

**CUSTOMER RELATIONSHIP MANAGEMENT- A TOOL
FOR REDUCING CUSTOMER CHURN – A CASE STUDY OF
GHANA TELECOM (VODAFONE)**

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By

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**A Thesis submitted to the Institute of Distance Learning, Kwame
Nkrumah University of Science and Technology in partial
fulfillment of the requirement for the degree of**

**COMMONWEALTH EXECUTIVE MASTER OF BUSINESS
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May, 2009


DECLARATION

I hereby declare that this research paper is my own work towards the Commonwealth Executive Master of Business Administration Degree and that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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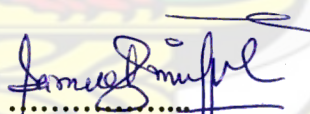
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DEDICATION

THIS WORK IS DEDICATED TO MY FAMILY.



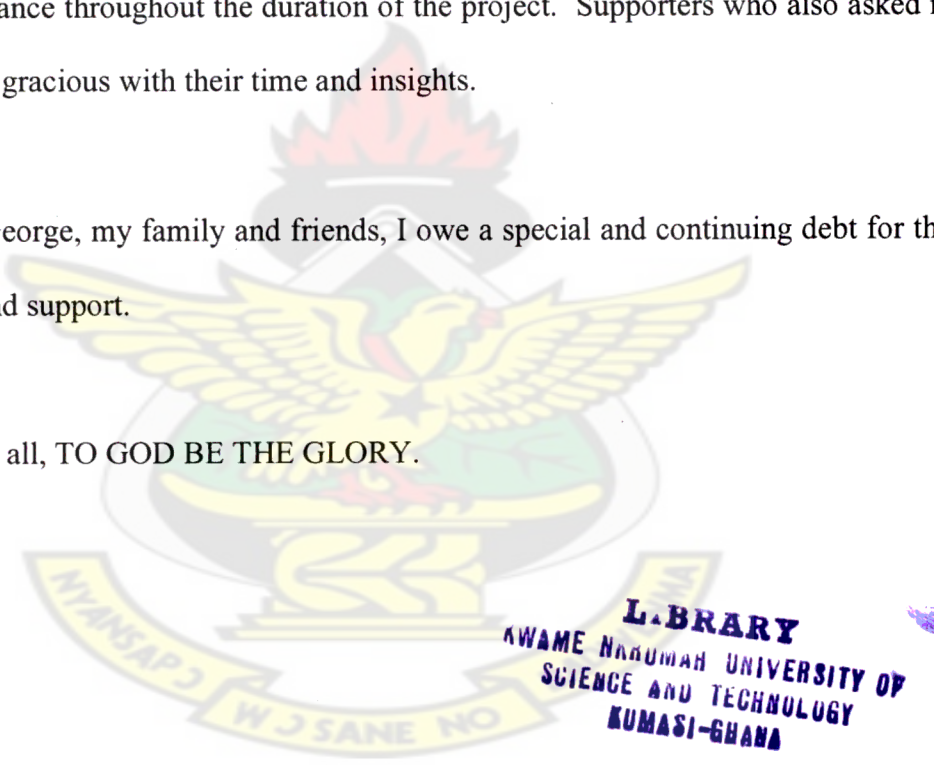
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Finally and above all, TO GOD BE THE GLORY.



ABSTRACT

The importance of customers to every business cannot be overemphasized. Currently, technology has taken over almost every aspect of daily life in organisations. With the introduction of technology comes the Customer Relationship Management (CRM) software that helps companies to keep in touch with their clientele and respond to them over the Worldwide Web.

The study focused on how the use of Customer Relationship Management solutions could help reduce customer churn in Ghana Telecom (Vodafone). It looked at existing practises that put customers off and suggested what would encourage customers to stay.

With the aid of questionnaires and interviews, the research came out with findings that 54% of the sampled population preferred Customer Relationship Management as a way of reducing customer churn.

The study showed that although customer churn has been a challenge to GT (Vodafone) because of the increasing number of telecommunication companies in the country, CRM could be exploited to retain customers. The results of this study may further strengthen the Customer Relationship Management activities that are currently in place in Ghana Telecom (Vodafone).

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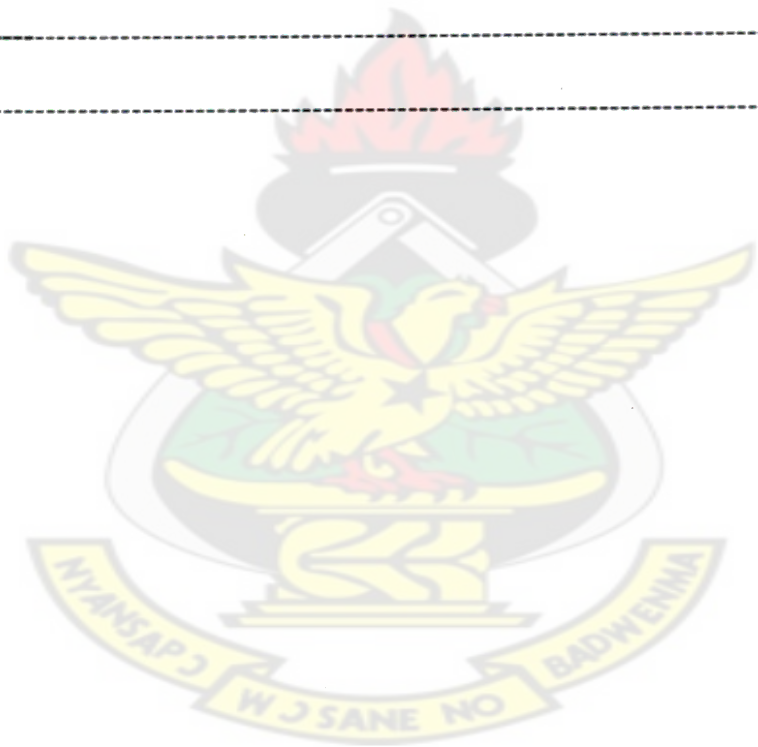
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CHAPTER ONE

INTRODUCTION

This dissertation looks at how the use of Customer Relationship Management can help reduce customer churn in the telecommunications industry. In this case, Ghana Telecom (now Vodafone) has been used as the case study organisation.

1.1 Research Background

According to Burke et al., (1999) changes are taking place dramatically in the marketing environment in recent years. Customer defection or churn is one of the major problems facing the telecommunications industry. A customer who decides to change service providers closes the active account with the current provider and opens an account with another one. Hence, churn can be defined as the voluntary decision of a customer to close an account with the service provider.

Churn denotes that a customer moves from one provider to another (Berson et al, 2000) and mostly occurs when there is keen competition or customer dissatisfaction in a particular industry. George Varghese, Head of Marketing at SAS India, commenting on Churn, describes it as “customers cancelling their existing contract only to embark on a relationship with a competing service provider” (Computer Express, 2003).

It is a natural phenomenon that customers will decide to try other similar service providers or networks in order to satisfy their own interest even though providers go to great lengths to

entice customers to stay. Hankins (2003) describes churn as one of the most dreaded words in the telecommunication industry. Telecom providers think about it daily, as customers leave and purchase services from different providers but they are unable to combat this exodus.

The emergence of new telecommunication companies which have multiple products (i.e. land line, wireless, internet etc.) has brought about churn and the need to manage customers in the telecom industry. Understanding and identifying churn within a specified time interval is important for prioritizing and allocating churn-prevention resources (Oktem, 2004).

Customer churn is often treated like a disease. Management assumes that the root cause of customer churn cannot be eliminated; the best they can hope for is to minimize the causes. But just as new medical breakthroughs empower physicians to attack diseases directly, it is possible to diagnose and confront the root causes of customer departure and dissatisfaction. In short, churn can be cured.

In the 1990s, most organisations were focusing on how to perform their transactions with customers and how they were going to address their strategies for sales promotions effectively. But many companies have diverted their attention after the 1990s to how companies can develop and maintain long-lasting relationships with customers and how to keep them loyal. Thus strategies of organisations have shifted towards customer-oriented strategies.

1.2 A General Description of Customer Relationship Management (CRM)

CRM is an attractive area for research because of its relative novelty and exploding growth. Competition is escalating both from traditional players and new entrants owing to deregulation. Changing consumer behaviour and needs, globalization and the emergence of

new telecommunications models are all dynamics in the telecom services industry. Information technology is also having its impact (Park, 1999).

The more a marketing paradigm evolves, the more long term relationships with customers gain its importance. CRM, a recent marketing paradigm, pursues long term relationship with profitable customers. It can be a starting point for relationship management to understand and measure the true value of customers since marketing management as a whole is to be deployed toward the targeted customers. Corporate success depends on an organisation's ability to build and maintain loyal and valued customer relationships (Farshid, 2008).

In this paper therefore, CRM principles will be used as a solution to reducing Customer Churn in Ghana Telecom (Vodafone).

1.3 Statement of Research Problem

An organization's business and market environment as well as how it has positioned itself in the market determines whether it is achieving success or not. Corporate bodies all over the world have their individual corporate strategic plans they pursue, and Ghana Telecom Company Limited (Vodafone) is no exception. The strategic plan gives birth to the vision, mission, goals and objectives, and the strategies for achievement. To indicate success or failure, certain key indicators are used as the measuring rod.

During a discussion with a cross-section of students in the EMBA class of 2009, it came out that there are a number of reasons why customers churn or defect to competitors. Among these are:

- Competitive prices
- Network problems and frequent outages

- Customer dissatisfaction
- Change in customer call pattern
- Customers' curiosity to try other alternatives
- Enticement by competitor action
- Increase in particular customer complaints
- An item or product being continually out of stock
- Employee dissatisfaction
- Policies and rules that infuriate customers

Because of the problems enumerated above being the cause of customer churn, the research is intended to come out with ways to solve them so as to minimise the problem of customer churn in Ghana Telecom (Vodafone).

1.4 Objectives of Research

1.4.1 General Objective

The general objective of this study is mainly to acquire new customers, retain the existing customers and grow the relationship with existing customers. CRM seeks to determine the kind of customers it wants to attract and retain. It also determines what products, services and combinations thereof will be attractive to the most profitable customers. In addition CRM seeks to attract and retain its target profitable customers and to provide the kind of service that will keep profitable customers satisfied and loyal. As the practices of CRM mature, it is believed that managers and researchers will be interested in a more exact quantification of the economic benefits of reduced customer churn and increased customer retention.

1.4.2 Specific Objectives

The focus of this study, based on the assumption that Ghana Telecom (Vodafone) has a problem of customer churn, is to:

- Identify the factors that cause customer churn
- Establish the effectiveness of CRM as a solution to churn
- Assess if GT (Vodafone) currently uses any CRM concepts, and
- Make suggestions and recommendations to minimise GT (Vodafone) customer churn

1.5 Research Hypotheses

There are several models that could be employed to manage churn effectively. For the purpose of this paper, CRM will be used. Customer Relationship Management is the process of managing detailed information about individual customers and carefully managing all customer 'touch points' to achieve maximum customer loyalty (Winer 3rd Edition, 2008). CRM originated from relationship marketing, which was first introduced by Berry (1983).

Most businesses agree that 'the customer is king' (Gabogrecan, 2009). Businesses must therefore be more customer-focused by anticipating, understanding and responding to the needs of their customers. The techniques and technologies behind CRM enables a company to identify who its customers are, who it would like its customers to be, and to understand the requirements of segmented groups within its customer base. It depends on state of the art information technology, and can only succeed when supported by corporate culture that understands and is aligned to customer-focused objectives (Oracle, 1999).

Considering the discussion above, the purpose of this paper is to suggest or recommend CRM principles as a tool for the reduction of customer churn. To justify the purpose, the following questions are addressed.

Null Hypothesis: “Is Customer Relationship Management the tool to reduce customer churn?”

Alternative Hypothesis: “Is Customer Relationship Management not the tool to reduce customer churn?”

Most businesses today recognise the identification and retention of profitable customers as a top priority. Nonetheless, an alarming number of them do not understand enough about customers and customer behaviour to develop good CRM strategies (Oracle, 1999).

For businesses to thrive, they must be able to tell which customers are at risk of leaving, identify the principal causes of customer churn, know the customers who are most profitable and identify where future competition for their customers is coming from (KPMG, 1999).

According to Sutherland, (Oracle, 1999) CRM tools can enable companies to build intimate relationships with those who contact them. Customers are now seen as a virtuous circle of product and service development. A company must capture information on customer demands in such a way that it can be used by marketing and product development teams.

CRM basically seeks to address business problems using concepts that make customers become part of the company, while providing customer needs. CRM helps companies to:

- Be customer focused
- Acquire and target customers
- Retain Customers/Reduce churn

- Grow Customers
- Interact with customers
- Improve service through System Integration
- Keep Customer Data base

All of the above can be achieved with the help of information technology.

1.6 The Relevance of the Study

Ghana Telecom (GT) now Vodafone (VF) was chosen based on its big size and most importantly the evolution it has undergone, and the customer churn it is currently experiencing due to competition. It is believed that most giant telecommunication operators started as monopoly, as in the case of GT (VF). The concept of “customer care” was not as important to its operations as acquiring and maintaining its networks. This situation turned around during the late 1990s. Liberalization of the industry ushered in multiple players, and deregulation saw new power-brokers emerging in the telecommunication industry. The wireless industry was born, and things started to change. New technologies emerged and "customer care" became a key phrase in the telecom industry. There has however been a paradigm shift from customer care to customer relations management.

This research seeks to explore the extent to which GT (VF) has gone with the handling of churn since it started experiencing fierce competition, and whether GT (VF) has CRM concepts in place. It also aims to assess the alternative management concepts that have been adopted by GT (VF) to curtail churn, and recommend possible strategies to retain customers.

1.7 Overview of the Research Methodology

This research adopted a case study and used Questionnaires and Interviews to solicit information from the units of analysis. In this regard, relevant concepts and theories relating to Customer Relationship Management were reviewed in relation to the case study organisation. This formed the basis of the null and alternative hypotheses formulated above..

The literature focused on the following:

- Customer Relations Management
- Why satisfied customers defect
- Measures that help retain customers and other relevant documented areas.

