

**THE IMPACT OF CUSTOMER RETENTION STRATEGIES TO
THE PERFORMANCE OF DAIRY INDUSTRY IN TANZANIA:
A SURVEY STUDY OF DAIRY PRODUCERS COMPANIES OF
SOUTHERN HIGHLAND IN TANZANIA**

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SOUTHERN HIGHLAND IN TANZANIA**

By

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**A Dissertation submitted to the School of Business in Partial fulfillment of the
Requirement for the Award of the Degree of Master of Business Administration
in Corporate Management (MBA-CM) of Mzumbe University**

2019

CERTIFICATION

We, the undersigned, certify that have read and hereby recommend for the acceptance by Mzumbe University, a dissertation entitled **The Impact of Customer Retention Strategies to the performance of the dairy Industry in Tanzania** in partial fulfillment of the requirements for the Degree of Master of Business Administration of Mzumbe University.

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Internal Examiner

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The praise is due to Allah (Almighty God), the Cherisher and Sustainer of the Universe.

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DEDICATION

This work is dedicated to my beloved wife, Mwanaidi Daughter of Sheikh Idd for her encouragement and Passion as I joined this program leaving her alone with tough parenting duty of our first baby boy of one-month of age, Hemedi Kalezi. May His Almighty awards you enormously.

ABBREVIATIONS AND ACRONYMS

CO	Company
CR	Customer Retention
CRM	Customer Relationship Management
CRS	Customer Retention Strategies
DADPs	District Agricultural Development Plans
LTD	Limited
Q/N	Question number
RQ1	first Research Question
RQ2	Second Research Question
SPSS	Statistical Package for Social Science

LIST OF SYMBOLS

\$	Dollar
%	Percentage
&	And
©	Copyright
°F	Degree Fahrenheit
CO ₂	Carbon Dioxide
et al	And Others
ha	Hectares
i.e	That Is
ibid	As Above
km ²	Kilometer Square
mm	Millimetres
°C	Degree Centigrade
Tshs	Tanzanian Shillings

ABSTRACT

Customer retention is a challenging obligation for both goods and dairy producing companies, primarily customer retention play a greater role on the performance of the industry, all organization strive to market dominance for strategic performance of their companies.

The challenges associated with failures of many companies on retaining their potential buyers is resulted from failure of creating personal relationship with clients as it is a strong bond tying customers to the firm. Other factors affecting customer's retention strategies are the firms' ability to convey confidence to get the customers involved and to be able to deliver good quality services, satisfaction and the creation of switching barriers are the main strategies employed by the firms.

So far now, many studies have been done to investigate measures and instrument used by the firms to retain the customer for sustenance of business firms. The area of previous researches covered mainly financial institutions and some beverage producing industries, there is so far limited research on customer retention of dairy companies as an emerging substitute of soft drinks due to introduction of flavored products like milk shakes, flavored yoghurt and flavored cheese. This thesis was done to mitigate the gap. Therefore, factors that are influential on the retention of customers of dairy products were collected and analyzed from the employees of ASAS Dairies Company, Njombe Milk Factory and Mbarali Estate Company.

The finding of this research revealed that companies do not apply any standardized monitoring of clients, any loyalty programs nor customer clubs as well as any standardized recovery strategy. The study also showed that there is a significant improvement in dairy performance and it was recommended that dairy companies should understand that CRS is an inevitable urgent of marketing approach that can be considered as Critical Responsibility of Market with regard to Dairy companies in present context. Keywords: Customer Relationship Strategies, Customer loyalty, Performance and Customer Satisfaction.

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CHAPTER ONE

BACKGROUND OF THE STUDY

1.1 Introduction

This chapter gives detailed information on performance of Dairy Industries in Tanzania while focusing on the customer retention strategies used by these industries. The competition facing the dairy products for customer retention of dairy products to the performance of dairies companies in Tanzania is highlighted in the Statement of the problem, henceforth concepts such as customer retention strategies referred to as CRS is explained while highlighting research objectives, questions and significance of the study.

1.2 Background Information

Customer retention is a challenging obligation for both goods and dairy producing companies, primarily customer retention play a greater role on the performance of the industry, all organization strive to market dominance for strategic performance of their companies. The challenges associated with failures of many companies on retaining their potential buyers is resulted from failure of creating personal relationship with clients as it is a strong bond tying customers to the firm. Other factors affecting customer's retention strategies are the firms' ability to convey confidence to get the customers involved and to be able to deliver good quality services, satisfaction and the creation of switching barriers are the main strategies employed by the firms

According to Armstrong and Kotler (2008), the success of the firms depends much on the right implementation of the marketing strategies. Traditionally, the focus of many firms stems ensuring new buyers are making business with the firm and hence increase market share as a critical marketing strategies.

However, due to globalization, the competitiveness to the most of the industries and markets forced business firm to critically change business modal (Ibid).

The need for customer retention to the highly competitive industry necessitates the strong actions towards firms needs and desires to align their efforts towards customer satisfaction (ibid). Gummesson (2002) has the opinion that it is the value of the customers in regard with the product/service that is so important, therefore, customers' need are crucial in the process of designing or improving the products and/or the services.

According to Jobber (2001), firms basically, must consider that not all customers are potential for a firm to consider the long-term relationship and that firms must raise the necessary questions before deciding to apply any relationship marketing strategy: The questions to take into boards are such as; is there any periodic or ongoing desire of the product by the customer, are there options that a customer can switch onto?, "is the desire of the product by the customer a periodic or ongoing? Can the customer control the selection of a service provider? Are there any other alternatives that can lure the customer?" Therefore it is very paramount for service and goods providers and other players to dig into deep and understand why customers stay or leave while highlighting what creates value for them. In other words, firms need to identify those customers with whom they wish to create long-term relationships.

In building successful marketing relationship with the potential customers, there is a need for the manufacturing firm or service-producing firm to understand customers' behaviors and to focus on those customers who can deliver long-term profits to the firm (Winer, 2001). However, no firm capable to survey all its customers and aim at fully Customer retention (Egan, 2004). This is due to several factors; one factor is for example the fact that in highly competitive markets, customers may either switch temporarily or permanently to another product or service. According to Egan (2004) it will unprofitable for the firm to attempt achieves total retention of the customers, as it is very prohibitive in consideration of the cost to be injected.

The firm must be aware on the need to cut the operation of the business or to run (Egan, 2004). Hence, firm orient to consider customer retention as a strategic tool to its basic operationalization (ibid).

The argument that firms should understand the mechanism that construe the business relationship with the existing customers has the positive impact to firm were propounded by the Vaghult and Eriksson (2000). The study further reveal it is not an easy task to retain existing customers as firm's context is relative to approaches of customer retention. For example, it is very difficult for the firm to be aware if whether the said customer is "retained". In some cases, the act of the customer to repeatedly purchase the similar product is regarded the customer is retained; however; it also remain difficult to make thorough evaluation and predict whether the existing customer will have the intention to repurchase further the existing product/service.

Livestock sector consist of dairy making industries has a greater role in promotion Tanzania economy. It has a significant contribution of about 1/3 of the 4.6% to the Gross Domestic Product (GDP). Dairy producing companies stimulates the improvement of health to the citizen due to its composition that give potential nutrients to the body of living men.

In 2011, milk production was estimated at 748.7 million tones, of which 620.7 million tones was cow's milk, produced by 260 million cows. The number of dairy farms greatly depends on the countries and on the farming systems, but it can reach up to 78 million in India.

Most recent data available from the FAO shows that the gross production value of agriculture equals 3282 billion USD, whereas that of raw milk produced across the world equals 292 billion USD. On a global scale, the value of milk represented 8.9% of the value of all agricultural products in 2010.

In the last decade, the increasing trend has been witnessed in the performance of milk producing values and in particular to that of agricultural products.

Milk production value, out of total agricultural production, represents between 8.5 and 10.5% depending on the year. In addition, as argued by the Palmer and Bejou (1998), despite of many services, in dairy production as tangible products, the motive of marketing is to create long touching relationship with the customers that yield to significant profitability. However, little research that involves empirical research in the field dairy especially determinants of relationship has been made (Sharma & Patterson, 1999).

This studies however envisages to assess the contribution of customers retention strategies on development of dairy industry in Tanzania while the focus is on the Dairy producer of southern highland namely ASAS Dairies Milk Production company.

1.3. Statement of the problem

Retention of customers is mostly profitable business strategy that enable firms to sail in this competitive era of business operation. By definition, CR is the affirmative actions the firm implant to make the existing customers are not defecting to other business companies. The objectives of the business may sometimes be many but the most effective business objective is to make sure there assurance of buyers whenever the product is released, this has significant impact to the survival of the business, so how best the company is in capturing the new customers and retain the existing one differentiate one another. However, the attitude of the customers on the way they are satisfied with firm product is the indication of possible revenues in future (Hauser, Simester & Wernerfelt, 1994). It is obvious that the best the customers are satisfied with the business stimulate their desire to remain into the business relationship (Guo, Xiao & Tang, 2009). When potential and actual buyers meet to exchange values is called a market (Armstrong and Kotler, 1999). The driver for the success of any business largely depend on availability of customers. Customer retention is therefore a major concern for any business in the competitive environment of today.

In Tanzania since the ancient time dairy product were supplied to many families especially pastoral societies, the ever coming economic evolution, livestock keeping has pronounced to be the basis of survival to many agricultural dependant societies. Companies producing dairy in East Africa and Tanzania as well have been producing while facing the challenges of markets, different marketing strategies have been deployed to insure the long-term prosperity of the firms while objectives strategies focused of maintaining the long-term bond with customers for profit and market dominance.

The process of successful customer retention starts with initial meeting the firm come into exposure with buyer and continues throughout the entire lifetime of the marketing relationship. Some of the benefits of customer retention are to increased revenue, to lower customer acquisition costs and to increase referrals. As the cost of acquiring new customers and accounts increases in the dairy sector, and as competition for deposits and their associated fee income increases, dairy-producing companies are paying more attention to the number of customers and accounts they are losing.

Several studies shows the significance of retaining customers to the performance of the business (Dawkins, and Reichheld, 1990). The challenges associated with the retention include the determination of who to be retained and by how. Research findings suggest that the costs of customer retention activities are less than the costs of acquiring new customers.

Dairy products, are sold in different areas in Tanzania, considering the packaging of the dairy products, it has been made simple, for dairy consumers to purchase for example yogurt milk in plastic sealed cane while travelling on public buses or private motor cars, this being the facts companies as producers face the challenge of understanding the preference of their end customers as it needs large funds to take into board so as to learn the taste of the customers so as to take affirmative actions to improve the product.

It has been noted that customer satisfaction is the necessary foundation for the company to retain the existing customers (Guo, Xiao & Tang, 2009).

The financial implications of attracting new customers may be five times as costly as keeping existing customers (Payne, et al., 2001). In business where the underlying products have become commodity-like, quality of dairy product depends heavily on the quality of its contents (ingredients). Approximately 40 percent of customers switched dairy producing companies because of what they considered to be poor quality (Leeds, 1992). The Dairy industry has greater potential for improving the living standards of people through improved nutrition arising from milk consumption and incomes raised from sales of milk and milk products.

However, in southern highlands of Tanzania there so many companies dealing with the production of the dairy products. In southern highlands of Tanzania, for example, companies like ASAS Dairies Company of Iringa dealing with production of fresh milk, yogurt and butter, Njombe Milk Factory that largely produce fresh milk, yogurt and specialized in cheese production for domestic and catering services and the Mbarali Estate Company situated at Mbarali District Council owning Cattle farm producing dairy products and a major supplier to Dairy producing industries.

The government of Tanzania through The Fair Competition Commission have constructed smooth infrastructure for companies to fairly compete on doing business while regulating the strategies adopted by the firms to insure they realize their strategic goals. Different studies have done on different areas of customer retention while few studies envisaged how dairy producers are retaining their customer. This study, therefore intended to envisage the contribution of customer retention and its impact to the performance of dairy industry in Tanzania.

1.4 Objectives of the Study

1.4.1 Main Objective

The main objective of this study was to assess the contribution of customer retention strategies to the performance of dairy industry in Tanzania while focusing on dairy producers companies of southern highland of Tanzania

1.4.2 Specific Objectives

- i. To explore customer retention strategies used by the Dairy companies
- ii. To identify the impact of retention strategies on organization performance
- iii. To examine the challenges associated with customer retention of dairy products.
- iv. To examine factors influencing loyal customers for dairy products users

1.5 Research Questions

This study envisaged the contribution of the customer retention strategies to the booming of dairy producers in the tropical hemisphere of southern highland of Tanzania. The questions posed to un-blank the matter were;-

- i. What customer retention strategies the companies have applied for the last five years?
- ii. What are the outcomes of employing customer retention strategies on performance of dairy companies in the southern highland regions?
- iii. What are the challenges faced in the process of controlling impact of customers product switching by dairy companies in the southern highland regions?
- iv. What should be done in order to prevent customers from defecting to alternative companies of dairy companies in the southern highland regions?

