations and preferences, the bank can enhance its market position and ensure sustained profitability over the long term.

### **5.6.4 Competitive Advantage**

The analysis conducted through ANOVA provided valuable insights into the pivotal role of retention strategies in shaping ZANACO Bank's competitive advantage. Regular communication, personalized services, and incentives and rewards collectively contribute to the bank's ability to attract and retain customers effectively. By prioritizing these strategies and aligning them closely with customer needs, ZANACO Bank further solidifies its market position and achieve sustained growth in the competitive Zambian banking landscape. Embracing a customer-centric approach

and continuously refining its retention initiatives will enable the bank to not only thrive but also lead the way in delivering exceptional banking experiences to its clientele.

In conclusion, the study has effectively addressed the set objectives of retention strategies, drivers of customer retention, effectiveness of retention strategies, and their profound impact on ZANACO Bank's competitive advantage. The findings not only furnish actionable recommendations for the bank to refine its retention initiatives but also underscore the imperative of prioritizing customer satisfaction and loyalty. By embracing a customer-centric ethos and continually innovating its service offerings, ZANACO Bank can chart a course towards sustained growth and success in the competitive banking sector of Zambia. Ultimately, the study serves as a guiding beacon, illuminating the path for ZANACO Bank to forge stronger customer relationships, enhance its market position, and achieve enduring prosperity in the ever-evolving financial landscape.

## **5.7 Recommendations**

Based on the findings from the study on retention strategies employed by ZANACO Bank, the following recommendations are proposed:

1. **Enhance Communication and Strategy Articulation:** Address the mixed perceptions regarding the existence of defined retention strategies by improving transparency and communication about these strategies. Clearly articulate the benefits customers receive in return for their loyalty to enhance their perceptions and intentions to remain loyal.
2. **Strengthen Personalized Services:** While the majority of respondents acknowledge the provision of personalized services, address the segment expressing uncertainty or disagreement. Focus on bridging potential gaps in service delivery or communication to ensure tailored offerings effectively meet individual customer needs and preferences.
3. **Optimize Incentives and Rewards Programs:** Address the scepticism or uncertainty expressed by a notable segment regarding incentives and rewards for customer loyalty. Enhance the attractiveness and effectiveness of loyalty programs by aligning rewards with customers' perceived value and desired outcomes.



4. **Invest in Customer Service Quality:** Recognizing the influence of customer service quality on retention, invest in staff training, effective complaint resolution mechanisms, and technology to enhance service delivery channels. Provide personalized, efficient, and empathetic customer service experiences to foster deeper connections with customers.

## 5.8 Areas of future research

Building upon the findings and recommendations from the current study, several areas warrant further investigation to extend understanding and inform future strategic initiatives:

1. **Customer Segmentation Analysis:** Explore the effectiveness of retention strategies across different customer segments. Conduct segmentation analysis based on demographic, behavioral, and psychographic variables to tailor strategies to the specific needs and preferences of diverse customer groups.
2. **Technological Innovations in Customer Retention:** Investigate the role of emerging technologies, such as artificial intelligence (AI), machine learning, and big data analytics, in enhancing customer retention efforts. Assess how advanced analytics and predictive modeling can be leveraged to personalize offerings and predict customer churn.
3. **Comparative Analysis with Competitors:** Conduct comparative studies to benchmark ZANACO Bank's retention strategies against those of its competitors. Analyze industry best practices and identify opportunities for differentiation and improvement to gain a competitive edge in the market.
4. **Customer Experience Mapping:** Employ customer journey mapping techniques to gain insights into the end-to-end customer experience. Identify pain points, touchpoints, and moments of truth along the customer journey to optimize service delivery and enhance overall customer satisfaction.

## 5.9 Chapter Summary

Chapter Five, provides a profound exploration of the retention strategies employed by ZANACO Bank, focusing on regular communication, personalized services, and incentives and rewards. The discussion begins by assessing the perceptions of customers regarding these strategies and further investigating the drivers of customer retention, such as competitive interest rates, service quality,

and effective product offerings. Through rigorous statistical analysis, the effectiveness of these retention strategies is evaluated, shedding light on their contribution to ZANACO Bank's competitive advantage. The chapter concludes with actionable recommendations to improve customer retention efforts, including enhancing communication, strengthening personalized services, optimizing incentives and rewards programs, and investing in customer service quality. Additionally, it outlines areas for future research, such as customer segmentation analysis, technological innovations in customer retention, comparative analysis with competitors, and customer experience mapping, to further advance understanding and inform strategic initiatives in the realm of customer retention in the banking sector. Overall, Chapter Five provides valuable insights into ZANACO Bank's retention strategies, drivers of customer retention, the effectiveness of retention strategies, and their profound impact on the bank's competitive advantage, offering a roadmap for sustained growth and success in the dynamic banking landscape of Zambia.

