

**FACTORS AFFECTING CUSTOMER RETENTION IN COURIER COMPANIES
IN KENYA**

By

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MASTER IN BUSINESS ADMINISTRATION (CORPORATE MANAGEMENT)

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DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

George Omondi Onyango Reg. No. 15/06111

Signed: **Date**

I do hereby confirm that I have examined the master's dissertation of

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And have approved it for examination.



Signed: **Date** ...4th November 2021.....

Dr. Mary Mwanzia

Dissertation Supervisor

ABSTRACT

The main purpose of this research study was to determine factors affecting customer retention in courier companies in Kenya. The study was guided by a number of research questions. Does relationship representative affect customer retention, does credit affect customer retention, does branding affect customer retention and does cost of switching affect customer retention in courier companies in Kenya. The study was quantitative and adopted a descriptive cross sectional survey design which is mainly used in preliminary and exploratory research studies. Primary data shall be collected from the courier companies using questionnaires. A population of 253 registered courier companies in Kenya was contacted. Data was coded in statistical package for social sciences (SPSS) and analysed by descriptive statistics and inferential statistics. Diagnostics test conducted were normality heteroscedasticity and multicollinearity and they met the criterion for regression analysis. The findings indicated that Relationship Representative and Customer retention in courier companies is positively and significantly related ($\beta=0.315$, $p=0.000$). The findings further indicated that Payment Credit and Customer retention in courier companies is positively and significantly related ($\beta=0.143$, $p=0.048$). Product Branding and Customer retention in courier companies is positively and significantly related ($\beta=0.503$, $p=0.000$). Lastly, the findings indicated showed that Switching Cost and Customer retention in courier companies is positively but insignificantly related ($\beta=0.022$, $p=0.787$). The study concluded that relationship representative, payment credit, product branding had a positive and significant effect on Customer retention in courier companies. However, the relationship between cost of switching and customer retention in courier companies was not significant. The study recommends that the courier firms should have relationship representatives to build customer relationships as they are important because they increase sales, reduce customer attrition, deliver invaluable marketing, boost employee morale and turn customers form more market information. The study recommends that the courier firms can offer reasonable credit to the customers based on their creditworthiness. The study recommends that due to the high competition, they should continually embark on product branding. Branding will make a memorable impression on consumers and allow the customers and clients to know what to expect from the courier firm.

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DEDICATION

To my wife Mercy and children Matthew, Abigail and Neema who have supported and encouraged me through my university education.

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ABBREVIATIONS AND ACCRONYMS

CAK: Communication Authority of Kenya

CIAK: Courier Industry Association of Kenya

EDM: Expectancy Disconfirmation Model

SPSS: Statistical Package for Social Sciences

UPS: United Parcel Service

OPERATIONAL DEFINITION OF TERMS

Cost of switching:the costs a consumer pays as a result of switching brands or products.

Customer retention:a company's ability to turn customers into repeat buyers and prevent them from switching to a competitor

Product branding: the use of different branding tactics, from choosing logos and designs to determining your brand's name and tone of voice.

Relationship representative:the sector responsible for the highest customer service by interacting with customers to respond to their inquiries and concerns, process their requests, and resolve their complaints.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Customers are the backbone of businesses as they provide income to the business by buying their products or procuring services from them. Customers are the center of an organization's universe as they define quality (Sharma & Negi,2014). They expect performance, reliability, responsiveness, competitive prices, on-time delivery (Khan, 2013). Most organizations' marketing efforts focus is on the 'getting' of customers, rather than on keeping of them (Christopher, 2011). A study by consulting company Bain and Co. found higher customer retention rates correlated strongly with profitability. The reasons for this are that a retained customer typically costs less to sell to and to service. As the relationship develops there is an increased likelihood that they will give a greater part of their business to a supplier whom they are prepared to treat as a partner. The more satisfied customers are the greater the customer retention and willingness to make repeat purchases (Thawesaengskulthai et al, 2015).

Having a consistent customer base that are loyal to a company's product or service guarantees continuity and survival of the enterprise. Knowledge from customers has a positive impact on both innovation speed and innovation quality as well as operational and financial performances according to Taherparvar, Esmaeilpour and Dostar, (2014). It has been published that a small increase in customer retention can increase profits by more than 25%. Roopa Singh, Imran Akhtar Khan (2012). Customer retention is an outcome of customer loyalty that generate a sustainable competitive advantage for a firm (Hennig-Thurau & Hansen, 2013). There has been an increase in customer care management sections in the recent past in many companies

researched Verhoef (2013). This is due to the awareness of the importance of customers to a business argued Katherin Lemon, (2013). Findings by Yeung, Ramasamy, Chen and Paliwoda(2013) suggest a significant relationship between customer satisfaction and consumer expenditure in European countries. They further gave results which reflected the importance of satisfied consumers on the economy as a whole, suggesting boosting customer satisfaction should become a national agenda in European countries.

1.1.1 Factors influencing Customer Retention

Bailey (2012) in his study of a Canadian mobile telephony company suggest that well-financed foreign entrants pose a risk to the major domestic carriers and that successful promotional strategies will require strong leverage of their existing price and quality advantages to retain customers. Kim (2011) studies of the European tourism sector shows that managers need to understand the importance of not only customer satisfaction but also delight in directly driving customer loyalty. He further noted that achieving mere customer satisfaction is not enough to get customers' attention and gain loyalty among customers. Findings from Mostert and De Meyer (2010), supported findings from international studies by providing a unique South African perspective on the effect of a strategy of building relationships with customers on their satisfaction, loyalty and ultimately retention.

Many companies have shifted their focus from customer acquisition to customer retention in Africa (Roberts-Lombard, (2019).The most effective retention qualities are quality of the service provided, provision of customer support services and the capacity of the network to provide the services at an affordable price investigated Mukwada and Molapo(2011). Though provision of quality services and benefits is necessary it is not a sufficient condition for customer retention (Mukwada & Molapo(2011). In Ghana, indications are that switching barriers do not

lead to bank customer retention in the banking industry in Ghana (Agudze-Tordzro, et al, 2014). This simply means that banks operating within the Ghanaian banking industry do not create barriers geared towards retaining their customers as suggested in literature asserts (Agudze-Tordzro, et al, 2014).