1.6 Scope/Delimitation of the Study

This study is limited to the concept of relationship marketing as the proper approach retaining the customers and not the broad context of customer relationship management, in other words, customer retention. Furthermore, the study was skewed from the manufacturing or producer side. It covered dairy product producers of Southern highlands of Tanzania, and not through the perspective of their customers. In addition, available secondary data was the catalyst to the conclusion of the study.

1.7 Significance of the Study

Retention of the customer is fundamental for the sustenance of the business venture. Understanding customers' aspect that promotes them to tie up with business relationship for the long term is demanding for both policy maker and business entrepreneur. Therefore, the study findings will help the reader to understand the magnitude of the problem associated to the performance of the dairy producers resulted from exit of marketing relationship.

Generally the findings will help to inform policy makers on the importance of mainstreaming Customer retention issues in various policies specifically the domestic and international trade policies and other cross cutting policies and strategies so that dairy products issues are taken on board.

The findings will further be applied at lower level government especially when District Agricultural Development Plans (DADPS) are consolidated.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter thoroughly discusses the prior studies done by different researchers relating to the topic of the study. It presents detailed information about the customer retention and how it affects performance of the firm and national economy at large. The chapter also provides a theoretical framework that was constructed to serve as the base for analyzing the empirical data.

2.2 Why is it important the implementation of customer retention strategies for firms' performance?

Retention of customers is mostly profitable business strategy that enable firms to sail in this competitive era of business operation. By definition, CR is the affirmative actions the firm implant to make the existing customers are not defecting to other business companies. The objectives of the business may sometimes be many but the most effective business objective is to make sure there assurance of buyers whenever the product is released, this has significant impact to the survival of the business, so how best the company is in capturing the new customers and retain the existing one differentiate one another. However, the attitude of the customers on the way they are satisfied with firm product is the indication of possible revenues in future (Hauser, Simester & Wernerfelt, 1994). It is obvious that the best the customers are satisfied with the business stimulate their desire to remain into the business relationship (Guo, Xiao & Tang, 2009). When potential and actual buyers meet to exchange values is called a market (Armstrong, G. and Kotler, 1999). The driver for the success of any business largely depend on availability of customers. Customer retention is therefore a major concern for any business in the competitive environment of today.

2.2.1 Employed Definitions

Customer

The term customer has been defined by the Parasuraman and Grewal (2000), as an individual or business entity that buys the product, meaning that they acquire it and pay for it. Is the person who exchanges values in the market. This implies that a customer is a person, company, or other entity, which buys goods and services, produced by another person, company, or other entity.

Customer Retention (CR)

CR is the activity, a company undertakes, to prevent customers from defecting to alternative companies. A business can pursue several other objectives, but the very survival of any business depends on how best it can capture and retain its market in order to improve its revenues. Satisfaction of customers is the foundation of customer retention and is used for the indication of future possible revenue (Hauser, Simester & Wernerfelt, 1994).

Customer Relationship Management

According to Kotler (2006), CRM refers to managing customer database that includes detailed information about clients and managing contact points with clients in order to achieve customer loyalty. Shani and Chalasani (1992). defined RM as a business strategy which focuses on firm's resources, operations, and activities around consumer needs to retain and grow customer base. Peppers & Rogers (1993). viewed CRM as a philosophy that puts customers in the heart of developing firm's products and allocating its resources toward delivering zero-error services to increase long-term relation resulted from the satisfaction.

CRM can however, be regarded as a core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted clients, at a profit (Buttle, 2004:34).

According to Gordon (1998:9), it is an ongoing process of identifying and creating new value with clients and make sure the benefit is maintained along the whole lifetime of business association

Trust - Trust is the perception the customers are relying upon the confidence of the producer in long run of the production relating to unchanged quality of the product (Sharma & Patterson, 1999). This was the definition of Crosby et al., (1990). It is actual accomplishment of what was promised to the what is really found. It implies reliance on, or confidence in, the process or person.

Service quality-is such a quality that is measured on the actual outcomes or the basic ingredients as perceived by the client. It is divided into two main components: technical quality and functional quality. Technical quality is such a quality that is measured on the actual outcomes or the basic ingredients as perceived by the buyer. The competency of the producer in achieving the best return on investment for their client at acceptable levels of risks is hereby viewed.

Functional quality on the other hand is what is delivered to the customer by the producer, deals with how the product is delivered. It is concerned with the interaction between the product producer and product receiver, and is assessed in a highly subjective manner.

2.3. Theories regarding the factors influencing customer retention

Most of previous studies relating to customer retention largely covered on the intrinsic motivator for customers to proceed consume the products; the areas of the focus were mainly on the customers' point of view. According to Ranaweera & Prabhu (2003), the perception about the continuing habit of the customers to purchase the product emerged to most researchers as an experience to propensity for customers to stay with their suppliers, and is therefore viewed as a behavioral factor. Therefore this part of Literature review, frameworks and models will illustrate the factors influencing customer retention based on the customers' point of view.

Based on that, the study will later on analyze this data and compare it with how diary-producing companies perceive these factors as influential for customer retention.

This study has taken a keen regard towards the famous theories of marketing relationship as propounded by the *Sharma and Patterson's (1999). Relationship commitment model*, Ranaweera and Prabhu's (2003). *Holistic approach*, Richard's (1996). *Conversion model* as well as Ranaweera and Neely's (2003). *Holistic approach*.

2.3.1. Factors in the Relationship Commitment Model

In 1999, the Article published in the *Journal of services marketing*; by Sharma and Patterson about relationship commitment model among professional services showing the determinants of relationship commitment. The model showed the major three factors that influence business relationship such as communication effectiveness, technical quality and functional quality, all affected by trust in the relationship which in turns affect relationship commitment. View figure 2.1.

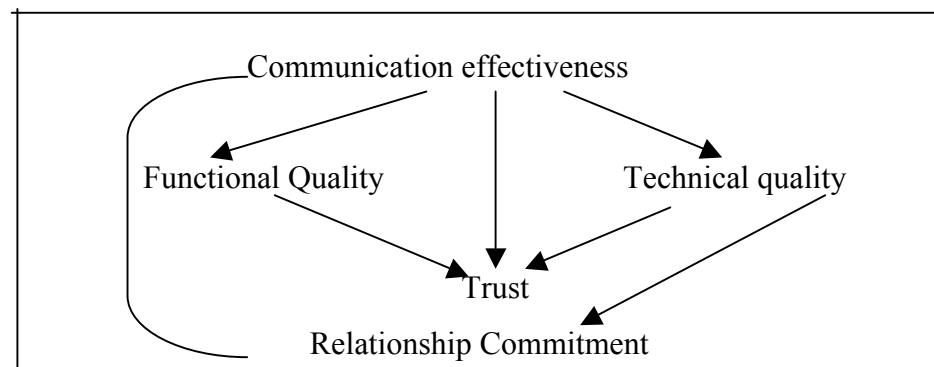


Figure 2.1: Conceptual model of the determinants of relationship commitment

Source: Sharma and Patterson, 1999.

Trust - this is the perception that the customers are relying upon the confidence of the producer in long run of the production relating to unchanged quality of the product (Sharma & Patterson, 1999). This was the definition of Crosby et al., (1990). It is actual accomplishment of what was promised to what is really found. It implies reliance on, or confidence in, the process or person. Hence, the greater is the level of trust, the stronger is the relationship commitment (ibid). However, the factor of trust according to Morgan & Hunt (1994) has a positive relation to the extent through which the companies share similar values. The consumer of the dairy product will create the bond to the dairy producer if there continue sharing of the similar values. Based on this theory customers are retained by the companies by virtue of having the full trust on producer as he/she always produce the product of the perceived value.

Service quality- Sharma and Patterson (1999), do regard service quality as a sub-factor which is divided into two main components: technical quality and functional quality. Technical quality is such a quality that is measured on the actual outcomes or the basic ingredients as perceived by the client. Here, the competency of the professionals in achieving the best return on investment for their client at acceptable levels of risks is viewed.

It is argued that the greater the perceived technical quality, the stronger is the trust in the business relationship, and the greater the perceived quality of the company's product marketer, the stronger is the gravity of trust in the relationship. Consequently, the greater the quality is perceived, the stronger is the relationship commitment.

Communication effectiveness – Is a process of exchanging right information at right time through the right media. Stakeholders of the company must be well informed in the language they can understand, they must be aware on all matters necessary for the investment purpose. Effective communication can enable the clients of the company to avoid the avoidable financial accident that may occur and hence exempt themselves from aforementioned loss. Consequently, the greater is the

communication effectiveness, the stronger is the relationship commitment (Sharma & Patterson, 1999).

2.3.2. A Holistic Approach to Satisfaction, Trust and Switching Barriers

A holistic approach that examines the combined effects of satisfaction, trust and switching barriers on customer retention was drafted by Ranaweera and Prabhu (2003). Customer retention as a behavior and not as a strategy of the company is that act of propensity of the customer to stay purchasing or using the product of the company for the long time. The given frame aimed at looking the relationship between the Trust combined with the Switching barrier if can influence customer retention given that customers are satisfied with the products.

Customer satisfaction –Satisfaction by the customer is the state of mind that make decision based on the finding of the promised value of the product. It is the concept propounded by the Jescica Mascaraine as the evaluation of an emotion and proclaims that the higher the customer is satisfied with the product, the higher is the possibility of retention (Ranaweera & Prabhu, 2003). Several studies indicated that the gravity of loyalty the customers are to the firm is geared by the extent on to which the satisfaction is enriched (Fornell, 1992). Hence, companies have to invest resources on management of customers' desire (Ranaweera & Prabhu, 2003).

Patterson, Johnson and Spreng (1997), contend that fulfilled clients are seen as crucial methods for making maintainable preferences in focused situations. They further allude to Anderson and Sullivan (1993) who expressed the accompanying: "Putting resources into consumer loyalty resembles taking out a protection arrangement. On the off chance that some hardship incidentally comes to pass for the firm, clients will be bound to stay steadfast". Patterson et al. (1997), further take a gander at client disappointment as the contrast between a person's pre-buy desires and post-buy execution of the item or administration.

Ranaweera and Neely (2003), state in their article, it has been basic before for research on administration quality to be centered around proportions of consumer loyalty. Anyway today, simple fulfillment does not guarantee client maintenance and hence, the concentration in late research has fairly moved from contemplating drivers of consumer loyalty to looking at drivers of client practices, for example, repurchase propensities (in the same place). In spite of the fact that consumer loyalty is a decent base to begin with when holding clients, it not by any means the only affecting element. Richards (1996) contends that a few clients despite the fact that they are fulfilled will leave the firm while other people who are disappointed will remain.

Trust– Trust – trust is conceptualized as existing when one gathering believes in the different party's unwavering quality and trustworthiness. The writers contend in the article that few investigations have perceived that despite the fact that organizations figure out how to appropriately fulfill their clients, they might be not able hold them. Consequently, fulfillment alone is deficient to guarantee long haul client duty to a solitary supplier. Because of costs identified with the end of the relationship, when trust has been fabricated, the likelihood of each gathering cutting off the association diminishes (Ranaweera and Prabhu, 2003).

Gounaris (2003), Contends that trust is an essential component in a relationship. The more a client confides in a provider, the higher is the apparent estimation of the relationship. Thus, the more noteworthy the odds that the client stays in the relationship will be. Besides, trust is a significant factor in the apparent nature of administrations, particularly in business-to-business administration's (in the same place).

Trust is grown progressively because of continuous reliance on the relationship coming about because of common adjustment to the next party's needs (in the same place).

Perceived switching barriers – These are conceptualized as the consumers' evaluation of the resources and opportunities needed to perform the act of switching as well as the constraints preventing it (Ranaweera and Prabhu, 2003). Hence, when the customer feels it is so cost full to switch to other product then he/she will remain (ibid). The factor of switching or termination costs is also identified by Morgan and Hunt (1994) as the influence to the marketing relationship. However, the views by the various researchers are that switching costs as being only of economical nature.

Sharma and Patterson (2000) talk about of exchanging cost as being what is more of practical nature, of both mental and passionate nature. The creators further present a couple of instances of exchanging costs, for example, social bonds, individual affinity and trust that have been worked after some time. The creators contend that exchanging expenses may go about as a present mental leave hindrance notwithstanding when execution of the center administration is not exactly tasteful. Other exist hindrances proposed by the creators are the troubles in assessing proficient administrations, that customers cannot assess the administration before acquiring it (in the same place).

2.3.3. Factors in the Conversion Model

Under the conversion model, level of satisfaction by the customers is not propagated at all, as it has been observed in previous studies that customer may be satisfied with the product but still he/she may decide to leave the consumption of the product. So in conventional model the author proposes that in order for the customer to remain with the firm, he/she must be fully committed to the firm's product and not rather to be satisfied, as, the dissatisfied customers may remain purchasing the product of the company. Richards (1996).