The information collected for the research analyses were;

- (i) Primary Data: The main research instruments were interviews and questionnaires which were based on the objectives of the study. The researcher administered the questionnaires and collected responses immediately from samples. The researcher then sorted out the samples for legibility, consistency and completeness.
- (ii) Secondary Data: The researcher herself referred to various publications of foreign or local origin, from libraries, the worldwide web, newspapers and articles on the subject to obtain additional information in order to answer the questions set out in the problem definition.
- (iii) Units of Analysis: The sample population of the study comprised a cross-section of mobile phone and landline users. A random sample of units between the ages of 16 to 50 years, who visited the Accra-North Exchange, and some members of the CEMBA II class of 2009 between January, February and March, 2009 were used to represent the bigger population. The population was a combination of individuals and representatives

of corporate bodies duly registered on any of the other networks in the industry in Ghana.

(iv) Analysis of Data: Raw data collected were edited to detect, correct errors and omissions to ensure consistency and validity. Microsoft Word and Excel were used to analyse most of the data collected. Quantitative and qualitative approaches to data analysis were also employed throughout this research. Descriptive statistics are presented in tables, percentages, pie charts and frequency distributions to analyze the information. Details of the research design and methodology are explained in a full chapter.

1.8 Scope of the Study

The study centred on GT (VF) from the period 2006 -2009. This period was captured because this was the time the company went through several changes which affected customers' behaviour. Hence it was proper to examine the problems that the company encountered. This research was completed and submitted by the end of May, 2009. In this regard, the researcher proposed to work and complete within the specified time frame. Any eventualities that caused a delay were made known to the institute after discussion with her supervisor. Again, any changes that occurred in the course of the research work were discussed with her supervisor, and the institute was notified accordingly. The researcher chose Ghana Telecom (Vodafone) because of convenience, access to primary and secondary data and due to the time limit within which she had to work.

1.9 Limitation

Due to the fact that research in Customer Relationship Management as a tool for customer churn reduction is a broad area of study, the researcher concentrated on the

telecommunication industry in Ghana, specifically, the Accra-North Office of Ghana Telecom (GT) now Vodafone (VF). There were some challenges in the administration of questionnaires when customers who visited the GT (VF) premises were unwilling to fill any of the questionnaires because they were either pressed for time, trying to beat the traffic or attending other meetings elsewhere. Also, there were days when the researcher had to stay up late into the night to discuss with other colleagues and gather as much information on the internet as possible because, she could not do that during working hours.

1.10 Organisation of the Dissertation

The study comprises five main chapters. The first chapter provides a general introduction to the study, covering the background to the study, the statement of the problem, the objectives, significance, scope and how the research was organized.

The second chapter contains a review of related literature on CRM and Customer Churn Management of firms operating in the telecommunication sector, with emphasis on Ghana Telecom Company Limited (Vodafone).

The third chapter provides the methodology applied to achieve the research objectives. This includes the population, sampling frame, primary and secondary data and method of analyzing the data.

The fourth chapter covers the presentation and analysis of data, which focused on responses from the questionnaires and interviews of personnel involved in telecommunications.

Chapter five provides a summary of the findings, with the major conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides the background and the problem discussion of the area of this study, leading down to the specific research question. The focus is given to how companies use CRM to reduce customer churn.

2.1 The Customer

Anyone can be a customer. The employee may be like a customer to the manager but the manager can also be a customer to the employee. Both needs to understand each other's needs and build loyalty towards each other for a successful combination.

The basic essence of a customer relationship is that both parties must benefit. Customers make or break a business. A business that is not focussed towards the customer can never succeed. Small time businesses do not grow until their focus is purely on the customers. Never forget - your customer is your king (Manish, 2001).

2.2 Customer Relationship Management (CRM)

CRM stands for customer relationship management and is defined as a software technology and overall business strategy that enables companies, large and small, to manage their sales

leads, accounts, orders, and case management (www.crm-software-guide.com). Customer relationship management (CRM) is the process of carefully managing detailed information about individual customers and all customer “touch points” to maximize customer loyalty. CRM enables companies to provide excellent real-time customer service through the effective use of individual account information. Based on what they know about each valued customer, companies can customize market offerings and services. CRM is important because a major driver of company profitability is the aggregate value of the company’s customer base (Kotler & Keller, 2006).

Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990’s with the promise of forever changing the way small and large businesses interacted with their customer bases. However, in order for companies to achieve their greatest results, they will need to expertly train their staff and have their IT departments integrate CRM onto their current software and hardware technologies.

In the 1990’s companies began to improve on Customer Relationship Management by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty (www.crm-software-guide.com).

This was the beginning of the now familiar frequent flyer programs, bonus points on credit cards and a host of other resources that are based on CRM tracking of customer activity and spending patterns. CRM was now being used as a way to increase sales passively as well as through active improvement of customer service.

CRM solutions can either be hosted or licensed, meaning that a company can buy the license for a CRM solution and run it themselves, or they can lease a CRM solution, and have that company be responsible for monthly maintenance and training for employees (www.crm-software-guide.com).

Creating loyal customers is at the heart of every business (Schieffer, 2005 - Ten key Consumer Insights). As marketing experts Peppers and Rogers (2005) say:

"The only value your company will ever create is the value that comes from customers - the ones you have now and the ones you will have in the future. Businesses succeed by getting, keeping, and growing customers. Customers are the only reason you build factories, hire employees, schedule meetings, lay fibre-optic lines, or engage in any business activity. Without customers you don't have a business." (Peppers & Rogers, 2005)

According to wikipedia.org, CRM includes many aspects which relate directly to one another:

- Front office operations — Direct interaction with customers, e.g. face to face meetings, phone calls, e-mail, online services etc.
- Back office operations — Operations that ultimately affect the activities of the front office (e.g., billing, maintenance, planning, marketing, advertising, finance, manufacturing, etc.)
- Business relationships — Interaction with other companies and partners, such as suppliers/vendors and retail outlets/distributors, industry networks (lobbying groups, trade associations). This external network supports front and back office activities.

- **Analysis** — Key CRM data can be analyzed in order to plan target-marketing campaigns, conceive business strategies, and judge the success of CRM activities (e.g., market share, number and types of customers, revenue, profitability, etc.).

Leading companies recognize that the key to success is creating superior value for customers. Usually, companies think of value as the way to attract new business. But they often overlook the importance of keeping customers or preventing them from defecting to competitors. Measuring satisfaction alone is not enough. A recent study showed that 60 percent to 80 percent of customers who defected had declared themselves satisfied or highly satisfied on their last satisfaction survey (Rath & Strong, 2008).

Using CRM is a smart solution for any sized business to stay competitive. Fortunately, there are as many CRM solutions as there are businesses that need them. Enterprises can more easily afford CRM than smaller businesses, which must resist the urge not to update their customer systems. For instance, many smaller businesses fight CRM because of lack of time, employees, lack of capital, and inadequate IT resources. However, if smaller businesses do their research, they learn that a CRM software solution can give value back to their customers, can retain those customers, plus increase profits and customer satisfaction.

Today, CRM is still utilized most frequently by companies that rely heavily on two distinct features: customer service or technology. The three sectors of business that rely most heavily on CRM and use it to great advantage are financial services, a variety of high tech corporations and the telecommunications industry (www.crm-software-guide.com History of CRM).

2.3 The Benefits of CRM

There are multiple benefits to using customer relationship management in a business, a few of which are mentioned here. A good business provides clear and good customer support and that's what a CRM program does. The primary benefits of CRM are increased sales, identifying the needs of the customers, saving money by using online support, and success in attracting new customers to the company (Wendehals, 2008).

According to Newell (2000) the real value to a company lies in the value they create for their customers and the value the customers deliver back to the company. Consequently, it is important to mark that the value does not lie in more information and more advanced technology. The value lies in the customer knowledge and in how the company uses that knowledge to manage their customer relationships.

If companies are transforming customer information into knowledge, and then uses that knowledge to improve customer relationships, then it would create loyalty followed by profit.

One of the benefits of CRM is the identification of the needs of the customer. The CRM can look at specific customer requirements to help give information on which product to sell. By knowing what requirements the customer needs, a company can sell products matching those requirements. This can lead to increased sales due to being able to help out a customer (Wendehals, 2008).

Another really good benefit of using CRM would be the improvement of the business's customer support. By setting up a website-based customer support instead of using the phone, customers can ask questions through email or website posts. The cost of having a website-based- support is much cheaper than a phone-based customer support (Wendehals, 2008).

People are very important in CRM practice in the organisation because they have direct contact with customers and customers see a company through its employees, particularly front line staff (Lesson notes, Introduction to Marketing Management). Each employee of the company needs to be aware of how their own set of skills and talents can best serve customers with CRM software. CRM is a complex system that needs employee support from all levels to work effectively because the very nature of CRM requires it to cross over into other departments' systems and practices. Not spending the money or the time to continuously train employees is a fatal mistake that will cost the company not only the cost of the CRM software, but their once loyal customers (www.crm-software-guide.com/history-of-crm.htm). The marketing manager should improve the quality and performance of front line staff through:

- Proper selection and training
- Providing rules and regulation to control their relationship with customers
- Ensuring consistent appearance
- Introduction of automation and computerisation to reduce personal contact

The key to success in business is to discover economically beneficial customers, acquire them and never let them go. Budhwani (2002) believes that all the customers are not beneficial; if the customer is taking the company's energy, time and resources without generating enough business they are dangerous customers. In effect, Newell (2000) concludes that the company must use CRM where they can get profitable customers.

2.4 Customer Preferences

Preference is a concept, used in the social sciences, particularly economics. It assumes a real or imagined "choice" between alternatives and the possibility of rank ordering of these

alternatives, based on happiness, satisfaction, gratification, enjoyment or utility they provide. More generally, it can be seen as a source of motivation. In cognitive sciences, individual preferences enable choice of objectives or goals (www.wikipedia.org)

Also, more consumption of a normal good is generally (but not always) assumed to be preferred to less consumption.

2.5 Consumer Buying Behaviour

Consumer behaviour refers to the mental and emotional process and the observable behaviour of consumers during searching, purchasing and post consumption of a product or service (Kundi et al, 2008).

Consumer behaviour involves the study of how people buy, what they buy, when they buy and why they buy. It blends the elements from psychology, sociology, socio-psychology, anthropology and economics (Kundi et al, 2008). It also tries to assess the influence on the consumer from groups such as family, friends, reference groups and society in general. Buyer behaviour has two aspects: the final purchase activity visible to any observer and the detailed or short decision process that may involve the interplay of a number of complex variables not visible to anyone (www.scribd.com - Consumer Behaviour).

2.6 Factors Influencing Consumer Buying Behaviour

Consumer buying behaviour is influenced by:

- a. Social Factors
- b. Psychological Factors
- c. Personal Factors.

2.6.1 Social Factors

Social factors, according to Kundi et al (2008), refer to forces that other people exert and which affect consumers' purchase behaviour. These social factors can include culture and subculture, roles and family, social class and reference groups.

A. Reference Groups

Kundi et al, (2008) stated that by taking into consideration Reference groups, these can influence the consumer buying behaviour.

They further indicated that Reference group refers to a group with whom an individual identifies herself/ himself and the extent to which that person assumes many values, attitudes or behaviour of group members. Reference groups can be family, school or college, work group, club membership, citizenship etc. Reference groups serve as one of the primary agents of consumer socialization and learning and can be influential enough to induce not only socially acceptable consumer behaviour but also socially unacceptable and even personal destructive behaviour. For example, if a student is admitted into a college / university, he/she will meet different people and form a group, in that group there can be behaviour patterns of values, for example style of clothing, handsets which most of group member prefer or even destructive behaviour such as excessive consumption of alcohol, use of harmful and addictive drugs etc. So, according to how an individual references him/herself to that particular reference group, this will influence and change his/her buying behaviour (ibid.).

B. Psychological Factors

Kundi et al, (2008) postulated that these are internal to an individual and generate forces within that influence her/his purchase behaviour. The major forces include motives, perception, learning, attitude and personality.

Attitude is an enduring organization of motivational, emotional, perceptual and cognitive processes with respect to some aspect of our environment. Consumers form attitude towards a brand on the basis of their beliefs about the brand. For example, consumers of Sony products might have the belief that the products offered by Sony are durable; this will influence those customers to buy Sony products due to this attitude towards the brand (Kundi et al, 2008).

C. Personal Factors

According to Kundi et al, (2008), these include those aspects that are unique to a person and influence purchase behaviour. These factors include demographic factors, lifestyle, and situational factors (ibid. pp.7).

Lifestyle is an indicator of how people live and express themselves on the basis of their activities, interests, and opinions. Lifestyle dimension provide a broader view of people about how they spend their time, the importance of things in their surroundings and their beliefs on broad issues associated with life and living and themselves. This is influenced by demographic factors and personality. For instance, Khan et al, (2008) are of the view that a CEO or Manager is likely to buy more formal clothes, ties and shoes and less informal clothes like jeans as compared to a Mechanic or Civil engineer. So according to their lifestyle and profession, the buying behaviour of people differs from one another.

2.7 Alternatives Evaluation

In the opinion of Khan et al, (2008) consumers' evaluation criteria refer to various dimensions; features, characteristics and benefits that a consumer desires to solve a certain problem. Product features and its benefit is what influence consumers to prefer that particular product. Kotler (2000) believes the consumer will decide which product to buy from a set of alternative products depending on each unique feature that the product offers and the benefit he / she can get out of that feature.

Again, when a mobile phone user gets enough information concerning the different brands of mobile phones available in the market, she will decide which kind of a mobile phone and brand she's going to buy depending upon her need for that particular mobile, either a mobile for multimedia and entertainment, smart phone or classic phone.

2.8 Purchase Action

This stage involves the selection of brand and the retail outlet to purchase such a product. Kundi, Khan and Mahir (2008) know that the location of the Retail outlet and its image are important. The consumer usually prefers a nearby retail outlet for minor shopping and they can willingly go to a far away store when they purchase items which are of higher values and which involve higher sensitive purchase decision (Kundi et al, 2008). After selecting where to buy and what to buy, the consumer completes the final step of the transaction by either cash or credit. Continuing from the previous example, after selecting the brand of phone and model from different alternatives of mobile phones, she will make a final decision of where to buy that phone and make the final transaction procedures (ibid. pp.10).