They therefore recommended to banks operating within the Ghanaian banking industry to find a way of creating barriers as a means or strategy for retaining their customers. In Ethiopia, Gizaw, and Pagidimarri (2014) found that customer satisfaction has mediating effect on the relationships between service quality and customer loyalty link in insurance company leading to customer retention. In Uganda Scovia (2012), study confirmed that the concept of employee responsiveness yields customer loyalty which in the long run results into consistent customer retention. The research findings by Mwikwabhi (2013) revealed that in Tanzania, overall service quality provided by banks influences customer retention. Customer retention has gained increased value among both goods and service providing firms (Ogongo, 2014). Companies that are successful in retaining customers have customer retention strategies. Njuguna(2010) confirmed that customer retention strategies were grouped as people related, process related, pricing related, product related, place related and promotion related strategies in Equity Bank of Kenya(Mburu,2014).

In Kenya, competitive strategy is a long - term action plan that is defused to help a company gain a competitive advantage over its rivals confirmed (Munyiri, 2014). Thus, business image is an essential factor to help in retaining customer (Schulz & Omweri, 2018). According to Waithaka, (2014), those companies should strengthen their market intelligence so as to identify new trends in markets as well as competition to be relevant in the market. Brand awareness which includes advertising, personal selling, sale promotion and public relation improves

customer retention in telephonic companies in Kenya (Agumba et al, 2017). However, to date far little attention has been paid on the importance of customer retention in courier companies in Kenya.

1.1.2 Customer Retention

Terpstra and Verbeeten (2014) research studies indicate that customer satisfaction is a value driver. Customer satisfaction is not cost-free and managers have to consider the costs and benefits of increasing customer satisfaction. Deng, Yeh and Sung (2013), research findings on American hotels suggested that hotel managers apply the H-SCI model instead of a general customer satisfaction survey. With this model, they can obtain a robust estimation of customer satisfaction, as well as extra information of post-purchase customer behavior to better manage customer satisfaction and achieve a competitive advantage over their competitors. Mehdi Moghadam (2013), studies of banks in Iran concluded in his research results that bank personnel should pay particular attention to customers, understand their interests, supply their services properly and completely recognize them, these will lead to customer satisfaction, commitment and retention.

Kangogo, Musiega and Manyasi (2013) assert that high customer satisfaction possibly affects customer's retentions, referrals and reception and a strong predictor of future business performance. In her research, confirmed monthly income and level of education are significant factors affecting both the satisfaction and retention of the bank customer. Wainaina, Shavulimo and Kiama, (2018) confirm that financial products offered in banks, the interest rates, banking charges and the banking environment have an important influence on customer retention. Suggestions by Wainaina, Shavulimo and Kiama, (2018) recommended that banks need to maintain good quality relationships with their clients, maintain favorable interest rates,

charge favorable fees on services and maintain a good banking environment as these factors directly influence client retention. In most cases business loses some customers, but few ever measure or recognize how many of their customers become inactive, (Munyiri, 2014).

1.1.3 Overview of Courier Companies in Kenya

Courier industry in Kenya dates back to 1st July 1999 when it was officially liberalized. Initially postal corporation of Kenya was offering the services since 17th century. Since then, demand for the services has tremendously increased and the environment has changed due to advancement in technology. This has necessitated firms to enter into the business and compete with the already existing firms. Some of the courier firms operating in the country are local while some are international like Skynet and United Parcel Service (UPS) among others (Courier Industry Association of Kenya, 2020).

Communication Authority of Kenya (CAK) regulates the operations of the industry. There is an umbrella body, the Courier Industry Association of Kenya (CIAK), whose role is to set service standards, ensure courier operators engage in discussions and negotiations with industry stakeholders such as, the Kenya Police, Kenya Bureau of Standards, Anti Narcotics Unit, Kenya Revenue Authority and the Local Government Authority, for the development of the courier business in the country and operations facilitation. CIAK also provides information on various activities that the member courier companies can engage in as part of corporate social responsibility. There are 235 registered courier companies in Kenya, (Courier Industry Association of Kenya, 2020). The study looks at the company's relationship representative, payment credit, product branding and cost of switching within the industry in the effort to retain customers.

1.2 Statement of the Problem

In the courier, industry new companies are formed each year while some close business citing lack of customers. The lack of customers could be attributed to poor retention of customers by the closing companies. Therefore, customers are key to the success of various businesses. There is need to understand why enterprises that contribute to nation building and creation of employment do not prosper and there is availability of customers. Many businesses focus on customer trust and loyalty to maintain their base (Hansen, 2013).

However, trust and conflict handling are seen to have an indirect significant effect on customer retention via customer satisfaction (Mahmoud, 2018). Maxwell (2018) informs that managers should effectively resolve customer complaints as well as build their trustworthiness in order to satisfy and retain their customers. In their findings Lampón, (2017) confirmed that the closer contact with customers and the availability of their expertise favour the development of solutions that better meet their needs, bridging the cognitive gap which often exists between partners. He further concluded that co-creation processes foster customer predisposition to buy and cross-sell (Lampon, 2017). Developing emotional bonds with customers creates loyalty which leads to high customer retention rate (Weinstein, 2012).

The relationship between relationship marketing and customer value each has a direct influence on customer retention and loyalty informs Trenggana, (2019). However, relationship marketing and customer value towards loyalty if through customer retention does not have influence as researched by Trenggana (2019). Financial products and services help retain customers by reducing their tendency to leave, managers and the other stakeholders are advised to come up with new products and technological innovations that increase the number of products available

to the customers(Siele& Muturi,2016). The study by Maina (2012)established that a well pricing and enhanced quality product provides competitive products that satisfied its customers. Marketers must be focused on the balance between costs and revenues of each distinctive program because it is important for any business to think in an economical way informed (Magatef& Tomalieh, 2015). Results reveal a negative relation of trade credit and customer switching that is, trade credit acts as a switching barrier hence retains customers who are benefactors of the credit as studied by Hermes et al (2012). It was also confirmed by Cowan, Drexler and Yañez, (2015) that credit guarantees increase the aggregated amount of credit and customer confidence.