The study agrees that commitment is not a grantee but it is sometimes stimulated by the satisfaction, therefore company must invest much effort to satisfy the customers and eventually trigger their commitment.

Richards (1996), propounded conventional Model and he identifies three factors as drivers of commitment.

Level of involvement - In creation of commitment of the customer to the product there must be sufficient level of involvement so to cause sense of belongingness. Customers are to be involved in the brand and the category. This is because people decides to stick on their choice of preference, it is needed to participate people on the due process of releasing the product so that they can carefully choice and stick tightly to the choice they made. The first factor is the level of involvement in the brand and the category. The more people are involved in a given choice, the more carefully they will choose and once they have made their choices they often stick to it. If the company make mistakes on remembering to involve the customers and it happens that the customers are also dissatisfied with the product, it is expected that the customers will repair their relationship and switch to other company. (Richards, 1996). Customers are tolerance to dissatisfaction if only they were involved primarily.

Becket et al. (2000), has the opinion that if companies get involve their customers in the process of buying and selling the product it will be much easier for the company to control the inconveniences, as it may be found that customers are participated and contacted. The more a customer is involved, the more he/she has confidence in the service provider and in the results. (ibid).

Attraction of alternatives - The other factor in the conventional model is attraction of alternatives. Sometimes products may be of substitute nature. Customers are normally lured to the product of similar quality. The argument by the Richards (1996) if the substitute is much attractive and seem good to the buyer regarding the circumstances that the customers is dissatisfied with the company's product it much easier for the buyer to switch to other new substitute product. If the substitute available is not attracting the customers by however reason that leads to dissatisfaction then conversion will delay. However, customers may switch to other

product despite the factor that he/she was satisfied but simply was attracted. For example, it may be simple for customer to shift lodge although satisfied with the current lodge but rather attracted to the new lodge (ibid).

Availability of the information to the customers concerning the presence of competing substitute product may promote customers to deviate business relationship, Patterson and Sharma (2000). When customer aren't aware that there is available alternative that compete the current product they consume, then the possibility of pursuing to buy and attach themselves to the product relationship may exist even if it is unsatisfactorily.

Smith and Patterson (2000) in their study conclude that customers are tending to be less confined to a single supplier if they have sufficient information regarding availability of another supplier who supply products of the similar nature in terms of price, service and/or quality of technical outcomes.

The extent of ambivalence – this is last factor of conversional model, the third one. It refers to the state of minds comes to the customers when there is existence of ranges of choices and the customers fails to decide whether to leave the relationship or to stay. It is a sort of insecurity on the choice of available product. In his article Richards (1996) argue that the need for comparing and reviewing is needed as the advantages respectively disadvantages exist. Therefore, the state of ambivalence reduces commitment level to customer although there is some dalliance of conversion.

2.3.4. A holistic approach to, Price, Indifference, Quality and Inertia

In the Article published in the international journal of operations and production management, 23(2) pp., 230-248, Ranaweera and Neely wrote, on some moderating effects of service quality-customer retention link (2003), whereby, they highlighted, the holistic approach that enable the customers to get the influence in the choice of business relationship; these matters incorporate *Product price perceptions, quality perceptions, inertia and customer indifference*.

Product quality – the quality of the product has been viewed to have the influence to stimulate the customer to make decision of furtherance of buying the product repeatedly. This perception is supported in the several studies. For example, Neely & Ranaweera, (2003), Reichheld, (1996); Bitner & Zeithalm, (1996); Zeithalm, (1988). By quality of the service, however, refers to the what is been appreciated by the customer in regard to pre-determined value that meet the mental taste, for the dairy producers the impetus should be focused to the value of the product as perceived by the customers and not settling the cost aroused thereto

Price- price is another factor that may determine the behavior of the customer in relation to their purchasing decision. In their article, Ranaweera and Neely (2003), considered the presumption that customers may have the intention to repurchase if they consider the price of the product hold water. However, there is an insufficient researches study done to prove that customers are deciding to remain with the firm by the influence of the product. There are researches that show the correlation between the perception by the customers on the price of the product and customer retention, that the better the perceived price is, the greater is the level of repurchase intentions. Therefore, the need now is at peak for future study to examine the influence of the price to the behavior of the customer to intend to repurchase the same product and hence become retained customer, (ibid).

Inertia – inertia as a no-conscious decision a customer may make to continue purchasing to the particular firm is viewed as contributing factor that influence the customer retention. According to Ranaweera and Neely (2003) the level of repurchase of the product is contributed by the greater the level of inertia. The researcher Huang and Yu has regarded this in 1999 as a non-conscious intention although it looks like a loyalty form of behavior as it occurs involuntarily. Gupta et al. (1996) in Ranaweera and Neely (2003), argue that the greater the degrees of inertia, the more likely the customers are to be sensitive to promotions or similar attempts by competitors to attract them.

Customer indifference – lacking the change of the product or service quality over time has significant impact to the customers' zeal. Under the holistic approach, this customer indifference has been found to stimulate repurchase intention by the customers. The study by the Ranaweera and Neely suggests that the extent the customers are not departing to the product trigger much the customers intention to repurchase. Normally customers live with the expectation; this expectation may cause positive perceptions on the product that eventually realize the fulfillment of the same. The study further state that literature on propagating means of customer indifference is rather scarce and has sometimes been used in the marketing literature in relation to consumer's attitude towards advertising, described as neither positive nor negative. (ibid).

2.4. Theories regarding customer retention strategies and processes

Customer relationship as mentioned previously is an area that has gained increased interest in recent years (Morgan & Hunt, 1994; Grönroos, 1996). According to Reichheld (1996), this has led to studies focusing on metrics such as customer retention rates and customer share in customer relationship management also known as CRM. Further, the ways that firms retain their customers are highly dependent on the goals, philosophies and the context of each firm and once the firm knows who their customers are, they tend to use specific tactics to accomplish the goal and retaining the customers (Zeithalm & Bitner, 1996).

2.4.1. Value Creating Processes

In order to better understand the strategies used to retain customers in dairy production sectors, here the processes involved in the value creation of such services were viewed. These processes are summarized and are hereunder illustrated.

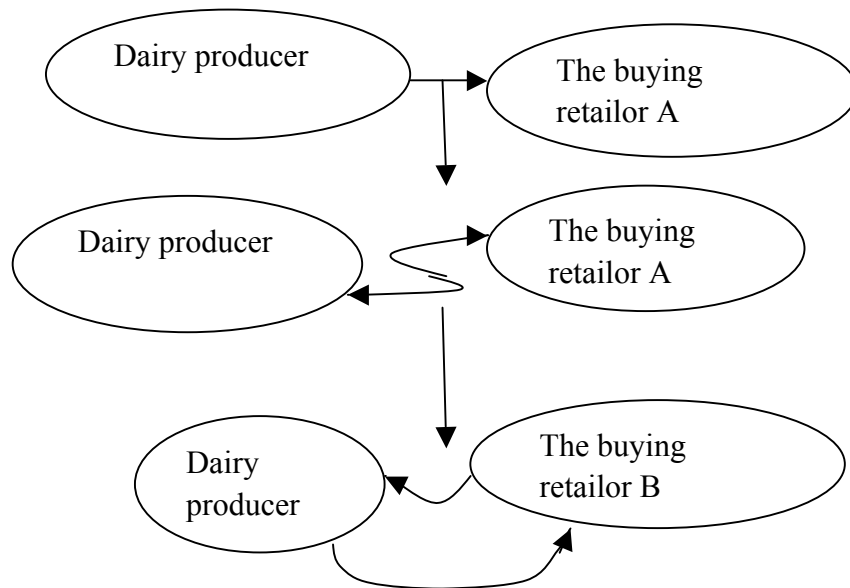


Figure 2.2: Value creating processes

Source: Lowendahl, 1997, p. 42

2.4.1a. The ability of the firm to be credible (deliver what it has promised) –It happened 2010 World Cup competition hosted in South African Country, among the companies from east Africa that won the tender for supply of drinking water was Kwanza Bottlers Tanzania Company Limited with their Kilimanjaro Pure Drinking Water product,. The reasons were among other factors, the ability of the company to provide a credible promise. According to the process arranged, the number tries to envisage the firm capacity to deliver to its stakeholder according to what previously promised. In the highly competitive business environment, credibility of the company is very necessary as customers usually make thorough evaluation. The company’s reputation and its ability as it be may be easily witnessed in the documents showing the performance of the previous projects create the credibility of the company.

In this first process, the extent of expectation and contract the company agree with supplier are taken place and be evaluated. The dairy producers need to only make promises that they know they can keep (Lowendahl, 1997).

2.4.1b. The set of activities required to deliver the promise– In the second process, both Dairy producers of ASAS Dairies company, Njombe Milk Factory and Mbarali Estate Company have to make sure there are measures prepared to constantly supply the stock produced. Here initiative by the company must be taken into consideration that the perceived qualities by the users of the product or their agency or their representative are maintained and effective delivery system is installed.

2.4.1c. The learning from the project – In the third process, normally future clients are anonymous, the process of learning from the project ensure improved quality of the product and the improved efficiency of delivery. According to Lowendahl (1997), company must learn that neglecting this due cause may jeopardize the performance of the company.

The business performance may necessitate the introduction of new product. For the company to increase accuracy and efficiency must learn all the mistake associated with prior investment so that they can improve to the on-coming projects.

2.4.2. Monitoring Customer Relationships

The sustenance of any business depends much upon market dominance; the market could not be dominated if the company fails to maintain business relationship with their customers. Bitner and Zeithalm (1996), state that the decision by the company to regularly monitor and evaluate the relationship they have with their customers acts as a good strategy for customer retention over time.

However, there are two basic ways of monitoring customer relationships. These are by way of installation of customer database and surveying the customers for the aim of creating relationships. This enables the firm to create a profile of its customer relationships. (ibid)

a) Relationship surveys –

Dairy producing company although their manufacturing assets are located at a

specific region but their products are supplied and purchased for consumption at other many places. For example, ASAS Dairies Company is located at Iringa but ASAS's product are spread all over the Tanzanian country. So these company should make sure the timeframe is planned to survey their customers whenever are found so that it can be easier for the company to get informed on perceived values of their potential customers so that immediate affirmative action should be taken. (Zeithalm & Bitner, 1996). During the distribution process a good and effective communication should be taken into account so that to maintain business interaction with their potentials. (ibid).

b) Customer data bases –

Zeithalm and Bitner (1996) argue that customer database is the foundation for customer retention. The installation of the well-established system that will keep record relating to customers' whereabouts, customers purchasing frequencies, their taste of reference, their total revenues accrued by the company from the annual sale, any cost incurred relating to the business relationship, will keep the firm aware of their market dominance for profitability. The information relating customers should contain particulars relating to names, addresses, their phone number and so on and must be promptly updated so that when the customer leave the company it might be easy for the company to identify.

2.4.3. Loyalty Programs and Customer Clubs

Loyalty programs – This is a kind of incentives given back to customers who purchase the product of the company regularly. It is a kind of reward, the firm give to their potential customers to promote repurchase behavior and build customer retention. (Waarden, 2008). Loyalty program has recently become popular to many service providers in many industries while focusing on the root purpose of creating loyalty to firm by increasing the value of the products so to trigger the satisfaction. The higher the satisfaction and the loyalty the higher the profitability of the company.

Bolton et al. (2000) state, that Loyalty program has recently become popular to many service providers in many industries while focusing on the root purpose of creating loyalty to firm by increasing the value of the products so to trigger the satisfaction. The transportation and hospitality industries are the best practice users of loyalty program as the same are issuing credit service and discount to customers who severely reappear on purchasing the services. Fast jet Tanzania for example has offered seasonal discount of airline ticket for passengers who board their plane regularly (ibid).

O'Brien and Jones (1995), state that the executive of the many companies have the view that loyalty program emancipate the behavior of the customers to repurchase. Therefore, the current management of the dairy companies should spare the budget of its financial year for loyalty program so as to implement this program as the returns from investment becomes at the end of the day higher. So it is a desirable method for customer retention.

Customer clubs - Several dairy producing companies use primary school pupils customer clubs as a means of creating trust to the prospective future customers. Blomqvist, Haeger and Dahl (1993), have the opinion that although companies have taken customer clubs as a method of retaining customers but it is most functional to the service firms. In literature concerning the marketing the subject is very strange and scarce so far. Although not all customers are members of customer clubs but is a formality that enable the firm to make the business relationship formal (ibid) and it cut across those which the firms value them most and have to invest on them.

According to Elinder (1993, p. 21) The term customer club is “ a gathering name of different, more or less formalized gatherings of individuals where the common denominator for membership is that the individual is or has been a customer to the company”. Strauss, et al (2001) have the opinion that waging customer clubs to most of the companies is the most costly endeavor as it may necessitate to the constant offering of the benefit which usually stimulate customers' satisfaction and loyalty.

However although the necessities is cost intensive but it is most useful system the firm maintain for customer retention which in turn will lead to loyalty.