2.9 Post-purchase Actions

Consumer favourable post-purchase evaluation leads to satisfaction. Satisfaction with the purchase is basically a function of the initial performance level expectation and perceived performance relative to those expectations. Consumer tends to evaluate their wisdom on the purchase of that particular product. Consumers continue to evaluate their purchase after the item has been bought. It is important for firms to retain customers and so they need to understand how to convert a customer into a repeat customer. In this connection, there is some research on retention of customers and churn rates. Battberg and Deighton (1996) use a

decision calculus approach to link marketing expenditures to customer acquisition and retention rates. Bolton (1998) explores the link between customer satisfaction and retention. Since it is feasible to track customers on the Internet, research could study how online transactions translate into post purchase behaviours (such as word of mouth and posting of messages on community boards). Further, the relative effects of positive and negative word of mouth publicity on other customers, is relevant for managers.

This can result in the consumer experiencing post purchase dissatisfaction. If the consumer's perceived performance level is below expectation and fail to meet satisfaction this will eventually cause dissatisfaction, and so the brand and/ or the outlet will not be considered by the consumer in the future purchases. This might cause the consumer to initiate complaint behaviour and spread negative word-of-mouth concerning that particular product. In the end, they may leave and never return.

Yet again continuing from previous example, if she decided to buy a multimedia phone she would try to compare the quality of music it provides and pictures taken if they meet her expectations. If she finds out that her expectations are met she would be satisfied, if she found that there are more additional features that she did not expect this mobile phone to have, she would be delighted, otherwise she would be dissatisfied.

2.10 Customer Loyalty

Customer Loyalty is winning the confidence of the customer in favour of an organization such that the relationship becomes a win-win situation for both the organization as well as the customer (Manish, 2001).

Rath and Strong (2008) are of the view that Customer Loyalty is a bond between a targeted customer and a supplier where the customer consistently spends most or all of their budgets on the supplier's goods or services. Loyal customers add value to a supplier's bottom line by:

- Providing a consistent cash flow over time
- Generating new sales by referring other customers
- Buying a broader mix of goods and services
- Co-developing leading edge products that can be sold to other customers
- Reducing the company's selling and servicing costs (Rath & Strong, 2008).

Enhancing loyalty in target customers can lead to sustainable and profitable sales growth (Rath & Strong, 2008).

According to Gremler (1998), the cultivation of customer loyalty is an important challenge facing most businesses. Indeed, businesses are not only concerned about attracting and satisfying customers, but also developing long-term relationships with them. Such organizations expend considerable effort cultivating these relationships with customers (Reichheld & Sasser, 1990). In practice, what these firms are striving for is the development of relationships with loyal customers.

- Most often, the customer's importance to the company is directly dependent on the customer's direct value to the company. Loyal customers can lead to increased revenues for the firm (Reichheld, 1993, 1996; Schlesinger and Heskett, 1991) and these customers are likely to purchase additional goods and services (Clark & Payne, 1994). One particular salient benefit for service organisations is word-of-mouth (WOM) communication – loyal customers often generate new business via WOM recommendations to prospective and other existing customers of the firm (Reichheld

1996; Reichheld & Sasser, 1990; Schlesinger and Heskett, 1991; Zeithaml *et al.*, 1996).

Reichheld (1993) advocated for a paradigm shift from the traditional business thinking to placing emphasis on companies incorporating customer loyalty into their overall business strategy, when he examined customer loyalty management in building a profitable customer base. Customer loyalty should be the fundamental basis on which companies design their business operations and that loyalty can be achieved through the consistent delivery of value to customers. Baah (2006) is of the view that companies must determine potential loyal customers and develop product offerings that will deliver superior value to them in order to keep them on long-term basis.

Dick and Basu (1994) postulate that customer loyalty can be classified into four conditions according to the customer's relative attitude and repeat purchases as depicted in the Loyalty Framework or Figure 1 below:

Figure 1. Loyalty Framework

		Repeat Purchase	
		High	Low
Relative Attitude	High	Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyalty

Source: Dick and Basu (1994)

The loyal customer prefers the product of the firm relative to others as such making it unfeasible for competitors to snatch him/her. However, it is possible for a customer to defect to a competitor if over time loyalty dwindles. On the contrary the 'no loyalty' customer has the tendency to defect easily at any point in time. The 'spurious' customer is one who has a high repeat purchase rate but relatively low preference for the brand. This usually occurs in low risk and low involvement products and in products where differentiation is difficult. A customer classified as 'latent loyalty' has a low repurchase habit with high relative attitude. Huang and Yu (1999) described inertia as a non-conscious behaviour that promotes retention. This view was earlier held by Chintagunta and Honore (1996) who argued that the effect of true loyalty is a propensity to make repeat purchases enduring and constant over time, whereas the effect of inertia is repeated purchases made passively without much thought. However, the greater the degree of inertia displayed, the more sensitive customers become to sales promotions, price reduction or couponing which changes the balance, thus, spurious loyal customers may defect.

Dick and Basu (1994), as well as Prus and Brandt (1995), further argued that customer loyalty is expressed in the behavioural and cognitive (Kate, 1998) intentions of the customer such that he/she engages in positive word of mouth, renewal of service contracts or increase in purchases of the brand. Kate, (1998) also gave some of the reasons why customers may remain loyal as high exit barrier or lack unavailability of credible alternatives. Customers develop customer loyalty through increased repeat purchases from the same company. This is achieved according to Heskett, (2002) through three consumer behaviours.

- i. commitment
- ii. apostle-like behaviour and ultimately
- iii. ownership

A committed customer goes beyond loyalty and spread good word-of-mouth about the company whilst apostles are like opinion leaders who are credible and have the ability to convince and influence others to use the products and services of a company.

Finally, owners on the other hand take responsibility for the continuous success of the product/service.

Keeping customers delighted by satisfying their wants is the best defence against competition and a key strategy to increasing long-term profitability (Dawkins and Reichheld, 1990).

- Performance = expectation \Rightarrow satisfaction
- Performance < expectation \Rightarrow dissatisfied
- Performance > expectation \Rightarrow delighted

When the service performance is equal to the expectation of the customer, he or she is satisfied. In the case where service performance is less than the expectation of the customer, the customer is dissatisfied. When the service performance exceeds the expectation of the customer, then he or she is delighted.

Webster (1992) acknowledges that in the future, organisations prime property will be based on the continuing long-term relationship with customers. There is ample evidence to show that keeping current customers should be a business priority because acquiring new customers cost five times more than to keep existing ones (Weinstein and Johnson, 1999). Customers should be well managed because of the potency of word of mouth (WOM) communication. It must be noted that WOM could be positive or negative. Also, WOM depends on comparison between the customers' expectation and service performance or quality.

However, it is hoped that this would be the topic for another paper.

2.11 Customer Churn

Consumers typically purchase products or subscribe to services from businesses who they perceive to be offering the best products or services at the lowest price. And while consumers are often loyal to providers and brands they are familiar with, they will surely shift allegiance if they believe they can obtain better products or services or a better price somewhere else. Established ongoing relationships with existing customers can be a significant source of revenue for many businesses losing customers to competitors can significantly cut into a company's revenue. Managing this phenomenon, taking active steps to prevent customer "churn" is a high priority for many businesses (Maga *et al*).

Churn rate is an important consideration in the telephone and cell phone services industry. In many geographical areas, several companies are competing for customers, making it easy for people to transfer from one provider to another. Churn rate refers to the percentage of customers who cancel their online, cell phone or other subscription service during a certain time period. For example, if 1 out of every 20 subscribers to a high-speed Internet connection discontinued his or her connection every year, the churn rate for that Internet provider would be 5% (Investopedia.com).

Furthermore, David Meredith estimated that telecommunication service providers face about 30% churn rate annually, and it costs the industry about \$10 billion (Hankins, 2003). Reichheld and Sasser (1990) also noted that customer churn has a significant effect on a company's profit. They argued that by retaining 5% more customers, a company can increase its profits by approximately 100%. However, Dana Chase does not believe that churn has necessarily increased in importance since the telecom slump, but rather the causes of churn evolve and change due to new technologies that affect the behaviour of customers (Hankins, 2003).

A research by a Leading National Internet Service Provider, Identifies At-Risk Customers in a case study entitled The “Voice of the Customer”. In this report, it was stated that;

“Every service provider experiences customer churn – and virtually all devote resources to preventing or minimizing it. But unless a company can accurately identify which customers are likely to leave and when, efforts at customer retention will be wasteful.” (www.convergys.com, 2008)

Mobile telecommunications customers are becoming more mobile every day, cancelling contracts and switching providers at the first sign of discontent. The phenomenon known as customer churn is prompting US and European wireless operators to replace a remarkable 20-35 percent of their customer base each year (Bohe, 2002).

Industry analysts believe this alarming statistic does not even represent the high end of the curve, since churn rates rise with market maturity and increasing competition. Based on experiences in more mature markets like Asia, it is conceivable that customer churn rates could soar to an astronomical 50 percent. With the cost of customer acquisition already well in the five-figure range (Deutsche Telekom paid almost US\$14,000 per customer when it purchased Voice Stream, and Vodafone paid nearly US\$15,000 for each Mannesmann customer) Bohe (2002) confirmed that the cost of churn is staggering.

In a worst case scenario, wireless providers will not only forfeit secured relationships and revenues, but find themselves attempting to rectify the problem in the absence of reliable customer relationship churn management data (www.accenture.com).

Rahman (2006), considers increased price competition, reduced regulation and reducing consumer loyalty as some of the reasons that have brought customer retention and customer

relationship management into the marketing limelight, at the turn of the millennium (Gummesson, 2004). In many cases it is less expensive for a business to retain existing customers than to acquire new ones. For this reason many companies will go to great lengths to maintain their existing customer base. In highly competitive industries it is common for companies to implement elaborate customer loyalty programs or aggressive customer retention programs to prevent or limit churn, buying the company's products or services or they may simply provide some personalized contact or message to existing customers to reinforce and strengthen the relationship.

Designing an efficient and effective customer retention program can be difficult, especially when confronted with a large diversified customer base. Companies may not know whether churning is a significant problem or not. And if it is, which customer groups are most likely affected. Furthermore, a company's tolerance threshold for churn may be very low. Customer churn may be considered a problem even though it may only affect a small percentage of the overall customer base. Contacting all customers during a customer retention program is too expensive and inefficient. However, contacting too few customers could result in a failure to contact many customers who are likely to churn and who are the appropriate targets of the customer retention program. Deciding who to contact, represents a significant obstacle to preparing an effective customer retention program.

Alvarez et al (2006) stated that customer-centric approaches such as CRM have become an essential part of twenty-first century business. According to Xu and Walton (2005), the motivating factors for companies moving towards CRM technology are to improve customer satisfaction level, to retain existing customers, to improve customer lifetime value and to attract new customers. Xu and Walton (2006) further contend that the popular CRM systems are for the purposes of retaining existing customers and developing new customers.

Lindgreen and Antioco (2005) suggest that CRM usually employs Information Technology (IT) as a means to attract, develop and retain customers. Although it must be emphasized that CRM does not necessarily involve IT technology.

Customer data is collected through a whole range of touch points such as contact centre, contact management system, mail fax, sales force, web, etc. The data then are stored and analysed in a customer-centric database which is made available to all users in the company who interact with the customer (Zavareh, 2000). In the case study organisation, a typical operational CRM is the Care4u centre and the Customer Management Billing System (CMBS). The benefit of this type of CRM is to personalise the relationship with the customer and to broaden the organisational response to the customer's needs.

Hee (2009) commented that in today's business environment, organizations must retain customers and grow their value over time. Increasing customer retention by just one or two percent can have a dramatic impact on the overall profitability of a customer base. Research also shows that acquiring a customer costs at least 5 times more than retaining one. But how can companies retain customers when facing significant cutbacks on resources and spending?

By focusing on the right customer retention opportunities, companies can align limited resources and investment to achieve better returns on customer investment.

2.12 Customer Retention

Kotler (1997) asserts that customer retention is not only a cost effective and profitable strategy, but in today's business it is necessary. This is especially true when you remember that 89% of your sales come from 20% of your customers. Buckingham (2003) developed the Goalstar Lifetime Client Model, which is a progression of ten (10) steps to determine the

lifetime value of keeping existing customers and how to maximise the potential benefits of the relationship as shown below in figure 2.