The results from the study by Wu and Lu (2018) suggested that service quantity positively influenced customer satisfaction. It was further confirmed by Alshurideh, Masa'deh, and Alkurdi, (2012). Customer satisfaction directly affects customer retention(Khan, 2013).Retention of old customers is much cheaper than acquiring new customers concluded Khan, (2013). Acquiring new customers cost 5 to 10 times more than customer retention Khan (2013). Customer trust and customer satisfaction have positive effect on customer retention Alshurideh (2016).The findings of studies examining the use of credit by Yañez, (2015), cost and pricing influencing customer retention by Hermes et al, (2012). Emotional bonds might increase retention studies by Weinstein, (2012), trust and satisfaction as studied by Khan, (2013) indicated little attention has been given to the area of customer retention in courier companies. Although much work has been done to date, more studies are needed on effects of customer retention towards courier companies.This has led to the study to examine factors affecting customer retention in courier companies in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general purpose of this study was to determine the factors affecting customer retention in courier companies in Kenya.

1.3.2 Specific Objectives

The study was guided by the following research objectives;

- i. To establish the effect of relationship representative on customer retention in courier companies in Kenya.
- ii. To examine the effect of payment credit on customer retention in courier companies in Kenya.
- iii. To investigate the effect of product branding on customer retention in courier companies in Kenya.
- iv. To establish the effect of cost of switching on customer retention in courier companies in Kenya.

1.4 Research Questions

- i. What is the effect of relationship representative on customer retention in courier companies in Kenya?
- ii. To what extent does payment credit affect customer retention in courier companies in Kenya?
- iii. What is the effect of product branding on customer retention in courier companies in Kenya?

- iv. To what extent does cost of switching affect customer retention in courier companies in Kenya?

1.5 Significance of the Study

The study will benefit business owners on importance of customers to the business and inform them to understand how to maintain customers for their enterprises. It is cost effective to maintain current customers than acquiring new customers, Brandon Carter, (2019). A repeat customer shows satisfaction to the product and service. Loyal customers give better returns, Ashley Autry, (2019). The study will be beneficial to the managers of courier companies understand how to improve profits by maintaining consistent customers for the business. Engaged customers give more feedback which assists in innovation and corrective measures. Feedback improves communication, Doaei, Rezaei and Khajei, (2011). The study will assist managers on how to make their brands more visible to the public, Hong-kit Yim et al, (2004). Engaged customers give more feedback, firm managers will learn importance of engagement with customers.

The study will be important for industrialist in identifying important inputs and resource allocation in areas that will yield profit and enhance growth in the industries. Customer satisfaction is the foundation for any organization to retain its existing customers (Khan, 2002). Academicians will benefit because the final report of this study on customer retention will act as future reference materials, scholars and future researchers in this area will use this study as a reference in their studies.

1.6 Justification of the Study

Retaining customers is key in giving a competitive edge to organizations informs Emma, Ogutu and Ondieki, (2018). Previous studies have looked at various factors that need to be looked on for improving customer retention but not how certain ways can affect retention of customers. It is in this regard that the study seeks to fill this gap by studying the various factors affecting customer retention in courier companies in Kenya.

1.7 Scope of the Study

The study examined courier companies incorporated in Kenya, based and operating within Nairobi. Out of 235 registered courier companies in Kenya, (Courier Industry Association of Kenya, 2020). The study used 155 courier companies based in Nairobi. The study look at the company's relationship representative, payment credit, product branding and cost of switching within the industry in the effort to retain customers.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on factors affecting customer retention in courier companies in Kenya. It looks at the theoretical literature review of social exchange theory, expectancy disconfirmation model theory and theory of product differentiation. It describes empirical literature review on relationship representative, effect of credit, product branding and switching costs on customer retention. It identifies the research gap and state the conceptual framework.

2.2 Theoretical Literature Review

In this section, several theories are highlighted to strengthen the study. Research has been performed to find out what makes customers remain to given companies and how the retention affects its performance. A number of theories have been developed even though there is no universally acceptable customer retention theory. Understanding of these theories facilitates managers to get better insight into customer behavior. Some of the theories that are discussed include social exchange theory, expectancy model theory and theory of product differentiation.

2.2.1 Social Exchange Theory

Sociologist George Homans developed the social exchange theory. According to the theory people weigh the potential benefits and risks of social relationships. When the risks outweigh the rewards, people will terminate or abandon that relationship. Long term relationships go through four stages suggested Thibaut (2000). Sampling (costs and rewards are explored), Bargaining (negotiation of rewards and costs are agreed), Commitment (exchange of rewards and acceptance of costs stabilize), there is now focus on relationship and Institutionalization (norms

and expectance are firmly determined). The main idea behind social exchange is everyone tries to maximize the rewards they obtain from a relationship and try to minimize the costs. If the relationship is to be successful then both parties are expected to give and take in equal proportions, (Kelley, 2002). Social exchange theory is a major component in customer retention for courier companies in that they benefit from successful relationships with their customers.

2.2.2 Expectancy Disconfirmation Model Theory

The most dominant theory of customer satisfaction is the expectancy-disconfirmation model (EDM). The structure of the theory was developed in a series of two papers written by Oliver in 1977 and 1980. According to this theory, satisfaction outcomes are a function of perceived performance and perceived disconfirmation. Perceived disconfirmation depends on perceived performance and standard for comparison. Standards of comparison may include expectations, ideals, competitors, other service categories, marketer promises and industry norms. If perceived performance is significantly worse than the comparison standard, a customer will experience negative disconfirmation (service did not meet expectation). It does not matter how the service provider believed the service was performed. It is especially important for managers of business services to recognize negative disconfirmation as it presents the largest threat to customer loyalty and retention, word-of-mouth recommendation, repeat purchases and other desirable customer responses. Customers may express high satisfaction levels with a company in a survey but satisfaction does not equal loyalty.