However, customer club is not an easy task; it requires companies to wage much resource to implement basing on the architectural plan of the company. Stauss et al. (2001) continue to argue that customer knowledge effect, and customer benefit effect and customer interaction effect are the methods that are to be well understood by the company to successfully enable the company to take effect on the prime purpose of retaining their customers in boarded to customer club.

The customer interaction effect is understood by the ability of the company to thoroughly meet their potential customers and exchange ideas about the status of the business (Stauss et al., 2001). This is procured when the company make physical contact so as to create a clear business opportunities. The study further argues that during the life cycle of the customer relationship companies should be much closer to their buyers so as to promote intentions rate to remain in the business.

The customer knowledge effect is such ability the company incapacitate its staff to have better understanding of their prospective customers. After instating the query of knowledge about the how firm customers are situated, preferring as their intrinsic sense of option to the how about of the product and the extent to which they will acquire. This is done initially during the business performance. This data taken concerning the status of the customers are installed in the customer database and regularly be updated whenever the demand arise. The customer database is the benchmark for company to measure marketing strategies that will ensure optimum retention (Butscher, 1998). Butscher (1998) continue to argue that as the company get closer to alert about the customer preference through the regular meeting and interaction the more update the company will have. Therefore, the interaction with the customers regularly is a cornerstone for the customer knowledge effect (Stauss et al., 2001).

The customer benefit effect refers to situation when the customer club members are receiving incentives from the firm after deciding to join into club. However Stauss et al. (2001). Argue that normally customers are devoting their free time to join the customer club after realizing there are benefits accrued from the membership rather than the cost. Hence, the attractive package should offered by the firm to the club member so as to lure their full commitment to the club, and these offering must be aligning with the special preference of the target group. This study further realized that the interaction effect of the customer is an integral part of the benefit effect to customer when the firm considers that opportunities set forth are advantageous to club members

2.4.4. Effective Recovery Systems

This is the redress action the firm undertakes to correct the mistakes it has done. Those firm that fail to make immediate redress towards analyzing its area of weakness may cause those customers who are short-tempered to deviate from business relationship and sometimes convince their close relative to switch the provider. Therefore effective recovery act as crucial redress for maintaining relationship with the potential customers, Zeithalm and Bitner (1996). The main activities the dairy producing company is required to take into consideration the following action so as to effectively recover relationship.

Track and anticipate recovery opportunities – understanding the complain of the customers and failures of the product, is not sufficiently enough for company to establish strong business relationships, but rather companies are required to ensure affirmative action are taken into account to install effective recovery system that will track the failures of the product regularly while surveying the customers promptly so as to get the clear knowledge about their opinion on or complaint about the product (Zeithalm & Bitner, 1996).

Take care of problems of the potential customer on the front lines – If the front liner worker will directly be available to solve the problem the customers are sustaining, is the most effective recovery system the customers desire. For example when customer identify the default of the product to the front liner and then he/she is redressed by apology and clear explanation on occurrence of the default or an optimal alternative or solution to the problem as like a refund is likely to rise satisfaction. No matter what the solution, the customers usually want it right away without having to make a lot of phone calls and so on (Zeithalm & Bitner, 1996).

Solve problems quickly - Once the problem has been identified, the firm needs to act quickly and try to solve it because if the problem is not solved, it can escalate rather quickly. The best solution is to anticipate the problem before it actually occur and in that way surprise the customers. (ibid).

Empower the front line to solve problems - Recovery training may be vital for service providing employees. As customers generally want the problem to be handled right away, it becomes important for the front line employees to be skilled, to have studied it and also to be motivated to engage in effective recovery. (ibid)

Learn from recovery experiences - Problem resolution experiences also provide information on ways to improving customer service and should therefore not be ignored. (ibid).

2.5. The conceptual framework of the Study

A conceptual framework has been defined by different scholars. Miles and Huberman (1994, p.18) consider the concept as “something that explains either graphically or in narrative form, the main things to be studied – the key factors, constructs or variables- and the presumed relationships among them.”. the research question outlined in the chapter one have been answered by different referred literatures that outlined theories that have propounded by scholars that justify the retention of customers can be influenced by the referred theories. These selected

theories hereafter formed a conceptual framework the empirical data that was collected was analyzed. Therefore, the interconnectedness between the conceptualized theories as can be viewed in this chapter and research questions found in the first chapter are now graphically presented in the conceptual frame work below. This study look at the impact related to the application of customer retention and the performance of the dairy industry.

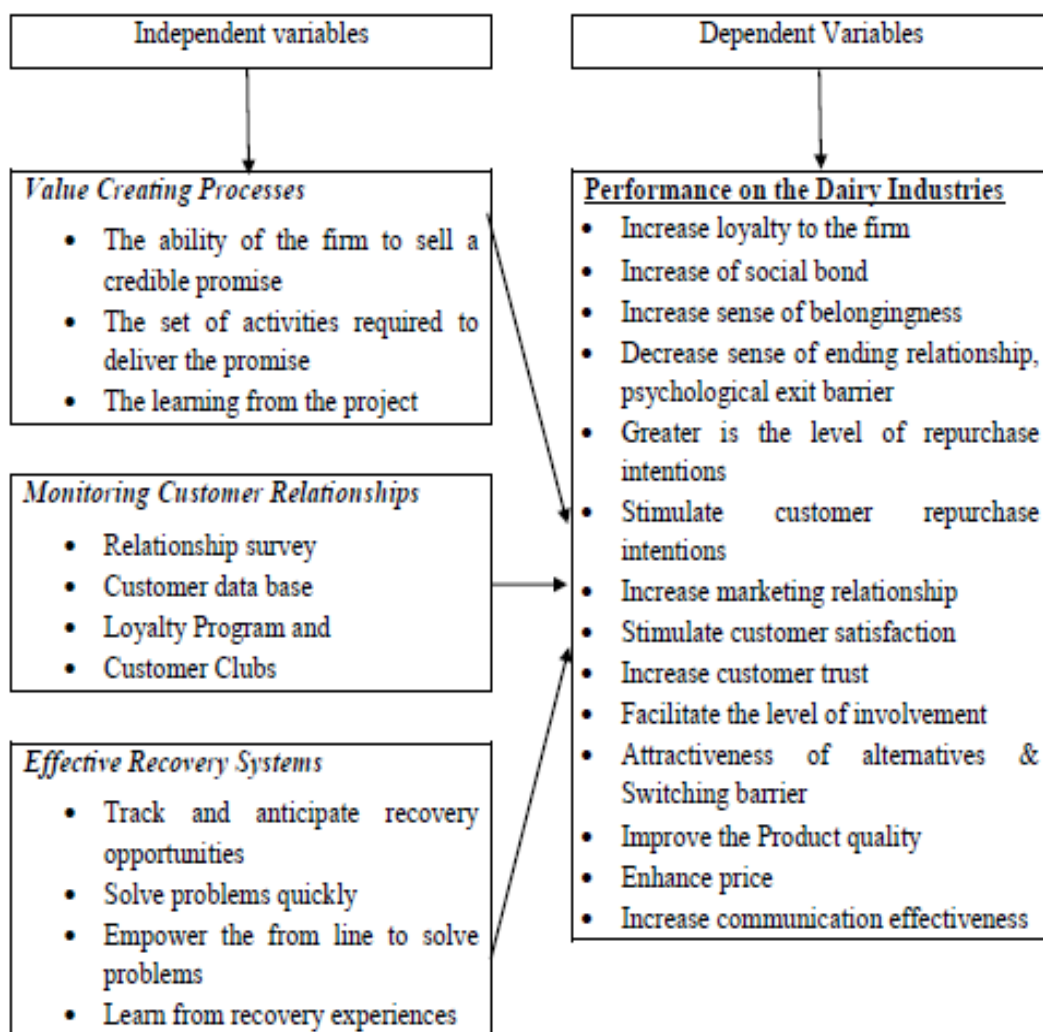


Figure 2.3 The conceptual framework

2.5.1 The conceptual framework

The figure 2.3 is the graphical representation of relationship between the strategies that influence to the customer retention. It is the conceptual framework that tries to show the relationship between the customer retention strategies taken as the independent variables the way they can influence long-term business relationship with the customers of dairy producing companies in Tanzania

It tries to answer questions presented in the first chapter of this study where the literature reviewed in the second chapter envisaged the retention strategies that once focused might result into efficient economic performance by the dairy companies in Tanzania. The first question tries to explore the strategies of customer retention used by the dairy companies over five years. Depending on the results of the first question, the second question tries to get into connection of retention impact to the performance of the dairy companies and they affect the strategies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents methodology of the study. It shows the framework taken to solve the research problem and to give the appropriate answers to the research questions. It further specifically presents description of the study area, research design, sample size and sampling techniques, methods of data collection, data validity, reliability and presentation of findings.

3.2 General Description of the Study Area

The study was conducted into three companies allocated in the three districts of distinctive three regions of southern highland namely ASAS Dairies Company located in the Iringa Urban Council, Njombe Milk Factory located in the Njombe Urban Council and Mbarali Highland Estate Company located in the Mbarali District Council.

ASAS Dairies Company is located in the Iringa Region that is located in the southern highlands zone of Tanzania, below the equator and between latitudes 60 55" and 90 00". Longitudinally the region is situated between 330 45" and 360 55" east of Greenwich. To the north, it shares borders with Singida and Dodoma Regions; Morogoro Region to the east, Mbeya Region to the west while Njombe Region lies on the south as indicated in the map below. Iringa Region has a total surface area of 35,743 sq. kms out of which 2,704.2 sq.kms or 7.6 percent is covered by water bodies of Mtera Dam, the little and Greater Ruaha Rivers. The remaining 33,038.8 sq.km is land area. Iringa Region is deemed to be neither a small nor a big region. It is the 13th largest region occupying about 4.1 percent of Tanzania Mainland's total area of 881,289sq.km.

Njombe Milk Factory located in the Njombe Urban Council. The area lies between latitude 08o 50' and 10o 30' south of the equator and between Longitude 33o 45' and 35o 45' east of Greenwich. Njombe region has the total surface area of 24,994sq.km out of which 21,172 sq km and 3,822 sq km are covered by land and water respectively. The land area makes up approximately 84.7 percent of the total surface area and the water area is 15.3 percent, and

Mbarali Highland Estate Company located in the Mbarali District Council. The District is located between latitude 7⁰ and 9⁰ South of Equator and between longitude 33.8⁰ and 35⁰ East of Greenwich. It is bordered by Iringa District on the North-East, on the West is bordered by Mbeya District while on the East the District is bordered by Wanging'ombe and Mufindi Districts. To its North is bordered by Chunya District and on the South is bordered by Makete District. The District ranges at an altitude from 1,000 to 1,800 meters above sea level. Average temperature ranges between 25⁰C and 30⁰C. The annual rainfall is about 450 to 650 mm.

3.3 Description of and Justification for the Companies Choices

ASAS Dairies Company, Njombe Milk Factory and Mbarali Highland Estate company are among the large dairy producing companies found in the southern highland regions of Tanzania, They produce the estimates of 150,000 tons of yoghurt, fresh flavored milk and cream cheese, National Bureau of Statistics (NBS, 2017),. These companies supply over 30,000,000 populations in Tanzania and East Africa at large.

The study over these companies led to gain a better understanding of how dairy producing companies retain their targeted customers over time. As the fact that the performance of the companies depend much on the availability of loyal customer who committed have established strong marketing relationship with the companies.

3.3.1 Administration

These companies have been registered as public companies and are situated under the Local Government Authorities of Iringa District Council, Njombe Urban Council and Mbarali District Council

3.3.2 Climate

The District lies at an altitude ranging from 1360 to 2500 meters above sea level. Temperatures range from 60⁰F to 80⁰F though in some areas like the lowland, it reaches 90⁰F. The District receives annual rainfall of between 750 mm and 2000 mm (URT 1997)

3.4 Population

The population of study area involves employees of these companies while looking on the non-employees companies who work with the companies as ambassadors by influencing customers to establish relationship with the companies' product

3.5 Research Design

It refers to the arrangements of events to enable gathering of information from the field and analysis of data with economy procedural manner that will combine research purpose (Kothari, 2004). The research design translates the study from the desk research to field research, visualizing about its practicability (Ndunguru, 2007:66-67); Singh, 2006:79). The design therefore guide the researcher on how to address the problem and provide appropriate measure as it provide direction of what to measure

Descriptive research that tries to answer those question starting with “why” and “How” are normally use strategies like survey or histories, archival analysis and the case study, Yin(2003). The author further argues that, the distinctive advantage of the case studies are considered under the circumstances when an objective of the study is

to deeply explore the event occurred currently where the researcher in regard to control has no capability over the behavioral events and he/she can by either means, not influence or manipulate the overall process. In regard to these characteristics, a case study was considered as most appropriate at Mbarali Estate Company while survey was considered appropriate to ASAS Dairies and Njombe Milk Factory.

Therefore in this study the survey and a case studies was taken as most appropriate on ensuring the study is conducted as the purpose of this academic endeavor is to deeply gain the knowledge about customer retention of the covered area of research. The survey study was done to Njombe Milk Factory and ASAS Dairies Company of Njombe and Iringa respectively.