Figure 2: Goalstar Lifetime Client

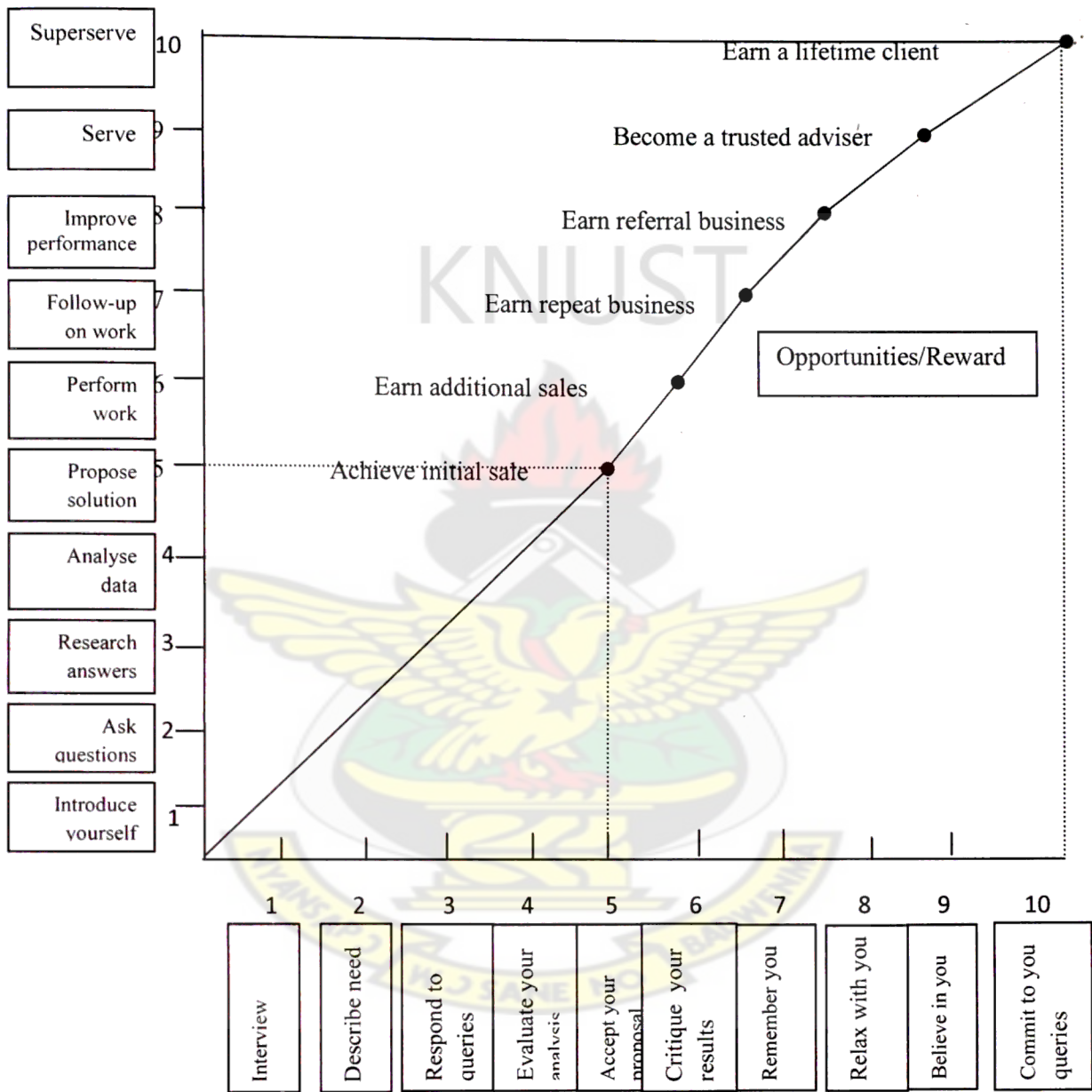


Fig. 2 Source: Customer Once, Client Forever

Payne and Frow (1999) demonstrated how a firm could increase its profits to £18 million if an additional £5.5 million is spent on activities aimed at increasing the number of very

satisfied customers by 6%. This increase would in turn result in a corresponding increase in customer retention by 4.8%.

The longer term view is supported by research suggesting that 5% increase in customer retention rate can increase the net present value of customers by between 25% and 85% (Ahmad and Buttle, 2001) or even 95% (Reichheld, 1996). Therefore a firm may better spend its marketing resources in maintaining the current customers than attracting new ones because they are profitable and less costly to keep than to replace.

Though Reinartz and Kumar (2000) agree with the fact that serving customers for a long period is beneficial, their research in contrast questions the expectations given in most literature. They find that this pattern does not comply with non-contractual settings. Reinartz and Kumar (2000) concluded that managers should refrain from equating reduced service cost, increased spending, and premium price with retained customers. Reinartz et al (2000), in his study suggested that keeping customers for a long time could have an inconsistent purchasing trend hence not profitable during periods of inactivity. Their study also claimed that long-term customers are important to a company but short-term customers may just be equally important.

2.13 Service Quality

According to Baah (2006), building and maintaining a successful long term customer relationship as well as survival in today's competitive market place demands the delivery of service quality to customers (Zeithaml, Berry & Parasuraman, 1996; Claycomb & Martin, 2001). Claycomb and Martin also suggested that "service quality refers to the consistency with which customers' expectations are met and the general superiority of the service relative to that of the competition". This is amply demonstrated by practices such as delivery on time,

giving customers a variety to choose from, paying attention to customers' complaints and demands and having competent and knowledgeable staff.

When improved service quality translates into favourable behavioural intentions customers are retained and this in turn leads to referrals willingness to pay premium prices, increased spending (Zeithaml, et al., 1996). Van der Wal and Pampallis (2002) shared similar views, saying that the key to successful business today is retaining existing customers through the provisioning of quality service and anticipating and meeting their future needs. Furthermore a research conducted by Parasuraman, Zeithaml and Berry (1985) with focus group suggests that consumers applied similar criteria in determining service quality which may fall within ten key determinants, viz, reliability, responsiveness, communication, competence, access, courtesy, credibility security, understanding the customer and tangibles. However, the study concludes that it is possible for some of the determinants to overlap. Gronroos (1994) also stressed on the technical and functional dimensions of service quality. Service quality is an assessment of the components of a service perceived by the customer, which includes tangibles, reliability, assurance and empathy (Zeithaml and Bitner, 2000).

It was concluded in a study conducted in UK among fixed telephone customers, that service quality is indeed an important driver of customer retention. However, the study also acknowledged that service quality does not seem to be the only concern of customer and that factors such as price is also considered especially for the price sensitive customers (Ranaweera and Neely, 2003). Baker (1994) argued that the effect of service quality could stand the test of time resulting in long-term relationship with customers and high retention rates. Zeithaml et al., (1996) suggests that organizations should find out the effect of service quality on customer behaviour by posing the following questions to them; what level of quality must a supplier deliver to keep the customer? What would motivate a customer to

recommend the supplier? What factors will reduce the likelihood of a customer spreading negative word-of-mouth? Should the supplier focus on the proactive service improvements or on complaint handling in order to keep the customer?

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CHAPTER THREE

METHODOLOGY AND STUDY AREA

Introduction

This chapter presents how theories were compared with reality. The methodological approach of the chapter is shown in Figure 3.1, where the chapter begins by describing the research purpose and concludes with reliability and validity including a SWOT analysis of the Onetouch and DEL brands (now Vodafone Mobile and Fixed).

Figure 3.1: Methodological Approach



Adapted from: Forster, 2006

3.1 Research Purpose

The purpose of a research may be explanatory, exploratory, descriptive or a combination of any of the three (Ericksson & Widersheim-Paul, 2003). This paper includes all three

purposes. The purposes are described, followed by a description of the approach selected for this study.

3.2 Research Design

This research combined the exploratory, descriptive and explanatory, in terms of the approach used. Exploratory researches generally seek to investigate phenomena that are not well understood (Marshall & Rossman, 1999). In such cases the research begins with an exploratory phase to assess what the research should generally be about. Then depending on the aim of the research, it evolves into a descriptive or explanatory phase. Exploratory research could also be used to identify important categories of meaning or to generate another hypothesis for research (Marshall & Rossman, 1999; Yin, 2003). Descriptive research focuses on documenting and describing the phenomenon of interest (Marshall & Rossman, 1999).

Neuman (2003), states that the purposes of social research may be organized into three groups based on what the researcher is trying to accomplish:

- Exploratory Research: becomes familiar with the basic facts, settings and concerns, creates a general mental picture of conditions, formulates and focuses questions for future research. Generates new ideas, conjectures or hypotheses, determines the feasibility of conducting research, and develops techniques for measuring and locating future data.
- Descriptive Research: provides a detailed, highly accurate picture, locates new data that contradicts past data, creates a set of categories or types, classifies a sequence of

steps or stages, documents a causal process or mechanism and reports on the background or context of the situation.

- **Explanatory Research:** tests a theory's predictions or principles, elaborates and enriches a theory's explanation, extends a theory to new issues or topics, supports or refutes an explanation or prediction, links issues or topics with a general principle and determines the best among several explanations.

This study is a combination of all three designs. It is exploratory since the reader gets to be familiar with the basic facts, settings and concerns. As the research purpose and questions of this study indicates, it is primarily descriptive. The study provides a background of a situation and gives a relatively detailed picture, hence it is descriptive. Eventually the study is explanatory because it elaborates, enriches and supports the previous theories through comparing answers of the research with the research questions.

The research problem and subsequent question in the previous chapter indicated that the aim is to confirm the assumption that CRM is a tool for reducing customer churn.

3.3 Research Strategy – Case Study

The purpose of a case study is to take a small part of a large course of events and, with the help of the case, describe the reality and how the current case compares with reality. One advantage with using a case study is that when studying an organization, there is no need to include every business unit. The study will give the reader an idea of how something works or does not work in that organization from the study of one particular business unit within the organization.

Again a case study has been used because case studies are well suited for qualitative studies (Yin, 2003). Yin further states that case studies should be used when the investigators have little control on behavioural events and on investigating contemporary events.

3.4 Data Collection: Interviews and Questionnaires

When considering the choice of data collection method, the researcher has been aware that it is important to determine what method is best suited in practice (Denscombe, 1998). The researcher should ascertain what method is the most appropriate for the task at hand, instead of trying to use advanced methods which may not be that relevant (ibid).

The main research instrument has been interviews and questionnaires based on the objectives of the study. Interviews and questionnaires have been used in this study as a way of gaining in-depth information on the topic CRM as a tool for reducing customer churn. Much as the study is in need of detailed information, it does not require a large amount of sources. An interview was therefore justified as a tool for data collection. This study used a semi-structured interview, where the interviewer had a prepared protocol of what questions were discussed and answered (ibid). In semi-structured interviews the investigator is open for changes in the protocol; in terms of the order the questions are asked. Also, the interviewee is free to develop customised answers and give as much detail as is required given the questions in consideration.

The researcher administered the questionnaires and immediately collected responses from samples. Interviews conducted were guided by the questionnaire. The samples were then sorted out for legibility, consistency and completeness.

In addition to interviews and questionnaires, the researcher referred to various sources of published literature - publications of foreign or local origin, libraries, the worldwide web,

newspapers and articles - on the subject to obtain additional information in order to answer the questions in the problem definition. Some of the organizational reports received from respondents were not official documents available to the general public. The documents will increase the validity of the dissertation and, combined with the interviews and questionnaires, will increase the accuracy of the study and the possibility of convincing the reader (Yin, 1994). The reason for using documents and interviews as tools for data collection is based on a number of facts described by Yin (1994) and Denscombe (1998) which are stated below:

- Perceived to give the most relevant information to the topic
- High accessibility to documents and interviews
- Documents can be reviewed numerous times
- Both tools focus directly on the case study topic
- Documents are exact and unobtrusive
- Both methods give insightful information.

3.4.1 Questionnaire Method

Questionnaires were administered to some members of the CEMBA II class of 2009 Institute of Distance Learning students in Accra who attended facilitation on Saturday 21st and Sunday 22nd February 2009. These units of analysis work in diverse capacities in different fields and in different regions of the country. The responses generated by these respondents were influenced by their regions of employment, occupation as well as their areas of residence which either enabled them to own the GT (VF) Landline or Onetouch (Vodafone), both or neither, whilst others only used the GT (VF) Landline in their offices. The sampled population of the study included students from the Eastern, Central, Western and Greater Accra regions. Five questionnaires were also administered to workers of Enterprise Insurance

Company, and ten copies were given to colleagues at Ghana Telecom Corporate Sales (Vodafone Enterprise) department and friends of the researcher.

3.4.2 Interview Method

Semi-structured interviews were conducted informally to tap the interest of some of GT (VF)'s corporate customers and to find out about their experiences of what CRM is doing for the customer to either stay or leave. Only five representatives from five different companies who visited the Corporate Sales Office of GT (Vodafone Enterprise) were interviewed by the researcher on different days and outside working hours to elicit extra responses to advance the course of the study.

3.5 Sampling Technique

In research, different techniques or procedures can be taken - deductive or inductive, quantitative or qualitative.

Gummesson (2000) explains that deductive research begins with existing theories and concepts and formulates hypotheses which are tested later; its highest point is received theory. Inductive research starts with real-world data, concepts and categories, patterns, and models. Theories eventually emerge from this input. After the initial stages, all types of research become a repetition of the deductive and the inductive. Cooper and Schindler (2006) also state that qualitative research aims to achieve in-depth understanding of a situation by incorporating a number of interpretive techniques which describe, decode, translate and learn to accept the meaning (and not the frequency) of certain (more or less) naturally occurring phenomena in the social world. A collection of techniques include interviews, observation, focus groups, case studies and action research (Ibid).

This study is deductive because the research purpose and research questions were based on existing theories and concepts. As the purpose of this study is to gain a better understanding of CRM as a tool for reducing customer churn, the selection of a qualitative approach was more appropriate to fulfil the stated purpose since a case study is being used. Additionally, since this study is intended to explore, describe and find as much detailed and complete information as possible, the qualitative method is the most appropriate method of study. Thus the aim of this study is to establish a close contact with the studied objects in order to avoid the making of hasty generalizations. Descriptive statistics are presented in tables, pie charts, frequency distributions and as percentages to analyze the information.

3.5.1 Sample size

When conducting a case study, (one or) a few samples are used in order to receive as much deep going information as possible. These samples are chosen from several different categorizations such as gender, occupation, age group etc. Once chosen as sample, the author has to motivate the choice (Denscombe, 1998).

Initially, the researcher's intention to administer the questionnaires and conduct interviews on customers between the ages of 16 to 50 years visiting the Accra-North Exchange in January and February 2009, did not materialize because those who were approached in that period were pressed for time and could not spare as little as five minutes to respond to the questions. Therefore an alternative plan to collect the required information had to be devised. The sample population of the study comprised a cross-section of mobile phone and landline users. For this reason, it was deemed convenient to get the responses of some members of the CEMBA II class of 2009 who meet at the Accra Learning Centre.

The total of 40 units analyzed represents a random as well as convenient sample of the total population whose raw data is analyzed in this study. Out of this number, ten were used for pre-testing and thirty used for the main survey.

3.6 Data analysis

According to Yin (1994), a general analytical strategy should be used in a case study to help the researcher in selecting techniques, and in defining the conclusion of the analysis. This study has used a general analytical approach which relies on previous theories and studies. The collection, analysis and comparison of data will rely on those theories and studies together with the research questions.

This study follows Miles and Huberman's (1994) three flows of activities in the analysis of data collected, stated below.

- Data Reduction – The process of selecting, simplifying, focusing, transforming and abstracting the data. The data will be organized so that conclusions can be drawn and verified.
- Data display – Taking the reduced data and displaying it in an organized and compressed way, to make it easier for conclusions to be drawn.
- Conclusion drawing and verification – The study will decide what things mean and note regularities, configurations, patterns and explanations.

Since this study is based on qualitative data gathered from one case- study, Miles and Huberman (1994) suggest that a pattern matching way of presenting data should be used.