Loyalty is demonstrated by the actions of the customer. Customers can be very satisfied and still not be loyal. Chereton (2001), states that loyalty does not result from monopoly because when there is a new entrant into the market most customers will move once the novelty wears off then the customers look elsewhere. It also does not come about because of discounting. True

loyalty results from the relationship between the suppliers and the customer and the brand is a vital vehicle for defining and managing that relationship.

2.2.3 Theory of Product Differentiation

Differentiation is the action or process of differentiating or distinguishing between two or more things or people (Oxford English Dictionary). When looking at differentiation four main factors have been identified as characterizing a service. Intangibility, inseparability, heterogeneity and perishability (Zeithalm & Bitner, 2003). The theoretical model of endogenous reference dependence of Ok, Ortol-eva and Riella (2011), is applied to the theory of vertical product differentiation. The standard problem of a monopolist who offers a menu of alternatives to consumers of different types is analyzed, but allows them to exhibit a form of endogenous reference dependence like the attraction effect. Egan (2004) has been noted as one of the first to introduce the concept of relationship marketing which he defined as the attracting, the maintaining and the enhancing of customer relationships. Courier companies must be innovative and should offer attractive products that guarantee retention of their customers.

2.3 Empirical Literature Review

2.3.1 Effect of Relationship Representative on Customer Retention

Managers need to think beyond the technological components of products and service and focus on customer relations dimensions to significantly enhance efficiency customer retention and sales growth asserts Hong-kit Yimet al, (2014). The manager should be able to correlate in an efficient optimal manner the strategies oriented towards acquisition of new clients and retention of existing ones with the perceived value of the logistic service quality (Micu, Aivaz & Capatina, 2013). Chen, Chiu and Chang, (2017) confirmed in their studies that

satisfactory personal selling is the most important attribute for increasing the likelihood of customer retention. Relationship managers helps organizations maximize the value of every customer interaction and drive superior corporate performance (Ghavami, & Olyaei, 2016). They further informed the challenge is to make it easy for customers to do business with the organization any way they want—at any time, through any channel, in any language or currency and from any country to improve efficiency (Ghavami, & Olyaei, 2006). Survey results by Frankwick and Crosby (2001), suggest greater contact by salespeople contributes significantly to maintenance or improvement in customer rated salesperson status, service retention rates and additional service purchases.

The results by Bataineh, Al-Abdallah, Salhab and Shoter, (2015) on the effect of relationship quality on customer retention showed a significant and positive effect of satisfaction and commitment on customer retention, while trust has insignificant effect on customer retention. Findings by Yao and Khong, (2012) revealed that relationship management implementation is positively associated with customer satisfaction and perceived business performance. Contact rate and recovery management were found to be associated with customer retention while acquisition management, regular contact and evaluation of customers lead to improved loyalty and employee sentiments. Nataraj (2010) informs customer relationship retention programs must include a customer-centric management approach which identifies and segments profitable customers, while fostering satisfaction and loyalty. He further asserts this is mutually beneficial for the business and customers, and it facilitates the efficient use of labor and technical resources to meet even more consumer needs. There is no doubt that customer satisfaction has vital role for every organization among business life (Cengiz, 2011). Variety-seeking negatively affects customer retention and lessens the impact of the management efforts

to improve service quality and customer satisfaction (Berné, Múgica & Yagüe, 2011). In order to retain customers, managers should focus on improving customers perceived equality of services and goods studies by Klaus and Maklan, (2017). Findings by Kumar, Batista and Maull (2011) support the conclusion that while operations speed may help to acquire customers, it is the operations dependability that more strongly drives customer loyalty in the long term. Liu, Guo and Lee (2011) argued that service providers should also build relationship quality and switching barriers to reduce the possibility of defection and enhance customer loyalty.

The marketing accountability of the supplier through its external manifestation with customers, ultimately influences the supplier's financial results (Arslanagic-Kalajdzic & Zabkar, 2015). Islam et al, (2013) in their findings confirm that retail chain stores need to promote customer service quality as a vital practice for customer retention. Results by Bartikowski and Walsh, (2011) suggest that commitment and loyalty mediate the relationship between customer base corporate reputation and one type of customer citizen behavior, that is helping the company.

The studies by Yi and Gong (2016), found that the organization have to manage the negative affect of customers to prevent customer badness behavior, and perceived justice and commitment to increase customer retention. Dixon, Ritchie and Siwale, (2007) in their findings show that loan officers faced powerful hierarchical accountability pressures and pursued inappropriate methods to compel further repayments to resolve crisis. This approach to borrower default was found to be stressful for loan officers and potentially detrimental for customer retention.

Results by Guo, Xiao and Tang, (2019) revealed that the effect of customer satisfaction on retention is mediated by the more proximal determinants of the actual retention behavior. Loyalty is vulnerable because even if the customers are satisfied with the services rendered by the

financial institutions, there is always an element of defect if they think they can get better value for money in other institutions studied (Anantha Raj & Arokiasamy,2015). Building customer loyalty is not a choice any longer with businesses, it's the only way of building sustainable competitive advantage (Bansal & Gupta 2001).

Relationships are the primary assets of an enterprise;thus, many industries today seem to be migrating from transactional mindset to relational mindset in their dealings with customers, ability to develop and maintain long-term relationships with customers has become strategic issue. Sound development of relational atmosphere and ensuring quality friendly interaction towards improved productivity and gaining competitive edge (Peter, 2014).From the studies of Chacha (2015), a satisfied customer will not always enter into a long-term relationship with the firm. However, the committed customer with a degree of trust enters into a long-term relationship with the firm(Joshi, 2014). In his research asserted that managers must understand that a culture needs to be built in the organization wherein employees are trained to care for the customers, handle their complaints with patience, be responsive while delivering service and make the customer feel valued.Joshi (2014) further emphasized employees interact with the customer on an ongoing basis they can communicate the customer requirements to the service provider which in turn will help them in formulating their marketing strategy.