3.6 Sample Size and Sampling Techniques

3.6.1 Sample Size

A large population cannot be entirely studied due to the reasons of size, its characteristics (heterogeneous or homogeneity), availability of time, or even accessibility or cost (Adam & Kamuzora, 2008). For these reasons, a representative sample was chosen for the study

The sample size for this study was drawn from the Dairy Companies found in the southern highland of Tanzania, which consist of large portion of the dairy source supplied within Tanzania mainland. Among the many ASAS Dairies Company of Iringa, Njombe Milk Factory of Njombe Urban and Mbarali Highland Estate Company of Mbarali was chosen from the available companies as potentially have competitive marketing base in the performance dairy companies.

The sampling frame under this study was the list of some members of the Top Management team of the companies and at the wider coverage employees who work with the companies by influencing customers to establish relationship with the companies' product.

This study used a sample size that represents a population under study. Sample size being the total number of selected subjects to take part in the study; is determined using Yamane (1967) formula; $n = N/[1+N(e)^2]$

Where: n =Sample size estimates

N = Size of study population or sampling frame

e = Error of the prediction/detection e.g 0.1 or 0.01 r 0.05

Given the sampling frame of 150 of top Management Team, employees and ambassadors (50 from each company), error of estimate/prediction being 0.1; sample size estimate will be:

$$\begin{aligned} &= N/ [1+N (e) ^2] \\ &= 150/ [1+150 (0.1) ^2] \\ &= 150/ [1+ 1.5] \\ &= 150/2.5 \\ &= 60 \end{aligned}$$

Therefore, the sample size was 60 workers of these companies and 5 key informants (4 Ambassadors + 1 District Trade Officer) making a total sample size of 65 respondents, whereby the first worker in each company was selected randomly by using simple random sampling and the rest was selected by using systematic sampling techniques after every (n/N)th member of the sampling frame and 5 key informants, i.e. Hajj Manara, Official Mwalubadu, Uncle Zumo, Official Mmakonde and 1 District Trade Officer of Mbarali representative was chosen purposively.

3.6.2 Sampling Techniques

Two main sampling techniques known as probability and non- probability sampling was used in determining sample (Adam & Kamuzora, 2008). In this study both probability and non probability sampling was employed to obtain the sample size. Probability sampling was used to obtain workers who will provide information regarding the study.

In regard to Probability Sampling, simple random sampling and systematic sampling techniques was employed whereby first respondent was chosen randomly by using simple random sampling and rest was selected by using systematic sampling after every (n/N)th member of the sampling frame. In this category, 78 internal stakeholders of the company was obtained.

Non-probability sampling was used to obtain respondents who were chosen purposively to give out information's that cannot be obtained from other respondents. This information's was collected from District Trade Officer and four ambassadors of ASAS Dairies Company

3.7 Methods of Data Collection

This study employed four types of methods of data collection. These include, questionnaires, documentary review and in- depth interviews. According to Yin (2003), concerning case studies, six commonly used sources exists for collecting data including interviews, documentations, direct observations, archival records, physical artifacts and participant observations.

Based on these justifications the study combined the following techniques.

i. Questionnaires

This is a list of questions that are written on the paper so that the respondents could answer them, this tool gives respondents enough time to read and understand the questions before they start answering. This tool was used to collect data from internal workers and Managerial Staff. Questionnaires were pre tested before employed.

Administering of questionnaire was made in Swahili language so as to ease data collection from internal workers and Managerial Staff about the impact of Customer Retention Strategies on the Performance of Dairy Companies in Tanzania. The study also used closed and open- ended questionnaires to collect data.

This method was chosen because of its ability to access many respondents at relative low cost (Kothari, 2004).

ii. Documentary Source

This tool was used to review available information about the subject matter and what other researchers has reported. Available records and reports from different levels about the phenomena was visited for more literature review and clarifications. The sources of information will the Dairies Companies, District Trade Offices and Ministry of Commerce and Development of Industries.

iii. In- Depth Interviews

In- depth interview as a data collection technique was used in order to get in- depth information from the key informants. It also helped to capture detailed data, clarify issues and cross check the reliability of data from questionnaires.

This technique is also employed to key informants and few internal workers and Managerial Staff from the sample, where collection of information about the extent that internal workers and Managerial Staff are informed of customer retention strategies and how they are economic booming of their companies.

Interview helped on the provision of more clarification on the subject matter and made the findings more comprehensive for the study (Adam & Kamuzora, 2008).

Table 3.1: Methods of Data Collection and Sources or Respondents

No.	Method of Data Collection	Sources or Respondents
1.	Questionnaires	internal workers and Managerial Staff
2.	Documentary Source	Pamphlets, Policies, Strategies and District Reports
3.	In- depth interviews	Internal workers and Managerial Staff and Key Informants

3.8 Data Validity, Reliability Analysis and Presentation of Findings

3.8.1 Validity and Reliability of Data

The quality of data is important to get relevant and accurate data. Checking the validity and the reliability of data helps to control quality of data. Validity is about the researcher to measure what intends to measure (Ndunguru, 2007:90). It is therefore the success of an instrument to measure the appropriate property intended to measure. Reliability is the situation where the instrument measures the same things intended in the study when other researcher applies the same instruments (Ndunguru, 2007:89), this is the ability to the instrument to give the accuracy results. This study ensured validity and reliability of data through several measures. Firstly, questionnaires were prepared and pre tested before employed in the field, this is employed so as to enable omission of some irrelevant information and rephrasing of questions as well as proper sequencing of question. Secondly, it is important so as to create awareness of the interview question to the enumerators to ensure correct interview and minimize errors.

3.8.2 Data Analysis

The collected data through questionnaires, interviews and documents edited, coded, tallied, tabulated and converted into frequencies. The analysis process took place by using mainly qualitative method which normally in the form of texts and written words. However, quantitative method applied when required. Respective percentage calculated and therefore interpreted accordingly. This allowed some sort of reliability.

Qualitative data were in the form of narratives. Internal workers and Managerial Staff answered questions in a form of closed and open-ended questions. The objective of the questionnaire data is to facilitate statistical analysis of the impact of customer retention strategies to the performance of the company, reliability of convectional and traditional weather forecast systems, coping strategies, support

given to them and its adequacy. The major analytical tool including categorical data is simple frequency analysis by using Statistical Package for Social Sciences (SPSS).

3.8.3 Presentation of Findings

Results in various levels of analysis were presented in tabular system by using tables, graphs, figures and pie-chart.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter hereinafter presents and analyses findings of the gathered data from field visits and documentary sources. It attempts to, essentially, provide answers to the research questions and meet the objectives of the study that was to assess the performance of dairy industry of Tanzania emanated from the employment of customer retention strategies. The in-depth discussion of the study is followed after summary presentation of the findings by reflecting the objectives cementing the area of the study while referring other studies and findings from that study which is supported by this study.

The mixed approach of both survey and case study were used to explore customer retention strategies used by the Dairy companies, to explore changes (performance) that have taken place in these dairy companies over the last five years, as a results of installation of customer retention strategies, to explore also, and critically study the impact of retention strategies on organization performance, to examine the challenges associated with customer retention of dairy products and to examine factors influencing loyalty customers for dairy products users.in dairy companies of southern highlands of Tanzania namely Njombe Milk Factory, ASAS Dairies Company LTD of Iringa and Mbarali Estate Company LTD of Mbarali so as such analysis will provide the basis for recommending ways and means that can help to the booming of dairy producers in the tropical hemisphere of southern highland of Tanzania.

4.2 Socio- Economic profile of the Respondents

This part, critically but in summary form, stipulates characteristics of the population of the study followed by the interpretation of those characteristics. Specifically

more, this part provides information about the number of respondents from each dairy company in a study area, respondents' gender, work experiences, education level and the title. A detailed discussion of the results is done and similar findings by other researchers are cited whenever necessary.

4.2.1. Characteristics of respondents by number and company names

Table 4.1. Below indicates that three registered companies producing dairies in southern highlands were involved in the study whereby from each company 20 (33.3%) respondents were supplied with the questionnaire and filled the prerequisite information of their prospective companies. These companies as shown in table 4.1 are ASAS Dairies Company of Iringa Urban Council, Njombe Milk Factory of Njombe Urban Council and Mbarali Estate Company of Mbarali District Council located in Mbeya region

Table 4.1 Company Name

	Frequency	Percent
ASAS Dairies Co.	20	33.3
Njombe Milk Factory	20	33.3
Mbarali Estate Co.	20	33.3
Total	60	100.0

Source: Research Data, 2019

4.2.2. Characteristics of Respondents by Gender

Table 4.1 indicates that 45 (75.0%) respondents were male compared to 15 (25.0%) who were females. As far as these companies are privately owned and managed by the related family members reflects the male family members mainly occupy the nature of the activity and decision-making ownership. In African-Asia belated culture and Tanzania, in particular, females are numbered and rare in managerial position of the private companies. This has the connection with historical education system and working habit where by female were denied access to education hence reduce their number in public and private offices. Such culture goes hand in hand with decision-making.

In regard to the demographic of the respondents, the study shows that about 45 (75.0%) respondents out of 60 respondents who were supplied with the questionnaire and fill-in their opinions, were male compared to 15 (25.0%) who were females.

As far as these companies are privately owned and managed by the half-related family members with exception of Njombe Milk Factory, which is accredited by the Catholic Church, reflects that, the male family members mainly occupy the nature of the activity and decision-making ownership. The owner of ASAS Dairies and Mbarali Estate Company LTD are Asian-African offspring. In African-Asia belated culture and Tanzania, in particular, females are numbered and rare in managerial position of the privately owned companies. This has the connection with historical education system and working habit where by female were denied access to education hence reduce their number in public and private offices. Such culture goes hand in hand with decision-making.

Although global Census indicates the overriding numbers of females by 80% compared to 20 % of males (UN report on population, 2018), it could be expected for many companies to employ more females than males' workers could if the gender equality prevails. This could in fact contribute to the generation of ideas relating to factors influential to customer satisfaction and retention, as they own lien share as consumers of dairy products in the world.

Table 4.2: Characteristics of Respondents by Gender

Opinions of Respondents	Frequency	Percent
Male	45	75.0
Female	15	25.0
Total	60	100.0

Source: Research Data, 2019

4.2.2. Characteristics of Respondents by Work experiences

Table 4.2 shows the work experiences characteristics of the respondents. The number of respondents that falls between below 3 years were 18 which account only

30%, implies that the optimal number of working force gave details on the application customer retention strategies of these companies.

In regard to work experience of the respondents, the number of respondents that falls between below 3 years were 18 which account only 30%, implies that the optimal number of working force gave details on the application customer retention strategies of these companies. However according to source data which indicates that a big number of the respondent who supplied information on the study have the working experiences of 3-6 years as about 36 respondents (60%), between 7-10 years were 3 (5.0%), between 11-13 years were 3 (5.0%).

The implication of the work experience suggest the large number of the data were obtained from the people who have been working with these companies for about six years

According to different scholars, workers with sufficient experience have the better understanding of the customers' needs and desire on the products or services produced by the company (sharma & Patterson, 1999). During the life of working experience they can easily be exposed to the complaints of the customers on what the taste and desire hence take affirmative actions, the hypothesis of this study has been tasted from the respondents with sufficient experience as about 60% of the respondents had three to six working experience.

Table 4.3 Characteristics of Respondents by Work experiences

Opinions of Respondents	Frequency	Percent
Below 3 years	18	30.0
3-6 years	36	60.0
7-10 years	3	5.0
11-13 years	3	5.0
Total	60	100.0

Source: Research Data, 2019

4.2.3. Education Level of the Respondents

The study indicates that the people with undergraduate educational level service the Customers of the dairy products. The performance of these companies are geared by the literate people who are well trained on customer retention perspectives as about 60% of the respondents who filled the questionnaire have bachelor degree education and showed significantly understanding of marketing relationship.

The marketing department that mainly deal with engineering the marketing approach towards dairy performance of dairy companies is composed of people who attained master's degree. This implies that the performance of these companies have connection with technical skills on marketing relationship of the industry as 5% were acquainted with postgraduate education.

Many studies show that the more competent the number of staffs is employed the more performance of the organisation (sharma & Patterson, 1999). This is because the strategic action of the organisation is easily to be communicated and implemented.

Table 4.4 Education Level of the Respondents

Education Level	Frequency	Percent
Secondary education(IV)	3	5.0
Secondary education(VI)	3	5.0
Certificate education	6	10.0
Diploma education	9	15.0
Bachelor degree	36	60.0
Master's degree	3	5.0
Total	60	100.0

Source: Research Data, 2019

4.2.4. Characteristics of the respondents by Job Title

Table 4.5 indicates that out 60 respondents, 25(41.7%) respondents who were given the questionnaire to administer were staff who was vested with the responsibility of sales of the dairy products. The implication of this is number is that the study covered the most key figures who day to day meet with customer by way of end-

users or the Retailors whom company expect to get alarming details in relation to sell.