Raw data was collected with the help of questionnaires which were structured to elicit the age and gender of the sample population. Respondents were required to either tick or circle the

correct answer in their opinion. While some of the questions were based on the Lickert scale, some questions elicited either ‘Yes’ or ‘No’ answers. Finally there were also some open-ended questions which sought for answers in the respondent’s own words.

Of the ten respondents who were pre-tested, only 1 of them was a female. Their age range was between 31 and 45 years as indicated in Table 1.

Pre-testing Survey

Table 1

Age Range	16-20	21-25	26-30	31-35	36-40	41-45	46-50	Total
Males	0	0	0	2	4	3	0	9
Females	0	0	0	1	0	0	0	1
Total	0	0	0	3	4	3	0	10

In the researcher’s own opinion formed during the pre-testing stage of the research, more males were interested in the questionnaire (90%:10% ratio) probably because it was being administered by a female and not necessarily because of the content of the questionnaire. However, a few of them also made valuable contributions about the structure of the questions and how they would prefer them to read as respondents. They indicated that they wanted more questions with already supplied answers (of the multiple choice format) than questions where they themselves had to figure out the answers. Those constructive criticisms helped in the design of the final questionnaire which was later used for the actual sample population.

In administering the questionnaires and during the interviews, it was observed that many respondents were users of multiple telecommunications networks. Very few respondents had one single network’s account to their names. Others used double, triple or even quadruple

telephone networks. Table 2 depicts the kind of population or respondents the researcher was dealing with.

Pre-testing Network users

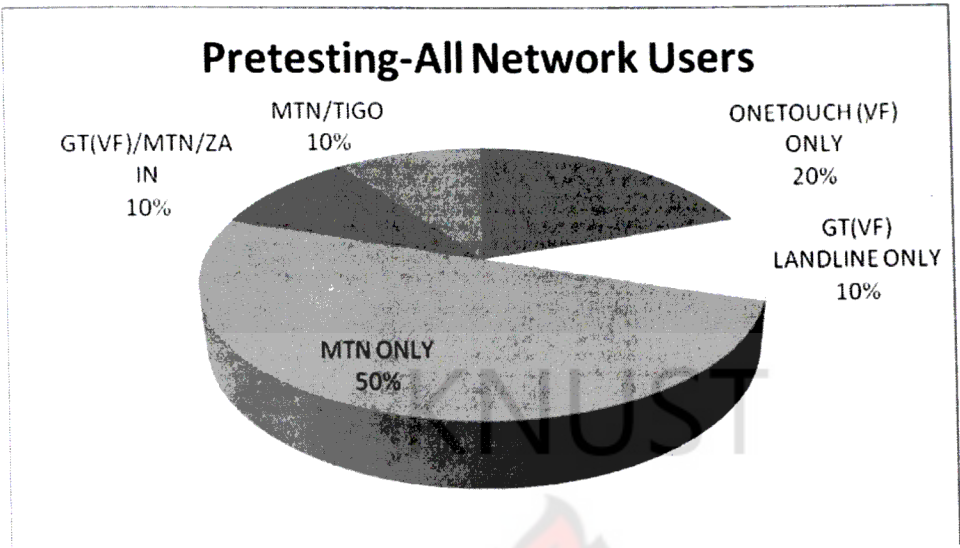
Table 2

Network	Number of users
ONETOUCH (VF) ONLY	2
GT (VF)LANDLINE ONLY	1
MTN ONLY	5
GT(VF)/MTN/ZAIN	1
MTN/TIGO	1
TOTAL	10

It also came to light from the pre-testing that there are currently more users of the MTN network than any other network. Some respondents, who either owned or used GT's Onetouch or Landline (Vodafone), still had MTN, TiGO or Zain as an additional line. Some of the reasons they gave for using their particular network was because of availability at the time they needed to purchase a cell phone. For many respondents, they used MTN because it had wider coverage. Some other respondents also claimed that their current phone numbers were familiar to their contacts, and so they preferred to continue with that service even though they considered the quality as sub-standard. The pie chart in Figure 4 shows percentages of users of the various networks according to the pre-testing survey.

Pre-testing Network Users

Figure 4



It is noted from Table 2 and Figure 4 that in the telephony market GT (VF) has a little more than 30% of customers, with only 30% being loyal to GT (VF) alone (Onetouch and Landline (Vodafone Fixed and Mobile)). However whatever shares that GT (VF) has is being keenly contested by other networks because certain customers own the GT Onetouch (Vodafone) in addition to another network (i.e. either MTN, Tigo, Zain or Kasapa). In effect, GT (VF) has to make serious efforts to maintain its customers and probably win new ones to remain within the telecom industry.

In another pie chart, where users of GT Onetouch (Vodafone) only, GT (VF) Landline only and the other networks put together are depicted in percentages (figure 4), 'OTHERS' is seen to be in control of the larger market. The other competitors share their customers because these customers prefer a combination of those networks to GT Onetouch or Landline (VF

Mobile and Fixed). This further proves the point that GT (VF) needs to prevent customer churn by improving on its Customer Relationship Management.

Pre-testing Users of All Networks

Table 3

NETWORK	USERS	% IN MKT
ONETOUCH (VF)ONLY	2	20%
GT LANDLINE (VF) ONLY	1	10%
OTHERS	7	70%

It would be ideal to compare Onetouch alone with the other individual networks, but in order to use information from a broader user-group, knowing the challenges that GT (VF)’s market is facing from customer turnover, the researcher deemed it necessary to add users of GT (VF) Landlines to the population. This allows users who only use landlines in the office even though they are not customers of Onetouch (Vodafone), to be able to give feedback on what they think CRM is doing to keep them as customers or what they recommend CRM to do to keep them. Even with the two GT(VF) products (Landline and Onetouch) combined, the fact cannot be overlooked in Figure 5 that GT’ (VF)’s customers form a little more than 30% of the market, based on the total number of respondents in the pre-testing survey.

Pre-testing Ratio of GT (VF): OTHERS

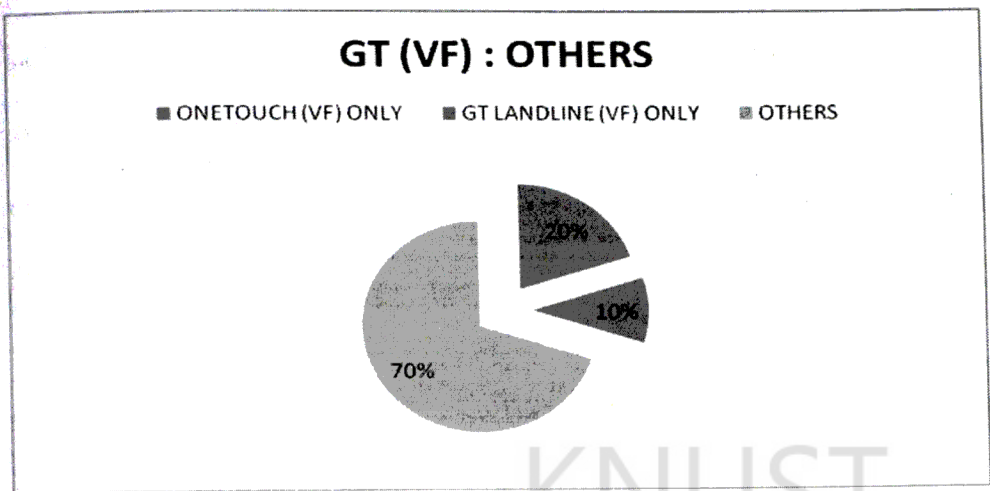


Figure 5

Generally, the results of the pretesting show that the monopoly that used to be enjoyed by Ghana Telecom (Vodafone) in previous years has greatly diminished with the liberalisation that has taken place in the telecommunications industry in Ghana.

3.7 Reliability and Validity

According to Neuman (2003), reliability means dependability or consistency. It suggests that the same thing is repeated or recurs under identical or very similar conditions. Validity is concerned with whether or not the item actually extracts the intended information. Ejvegard (2003) states that if these conditions are not fulfilled, the information collected lacks scientific value.

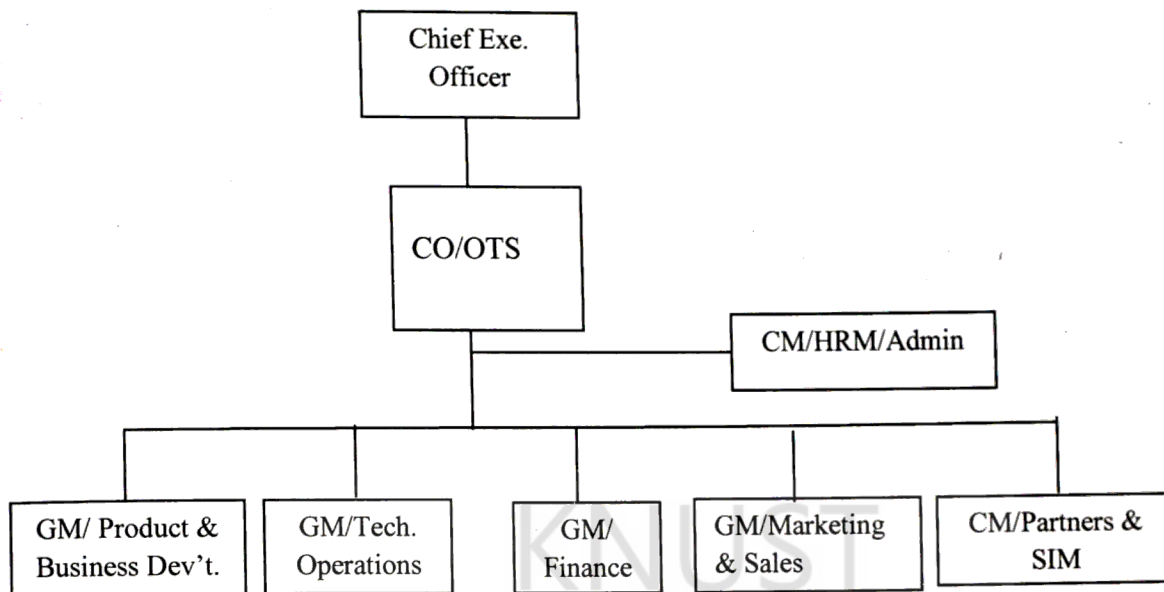
3.8 Structure of Ghana Telecom's (Vodafone) Business

Until recently, Ghana Telecom (Vodafone) had twelve tiers in the corporate staff structure, and this was actually a highly effective way of keeping teams small and business units running competently. This structure had the Board of Directors at the top of the hierarchy, followed by the Chief Executive Officer and the Company Secretary, then the Chief Officers for Human Resources Management, Finance and a Chief Technical Officer. There were also the Head/Internal Audit, Head/Regulatory, Head/ Security Coordinator, the Company Solicitor, Ghana Telecom University College Principal, Chief Officers for Onetouch, Exceed Call Centre and Shared services. Then there were the heads of Fixed Network Services, Information Technology, Corporate Communications and Customer Care. Finally, there were Regional Managers heading the various regions all over the country. The Company does not practise 'micro management', but believes that in keeping teams personal, the strong loyalties that result link across the organisation and keep it in dynamic motion in the desired direction (www.ghanatelecom.com.gh).

3.9 Structure of the erstwhile Onetouch Business Unit

Onetouch started commercial operations in October 2000 and it has been managed as a strategic business unit (SBU) within the corporate GT (now Vodafone). Onetouch SBU had its own marketing, finance, human resource/administration, information technology and technical departments as shown in figure 3. A Chief Officer (CO) was in charge of the day-to-day management of the SBU. This structure has however changed since the new owner, Vodafone PLC, started working on the new structure.

Fig. 6 Structure of the erstwhile Onetouch Strategic Business Unit



Source: Onetouch HRM/Admin Policy Document 2003

3.10 Structure of Onetouch (Vodafone) Customer Base

The second cellular operator to launch a digital cellular network, Onetouch (Vodafone) is run on a Global System for Mobile Communications (GSM), a highly successful wireless platform (Baah, 2006). It is one of the leading and fastest growing mobile standards spanning over 200 countries. Onetouch (Vodafone) started with a network capacity capable of serving one hundred thousand (100,000) customers, and expandable to one hundred and fifty thousand (150,000). Currently the total customer base stands at one million six hundred and fourteen thousand three hundred and fourteen (1,614,314) customers as at December 2008, with 90% being prepaid customers and 10% being post-paid or contract customers. The growth of Onetouch's (Vodafone's) customer base from 2006 – 2008 is depicted in Table 4.

Table 4 Onetouch (Vodafone) Customer Base Growth

Year	2006	2007	2008
Prepaid	869,977	1,267,013	1,576,659
Postpaid	16,932	23,713	37,655
Total	886,909	1,290,726	1,614,314

Source: Summary of Onetouch Monthly Reports 2008

Between 2006 and 2007, a total of 403,817 customers joined the Onetouch (Vodafone) network. From 2007 to 2008, an additional 323,588 customers which amounts to 45.5% increase from 2006 to 2007 joined the Onetouch (Vodafone) family. Although the total for the year indicate an increase in the number of subscribers, there was a marked reduction in 2008 by 80,229 which is 25.07% in terms of customers who signed onto the network in 2007.

3.11 Technology and Services

The GSM technology is technically distinctive from the analogue systems in that it uses digital technology and time division multiple access (TDMA) transmission method. Voice is digitally encoded via a unique encoder which emulates the characteristics of human speech. This method permits a very efficient data rate/information content ratio.

Services being offered through this system include call back, call forward, caller line identity, call hold, short message service (SMS), voicemail, units transfer, internet access, international roaming and international direct dialling (IDD) as well as mobile television and

multimedia messaging services. The technology is evolving and is currently testing the colour ring back tone (CRBT) as yet another value added service. In the near future, Onetouch (Vodafone) intends to launch integrated small digital network (ISDN) services and a flexible Intelligent Network (IN) capable of carrying as many customers as possible (Sackitey, 2008).