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## **Appendix I: Research Instrument**

Dear Participant,

Greetings! My name is Mudenda Sikapoto, and I am a student at ZCAS University, currently pursuing a Master's degree. I am conducting research for my dissertation, which focuses on the effectiveness of customer retention strategies in the Zambian banking sector, with a specific case study on ZANACO Bank.

Your participation in this study is greatly appreciated as your valuable insights will contribute significantly to the success of my research. The following questionnaire has been designed to collect essential data related to customer retention strategies employed by ZANACO Bank.

Please be assured that all responses provided will be kept strictly confidential and used solely for academic purposes. Your cooperation in completing this questionnaire will be immensely beneficial in enhancing our understanding of customer retention practices in the banking industry.

Thank you for taking the time to participate in this survey. Your contribution is invaluable and will aid in the advancement of knowledge in the field of strategic management and customer relations within the banking sector.

**Demographic Information:**

1. **Age Category:** Please select the category that best represents your age.

Below 25 years

25-34 years

35-44 years

45-54 years

55 years and above

2. **Level of Education:** Please select the highest level of education you have completed.

High School Diploma or Below

Bachelor's Degree

Professional Degree (Specify: \_\_\_\_\_)

Master's Degree and Above

Other (Specify: \_\_\_\_\_)

3. **Years of Experience:** Please select the range that best represents your years of experience in the banking industry.

Less than 1 year

1-5 years

6-10 years

11-15 years

More than 15 years

### Research Questions:

1. **Current Customer Retention Strategies:** Please rate the extent to which you agree or disagree with the following statements regarding the current customer retention strategies at ZANACO Bank.

a. ZANACO Bank has well-defined customer retention strategies.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

b. ZANACO Bank regularly communicates with customers to ensure their satisfaction and loyalty.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

c. ZANACO Bank offers personalized services to retain its customers.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

d. ZANACO Bank provides incentives or rewards to encourage customer loyalty.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

2. **Main Drivers for Customer Retention:** Please indicate your level of agreement with the following statements regarding the main drivers for customer retention at ZANACO Bank.

a. ZANACO Bank's competitive interest rates are a key factor in retaining customers.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

b. ZANACO Bank's customer service quality significantly influences customer retention.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

c. ZANACO Bank's product offerings meet the needs of its customers, leading to retention.

- Strongly Disagree
- Disagree
- Neutral

- Agree
- Strongly Agree

3. **Effectiveness of ZANACO's Customer Retention Strategies:** Please rate the extent to which you agree or disagree with the following statements about the effectiveness of ZANACO Bank's customer retention strategies.

a. ZANACO Bank's customer retention strategies effectively keep customers from switching to other banks.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

b. ZANACO Bank's customer retention strategies address the needs and preferences of its customers adequately.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

4. **Competitive Edge in the Market:** Please indicate your level of agreement with the following statements regarding whether ZANACO Bank's customer retention strategies provide it with a competitive edge in the market.

a. ZANACO Bank's customer retention strategies distinguish it from other banks in the market.

- Strongly Disagree

- Disagree
- Neutral
- Agree
- Strongly Agree

b. ZANACO Bank's customer retention strategies give it an advantage over its competitors.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

5. **Additional Comments or Suggestions:** Please provide any additional comments or suggestions you have regarding ZANACO Bank's customer retention strategies.

Thank you for participating in this survey. Your feedback is valuable for the research.

## Appendix II: Analysis results

Retention Strategies

Statistics					
		DefinedRetention Strategies	RegularCommuni cation	PersonalizedServi ces	IncentivesandRew ards
N	Valid	201	201	201	201

	Missing	0	0	0	0
Mean		2.97	3.84	3.42	2.98
Mode		3	4	4	3
Skewness		.009	-1.404	-.511	.173
Std. Error of Skewness		.172	.172	.172	.172

Defined Retention Strategies			Regular Communication		Regular Communication		Personalized Services	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	4	2.0	-	-	1	.5	4	2.0
Disagree	61	30.3	6	3.0	33	16.4	65	32.3
Neutral	76	37.8	29	14.4	56	27.9	71	35.3
Agree	57	28.4	158	78.6	102	50.7	54	26.9
Strongly Agree	3	1.5	8	4.0	9	4.5	7	3.5
Total	201	100.0	201	100.0	201	100.0	201	100.0

Regular Communication					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	3.0	3.0	3.0
	Neutral	29	14.4	14.4	17.4
	Agree	158	78.6	78.6	96.0
	Strongly Agree	8	4.0	4.0	100.0
	Total	201	100.0	100.0	

Personalized Services					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.5	.5	.5