However the 9(5%) of the total respondents of these companies were top company management team vested with the power of making policies of the respective companies, discussing financial position of the company, ensuring strategic plan are pursued in realisation of strategic goals, this is the group of Marketing Manager, Operation Manager and HR Manager. The implication of this number is that the study has insufficiently get information from the brain of the company, this was resulted from being absent to other official duties and part to have insufficient time to fill-in the questionnaire.

The other group comprising Drivers, Clerks, Accountants, Transportation officers and the procurement officer were 17(28.3%).

Table 4.5 Job Title

	Frequency	Percent
Marketing Manager	3	5.0
Operation Manager	3	5.0
HR Manager	3	5.0
Sales Officer	25	41.7
IT Officer	9	15.0
Others	17	28.3
Total	60	100.0

Source: Research Data, 2019

In regard to the status of the respondents as far as their duties employed for in the dairy company as stipulated in table 4.5 indicates that out 60 respondents, 25(41.7%) respondents who were given the questionnaire to administer were staffs who were vested with the responsibility of sales officers of the dairy products. The implication of this is number is that, the study gathered information from the most key figures who are on day to day obligation, meet with customers by way of end-users or the Retailors whom company expect to get alarming details in relation to sell.

However the 9(5%) of the total respondents of these companies were top company management team vested with the power of making policies of the respective companies, discussing financial position of the company, ensuring strategic plan are pursued in realisation of strategic goals. This group consist of Marketing Manager, Operation Manager and HR Manager. The implication of this number is that the study has insufficiently get information from the brain of the company, this was resulted from being absent to other official duties and part to have insufficient time to fill-in the questionnaire

The other group comprising Drivers, Clerks, Accountants, Transportation officers and the procurement officer were 17(28.3%) who act as supporting staff towards customer retention. Their opinion was considered relevant

4.3. Analysis of Customers Retention Strategies used by Dairy-Producing Companies

4.3.1. Customer Retention Strategies used by the Dairy Producing Companies of Southern Highlands of Tanzania over the Last Five Years

This study did not cover other marketing relationship approach that contribute on the retention of the customers, but rather it tasted the frameworks and models that illustrate the factors influencing customer retention based on the suppliers' point of view. Therefore, factors that are influential on the retention of customers of dairy products are analysed as collected from the employees of ASAS Dairies Company, Njombe Milk Factory and Mbarali Estate Company

This study envisaged the contribution of the customer retention strategies to the booming of dairy producers in the tropical hemisphere of southern highland of Tanzania. The questions paused to un-blank the matter were; what customer retention strategies the companies have applied for the last five years?

Customer retention strategies on the point of producer was the general objective the study tried to envisage, here the study sought to understand the strategies been used by the dairy companies over the past five years. These strategies include *Value Creation Strategies* that aim to improve quality of the product so to install customer satisfaction, *Monitoring Customer Relationship* that lure the social bond by tying the sustainable and long term relationship with the customer and *Recovery System* that aim to redress the complain of the customer resulted from un-satisfaction of the product.

4.3.2. Availability of the Customer Retention Department

The workers of these dairy producing companies were asked on whether they are aware of the existence of customer retention department that play are vital role of ensuring the demand of their prospective and potential customers are taking care by the special office.

The findings of the study as witnessed in the table 4.6, revealed that 88.3% of the sample size accepted that there are existence of an administrative department dealing with the strategic marketing issues for sustenance of the dairy companies, whereby 7 respondents comprising 11.3% denied on the availability of the Customer Retention Department.

Table 4.6 Opinions on Availability of the Customer Retention Department

Response	Frequency	Percent
YES	53	88.3
NO	7	11.7
Total	60	100.0

Source: Research Data, 2019

The implication of this finding is that dairy companies have sufficient work force that put in place strategic actions to retain their customers by putting in place marketing approach that will eventually lead the customer satisfaction, loyalty and competitive advantage.

4.3.3. Value Creation Process

Value Creation Process as strategy, consists of numerous processes such *as company credibility as resulted from credible promise* to its customer so as to lure a vital credibility from potential customers, *Set of activities required to deliver the promise* and *learning from the project* for future improvement of quality of the services/products as experienced from the implementation of the on-going project and improvement of the efficiency with the future customers of the product. The workers of these three dairy companies were asked on whether their companies make some useful processes in regard to creation of value to satisfy the customers

The findings of the study in regard to whether these companies laid down processes for value creation, as witnessed in the table 4.3.2., showed that at the great extent the companies use value creation strategies to retain the customers as the observed 27 respondents who were about 45% declared the existence while 21 (35%) respondents had the view that it is on moderate extent as compared to other strategies for customer retention. The few had the view that value creation process is implemented at a great extent, these people were 9 comprising the 15% of the studied respondents while only 3 respondents had the significant views that the matter is implemented at a little extent.

The implication of this information is that above fifty percent (50%) had the opinion that the dairy company at a great extent use the value creation process so as to ensure the optimum quality as per needs of their customers. If these company will pursue this due course will eventually ensure the retention of their potential customer for sustainable profit.

Table 4.7: Views on Value Creation Process

Opinions of Respondents	Frequency	Percent
little extent	3	5.0
moderate extent	21	35.0
great extent	27	45.0
very great extent	9	15.0
Total	60	100.0

Source: Research Data, 2019

4.3.3.1. Ability of the company to sell a credible promise

The study aimed at exploring if the dairy companies in Tanzania have the ability to sell credible promise to its customer as the customer are normally retain to make the business with the company of great credibility.

Table 4.8 Assessment on Ability of the company to sell a credible promise

Opinions of Respondents	Frequency	Percent
YES	60	100.0

Source: Research Data, 2019

The findings of the study as witnessed in the table 4.8, revealed that companies deliver to their customers what has been promised in the media of communication as about 100% of the sample size accepted that there are existence of credibility of promise.

On documentary review for instance, the researches has found out that ASAS Dairies Company has published the ASAS Product Portfolio, 2017 where various promises of dairy product are advertised to the member of the market that invite the business process. On other hand the interview with project coordinator of Njombe Milk Factory Mr. Fredrick informed the researcher that

“Njombe Milk Factory is very credible on selling the cheese products over the country and it pledges to its customer to improve the quality for long term benefits of both potential customer and the company assets”

4.3.3.2: Set of activities required to deliver the promise

(a) Dissemination of information about the release of the new products

The workers of these three dairy companies were asked on whether their companies make a sound communication to their customers before the product become public

Table 4.9 Appraisal in regard to Public Notification about discharge of new product

Opinions of Respondents	Frequency	Percent
YES	53	88.3
NO	6	10.0
I DON'T THINK	1	1.7
Total	60	100.0

Source: Research Data, 2019

The findings of the study as witnessed in the table 4.9, 88.3% revealed that their companies disseminate information to the general public before the product released while 10% denied the fact and 1.7% were not certain on the issue of advertisement of the product.

The implication of this finding is that dairy companies do communicate greatly with their stakeholder that will eventually lead the retention of their consumers hence sustenance of the business.

However table shows that these company mainly uses digital media, i.e. Online (Instagram, Facebook, twitter, WhatsApp groups) whereby 76.7 % suggested the online while 23.3% had the view that email were used to disseminate information to the general public in regard to the new product before the product released

Table 4.10 Appraisal on Advertising Media

Opinions of Respondents	Frequency	Percent
Online	46	76.7
E-mail	14	23.3
Total	60	100.0

Source: Research Data, 2019

The implication of this finding is that dairy companies will fail to retain those customers who are not digital media user friend as they cannot be aware of the release of the new product from their stakeholder that will eventually lead the customer to switch to other products.

4.3.3.3: Learning from the project

Learning from the project aims for future improvement of quality of the services/products as experienced from the implementation of the on-going project and improvement of the efficiency with the future customers of the product.

However, the employees who filled the questionnaire were asked whether their company involve their customers on the project implementation and at what stage(s). The findings as evidenced by the tables 4.11, stipulate that 60% said that customers are involved at middle stage of project implementation, while 30% of the respondents declared that customers are involved at the first stage while the remaining 6 % had the opinion that the customers are not involved at all

Table 4.11 Opinion on Stage of customer involvement

Opinions of Respondents	Frequency	Percent
Involved at the first stage of the project	18	30.0
Involved at the Mid stage of the project	36	60.0
Not involved	6	10.0
Total	60	100.0

Source: Research Data, 2019

The implication of this finding is that dairy companies will fail to retain their initial potential customers as they didn't involve them from the beginning of the release of their product hence fail to understand the weakness of the product which will eventually lead the customer to switch to other products.

4.3.4: Monitoring Customer Relationships

Company effectiveness is measured by its ability to maintain the long-run relationship resulted from installation of proper monitoring and evaluation of its relationship with their customers (Zeithalm and Bitner, 1996). It is through these activities the companies get closer to the prospective customer hence understand the overwhelming changing of desires and tastes of the products that quick initiative are taken to mitigate the complaints. However, there are two basic ways of monitoring customer relationships that are employed by firms namely "relationship surveys" and

“customer data bases”. For effective performance companies go further to appoint employees who will be as back office that pay calls to customers to understand the perceived value from their product or any complain which will promptly be solved by either surveying their potentials. These ensure relationship performance is proliferated.

4.3.4.1 Application of Customer Relationship Strategy

The researcher decided to explore whether the studied dairy companies, have the understanding of this strategies as propounded by different scholar. The field visit revealed that, companies do understand and employ Customer Relation Management at great extent, 65% of the respondents proved the applicability of the CRM by their companies where about 15% suggested that companies do apply CRM at a moderate and great extent while the 5% had the view that it was in a little extent.

Table 4.12 (a) Assessment on Application of Customer Relationship Strategy

Opinions of Respondents	Frequency	Percent
Little extent	3	5.0
Moderate extent	9	15.0
Great extent	39	65.0
Very great extent	9	15.0
Total	60	100.0

Source: Research Data, 2019

However, table 4.12 (b) shows that, the relationship these companies have with their customers is focused on quality of their product as 75% suggested to be on quality while 15% on price and the 10% viewed it to be on brand.

Table 4.12 (b) Aspects of Customer Loyalty

Opinions of Respondents	Frequency	Percent
Loyal to the brand	6	10.0
Loyal to the quality	45	75.0
Loyal to the price	9	15.0
Total	60	100.0

Source: Research Data, 2019

4.3.4.2: Availability of Relationship survey

Customers are supposed to be surveyed regularly so as to establish the perception of the received value; quality and ensuring they have full trust to their product provider as opposed to their opponent (Bitner & Zeithalm, 1996). This study examined if whether dairy companies do customer survey so as to make interaction with them and eventually identify their needs.

The findings of the study, as witnessed in the table 4.13(a), revealed that 95% of the respondents said their companies survey their customers as opposed to 5% of the respondents who were not aware of this activity.

Table 4.13 (a) Appraisal on Relationship survey

Opinions of Respondents	Frequency	Percent
YES	57	95.0
I don't think	3	5.0
Total	60	100.0

Source: Research Data, 2019

The implication of this finding is that dairy companies manage to retain their customers as they get into exposure of the customers' opinion in regard to received value, quality, and satisfaction with the respective dairy producer as opposed to their opponents

However table 4.13 (b) revealed that these companies do survey their customers monthly by 60% and quarterly by 15% and daily and weekly by 10% while once per year at 5%

Table 4.13 (b) Frequency of company survey to its customers

Opinions of Respondents	Frequency	Percent
Daily	6	10.0
Weekly	6	10.0
Monthly	36	60.0
Quarterly	9	15.0
Once per year	3	5.0
Total	60	100.0

Source: Research Data, 2019

In regard to interview with Mr. FREDRICK JOSEPH, the Project coordinator of Njombe Milk Factory, in regard to customer survey had the following comment;

“We normally make survey to our customer who are largely, the Retailors, during distribution of our products and ask them about the quality of our products compared to other. Their opinions are collected by using questionnaire or sometimes a special form that they fill-in to tell what they receive from the end user of our product,, in regard to cheese, we don't get any complain as our factory is the best in Tanzania on producing all kinds of cheese. (He then shows out the interviewer the certificate of recognition)”

The implication of this information is that company does not make regular survey to its customer due to diversity of geographical distances and economic viability of the companies. This will impact to loss of commitment of customers hence deviate to available alternatives.

4.3.4.3: Creation of Customer Data Base

Established customer database is a foundation to creating effective customer retention strategies. The database should include information such as the firms' current customers (their names, their addresses, their phone numbers and so on), their purchasing behaviours, their revenue rate, their related cost, and their preferences and so on. (Zeithalm & Bitner, 1996).

The question in regard to availability of the database was paused in the questionnaire and response from the respondents revealed that 65% declared that their companies have in place the customer database, while 25% denied on the availability of customers database while the remaining 10% had no knowledge about the customers database. This finding is stipulated in the table 4.14 below.