3.12 Fixed Network Services

Ghana Telecom (Vodafone) is noted mainly for its fixed line voice communications which works on the copper cable network. Since the days of booking calls through an operator at the post office till now, individual private residential or business customers continue to rely on the direct exchange lines (DELs) or Landlines. DELs in the GT (VF) market have been customized to charge the same prices as the Smartfone (which could be referred to as fixed mobile) or the eMGW (a type of Radio phone which has been adapted for areas where the copper lines are not available). Owing to the fact that the charges from either of these solutions are the same, customers do not mind having either of them. Even though copper lines are noted for voice calls, they are also used to provide data services such as fax, dialup internet services, broadband internet connections and other internet services for Internet Service Providers (ISPs). The Fixed network copper cables can be used for National Leased Circuits, International Private Leased Circuits (IPLC), Integrated Small Digital Network (ISDN), Dedicated Internet and Full Access. Recently, fibre optics and microwave technology are also being used to provide some telecommunication solutions. However, for the purposes of this paper, attention will be paid to the DEL and Onetouch users.

Table 5**Fixed Line Customer Base Growth**

YEAR	2006	2007	2008
DELs	16,180	21,816	33,602

Source: Summary of Fixed Network Monthly Reports (Private Market Sales)

With a total of approximately 132,697 listed in the 2007 Edition of the Ghana Telecom Telephone Directory, and an additional 33,602 joining the GT (VF) family in 2008, total fixed line customers stand at approximately 166,299.

3.13 SWOT Analysis of the Onetouch and DEL Brands

A look is taken at the Strengths, Weaknesses, Opportunities and Threats facing the Onetouch (Vodafone) and Direct Exchange Line (DEL) brands.

3.13.1 Strengths

- (i) GT (VF) has enjoyed monopoly for several years and continues to enjoy the reputation as the leading telecommunications company.
- (ii) Availability of existing infrastructure and personnel in most parts of the country.
- (iii). Availability of management expertise which the government, until recently, contracted to Telenor Management Partners of Norway.
- (iv) GT (VF) has a wide distribution network throughout Ghana. The company has adopted a double prong through approach to distribute its products that is through dealers and GT's (VF's) own Customer Care Units (Vodafone shops) scattered all over Ghana and a number of key dealers/distributors who channel the company's products to the final consumer.

(v) Onetouch (Vodafone) is quite a strong brand name.

3.13.2 Weaknesses

1. Inability to meet the demand of most landline customers.
2. Poor network performance.
3. Few value-added services
4. Limited network coverage in certain areas.
5. Poor customer care and after-sales services
6. Unfriendly billing system

3.13.3 Opportunities

- (i) Availability of a large mass market both in urban and rural Ghana.
- (ii) There is still a high demand for DEL and Onetouch (Vodafone) services.
- (iii) The telecommunications market in Ghana is still in the growth stage due to the inability of GT (VF) fixed network to expand their underground and overhead cable network.
- (iv) Availability of training for improved customer relationship management to retain customers.
- (v) The willingness of some consumers to pay higher prices for quality and premium cellular services.
- (vi) Value-added services are not fully exploited even though there is high demand for these services.

3.13.4 Threats

- (i) It is expected that continued growth and competition in the telecommunications industry will continue, as well as the entrance of new competitors into the market. Competition in the telecommunications market for the provision of cellular and fixed services in Ghana is highly competitive, and GT (VF) expects this competition to increase. Not only does the company compete with other independent providers of mobile phone services, it competes with other providers of telecommunications services which provide fixed telephones, Internet services etc.
- (ii) The possibility of customers leaving GT's (VF's) network to other competitors is another threat which the company dreads greatly, with the emerging competition. The Ghanaian market, being so dynamic and adventurous and prone to moving from one network to the other, cannot be restricted to one network forever; especially given that telecommunications opportunities are opening up in the country.
- (iii) Alternative pricing arrangements such as deferred payments and other discounting regimes may be required to cultivate relationships with new market entrants. However, if GT (VF) permits customers to pay for its products and services on a deferral, then GT (VF) may ultimately be unable to collect payments for such products and services due to the stiff nature of the current billing system.
- (iv) Deregulation laws are factors that have caused significant risks to the operations of GT (VF). The company's business has been subject to unexpected changes in regulatory requirements, tariffs, licensing, longer accounts receivable payment cycles, political instability, potentially adverse tax obligations and the burdens of complying with a wide variety of foreign laws and regulations.

(v) Fluctuations in exchange rates between the cedi and other foreign currencies may also have a material adverse effect on the company's business, results of operations, and financial condition and could result in exchange losses. This is because both the Fixed Network Services and Onetouch (VF) procure most of their equipment from foreign suppliers. There are no assurances that any hedging techniques implemented by the company will be successful.

Table 6: A framework for customer retention in financial service

Dimensions	Retention Element
Direction	Lowered cost through creating and satisfying profitable customers, long term perspective, response to change
Dialogue	Relationship building with profitable customers over a period of time, branding, trust and commitment, product development to meet customers evolving needs
Internal	Flexible structure responsive to new opportunities, integrated, customers first organized on customer needs, innovative, service oriented.
Staff	Loyal, inspired trust, know their customers professional, nurture relationships
System	Coordinated open customer driven information systems, capable of tracking loyal profitable customers ' new' segmentation variable

Source: Dawes & Swailes (1999)

In summary, as a market grows or as markets become competitive, firms are more likely to attempt to maintain their market share by focusing on retaining current customers. Customer Relationship Management has been advocated as an easier and more reliable source of customer retention. The extant literature reviewed on customer retention strategies identified variety of activities that can be initiated by a firm to reduce customer churn.



CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

In this chapter, the results gathered from administering questionnaires are discussed. Also, one of the interviews conducted is analysed.

4.1 RESULTS

4.1.0 Population

The population was made up of some second year students in the CEMBA class of 2009 at the Accra Learning Centre, some workers of Unique Insurance Company Limited, a few staff of Ghana Telecom (now Vodafone) and some friends of the researcher. One of the interviewees was from the Intercontinental Bank. Altogether, a total of 30 participants willingly responded to the questionnaires in the presence of the researcher after the pre-testing session.

4.1.1 Gender & Age

Respondents who participated in the exercise were both male and female between the ages of 16 and 50 years. Table 7 shows the age and gender distribution of respondents.

Table 7 - Tabular presentation of respondents to the questionnaires.

Age Range	16-20	21-25	26-30	31-35	36-40	41-45	46-50	Total
Males	1	5	3	4	5	4	1	23
Females	1	3	1	1	0	1	0	7
Total	2	8	4	5	5	5	1	30

Results in Table 7 were recorded after questionnaires were administered and responses collected.

The majority of respondents fell within the age range of 21-25 years, whilst the age range with the lowest respondents were between 46 – 50 years. This may be an indication of the relative ease with which young adults discuss pertinent issues, as compared to middle-aged persons who are cagier. The total percentage ratio of male to female respondents was 77:23.

Gender assessment of the people who filled questionnaires is presented as a pie chart in Figure 7, and as a histogram in Figure 8.

Figure 7 - Pie chart showing the gender distribution of the sampled population

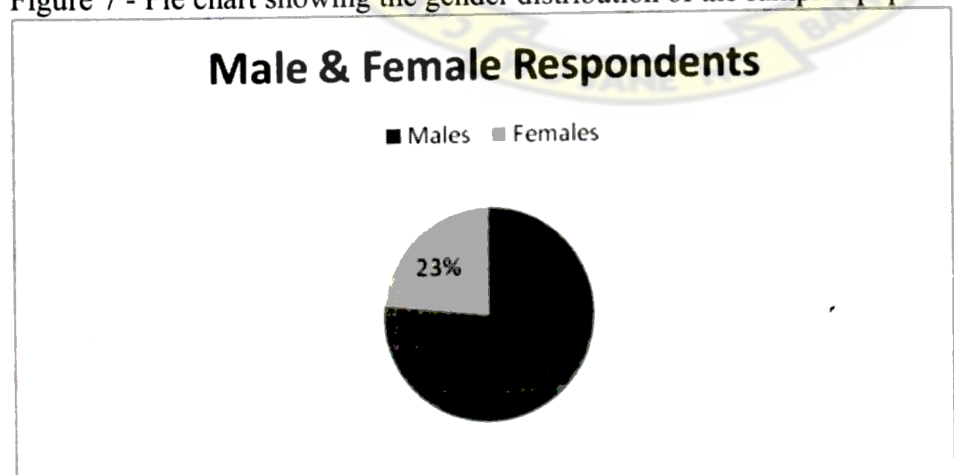
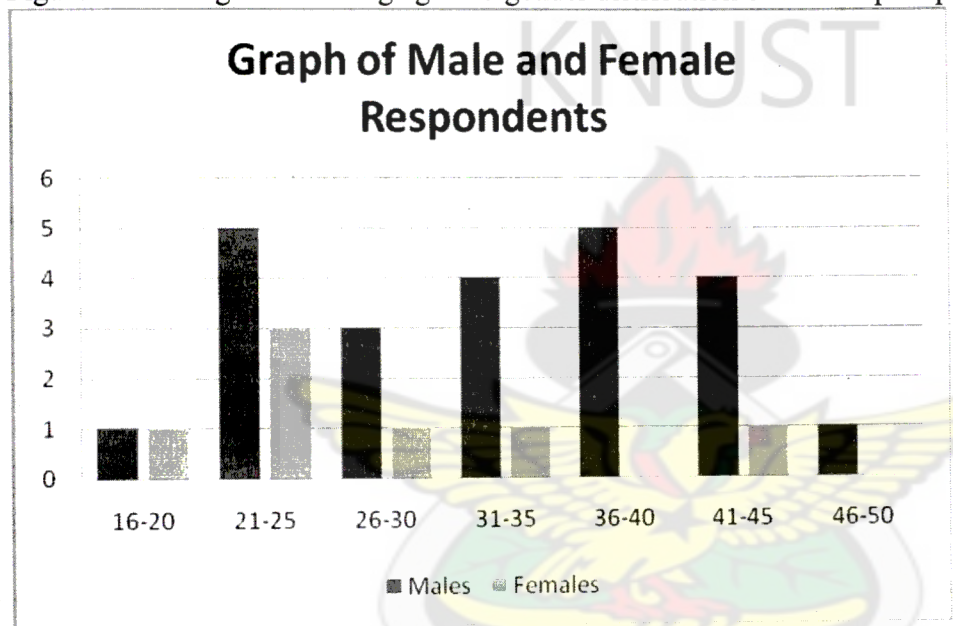


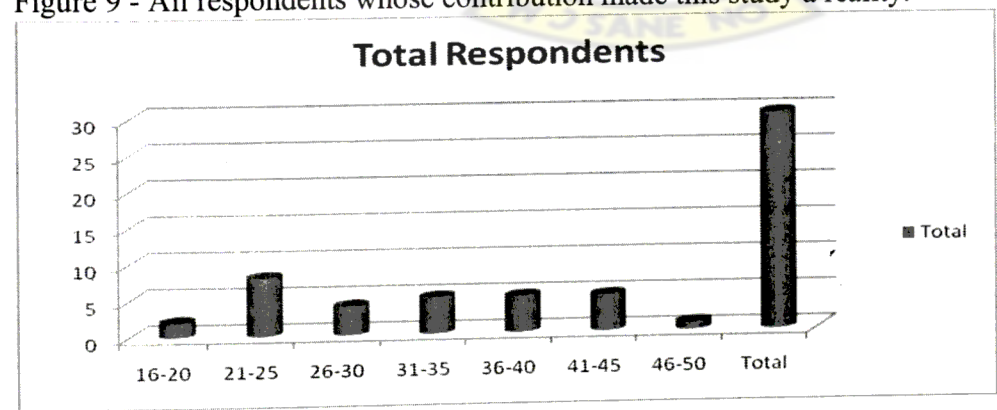
Figure 8 depicts the same information as a histogram. It is from this presentation that one notes the number of respondents within the different age brackets, especially those between ages 21-25. Being in their youth, they had no qualms about expressing their views concerning customer churn and why relationship management would be a tool to manage it. However the views expressed were not significantly different from those of the older respondents.

Figure 8 – Histogram showing age and gender distribution of the sampled population



The total number of respondents is presented in a histogram in Figure 8.

Figure 9 - All respondents whose contribution made this study a reality.