Chang and Zhang,(2016) in their studies informed that an offline (retail-store) channel can be used to migrate customers from an inactive state to an active state, effectively serving the purpose of communication, whereas an online channel is most effective in keeping the existing active customers active, thus serving the purpose of retaining customers. Dagger et al, (2011) findings surprisingly indicated that relationship communication was found to have a negative effect on commitment to the service.Doaei, Rezaei and Khajei,(2011) informed that customers

react to changeable factors such as price, service quality and quantity, advertisement, image and so on. Communicating this information to the customer timely and adequately keeps loyal consumers informed and retained. The results from Nakhleh (2012) support and show communication effectiveness to be a key driver and most powerful determinant of relationship commitment. Buttle, (2019) confirmed that creating, communicating and delivering value to selected customers can only be achieved if the company aligns and co-ordinates its relationships with four other major constituencies: suppliers, owners/investors, employees and partners.

Williles (2017) confirmed that retailer customer service has been shown to lead to increases in consumer attraction and retention. Studies inform that greater degrees of participation by the service provider should enhance customer awareness of the ways in which the supplier operates and, in turn, should result in more realistic expectations of what the supplier can offer (Ennew & Binks, 2019). The results highlight the importance of participative behavior, particularly on the part of the service provider in explaining perceived quality and satisfaction in turn satisfaction is found to be an important influence on retention.

2.3.2 Effect of Payment of Credit on Customer Retention

To enhance financial performance organizations should adopt credit policies to guide credit sales. The policies should create a balance between customer retention and adequate the cash flow (Nthenge & Ringera, 2017). Customers who purchase many different offerings or allocate a large share of their purchases have higher cash flow variability and higher average cash flows. Firms can optimize the customer portfolio by combining customers with high variability with customers who have different offsetting cash flow patterns to retain them. Customer retention is relevant or not in supporting long term objectives of a business.

Alshurideh, (2016) confirmed in his study that various customer retention methods should be explored including customers cash flow status. Relationships with customers are market-based assets that directly influence shareholder value by accelerating or increasing the magnitude of cash flows, lowering the volatility and vulnerability of cash flows, and increasing their residual value. Carte and Ejjara(2018) feel managers need to keep their focus on discounted cash flow and all those factors in the company and marketplace that reflect the firm's capabilities and opportunities. Wirtz, Chew and Lovelock, (2013), study findings confirm that investments in managing customer relationships and the cash flows they produce increase a firm's value. Satisfied customers improve the level and the stability of cash flow (Wirtz, Chew & Lovelock, 2013).

Njeri (2012) from her studies concluded that for any lending institution to survive in the market it must have well defined credit management policies. The value creation of customers will determine whether the transaction is profitable or not, the profitability of a firm will depend on the quality of its customer base assets. Lefebvre, Konen, Keane and Budischak (2010) confirmed that when a customer becomes unacceptably delinquent in payments or otherwise unprofitable, it may be economically detrimental for the provider to maintain relations with this customer. Ogunsanwo, Abdulai and Abere (2020) concluded that credit policy has positive and significant effect on delinquency management of microfinance banks in Nigeria. Bielenberg (2016) asserts that poor customer service creates unhappy customers and the more unhappy a customer is, the more likely they are to delay or withhold payment. This in turn inflates write-offs and bad debt and impacts cash flow and working capital ultimately destroying profits and shareholder. Mincu (2012) informs there is a breakthrough that credit and debt collection strategies leverage opportunities for companies and teams to stand by consumers and caring about

their credit worthiness, recovering debts with respect, professionalism, human understanding and kindness, especially in times of economic downturn and financial crisis and help retain customers.

The results highlight the importance of participative behavior, particularly on the part of the service provider, in explaining perceived quality and satisfaction; in turn, satisfaction is found to be an important influence on retention.

2.3.3 Effect of Product Branding on Customer Retention

Identification, satisfaction and price image significantly influence loyalty confirmed Popp and Woratschek (2017). Brand identification is an important way of gaining and retaining customers asserts Popp and Woratschek, (2017). Results by King, Sparks and Wang (2013) suggest that while the customer may identify with a particular hotel brand, hotel loyalty still depends on the customer's positive evaluation of factors relating to service experiences. However, as consumers' identification with a hotel brand affects their evaluation of these factors, hoteliers should leverage customers' brand. Studies by Baron et al (2019) shows that brand identification is a driver of brand commitment, findings suggesting that brand evidence significantly influences consumer satisfaction, attitude and behavioral loyalty towards service brands were confirmed. Contrary to previous findings as researched by Davis, Golicic and Marquardt, (2018) has shown that strong brands serve as an important point of differentiation for firms, assisting customers in their evaluation and choice processes while assisting in customer retention. To survive in severe competition brand loyalty is powerful tool (Mula et al, 2016).

The study by Hur, Ahn and Kim. (2011) confirm significant positive paths of brand loyalty behaviors. Brodie, Whittome and Brush (2019) studies shows that a service brand does

not have a direct influence on customer loyalty but rather its influence is mediated through customer value. The results of Wu, (2011) reveal that hospital brand image has both direct and indirect effects on patient loyalty, which in turn increases the re-visit intention of patients. The main finding by Beverland et al(2017) was that brand attitudes were the most important influence on the contract renewal. In their studies Kamboj, Sarmah, Gupta and Dwivedi (2018) informed that brand trust contributes as a mediator between customer participation and brand loyalty on social media brand communities. The study by Baumann, Hamin, Phanand Ghantous, (2013) indicate that the personnel-based brand associations are the strongest driver of trust and have a negative direct impact on loyalty, while functional and corporate-based associations have a stronger impact on loyalty. Studies by Angella Jiyoung Kim et al (2010), proves the effectiveness of luxury brandson both customer relationships and purchase intention. Rasha Abdel El Naggar, (2017) confirmed that brand awareness was disregarded as a factor that would add to the trust-loyalty relationship. Only brand, experiences and associations as well as perceived quality would enhance brand loyalty. Customer loyalty also is a strong predictor of brand power in hoteling and tourism industry (Nobar & Rostamzadeh, 2018). The study by Nuseir, (2016) revealed that internet marketing and digital media marketing facilitates the companies and brands to increase their popularity and make loyal customers.