Table 4.14 Perception of Workers on Existence of Customers' Database

Opinions of Respondents	Frequency	Percent
I strongly agree	42	70.0
Agree	18	30.0
Total	60	100

Source: Research Data, 2019

4.3.4.4. Introducing Loyalty program and Customer clubs

Loyalty program

The question in regard to availability of the loyalty program was paused in the interview session and response from the respondents revealed that their companies have in place the loyalty program,

Answering question number 6 of the interview guide which states that *does your company has any offering that aim to create loyalty?* Mr. FREDRICK JOSEPH, PROJECT COORDINATOR of NJOMBE MILK FACTORY had the following to respond;-

“Njombe Milk Factory have recently introduced the so called “School Milking Program” that aim to feed Milk the primary schools pupils of Njombe region so that they can grow loyal to the milk product of our factory. This will enable them, firstly to aspire drinking milk for their body health but rather to keep in touch with our brand”

Mr. Ahmed Omar, Marketing Manager of ASAS Dairies Company LTD responding to the same question had the following to share

“ASAS has the groups of Livestock keepers who sell their milk to our company, for instance Rungwe Milk Corporative so to mention, who organizes milk event with ASAS annually, and people from the neighboring localities are gathered and use different product of ASAS Dairies for free. This helps us to get the large number of potential users of our product for loyalty purpose”

However, customer retention is maximized when the company have competency on creating long-term relationship by installing loyalty program that will assist to influence trust and loyalty with the addition of mailing directly and rewarding program (Waarden, 2008). Yi and Jeon (2003) argue that by the loyalty program companies are capable to reward their customers that will eventually cause them to create intention to re-purchase company’s product.

Customer clubs

The findings of the study as witnessed in the table 4.15(a) revealed that 55% of the responded had the views that their companies have established customer clubs at different regions while 40% denied the fact and 5% were not certain on the issue of advertisement of the product.

The implication of this data stipulates that as the number of respondents who said YES are above 50% then there are existence of customer clubs in dairy companies

Table 4.15 (a) Opinion on Availability of customer clubs

Opinions of Respondents	Frequency	Percent
Yes	33	55.0
No	24	40.0
I don't think	3	5.0
Total	60	100.0

Source: Research Data, 2019

As far as loyalty, programs' aim is to reward customers for repeated purchases thus building customer retention. Some specific advantages are usually offered to make the customer create the bond with the respective company. Table 4.15 (b) shows that above 50% of the respondents agreed that dairy companies are offering some specific advantages/benefits to their customers.

Table 4.15 (b) Opinion on specific advantage offered by the company

Opinions of Respondents	Frequency	Percent
Yes	33	55.0
No	24	40.0
I don't think	3	5.0
Total	60	100.0

Source: Research Data, 2019

The implication of the findings implicates the possibility of the dairy companies to stimulate the anxiety of their customers to create business relationship and hence loyalty.

4.3.5. Effective Institutionalisation of Recovery System

It is unfortunate, sometimes, that the company do make mistake towards the quality of the product. It is by way of recovery system when companies are realising these mistake and take affirmative actions for customer retention. When customers are not redressed, they tend to switch the providers and tell close relative to stop from buying the product of respective company.

This study also investigated on the availability of effective recovery system and the findings are stipulated hereunder

4.3.5.1 Solving of Problems Quickly

Table 4.16 shows that 90% respondents said that dairy companies do offer a chance to their customers to express their needs, demand, taste, interest, feelings, or experience of a product while the 10% denied that their company is not opening a chance for feedback

Table 4.16 Opinion on capacity of the customers to view-out grievances

Opinions of Respondents	Frequency	Percent
Yes	54	90.0
No	6	10.0
Total	60	100.0

Source: Research Data, 2019

The implication of the above findings is that Dairy companies get the right opinions in regard to the quality of their product or customer service they engage in interaction with their customers; this has the implication with the connection of retaining their customers as failure of solving grievances may results to conversion of choices.

4.4. The Impact of Retention Strategies on Organization Performance

This study envisaged the contribution of the customer retention strategies to the booming of dairy producers in the tropical hemisphere of southern highland of Tanzania. Different questions in regard to the contribution of CR strategies were grounded to the respondents to taste the applicability of the conceptual frame work to what is practiced by the dairy producing industries of Tanzania.

4.4.1 Increase the loyalty to the firm

Table 4.17 stipulates that 55% of the respondents had the opinion that company decision to apply CRS has increased loyalty of its customers, these respondents had agreed strongly while 30% of the respondents agreed only and about 6 respondents comprising 10% strongly disagreed that CRS did not make their customer loyal while 5% of the respondents disagree

Table 4.17 Level of Agreement on Increment of Customers Loyalty

Opinions of Respondents	Frequency	Percent
I strongly agree	33	55.0
Agree	18	30.0
Disagree	3	5.0
Strongly disagree	6	10.0
Total	60	100.0

Source: Research Data, 2019

Having installed the database of their customers, dairy companies of southern highlands have the capacity to investigate the repurchase of their customers in relation to product line. This helps to promote loyalty of the customers to the products of preference that influence to retention of the customers

4.4.2 Increase of social bond

Table 4.18 stipulates that, 45% of the respondents had the opinion that company decision to apply CRS has increased social bond of its customers, these respondents had opinion that social bond was increased at great extent while 20% of the

respondents only had opinion that social bond was increased not at all, 15% of the respondents had opinion that social bond was increased at little and moderate extent and about 3 respondents comprising 5% at very great extent viewed that CRS has increased social bond to dairy product users.

Table 4.18 Opinion in regard to Increase of social bond

Opinions of Respondents	Frequency	Percent
Not at all	12	20.0
Little extent	9	15.0
Moderate extent	9	15.0
Great extent	27	45.0
Very great extent	3	5.0
Total	60	100.0

Source: Research Data, 2019

The implication of the data shows that the dairy company have social bond to its customers as above 50% respondents suggested the social bond is of great extent. This helps to trigger the commitment of the customers to the brand of their company hence ensure business sustenance resulted from repurchase habit

4.4.3 Increase marketing relationship

Table 4.19 stipulates that, 55% of the respondents had the opinion that company decision to apply CRS has increased marketing relationship of its customers, these respondents had opinion that marketing relationship was increased at great extent while 20% of the respondents only had opinion that marketing relationship was not at all increased, 15% of the respondents had opinion that marketing relationship was increased at moderate extent and about 3 respondents comprising 5% at very great extent and little extent viewed that CRS has increased marketing relationship to dairy product users.

Table 4.19 Workers Opinions on Increase of Marketing Relationship

Opinions of Respondents	Frequency	Percent
Not at all	12	20.0
Little extent	3	5.0
Moderate extent	9	15.0
Great extent	33	55.0
Very great extent	3	5.0
Total	60	100.0

Source: Research Data, 2019

From the above findings that more than 33(55%) of the respondents suggested that the marketing relationship has been increased over shows that Customers retention strategies applied by dairy-producing companies has the significant outcomes hence business performance.

4.4.4 Increase Customer trust

Table 4.20 stipulates that 85% of the respondents had the opinion that company decision to apply CRS has trust from its customers; these respondents had strongly agreed that their customer do trust their company, while 15% of the respondents agreed that CRS has made dairy product users to trust their company.

Table 4.20 Opinion of the Dairy workers on result of Increase Customer trust

Opinions of Respondents	Frequency	Percent
I strongly agree	51	85.0
Agree	9	15.0
Total	60	100.0

Source: Research Data, 2019

From the above findings that more than 51(85%) of the respondents suggested that the customer trust has been increased over shows that Customers retention strategies applied by dairy-producing companies has the significant outcomes to customers influence hence business performance.

4.4.5 Greater is the level of repurchase intentions.

Table 4.21 stipulates that 42(70%) of the respondents had the opinion that the last year was increased compared to previous years, while 12(20%) of the respondents agreed that the last year revenues, were the same to the previous years and 6(10%) of the respondents, had the views that, the last years revenue were decreased compared to the previous years.

Table 4.21 Assessment of Revenue performance of the Dairy Companies between 2015-2018

Opinions of Respondents	Frequency	Percent
Last year was increased	42	70.0
Last year was decreased	6	10.0
Last year was the same	12	20.0
Total	60	100.0

Source: Research Data, 2019

Apart from the questionnaire, the researcher also audited the financial statement of the Njombe Milk Factory shows that the revenues from the sales were increased consecutively on three years of the business operations. This suggest that customers of the dairy producing company are increasing their purchase annually.

4.4.6 Stimulate Customer satisfaction

Table 4.22 stipulates that 85% of the respondents had the opinion that company decision to apply CRS has made the customer to be satisfied by their products; these respondents strongly agreed that their customers are satisfied with dairy products of their company, while 15% of the respondents did not agreed strongly.

Table 4.22 Appraisal on Customer satisfaction

Opinions of Respondents	Frequency	Percent
I strongly agree	51	85.0
Agree	9	15.0
Total	60	100.0

Source: Research Data, 2019

The implication of the findings implicates the possibility of the dairy companies to stimulate the anxiety of their customers to create business relationship and hence loyalty. This is due to the fact that customers are satisfied with the service and quality of the products. Companies should invest much on other relationship as the satisfaction alone does not make customer stay in business relationship, as they are other customers who are satisfied with the product and leave the company

4.5 Challenges of Customer Retention of Dairy Users

The study also covered the significant challenges; the dairy producing companies are facing as player of economic catalyst of the country. The following were answers, which were found in the open-ended questionnaire and interview by the marketing Managers of the company.

4.5.1. Unlimited Inflow of the imported dairy product from abroad

When responding to the question relating to how do they see the policies of Tanzania in propagating commercialisation of dairy industry, Table 4.23 shows that, about 30(50%) of the respondents had, the opinion that, the policies are unpleasant, as it allows influx of international dairy products to domestic market hence gives hardship to retain the domestic customers. The imported goods are of cheap price with high quality due to low cost of production resulted from technological advancement. For example brooks Milk, Italian Cheese.

Table 4.23 Assessment on Policy implication

Opinions of Respondents	Frequency	Percent
Very cordial	9	15.0
Cordial	15	25.0
Very unpleasant	30	50.0
Pleasant	6	10.0
Total	60	100.0

Source: Research Data, 2019

The findings gives alarming alert to policy maker that the need to protect domestic industries is of optimum desires. If the unlimited inflow will cherish domestic dairy industries will perish hence unemployment level will increase hence political instability

4.6 Regression analysis

The primary focus of this study and as per the conceptual model developed in chapter two of this study was to ascertain the impact of customer relationship management on the performance of dairy industries. The findings in terms of how each of these aspects influences the performance are presented in the sub-sections that follow.

The study indicated the relationship between the variables using the causality test; through inferential statistics to show the existing relationship between the study variables, both independent and dependent respectively. The analysis was performed using multiple regression analysis. The analysis consisted of three independent variables which. Multiple regression analysis was used to establish the relationship among those factors and their influence on the performance of dairy industry

Evaluating the Model

The researcher sought to understand the extent of influence of independent variables (value creation, monitoring and recovery strategy) on the dependent variable (performance of the dairy industry). The "R Square" is a measure of how much the variance in the dependent variable is explained by the model.

Table 4.24 shows that the "R Square" value is 0.72 which means that the extent of influence of independent variables (value creation, monitoring and recovery strategy) on the dependent variable (performance of the dairy industry) is 72.8%. Such a percentage indicates a high level of prediction, that 72.8% of the variations in performance of the dairy industry could be explained by the changes in the value

creation, monitoring and recovery strategy. The 26.2% unexplained per cent goes for other factors.

Table 4.24 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724 ^a	.750	.728	2.70174

a. Predictors: (Constant), recovery strategy, monitoring re'ship, value creation

b. Dependent Variable: totperformance

Table 4.25 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.159	3	2.053	.281	.001 ^b
	Residual	116.791	16	7.299		
	Total	122.950	19			

a. Dependent Variable: totperformance

b. Predictors: (Constant), recovery strategy, monitoring re'ship, value creation

Table 4.25 shows that in overall the independent variables (recovery strategy, monitoring relationship and value creation) are significant in predicting the dependent variable (performance of the dairy industry). This is evidenced by P-value (sig 0.000) which is less than 0.05.

4.6.1 Regression Coefficients

To establish the significance of each independent variable (recovery strategy, monitoring relationship and value creation) the regression coefficients were determined. The information carried in the table is the result of the multiple regression analysis. The table shows all the independent variables and their influence on the dependent variable in terms of significance, direction and strength of the relationship between the respective variables.

