Effects of Customer Relationship Management on Customer Retention in Mobile Telecommunication: A Case of Airtel Kenya in Nairobi City County

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Abstract: In Kenya mobile network providers are currently experiencing stiff competition and each firm is struggling to retain their customers. Customer relationship management especially customer retention has become an alternative means for organizations to build strong, ongoing associations with their customers. This study sought to determine the effects of customer relationship management on customer retention in Airtel mobile company in Kenya. The aspects of CRM that were examined include, the effect of customer recognition practices and technological systems on customer retention in Airtel mobile company. The study adopted a descriptive survey design. Questionnaires were used to collect the data from 281 respondents. Descriptive and content analysis techniques were used to analyze the data. The study revealed that Airtel mobile company has not embraced any of the customer recognition practices that were examined. Moreover, Airtel has embraced technology to retain customers. It has an effective IT department to compute customer data, it has also improved its network coverage and internet coverage and network is strong compared with that of their competitors in the mobile market. The study recommended the need to increase focus in customer recognition practices in order to enhance relationship between the company and its customers.

Keywords: Customer Relationship Management, recognition practices, technological systems and customer retention.

1. INTRODUCTION

In today's turbulent and competitive marketplace, provision of excellent, good quality products or services, the traditional 4Ps of marketing strategy are no longer main aspect of marketing leading to competitive advantage (Ghanbari, 2010). As a result, the power is shifting towards the customers. Customers are becoming the focal point and organizations are trying to satisfy the needs of their customers through customized production with the aim of retaining the customers and sustaining the long term and flourishing relationships with their customers (Tauni, Khan, Durrani, & Aslam, 2014). Tseng (2010) argues that the most important issue the sellers face is no longer to provide excellent, good quality products or services, but also to keep loyal customers who will contribute long-term profit to organizations. Therefore, customer relationship management especially customer retention among other CRM strategies has become an alternative means for organizations to build strong, ongoing associations with their customers (Kibeth, 2013).

Customers are a key factor that keeps an organization operating effectively (Peltier, Schibrowsky , & Zhao , 2009). Developing and maintaining customer relationships is vital for competitive advantage (Wangondu, 2013). Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of the relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and accross

the marketplace. This has led to customer support service emerging as a strong tool for companies to build a strong relationship with their customers (Qasim & Asadullah, 2012).

Customer recognition and technological advancement are some of the aspect of customer relationship management that can retain customers. Technology is the enabler for CRM systems to achieve their objectives of collecting, classifying and saving valuable data on customers. The demand for mobile phones in East Africa in the last few years has been more than most people expected and continues to expand (Kibeth, 2013). Penetration of mobile telephony in Kenya, like many other developing countries, is mainly driven by affordability and innovation (Emmanuel, 2011).

According to Kapai (2015) Airtel is the World's fifth largest mobile operator with 180 million customers. Despite Airtel, being the first mobile service provider in Kenya, it has not been able to retain its customers. According to Research from Pitney Bowes Group Software (RPBGS, 2011) quoted by Kapai (2015) customer retention within the Airtel Kenya dropped from 38.4% in 2005 to 33.6% in 2007, a decrease of 15.3%. One of the primary findings of the research was that Mobile telecoms retain the highest average customer at 33%. According to Pitney Bowes Group Software, the findings indicate that the world is becoming more mobile and that companies customer retention strategies need to improve to deal with this phenomenon. The current study attempted to investigate the effects of customer relationship management with two specific objectives of customer recognition and technological systems on customer retention in Airtel mobile company in Kenya, Nairobi county.

2. RESEARCH METHODOLOGY

This study adopted a descriptive design since it intended to gather quantitative and qualitative data that described the effect of customer relationship management on customer retention. The target population of this study was 1810 employees of Airtel mobile company in Nairobi County, Head Office (Airtel Kenya, 2016).

Target population included senior management employees, the middle, low level staff and customers. A sample of the 317 respondents was drawn from the 1810 employees of Airtel mobile company Head Office in Nairobi to be studied using stratified random sampling. The study used questionnaires to collect data. The qualitative data was collected by use of a questionnaire made up of open-ended questions, which enabled respondents to freely express themselves in detail. On the other hand quantitative data was collected by use of a questionnaire composed of close-ended questions.

Data analysis:

The Statistical Package for Social Sciences (SPSS) was used in data analysis due to its ability to analyze both quantitative and qualitative data. Statistical inferences were carried out by use of Chi square tests and Chronbach Alpha coefficient.

3. RESULTS

Recognition practices:

The result on recognition practices shown that Airtel does not make use of some of the recognition practices known to retain its customers. For instance, result on whether the company uses Communication Service Request (CSR) software for customer recognition showed that 85 percent disagreed and 14 percent were uncertain. This is contrary to Hughes (2016) who contents that customer recognition is very important in retaining customers because it motivates repurchase. Despite the company not investing into recognizing its customer most of the respondents were of the opinion recognition practices can retain customers. This is because 84 percent agreed and only 16 percent were uncertain.

Technological system:

The result on technological system revealed that Airtel mobile company has enbraced technology to retain its customers. For instance, in the statement 'The Company has an effective IT department that compute customer's data'47 percent of the respondents strongly agreed, 32 percent agreed, 13 percent were uncertain and only 8 percent disagreed. According to Kiplagat (2015) organizations are required to integrate IT to improve the capabilities of understanding customer behavior, develop predictive models, build effective communications with customers and respond to those customers in real time and with accurate information. In support of this Beuder, (2013) contents that considerable improvements in technology and innovation in CRM related products have made it much easier to deliver on the promise of greater profitability from reduced customer "churn".

The study supported the theories as it found that technology assisted it in identifying ways to detect customer retention incentives, winning back defectors, customer satisfaction, customer acquisitions, customer loyalty, customer complaints resolutions and potential to cross sell to the customers.

Airtel company has also improved its network coverage and responds to its network problem efficiently than their competitor in the market. This was evaluated based on the response to the statement 'The company is fast in responding to network problems' where 52 percent of the respondent strongly agreed, 34 percent agreed and only 14 percent were uncertain. On the same note the company internet network is more efficient compared to other mobile company network providers. This has enabled the company to attract and retain a considerable customer base, thereby accerelating company revenue and profit growth.

4. CONCLUSION

Based on the findings of the study it can be concluded that; The Company has partially embraced some of the principles of customer relationship management practices that are enabling retention of customers. One of the extensively used principles of CRM is use of technology to retain customers. Airtel mobile company has ensured their internet network is strong in some remote areas where their competitor's internet coverage is weak. This has attracted more customers in such areas because they rely only on Airtel internet since other mobile internet providers are too weak.

The study also found that the customer recognition practices were not used in the customer retention effort. This is creating resentment to Airtel customers with most of them thinking that the company is only interested in making profits rather than making a genuine relationship with them. Overall it can be concluded that Airtel has utilized some of the CRM practices known to retain customers, however, it has not exhausted all.

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