	Disagree	33	16.4	16.4	16.9
	Neutral	56	27.9	27.9	44.8
	Agree	102	50.7	50.7	95.5
	Strongly Agree	9	4.5	4.5	100.0
	Total	201	100.0	100.0	

Incentives and Rewards					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	2.0	2.0	2.0
	Disagree	65	32.3	32.3	34.3
	Neutral	71	35.3	35.3	69.7
	Agree	54	26.9	26.9	96.5
	Strongly Agree	7	3.5	3.5	100.0
	Total	201	100.0	100.0	

## Main Drivers for Customer Retention

Statistics				
		CompetitiveInterestRates	CustomerServiceQuality	EffectiveProductOffering
N	Valid	201	201	201
	Missing	0	0	0
Mean		3.76	3.48	3.76
Mode		4	4	4
Skewness		-.884	-.647	-1.195
Std. Error of Skewness		.172	.172	.172



Competitive Interest Rates			Customer Service Quality		Effective Product Offering	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	1	.5	3	1.5	1	.5
Disagree	2	1.0	26	12.9	9	4.5
Neutral	51	25.4	56	27.9	39	19.4
Agree	137	68.2	104	51.7	141	70.1
Strongly Agree	10	5.0	12	6.0	11	5.5
Total	201	100.0	201	100.0	201	100.0

Competitive Interest Rates					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.5	.5	.5
	Disagree	2	1.0	1.0	1.5
	Neutral	51	25.4	25.4	26.9
	Agree	137	68.2	68.2	95.0
	Strongly Agree	10	5.0	5.0	100.0
	Total	201	100.0	100.0	

Customer Service Quality
--------------------------

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.5	1.5	1.5
	Disagree	26	12.9	12.9	14.4
	Neutral	56	27.9	27.9	42.3
	Agree	104	51.7	51.7	94.0
	Strongly Agree	12	6.0	6.0	100.0
	Total	201	100.0	100.0	

Effective Product Offering					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.5	.5	.5
	Disagree	9	4.5	4.5	5.0
	Neutral	39	19.4	19.4	24.4
	Agree	141	70.1	70.1	94.5
	Strongly Agree	11	5.5	5.5	100.0
	Total	201	100.0	100.0	

### Effectiveness of ZANACO's Customer Retention Strategies

Statistics			
		EffectiveRetentionStrategies	CustomerNeedsandPreferencesAddressed
N	Valid	201	201
	Missing	0	0
Mean		3.55	3.67
Mode		4	4
Skewness		-.751	-.997

Std. Error of Skewness	.172	.172
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Effective Retention Strategies			Customer Needs and Preferences Addressed	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	-	-	-	-
Disagree	33	16.4	15	7.5
Neutral	35	17.4	44	21.9
Agree	122	60.7	134	66.7
Strongly Agree	11	5.5	8	4.0
Total	201	100.0	201	100.0

Effective Retention Strategies					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	33	16.4	16.4	16.4
	Neutral	35	17.4	17.4	33.8
	Agree	122	60.7	60.7	94.5
	Strongly Agree	11	5.5	5.5	100.0
	Total	201	100.0	100.0	

Customer Needs and Preferences Addressed					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	15	7.5	7.5	7.5

	Neutral	44	21.9	21.9	29.4
	Agree	134	66.7	66.7	96.0
	Strongly Agree	8	4.0	4.0	100.0
	Total	201	100.0	100.0	

### Competitive Edge in the Market

Statistics			
		DistinctCustomerRetention Strategies	CustomerRetentionStrategiesOffe rCompetitiveAdvantage
N	Valid	201	201
	Missing	0	0
Mean		3.54	3.55
Mode		4	4
Skewness		-.761	-.707
Std. Error of Skewness		.172	.172

Distinct Customer Retention Strategies			Customer Retention Strategies Offer Competitive Advantage	
	Frequency	Percent	Frequency	Percent
Strongly Disagree	-	-	-	-
Disagree	28	13.9	23	11.4
Neutral	45	22.4	53	26.4
Agree	120	59.7	117	58.2
Strongly Agree	8	4.0	8	4.0
Total	201	100.0	201	100.0

<b>Distinguished Customer Retention Strategies</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	28	13.9	13.9	13.9
	Neutral	45	22.4	22.4	36.3
	Agree	120	59.7	59.7	96.0
	Strongly Agree	8	4.0	4.0	100.0
	Total	201	100.0	100.0	

<b>Customer Retention Strategies Offer Competitive Advantage</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	23	11.4	11.4	11.4
	Neutral	53	26.4	26.4	37.8
	Agree	117	58.2	58.2	96.0
	Strongly Agree	8	4.0	4.0	100.0
	Total	201	100.0	100.0	