Table 4.26 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	23.054	6.484		3.556	.003
1 value creation	.166	.478	.135	.139	.000
monitoring re'ship	.127	.329	.094	.385	.002
recovery strategy	.702	.943	.188	.745	.467

a. Dependent Variable: totperformance

The results presented in table 4.26 shows that taking all other independent variables constant at zero, a unit increase the level of value creation led to a 0.166 increase in the scores of performance of the dairy industry, whereas a unit increase in monitoring relationship led to a 0.127 increase in the scores of performance of the dairy industry. In case of a unit increase in the recovery strategy, the result shows that it led to a 0.702 increase in the scores performance of the dairy industry

The findings imply that value creation has a positive relationship (effect) with performance of the dairy industry, monitoring relationship had a positive relationship (effect) with the performance of the dairy industry also, and recovery strategy had a positive relationship with the performance of the dairy industry

Based on this results the general form of the equation to predict performance of the dairy industry is as follows; performance of the dairy industry =23.05+ 0.166 value creation +0.127 monitoring relationship +0.702 recovering strategies + 6.2 error

CHAPTER FIVE

SUMMARY, CONCLUSIONS, POLICY IMPLICATIONS AND RECOMMENDATION

5.1 Introduction

This chapter presents summary, conclusions, recommendations and policy implications towards addressing customer retention issues dairy product so as to motivate business performance hence improving the welfare of these operating companies and the national economy at large because dairy industry is an emerging impetus of the economy.

5.1.1 Summary

Dairy products are sold in different areas in Tanzania, considering the packaging of the dairy products, it has been made simple for dairy consumers to purchase for example yogurt milk in plastic sealed can while travelling on public buses or private motor cars. This being the facts companies as producers face the challenge of understanding the preference of their end customers as it needs large funds to take into board so as to learn the taste of the customers so as to take affirmative actions to improve the product. It has been noted that customer satisfaction and increase of customer trust are the necessary foundation for the company to retain the existing customers, However, the institutionalization and application of customer retention strategies have the impact to the organization performance as it lead to the increase of social bond, increase sense of belongingness as it has observed in previous study that the user of Coca-Cola perceive they belong to coca cola product, it also facilitate the level of involvement, the decrease sense of ending relationship, psychological exit barrier, greater is the level of repurchase intentions, increase marketing relationship.

5.2 Conclusion

The study employed a case study and survey technique, where few staff members of the three companies producing dairies in southern highlands as a sample size owing the responsibility of giving out information in regard to the experience with system of their companies were carefully selected hence primary and secondary data were both used and analysed. Opinions of respondent obtained from questionnaire was analysed by SPSS and their results is presented through tables in chapter four of this report.

The major argument was that, the ability of the dairy company to retain its existing customers has significant impacts to the profitability of the company and attainment of strategic goals. Although other marketing approach like product differentiation, rapid penetration strategy, advertisement and intensive distribution strategy have the correlation with customer retention but company must consider holistic approach to customer retention, these are value creating process, monitoring customer relationship and recovery system have significant contribution to the retention of the customer.

However, in Tanzania, Dairy companies do not survey their customers regularly, this cause failure of the company to understand the desires of their customers. In addition, the un-controlled inflow of the imported dairy product hinder the protections of domestic industries hence create easy switching of buyers. Therefore, trade policies was regarded as un-pleasant to the promotion of domestic industries

The results from the analysis of all respondents' responses revealed these factors plays a major role on customer retention and dairy performance in Tanzania Thus, according to the conceptual model of this study, these factors are independent variables and dependant variable.

5.3. Implications and Recommendations

5.3.1. Implications for theory

The contribution that this research has made to existing research is to provide insight into how dairy producing companies retain their targeted customers over time. The objectives and the questions of the research are based on the theories selected in the frame of the study reference. The study has revealed that the existing dairy companies use tradition ways of retaining customers. From the study, it has been found that company failed to ensure monitoring of customer relationship, no active customers clubs and there are no special advantages given to the existing customers. All these has the impact to the dairy company's performance

5.3.2. Recommendation

This study revealed that the groups of people vested with power to plan, monitor and evaluate business performance are duty-bound to take affirmative action to put in place customer retention strategies. But there are matters that a crucial to take into accounts and give them privilege so as to ensure optimum customer retention, the following recommendations will bridge the gap.

1. At any point in business life the dairy company happen to secure the desire from the potential customer then manager should ensure this relationship is nurtured for quit long-term and should not be left to be ended easily.
2. The primary focus should be long-term business relationship as this may create sustenance of business performance. Therefore company business activities must aim to achieve deep relationship
3. Those employees whose their job responsibility give them direct access to interact with the customers should be trained on customer service management or client servicing as their positive interaction stimulate satisfaction from the customers

4. For the company to get assurance of business there is a need of installation of customers' database. The study findings revealed that dairy companies in Tanzania have no records of their existing clients, as they have not installed a client database in place. And those few who have in place a data base then recommendation is hereby given for dairy companies to regularly update data base information so as to grab the both personal or business address of their client for continuous relationship
5. Further, company top management should lay down affirmative action that will ensure customers are retained as the switching cost will be maximized to bar the defaulting from repurchasing the dairy products

5.3.3. Implications for future research

This research paid much attention on how Dairies Company retained their customers. Five years' time frame was the considerable measure to get the in-depth of the thesis. It obvious that future researcher should focus on other factors of marketing approach that influence customer retention for dairy companies. It may be on side of the customers as this thesis focused on producers' point of view. The following should be taken into account as follows.

In Tanzania, there are so many companies that are dealing with production of dairies, but this study covered only three dairy companies of southern highlands of Tanzania. It is suggested that other researcher should study dairy companies of other part of Tanzania so as to test the validity of the findings as are applicable to other areas where dairies are produced

As it has been noted above, there is a need for combining the two parts of business relationship as this study only was skewed to producers' side. So the other study should focus on the side of the customers who can share their areas of interest or concern that give them impetus/influence them to retain business relationship with the firm.

The conclusion drawn has revealed that these three-selected companies stem their efforts towards customer satisfaction, as they believe it triggers loyalty. So far there is the necessity of studying the link between satisfaction and the loyalty

This study was for academic purpose and it has made under the directives of university calendar where twelve weeks were spared to conclude the study. So need is there to be considered for a long-term timeframe to be conducted so as to give realist results as many dimensions could be taken into account

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APPENDICES

QUESTIONNAIRE (ENGLISH VERSION)

Appendix: Top Management of a Dairy Company Questionnaire

My name is Kalezi Hemedi, a student from Mzumbe University pursuing a Master Degree of Business Administration in Corporate Management (MBA-CM). The Purpose of this Questionnaire is for Academic: It examine **THE IMPACT OF CUSTOMER RETENTION STRATEGIES TO THE PERFORMANCE OF DAIRY INDUSTRY IN TANZANIA:**

In fact, there is no financial compensation due in regard to participating in this study. I beg your time to share with me various issues related to this study. The information provided is confidential and will serve research purposes only not otherwise.

Thank you for voluntarily participating in this research, in case of any clarity necessary in regard to this research, do not hesitate to contact the Researcher. (kahemedi17@mustudent.ac.tz)

Section A: Introduction

1. Overall questionnaire no (n): _____
2. Name of company.....
3. Location of the Company
Region of
- District of

Section B: Personal and Employee information

4. Name _____

5. Gender

MALE		FEMALE	
------	--	--------	--

6. Have you been to school?

YES		NO	
-----	--	----	--

IF NO, GO TO 8

7. What is the highest level of education you have?

Primary Education	
Secondary Education (Form IV)	
Secondary Education (Form VI)	
Certificate Education	
Diploma Education	
College/University Education (First Degree)	
College/University Education(Second Degree)	
Doctor of Philosophy (PhD)	
Never to School	

8. Job Title

Marketing Manager	Operation Manager	HR Manager	Finance Manager	Sales Officer	IT Officer	Clerk	Other (Mention)
						

9. Working duration with current company (in years)

Below three years	3-6	7-10	11-13	Above 14

SECTION C: EXPLORATION OF CUSTOMER RETENTION STRATEGIES USED BY THE DAIRY COMPANIES FOR THE PAST FIVE YEARS

▪ **Value creating processes**

11. Does your company has Customer retention Department

YES		NO	
-----	--	----	--

12. To what extent your company uses value creation process as Customer Retention Strategy

Not at all	Little extent	Moderate extent	Great extent	Very great extent

13. Do you think your company sell credible promise to its customer

Yes	No	I don't think

14. Does your company inform its customer about the new release of the product before the product become public

Yes	No	I don't think

15. If YES, what kind of media your company use to display its product

Online (Instagram, facebook, twitter, whatsapp groups)	E-mail	Polling box

Other,
explain.....

16. At which stage your company involve its customer before the project is initiated? –

Are involved from the beginning of a project	Are involved at the mid of a project	Are involved at the end of a project	Are NOT involved at any stage of a project

IF THE ANSWER IS FROM 1-3. Explain how!

.....

.....

.....

.....

▪ **Monitoring customer relationship**

17. To what extent your company apply Monitoring Customer Relationship Strategy

Not at all	Little extent	Moderate extent	Great extent	Very great extent

18. Does your company survey its customers

Yes	No	I don't think

19. How often your company survey its customer

Dairly	Weekly	Monthly	Quarterly	Once per year	It does not

20. “The customers of this Dairy company are Loyal to the company.” What do say about this statement

I strongly Agree	Agree	Neutral/Neither	Dis-Agree	Strongly Disagree

21. How would you describe the type of relationship that your company has with its customers?

Loyal to the brand	Loyal to the quality	Loyal to the price	Not loyal

22. Does your company has a data base of its customer?

Yes	No	I don't think

The question in relation to the increase of the number of the customers

23. Does your company offer any type of customer clubs to its customers?

Yes	No	I don't think

If YES, Mention them;-

.....

.....

.....

.....

24. Do the club members receive specific advantages/benefits?

Yes	No	I don't think

If YES, How;-

.....

.....

.....

.....

25. Does your company offer to its customer a chance to express their needs, demand, tastes, interests, feelings or experience of a product

Yes	No	I don't think

SECTION F: TO EXAMINE FACTORS INFLUENCING LOYALTY CUSTOMERS FOR DAIRY PRODUCTS USERS

26. Your customers are satisfied with your dairy products. What do you say

I strongly Agree	Agree	Neutral/Neither	Dis-Agree	Strongly Disagree

27. The customer of this dairy company do trust the products produced by this company” what do you say about this statement

I strongly Agree	Agree	Neutral/Neither	Dis-Agree	Strongly Disagree

28. To what extent switching cost have influenced customer attractiveness to other products

Not at all	Little extent	Moderate extent	Great extent	Very great extent

29. What do you think make your customer loyal/ Why do you believe customers choose your firm over others?-

Price	Quality	Good Service	Customer	Brand	Other, Mention

30. How do you say when someone suggests, “Effective Communication trigger customer loyalty to this company”

I strongly Agree	Agree	Neutral/Neither	Dis-Agree	Strongly Disagree

31. To what extent has ‘trust’ between the customer and your company affected the relationship that the firm has with its customers?

Not at all	Little extent	Moderate extent	Great extent	Very great extent

32. What does your company want its customers to value the most?–

Quality,	Service,	Price,	Competence,	Customer relationships

Why do they think on what you have choosed

.....

SECTION D: TO IDENTIFY THE IMPACT OF RETENTION STRATEGIES ON ORGANIZATION PERFORMANCE
--

33. Do you think employing of Customer Retention Strategies has increased loyalty to the firm?

I strongly Agree	Agree	Neutral/Neither	Dis-Agree	Strongly Disagree

HOW.....

34. To what extent social bond by your customer has increased for the last five years

Not at all	Little extent	Moderate extent	Great extent	Very great extent

35. To what extent the revenue have changed compared to previous sell of the previous years

The last revenue collection was increased	The last revenue collection was decreased	The last revenue was same as the previous

36. To what extent marketing relationship has increased to your company

Not at all	Little extent	Moderate extent	Great extent	Very great extent

SECTION E: TO EXAMINE THE CHALLENGES ASSOCIATED WITH CUSTOMER RETENTION OF DAIRY PRODUCTS.

37) Have you received complain of poor customer service

YES	NO

38) Does your company has the competitor in Dairy industry

YES	NO	I AM NOT SURE

39) As a player, what do you find the policies on dairy industry in Tanzania

VERY CORDIAL	CORDIAL	VERY UN- PLEASANT	PLEASANT

How.....

.....

And Why.....

END OF QUESTIONNAIRE

THANK YOU SO MUCH

APPENDIX II: INTERVIEW GUIDE (ENGLISH VERSION)

1. What do you think are challenges for Customer Retention?
2. Does your company have any specific strategies for preventing the customers from switching to other Dairy producers?
If YESMention them
If NO Why....
3. Does your company go about to find out the needs of its customers?
If YES (How...)
If NO (Why...)
4. Do you think Customers of your company are Loyal?
5. Does your company offer any type of loyalty programs to its customers?
(It can for instance be in the form of special benefits/advantages....) If YES, How;-
6. What other offers the company pay to make the Customer Loyal
7. Do you see customer relationships as important strategy to the Dairy company?
How is it important?
8. Does your company handle dissatisfied customers?
If YES HOW.....
If NO Why.....
9. Does your company survey its customer to identify their need? If YES
10. How does your company meet those needs?–
11. Do you believe that it has led to increased customer satisfaction?

**END OF INTERVIEW
THANK YOU SO MUCH**