Perceived quality of internet banking services is a good predictor of internet banking brand equity and brand loyalty(Loureiro & Miranda, 2011). The ability to recognize to be aware of and to quickly recall the symbol or logo of the brand significantly contributes to the improvement of the perceived quality (Loureiro & Miranda, 2011). Satisfaction has also an indirect relationship with brand loyalty. It has been confirmed that customer satisfaction is one of the major antecedents of brand loyalty as studied by Ahmad, (2011). Affective commitment has

no significant moderating effect on the relationship of satisfaction and customer loyalty, but it can directly enhance the customer loyalty studied Wu et al, (2012). Results by Lin and Wu, (2011) show that relationship quality is related to expected future use and retention while expected future is also related to retention. Findings by Khan and Fasih, (2014) indicate that service quality and all its dimensions have significant and positive association with customer satisfaction and customer loyalty.

Research by Muhammad(2012) indicates that service quality, customer satisfaction and loyalty programs are the important factors that can increase the loyalty of a customer towards its bank but customers are slightly satisfied with the services of banks operating in Pakistan. Lo Liang Kheng et al (2010) confirms that relationship between service quality, customer satisfaction and customer loyalty can help to ensure better targeting of customer using limited marketing resources.

Usage segmentation and relationship marketing are the key strategies to obtain the desired result of retaining more customers, getting better customers, upgrading customer relationships and using existing customers as advocates for acquiring new customers (Weinstein, 2012). Customers' perceptions of price fairness do not influence brand image but does affect customers' satisfaction (Jin, Lee & Huffman, 2012). Brand prestige significantly influences trust, customer satisfaction, customer loyalty and perceived risk. Firms can segment the market into a dual channel with different customer returns policies (Chen & Bell, 2012). Asiedu, (2016) study exposed that banks have used segmentation practices to lower their overall operation unit cost, expand their market shares and retain their customers.

Findings by Lazarevic (2012) suggest that existing marketing tools such as integrated marketing communications and branding can be used in new ways to increase the perceived

congruence between the generation Y consumer and the brand. This is necessary for creating a relationship with the brand leading to increased brand loyalty. The Customer satisfaction with Market Segment has higher positive correlation which means that high level of four market segment leads to highly increase in the customer satisfaction concluded Puwanenthiren & Udurawana, (2015). The findings of the study by Briggs (2016) indicate that there is an overwhelming agreement by customers that most banks customers are retained or loyal to banks purely on banks credibility and not just the market segmentation.

2.3.4 Effect of Switching Costs on Customer Retention

The attractiveness of a reward program has a positive impact on share of sale regardless of the level of psychological attachment to the company according to studies by Wirtz, Mattila & Lwin (2007). Results by Blut, Beatty, Evanschitzky and Brock (2014) reveal that external switching costs have a stronger effect on customer loyalty than do internal switching costs. Yen, (2010) asserts that customers with low perceived risks switching costs are associated with customer loyalty. However, for customers with high perceived risks switching costs and customer loyalty is weak. Study results by Kim, (2010) indicate that uncertainty costs and sunk costs directly increase user resistance to switching hence increasing customer retention. Han, Kim & Hyun (2011) studies confirmed that role of satisfaction derived from service performances in decreasing hotel guests' intention to switch is greater than high switching costs.

Buell, Campbell and Frei, (2010) confirmed that self-service enthusiasts in low switching cost channels defect with greater frequency, while self-service enthusiasts in high switching cost channels are retained with greater frequency. Financial switching costs and procedural switching costs with repurchase intention is stronger when price sensitivity is low confirmed Shaik, Bosukonda, Mittal and Sridhar (2020). Results of studies by Chao, and Chen (2015) reveal that

service quality dimensions, perceived price and fairness and service convenience dimensions have positive impact on customer satisfaction and customer loyalty. Burnham, Frels and Mahajan, (2013) studies confirmed that all cost types significantly influence consumers' intentions to stay with their current service provider. Tsai and Chang (2010) study confirm that a customer with a more positive perception of the value of products/services has a more positive evaluation of the hypermarket, greater satisfaction and loyalty. Users' technical abilities outweigh economic value in influencing user-related switching costs (Ray, Kim & Morris, 2012).

The findings by studies of Yen (2015) revealed that lowering perceived risks can increase switching costs, which leads to customer loyalty with the service provider in e-commerce. Kim, Shin and Lee (2016) confirmed that the variable attractive alternatives moderated the relationship between customer satisfaction and intention to switch. Voss, Godfrey and Seiders, (2010) confirm that in strong-satiation purchase categories substitute effects are more likely, which suggests that managers should invest in either customer satisfaction or substitute initiatives. Curth, Uhrich and Benkenstein, (2014) confirm to maintain customer relationship rests on high switching costs or scarce alternatives.

Study by Lee (2013) shows that as perceived switching cost increases, the relationship between satisfaction and customer loyalty strengthens. Results of Chen (2015) show that competition is a moderator of the relationship between customer value and customer loyalty from the consumer perspective. Findings by Gilaninia, Almani, Pournaserani and Mousavian, (2011) inform relationship marketing focuses on attracting, maintaining and enhancing relationships between firms. Relational exchanges and enduring sets of transactions are preferred to discrete transactions and short duration interactions because the former can enhance firms'

competitiveness in customer retention. Felix (2015) asserts that it's imperative that marketers acquire and use good marketing strategies or tools to retain their customers. Competitors are business enemies who would want to wipe others from the industry, (Kolter 2009). Companies based on internet should remain competitive by attracting more customers and increase of customer retention by ways of modified competitive advantage (Afsar, Nasiri & Zadeh, 2013). Ali, et al, (2010) confirmed that fairness of price is the strongest determinant of consumer satisfaction and the competitive advantage to retain consumers for longer period of time.