Respondents' preference depended, in some cases, on the quality of the product, the network's coverage, and on the customer relationship experience. Table 7 draws some analysis to prove that:

1. When Customer Relationship is high → Churn reduces
2. When Customer Relationship is low → Churn increases
3. Where Product quality is high → Churn reduces

Table 8 – Analysis of responses

Customer Preference	Age group	GT Onetouch (VF Mobile)	GT Landline (VF Fixed)	Others(MTN,ZAI N, Kasapa, TiGo)
Availability	16-20			/
	21-25		/	
	26-30	/	/	/
	31-35		/	/
	36-40	/	/	///
	41-45	/		
	46-50			
Coverage	16-20			
	21-25			/
	26-30			/
	31-35			/
	36-40		//	//
	41-45	/		///
	46-50			

Customer Relationship	16-20		////	
	21-25	/////	//// // // //	
	26-30	/	//// // // //	
	31-35		//// // //	
	36-40	///	//// // //	
	41-45	///	//// // /	
	46-50			
Convenience	16-20	/	/	/
	21-25		/	///
	26-30	/		//
	31-35		///	/
	36-40		/	//
	41-45	/	/	///
	46-50			
Office Use	16-20			
	21-25		/	
	26-30		///	
	31-35		/	
	36-40			
	41-45		/	
	46-50			
Competitive Rates	16-20			
	21-25	/	//	//
	26-30			/
	31-35	/		
	36-40	/	/	/

	41-45	/		
	46-50			
Personal Use	16-20			
	21-25	//	///	//// //
	26-30	/		////
	31-35	/	//	////
	36-40	/	//	///
	41-45	/		//
	46-50			
Quality	16-20			
	21-25	/	///	///
	26-30	/	/	///
	31-35		///	///
	36-40			
	41-45	////		/
	46-50			
Response Time	16-20			
	21-25		/	
	26-30		//	
	31-35		//	
	36-40	//	////	
	41-45		/	
	46-50			

The slash (/) was used in the table to represent respondents' responses which bore on the various criteria or abilities of the Onetouch (VF Mobile), Landline (VF Fixed) and other phones listed in the table. In some responses where either of the networks was seen to be of

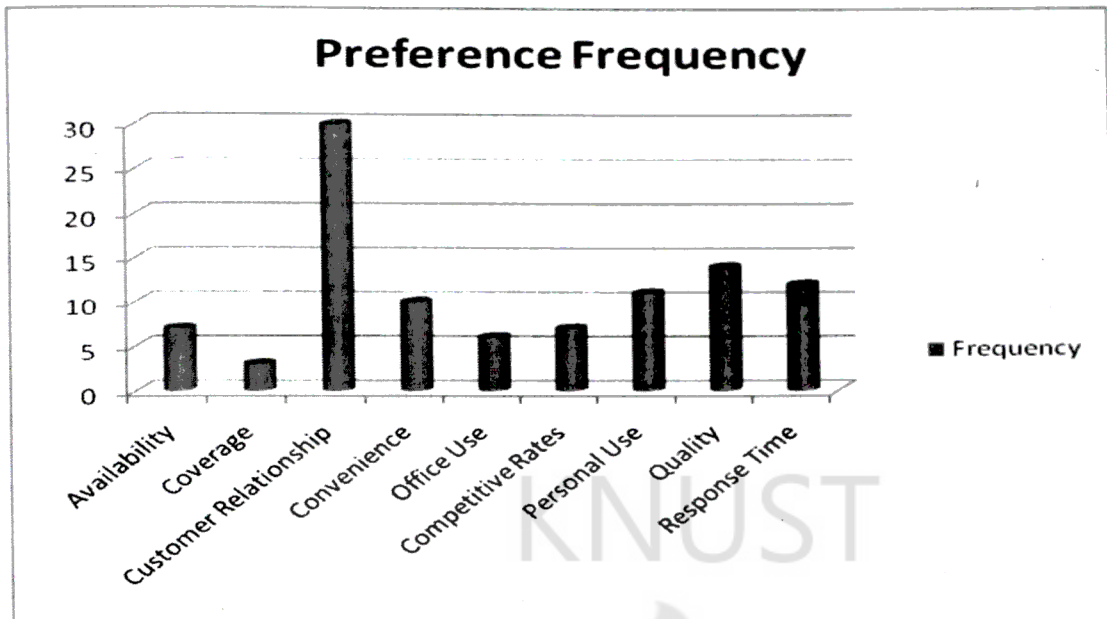
more quality, quick to respond or with the most competitive rates etc. The slash was used to represent what the respondents preferred. The answer may have been positive or negative but once it dealt with one criterion or the other (i.e. quality, response time, competitive rates, etc), it was ticked. This helped the researcher to determine whether respondents preferred quality service, quick response time or customer relationship management. Based on the responses under the GT Onetouch (VF Mobile) and GT Landline (VF Fixed), the tables and histogram were done.

Table 9 - Preferred Attributes

Attributes	Frequency
Availability	7
Coverage	3
Customer Relationship	30
Convenience	10
Office Use	6
Competitive Rates	7
Personal Use	11
Quality	14
Response Time	12

The total number of respondents for this study after the pre-testing survey was used as the highest frequency even though it was clearly shown from the frequency/tally table that there were more responses than the number recorded for Customer Relationship in table 8 above. Results from questionnaires were presented in the table above and histogram below showing the product attributes preferred by customers.

Figure 10 – Histogram of Customer Preference



The three high ranking frequencies 30, 14, and 12 were related to Customer Relationship, Quality and Response Time respectively. The highest of the three opted for Customer Relationship as a churn prevention measure. Next in rank was the product’s Quality, followed by quick Response Time to faults management.

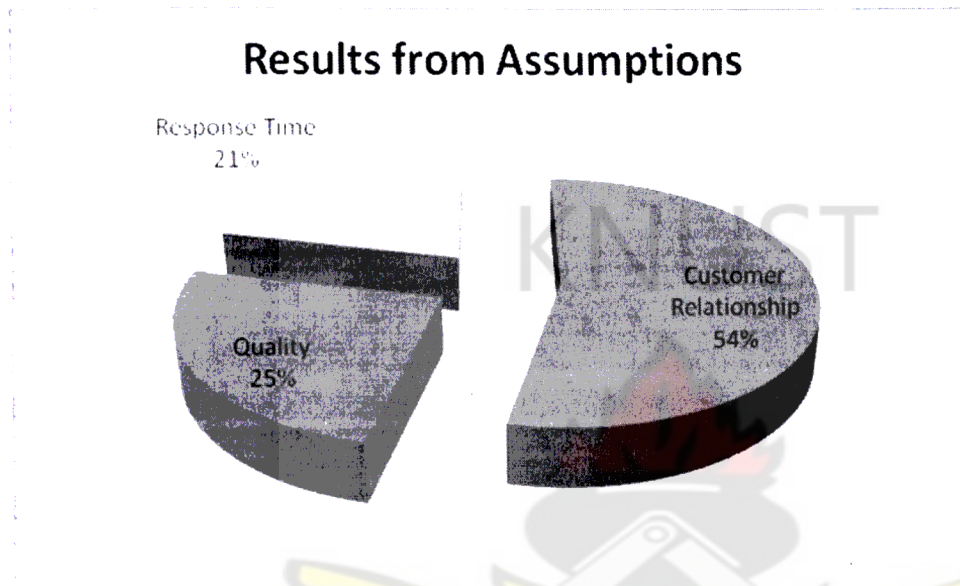
Table 10 Results confirming assumptions

Customer Relationship	30
Quality	14
Response Time	12

Below is Figure 11, which depicts respondents’ preferences in percentages. The pie chart shows that whereas 54% of the respondents believed that good Customer Relationship Management would prevent churn, 25% thought the Quality of the product (Fixed and

Mobile Phones) would prevent churn whilst 21% concluded that quick Response Time would prevent churn.

Figure 11 Customer Preferences in Percentages



From the diagram above, there was no confusion about the fact that Customer Relationship Management was the preferred option of most respondents. The next few paragraphs have attempted some analyses of the responses marked on the questionnaires from which the results above were obtained.

4.1.2 Responses from CEMBA II Students:

CEMBA II (2009) students who responded to some of the questionnaires were eighteen in number. There were fifteen males and three females. These were distance learning students who attended lectures on Saturday and Sunday 21st and 22nd February 2009 respectively. Students in the class were civil servants and private businessmen who worked in different

parts of the country including Asamankese, Kejebi, Takoradi, Koforidua and Accra. It could be deduced from the gender of respondents and as a matter of fact that there are more male students than female students in the CEMBA II class of 2009. The ages of these respondents ranged between 26 and 45 years.

It came to light from the responses that most of them used more than one network in terms of their personal phones. Those who used GT (Vodafone) Landlines in most cases also used MTN mobiles and talked about convenience, reliability and availability as their reason for that preference. All but three in this category ticked 'Clear' to their current preferred network. The three ticked 'Not so clear' to theirs even though they remained loyal to this network. This indicates the customer's desire for quality service as well as showing customer loyalty to their chosen networks.

Also in this category, only two respondents did not use GT (Vodafone) Landline because they used only their mobile phones even in their offices and because they had no landlines in their areas. For those who were still using GT (VF) Landlines they did because it is the office line, there is no alternative, it is available, reliable link to contact the house whilst at work, cheaper call rates, internet search or convenience. The few who had stopped using the GT (VF) service gave their reasons as faulty lines not repaired, calls drop, not getting value for money and suspended line respectively. In response to what would make them use GT (VF) lines again, those who had stopped using it responded 'when service is available', 'when faulty lines are repaired' and 'when the prices are cheaper'.

Seven respondents saw customer-staff relationship at the care4u as 'good' whilst seven also saw customer-staff relationship as 'satisfactory'. One respondent however, saw the relationship as 'bad' and so would not want to change any GT (VF) network. Whereas six responded 'yes' to come back or recover their GT (VF) lines, two also responded 'no', the

rest abstained from answering that question altogether. Twelve respondents had made some contact with the care4u centres but three had never made such a contact. To the twelve who either paid bills, made enquiries, etc., five said the attendants were kind and attentive, six also saw the attendants at the care4u centre as 'somehow interested in their complaints', but one saw them as not interested in his complaint. Surprisingly, this one who did not see the attendants showing any interest in his complaints was the one whose problem was resolved in two hours.

Those who saw care4u (Vodafone shop) attendants as very kind and attentive were those who had their problems solved or partly solved. Half of those who said attendants were somewhat interested in their complaints also had their problems resolved for them within thirty minutes to three months. The other half still had their problems persisting at the time of answering the questionnaires. To answer the question 'what changes would attract you to the care4u centre', eight respondents wanted to see attendants who are more quick to respond, attendants who log customer complaints on the computer and follow up on them and attendants who use better customer relationship management techniques. Other questions on the GT (VF) Call Centre were meant to solicit the interest of respondents in CRM. The eleven respondents who had heard about the Call Centre and had made some contact with some of the personnel there by calling either 011/160/100 for services were happy with them. The Call Centre's personnel were highly recommended as courteous, very nice and helpful by some respondents and satisfactory by others. What most respondents wanted to change at the Care4u and Call Centre were for more attendants to be placed there to reduce customers' waiting time that complaints reported receive prompt attention, and that attendants be more responsive. In all a better CRM was recommended.

4.1.3 Responses from Unique Insurance Company Workers:

The four respondents from the Unique Insurance Company Limited fell between the ages of 21 and 30 years. There were two males and two females. Their responses showed that they were using the GT (VF) Landlines at their office. They thought the quality was good but they wished that customer relationship management should be increased to enable a faster response time in the event of reported faulty lines. They all showed a high preference also for the MTN network which they liked because of its availability at the time they needed personal mobile phones. They believed the coverage was nationwide and that it was convenient. They loved the competitive prices that they enjoyed on that network as well as the quality. Finally, most of their friends were on that network.

4.1.4 Responses from Staff of Ghana Telecom (Vodafone)

A total of four staff members with the Corporate Business department (Vodafone Enterprise) filled some of the questionnaires to assist the researcher with her study. As staff of GT (VF), they all used the GT (VF) Landline and Onetouch (Vodafone). One of them owned additional mobile phones from MTN and Zain. Some of them had Landline phones at home and so faced similar challenges like other customers. Their preferred choices were the GT (VF) brands because of its clear quality and also they were staff. They still used GT (VF) because of cheaper rates and the availability of the network. Three out of the four respondents rated customer-staff relationship as satisfactory whilst the remaining one, said it was bad. They had all had some experience with the care4u centre (Vodafone shop) and three of them concluded that attendants were somehow interested in their complaints whilst one of them saw the attendants as very attentive and kind.

Again three of them had their problems resolved within two to three days but one did not answer that question. On one of the questionnaires, one staff added that her client was

suddenly taken off the network and that issue was still pending. She insisted that customers must be informed before any suspension of any sort is done. They all indicated that the change they would like to see in the care4u centre (Vodafone shop) was for the attendants to be more attentive and quick to respond to customers' enquiries.

All four respondents knew about the GT (VF) Call Centre and found personnel they interacted with as 'satisfactory' or 'very nice and helpful'. They recommended that the Care4u centres (Vodafone shops) should be upgraded and the environment made friendly for business transactions. Also they suggested that the customer-facing employees should be younger and friendlier and treat the customers as kings and queens. Finally, they suggested that calls should not be put on hold for a long time by the Call Centre.

It is noted from these responses that most customers are concerned with CRM practices that help to retain the customer.

4.1.5 Responses from friends

Five friends of the researcher most of whom were within the age range of 21 – 25 years also gave their opinions during the study as they responded to some of the questionnaires. Apart from two of them whose mobile phones were exclusively MTN, all the others had a combination of Onetouch, Kasapa, TiGo, MTN and Zain. Two of them had four mobile phones representing four networks whilst one had two. This was the group with the highest representation in the tables and graphs above. For most of them MTN was their preferred choice because most of their friends were on that network. Three of them admitted that the quality was not very clear but that was what was available at the time they wanted to purchase personal phones. The other two simply said they were clear. Four of them had either used GT (VF) Landline or Onetouch (Vodafone) or were currently using either of them at work or at home.

Those who used the GT (VF) Landline commended it for wider coverage, call quality, lower rates and convenience. One of them was displeased because she was not using GT (VF) anymore due to the fact that whenever the power went off her phone too went off making it impossible for her to use it anymore. In fact at the time of responding to the questionnaire, it was faulty awaiting repairs. This respondent was the only one who said she would never come back to use GT (VF) Onetouch or Landline. One other respondent wanted GT (VF) to stick to cheaper rates for him to continue business with GT (VF). On customer-staff relations at the care4u centre, two respondents ticked 'good', two also ticked 'satisfactory' and one ticked 'bad'. Again, two wanted to get their GT (VF) lines back, two would not change their network and one gave no answer at all. Two of the four who had had some experience at the care4u centre before commented that the attendants were kind and attentive, one saw them as somehow interested in her complaint, one saw the attendant as not interested in her case, one did not answer that question.

In spite of the earlier responses four of these friends said their problems were resolved all the same. The remaining one did not answer this. Within the time interval of twenty minutes to one week, three of the respondents had their complaints resolved. Two respondents again expressed their expectation of the care4u centre to have attendants who are attentive and quick to respond. Two others expected a better CRM in place. These four again knew about the GT (VF) Call Centre and actually used the services of 011/160/100 for enquiries. Whereas three found the personnel to be very nice and helpful, one found them to be simply helpful and the other found their effort as satisfactory.

As their recommendation, they wanted to see Care4u centres (Vodafone shops) with bigger floor space and accommodating environment; younger ladies attending to customers; quick response time and faster customer support processes.

4.1.6 Interview with Corporate Client

An interview which transpired between the researcher and a corporate client (who does not want his name to be mentioned), who visited the Corporate Business office (Vodafone Enterprise) on Monday 2nd March 2009, was as follows:

Researcher: "Hello, how are you today?"

Client: "Not bad!"

Researcher: "I would like to ask you a few questions on Ghana Telecom Land Lines and Onetouch (Vodafone). Do you mind?"

Client: "That's ok. I don't mind answering if it will not take all day."

Researcher: "It will only take a few minutes."

Client: "Ok."

Researcher: "Do you have any GT Landlines or Onetouch (Vodafone) in your office?"