2.4 Research Gap

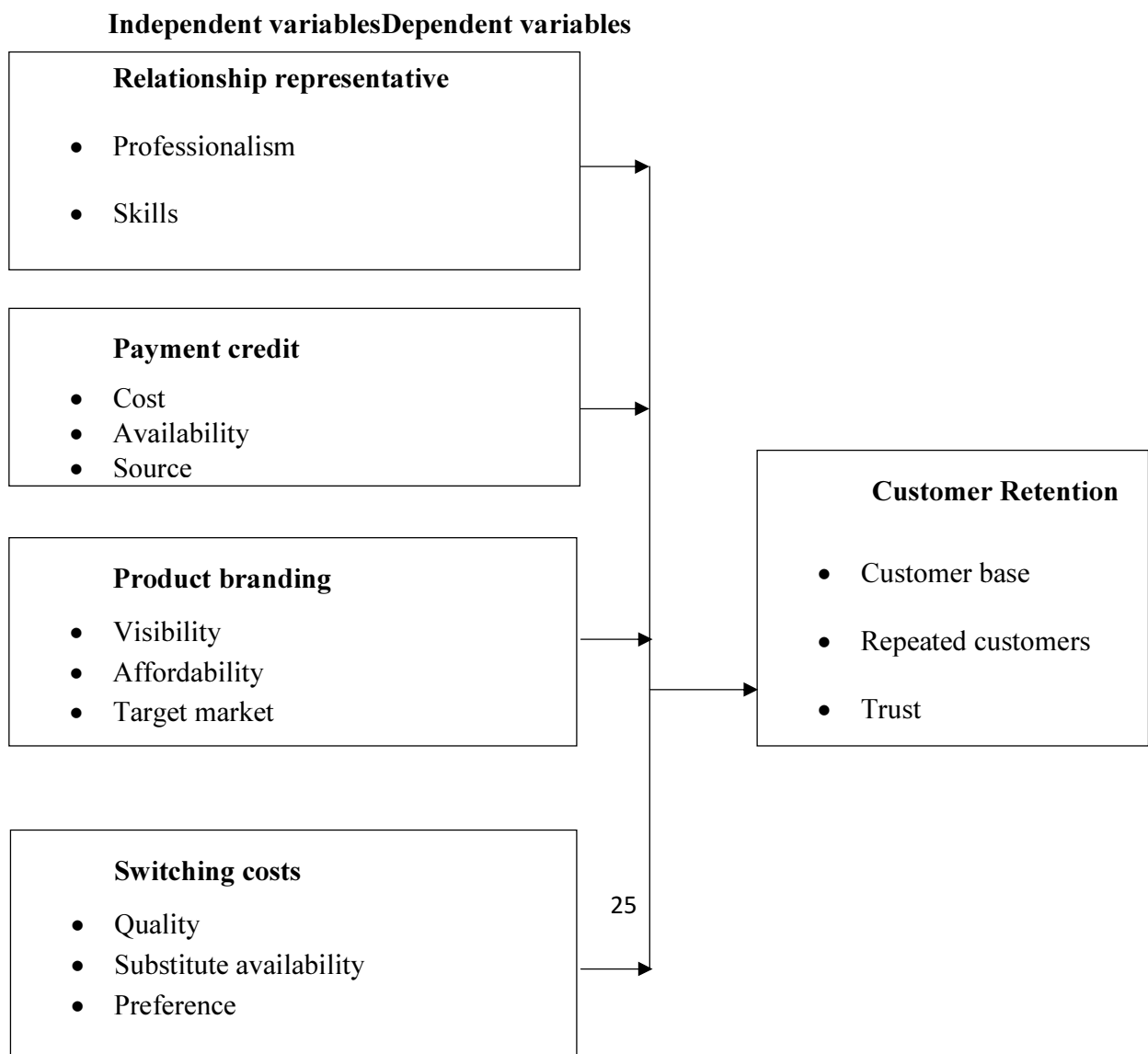
A number of studies have been done relating to customer retention and its effect on performance but few have exploited on the implication of performance of courier companies.

According to Pilecki (2017), customer retention is a process not an event. To ensure success of customer retention strategy, it is important to consider the uniqueness of the situation and the diversity of the customers, (Khan et al., 2010). This is because a critical understanding of what works and what does not work is important in designing and managing effective customer retention strategies. Previous studies have recorded the importance of customer retention and effects of customer retention in an effort to improve performance of companies. The foregoing review shows that customer retention has a positive implication for courier companies' profitability. There still lacks in depth understanding of which strategy is ideal for customer retention. Hence, to fill the gaps the study aimed at determining factors affecting customer retention in courier companies in Kenya.

2.5 Conceptual Framework

A conceptual framework is a network of interlinked hypotheses that together provide a comprehensive understanding of a given phenomenon or phenomena (Varpio, Paradis, Uijtdehaage & Young, 2020). These concepts, according to Guba and Lincoln (2014) constitute a conceptual framework that supports one another, articulates their respective phenomena, and establishes a framework-specific philosophy. The conceptual framework is the relationship between relationship representative, payment credit, product branding and cost of switching on customer retention in courier companies.

Figure1
Conceptual Framework



2.6 Operationalization of Variables

The study operationalization of variables illustrates how the study independent and dependent variables was measured. This is as indicated in Table 1.

Table 1
Operationalization of Variables

Variables	Operational Indicators	Measure	Type of Scale
Relationship representative	<ul style="list-style-type: none"> • Professionalism • Skills • Experience 	5-point Likert Type Scale	Interval Scale
Payment Credit	<ul style="list-style-type: none"> • Cost • Availability • Source 	5-point Likert Type Scale	Interval Scale
Product branding	<ul style="list-style-type: none"> • Visibility • Affordability • Target market 	5-point Likert Type Scale	Interval Scale
Switching costs	<ul style="list-style-type: none"> • Quality • Substitute availability • Preference 	5-point Likert Type Scale	Interval scale

Customer Retention	<ul style="list-style-type: none"> • Performance • Repeated customers • Loyalty • Communication 	5-point Likert Type Scale	Interval scale
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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design and methodology of the study. It describes the population under study, the data collection methods as well as data analysis. This chapter contains research design, target population, data collection, data analysis and the research model. In conducting the research study, questionnaires shall be used and sent to the respondents via emails to their respective relevant departments.