Client: "In fact, my office does not have any GT Landlines (Vodafone), only MTN. But other offices in the complex use GT Landlines (Vodafone)."

Researcher: "Is there any special reason for that arrangement?"

Client: "Not really, but for some reason I don't know, there are no landlines in my office."

Researcher: "What about Onetouch (Vodafone)? Do you have a Onetouch (Vodafone) cell phone?"

Client: (*Laughs*) “No. I use MTN. I’m even planning to get one from Zain but I keep losing my phone so I don’t know how I will manage two phones.”

Researcher: “Never mind. But have you on any occasion visited any GT Care4u centre (Vodafone shop)?”

Client: “Oh! Yeah! I used to go there to pay my bills.”

Researcher: “How were you treated by the attendants?”

Client: “Ok, they were ok.”

Researcher: “So were you happy by the time you left there?”

Client: “I was ok. I did not have any problem with anybody so I guess, that was fine.”

Researcher: “That is fine. Have you ever called the GT (VF) Call Centre.”

Client: “What Call Centre?”

Researcher: “I meant, have you called either 011/160//100 for any enquiries, or to report a fault etc?”

Client: “Yes, yes, yes! I called 160 for directory services and the person was so helpful”

Researcher: “Did you get the number you were looking for?”

Client: “I did.”

Researcher: “What about the person who spoke to you? Was she polite?”

Client: “Yeah! She was so nice that I wanted to make her my friend. But the next time I called the line, another person answered and it wasn’t her.”

Researcher: “What was it she did that took so much of your attention?”

Client: “You see! She mentioned her name when she picked the call, asked me how she could be of help, and actually got me the number I was looking for. But what amazed me was that after she had done all that she asked me if there was anything else she could help me with.”

Researcher: “How did you feel after that experience?”

Client: “I was delighted. In fact, whenever I remember that incident, I get excited all over again.”

Researcher: “That must have been a pleasant experience. What else would you like the Call Centre to do to delight customers?”

Client: “I think that it should not take too long for a call to be answered. Sometimes, the call goes through but it is just some music playing for a long time before the attendant answers the call.”

Researcher: “Thank you very much, my friend. Now tell me, when are you getting yourself a Onetouch (Vodafone) phone?”

Client: *(Laughs)* “I will get one soon. It’s just that I keep losing my phone even though it is only one.”

Researcher: “I’ll hold you to your word. In any case, I appreciate your time and help.

Thank you very much.” *(End of interview)*

4.2 DISCUSSION

All through the analysis of the questionnaires and the interview, one fact stood out. That respondents and for that matter, customers were delighted by Customer Relationship Management experiences. Very often respondents indicated that attendants at the Care4u centre must be friendly and nice to customers. Sometimes, those at the Call Centre kept customers waiting for a long time and displeased the customer. Yet again, the one customer who would “never come back” to using Ghana Telecom Landlines or Onetouch (Vodafone), still supported those who wanted attendants to be polite and response time to be swift.

In order to get the reaction of respondents in relation to their different experiences with GT Onetouch and Landline (Vodafone), the researcher sat with respondents as they answered their questionnaires. In the process, issues came up for discussion which were not included in the questionnaire. It came to light during the interaction with respondents that customers are tied to their current network not because it had the best call quality, but rather, because they had used the number for sometime and would lose contacts if they changed to Onetouch or Landline (Vodafone) which they confirmed was of better call quality. These respondents of a particular age-range were the people who answered more questionnaires and had the highest number of multiple personal mobile phones. They were mostly national service personnel who were mostly single and had enough money to spend on making calls to their cronies and talking for long hours. This was the market that the industry had targeted to swell their customer base and increase revenue.

Narrating some of experiences they had encountered at some Care4u centres (Vodafone shops), most respondents recommended the use of younger and friendly attendants in the Care4u centres (Vodafone shops), hoping that their presence would refresh as well as retain the customers. They opined that when the customers talked with these new attendants politely

and were provided with solutions in a short time, they would always want to come back. A kind of relationship would develop which would make it possible for attendants to know customers at sight. When these attendants showed concern for the customers, they would always want to come back and not leave the network.

It could be said in summary that in as much as CRM is key to most companies, there are several companies whose services are perfect even though their CRM is bad. Other companies use CRM but have poor services. In this case, CRM alone does not help reduce customer churn. In effect, there should be a balance between the quality of service and CRM practices.



CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes every observation that has been made in the analysis and makes recommendations on the way forward to reduce or manage customer churn.

5.1 CONCLUSION

In as much as CRM is key to most companies, there are companies whose services are perfect even though their CRM is nothing to write home about. Other companies use CRM but have poor services. In this case CRM does not help reduce customer churn. Whatever the solution being used, there should be a balance between whatever CRM is used and the quality of service.

Even though the population sampled may appear minimal, they represent people from all over the country and a cross-section of the adult members of the country. Their views therefore are representative making the research authoritative. In any case, covering a larger population would have increased the financial implications to the researcher and the risk of losing most of the questionnaires in the process.

According to Bob Thompson (2008), these days, much of what businesses produce and sell can be commoditized. Customer Relationship Management (CRM) can be “a strategy to win

the battle for customers' hearts, minds and wallets by differentiating and gaining a sustainable competitive edge". After the analysis of data for this study, it has come to light that the customer wants a close relationship with the company.

This is the kind of relationship that is referred to in an article by Bob Thompson (2008) when he analyses a survey on why some business units are doing well. The high scores were based on the relationships employees in his unit have built up with customers. He suggests that instead of waiting for "perfect data," managers must ensure that they are listening to customers in multiple ways to triangulate on the insight they need. Many of the managers interviewed stayed in touch with customers informally in meetings, phone calls and annual customer conferences (Thompson, 2008).

During this study, some respondents shared some of the unpleasant experiences they have encountered at some Care4u centres and the Reception of GT Headquarters (Vodafone). Most respondents recommend the use of younger and friendly attendants at the Receptions and Care4u centres, hoping that their presence will refresh as well as retain the customers. They opine that when the new managers talk politely with the customers and provide them with solutions in a short time, they would always want to come back. A kind of relationship would develop which would make it possible for attendants to know customers at sight. When these managers show concern for their customers, they would always want to come back and not leave the network.

Although some CRM solutions are already in place in terms of faults reporting and contact management, a more flexible system based on relationship would focus on quick-wins for both customers and the company. To conclude this paper therefore, the following suggestions are recommended.

5.2 RECOMMENDATIONS

As a matter of fact, considerable time and money has been invested to win customers and Ghana Telecom (Vodafone) cannot afford to lose any of them. Customer service delivery therefore must be a competitive differentiator, a loyalty builder and an aftermarket revenue generator and CRM systems can help (FrontRange Solutions, 2008). The following steps are recommended to reduce or manage customer churn.

1. The Personal Touch

There is an adage that “people buy from people” (FrontRange Solutions, 2008). Since customer service representatives are in constant contact with customers, they engage in personal dialogue with them. If CRM and telephony systems are integrated, the phone number can identify the customer calling and pull the appropriate record automatically, allowing the attendant to greet the customer by name and to quickly scan the history and speak intelligently with the customer. Instead of wasting valuable call time wading through sheets of paper or screens searching for customer data, the attendant can begin building a personal relationship with the customer, while focusing immediately on the reason for the call.

2. Up-selling

Customer service representatives, according to FrontRange Solutions (2008), can be leveraged as a low cost sales force to up-sell and potentially cross-sell products. During a routine call, a natural up-sell opportunity may present itself to the representative. For example, a customer having trouble with his Vodafone branded mobile phone which he purchased from the company a few months ago is calling customer service to complain. The customer care attendant pulls up the purchase history in the CRM system and determines that

the type has been discontinued. The attendant is authorized to offer the customer a significant rebate if he chooses to upgrade to the newer model. Thus, a reactive problem resolution becomes an up-sell opportunity.

FrontRange Solutions (2008) believes that where the CRM solution being used by the company provides an interface to access business rules, a process can be created to query the purchase history when a call is received, then the relevant rebate offer can be popped unto the attendant's screen automatically to be communicated to the client.

Taking the example a step further, the marketing department could proactively send a rebate offer to all customers who have purchased the discontinued mobile phone, but have not upgraded to the newer model. If the telephony and CRM systems are integrated, customers can dial an offer-specific phone number and be routed directly to the care4u attendants for execution. By streamlining the interaction, efficiency is maximized for both the care4u attendant and the customer and the probability of a successful up-sell is increased.

3. Service Impacts on Customer Loyalty

The impact of CRM on the loyalty of a customer and in effect on corporate revenue is very significant in business (FrontRange Solutions, 2008). When customers experience superior customer service, they tend to be loyal to their brands. That may be the only competitive differentiation they enjoy from their service providers but their peace of mind outweighs the thought of switching brands.

4. Continuous Quality Improvement

Again nothing turns off a customer faster than interacting with a rude, unprofessional customer service representative. Representatives at the care4u centres need to be trained to consistently exhibit strong interpersonal capabilities which they demonstrate during

interviews. They must be empathetic listeners, trained to paraphrase questions and concerns, assuring the customer that her issue is understood. According to the Center for Customer Driven Quality at Purdue University, 92% of U. S. Consumers base their image of an organization on their experience using the Call Center. In Ghana today, the customer is becoming more sophisticated by the day and would ensure that her privileges are not trampled upon. One key to monitoring and continuously improving professionalism is phone-based satisfaction surveys.

5. Ask Your Customer

Customer Relationship Management solutions allow for monitoring and continuously improving professionalism using satisfaction phone based or internet based surveys. For example, after interacting with representatives at the care4u centre on the phone, customers can be directed to an automated survey, where they are asked a series of questions. Here, customers can leave recorded comments that are automatically emailed to the manager. Statements like the following:-

- The customer service attendant was courteous and professional.
- The customer service attendant understood my issue or problem
- The customer service attendant was clear and easy to understand.
- My transaction was handled to my satisfaction.
- I would recommend this care4u centre to others.

have the greatest impact on satisfaction and loyalty and would prevent churn.

The next thing is to construct a numerical system that allows customers to easily rate their level of satisfaction for each survey statement along a continuum from “strongly agree” to

“strongly disagree”. If the ratings are negative, some extra customer attention should be provided to get the relationship back on track – that is if the telephony is integrated with the company’s Customer Relationship Management system. This way, customers who may be suffering from burnout and need to be moved from the frontline would be identified.

6. Listen and Learn

Finally, FrontRange Solutions (2008) suggests along the same lines, communications between customer service representatives and customers must be recorded regularly. Recording allows the manager to pinpoint where attendants are consistently doing well and where they need to improve. Later on, the star performances could be played back to the whole team to help improve their customer interactions.

With these steps approved and functioning, Ghana Telecom (Vodafone) could deliver the superior service that Vodafone seeks to bring into the telecommunications industry by being Approachable, Bright, Communal, Dependable, Ethical and Innovative to increase customer loyalty and reduce churn and at the same time, increase corporate revenue.

It is recommended by Sasser and Jones (2001) that customers be highly or completely satisfied - not merely satisfied. Otherwise, they are ripe for defection to rival companies.

It would therefore be suggested that in future, other research be taken in the Northern, Ashanti or Western regions of the country to determine the benefits of CRM to Vodafone customers and whether it helps to prevent or reduce customer churn.

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APPENDIX

QUESTIONNAIRE ON CUSTOMER RELATIONSHIP MANAGEMENT AS A TOOL FOR REDUCING CUSTOMER CHURN IN GHANA TELECOM

Please read the questions carefully and **tick** the correct answer in your opinion

Indicate whether you are a Male/ Female Age: [15-20;21-25;26-30;31-35;

1. What day is it today? 36-40;41-45;46-50;51-55]

ANS: a) Monday b) Wednesday c) Tuesday d) Friday d) Thursday e) Saturday f) Sunday

2. Which of the networks below do you use?

ANS: a) GT Landline b)GT Onetouch c) MTN d)Kasapa e) TiGo f)Zain

3. Why do you prefer that particular Network?

ANS:.....

4. How clear is your current network when you receive or make a call?

ANS: a) Very Clear

b) Clear

c) Not so clear

d) Bad

e) Very Bad.....

5. Have you ever used GT Onetouch/Landline before?

ANS: a) Yes b) No

6. Why do you still use GT Onetouch/ Landline? Why don't you use GT Landline/Onetouch?

ANS:

7. Why did you stop/why are you still using GT Landline/Onetouch?

ANS: a) Service unavailable

b) Calls drop

c) Faulty line not repaired

d) Cheaper

e) Other

8. Which of the problems in Q7, when resolved will make you come back to using GT Landline/Onetouch?

ANS: a) All

b) a & b

c) a & c

d) b & c

e) d only

f) I will never come back

9. How do you rate Customer – Staff relationship at Ghana Telecom Care4u?

ANS: a) Very Good

b) Good

c) Satisfactory

d) Bad

e) Very bad

10. Would you like to change/recover your telephone network to GT Landline/Onetouch?

ANS: a) Yes b) No

11. Have you interacted with any of the Care4u centres? Eg. Paid bills/made enquiries/reported faults

ANS: a) Yes b) No

12. How were you attended to at the C4u centre/ how were you served at the C4u?

ANS: a) Attendants were kind and attentive

b) Attendants were somehow interested in my complaint

c) Attendants were not interested in my complaint

d) Attendants were doing their own thing and totally ignored me

13. Was your problem resolved?

ANS: a) Yes b) No

14. What was the response time? After how long was your problem resolved?

ANS:

15. What changes would attract you to the C4u centre?

a) When attendants are more attentive and quick to respond

b) When attendants are slow to attend to customers

c) When attendants log customer complaints on the computer and follow-up

d) When Customer relationship management is in place

16. Do you know anything about the GT Call Centre?

ANS: a) Yes b) No

17. Have you ever used the services of 011/ 100/ 160 to make any enquiries?

ANS: a) Yes b) No

18. How helpful were the personnel you interacted with?

ANS: a) Very Nice & helpful

b) Very Helpful

c) Satisfactory

d) Not helpful at all

e) Totally rude

19. What do you like about the Care4u centre/ Call Centre?

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.....

20. What do you like to change at the Care4u centre/ Call Centre?