3.2 Research Paradigm

The research paradigm was based on positivism. Research followed a systematic procedure of identifying the tools necessary for the procedure, developing a questionnaire and distribute to the target population of sales and marketing personnel of the courier companies for effective coverage and results.

3.3 Research Design

The research study used a cross-sectional descriptive survey design which used quantitative methods. Quantitative research collects information from existing and potential

customers using sampling methods and sending out online surveys and questionnaires. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive research design was used as it enables the study to generalize the findings to a larger population. Sekran (2007) observed that descriptive research design is intended to produce statistical information about aspects of a phenomenal being studied by administering a questionnaire to a sample of individuals.

3.4 Target Population

A population of the study is a closely defined group of people or variables being investigated or researched on (Ngechu 2014). This study targeted all the 253 international and national courier companies in Kenya (Communication Authority of Kenya, 2020). The proportion of the research population that is sampled is not the absolute size of the sample selected relative to the complexity of the population is important informs, (Taherdoost, 2016).

3.5 Sample Size and Sampling Procedure

Sampling is the process of obtaining information about an entire population by examining only a part of it (Bryman & Bell, 2013). Stratified random sampling was adopted using Yamane (1967) simplified formula to calculate the sample size for the employees which provided the number of responses that should to be obtained using the equation;

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = population size

e = the level of precision

1 = Constant

$$n = 253 / [1 + 253(0.05)^2]$$

$$= 154.977 \text{ respondents}$$

$$n = 155 \text{ respondents.}$$

Therefore, the 155 courier firms were used where a manager/supervisor were used as the respondents.

3.6 Instrumentation

A closed end questionnaire was used to collect data. The study used a structured questionnaire that was administered to each member of the sample population. The questionnaires were carefully designed, this was done in order to enhance its validity and accuracy of data collected for the study. A questionnaire was developed to collect primary data from the registered courier companies as per Communication Authority of Kenya (CAK) register, which is mandated to grant licenses to all courier companies in Kenya. The questionnaire was sent to the relevant companies via the email with a receipt confirmatory request. Once data was collected through electronic feedback, it was edited, coded, transcribe and cleaned.

3.6.1 Validity and Reliability of Data

In order to ascertain the ability of the questionnaire in collecting the intended data, the study conducted a pre-test where the questionnaire was administered to five companies with the aim of correcting any inconsistencies arising from the instruments. Saunders (2000) contends

that research is valid only if it actually studies what it set out to study and only if the findings are verifiable. Validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which was employed by this study as a measure of the degree to which data collected using the questionnaire represents a specific domain or content of customer retention strategies. Mugenda (2008) contend that the usual procedure in assessing the content validity of a measure is to use a professional or expert in a particular field. Validity was ensured through examination of existing literature to identify conceptual dimensions and appraisal of the instrument by research experts including my supervisor.

Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. Bowlin (2009) indicates that reliability refers to the consistency of measurement and is frequently assessed using the test-retest reliability method. The survey instruments were subjected to overall reliability analysis by using uniform questions to which the respondents were required to indicate their extent of agreement. The research study shall use primary data collection through a structured questionnaire. The questionnaire was administered via e mail and online survey to the respondents' departmental e mails. The results are as shown in Table 2.

Table 2

Reliability Test

Variables	Items	Cronbach Alpha
Relationship Representative	4	0.716
Payment Credit	5	0.810
Product Branding	4	0.741

Cost of Switching	4	0.722
Customer Retention	5	0.760

The results indicated that the statements under Relationship Representative (0.716), Payment Credit (0.810), Product Branding (0.741), Cost of Switching (0.722), and Customer Retention (0.760) had a Cronbach alpha of above 0.7 and thus the statement were considered reliable.

3.7 Data Analysis

Data collected was analyzed using the Statistical Package for Social Sciences (SPSS) software. A descriptive and inferential approach was used to analyze the data collected. Data analyzed was presented using graphs, tables, charts, and figures. A multiple linear regression analysis was applied to examine factors affecting customer retention in courier companies in Kenya. The following algebraic expression of the analytical model was applied:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y = Customer retention in courier companies;

X_1 = Relationship representative;

X_2 = Access to credit;

X_3 = Product branding;

X_4 = Cost of switching;

ε = Error term;

The regression coefficients are represented by $\beta_0, \beta_1, \beta_2 \dots \beta_5$ while x_1, x_2, x_4 are the independent variables and ϵ provides for the error term. The diagnostic tests conducted included Multicollinearity Test, Test for Heteroscedasticity and Normality Test.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter focused on data analysis, findings and interpretation. Results were presented in tables and diagrams. The analyzed data was arranged under themes that reflected the research objectives.

4.1 Response Rate

The response rate was analyzed to show the representative from the sample size. A response rate is very important to the credibility of the research results. A low response rate may decrease the statistical power of the data collected and undermine the reliability of the results. It may also undermine the ability of the researcher to generalize the results to the larger target audience. This is further complicated by the fact that a low response rate can be indicative of a non-response bias within the sample. A low response rate can give rise to sampling bias if the non-response is unequal among the participants regarding exposure and/or outcome. The study

administered 155 questionnaires to managers and supervisors of the courier firms and the results are as shown in Table 1.

Table 1
Response Rate

Response	Frequency	Percent
Returned	132	85.16%
Unreturned	23	14.84%
Total	155	100%

According to Mugenda and Mugenda (2003) and Kothari (2004), a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable, 60% is good and 70% is very good. Thus, the response rate of 85.16% under this study was very good for study.

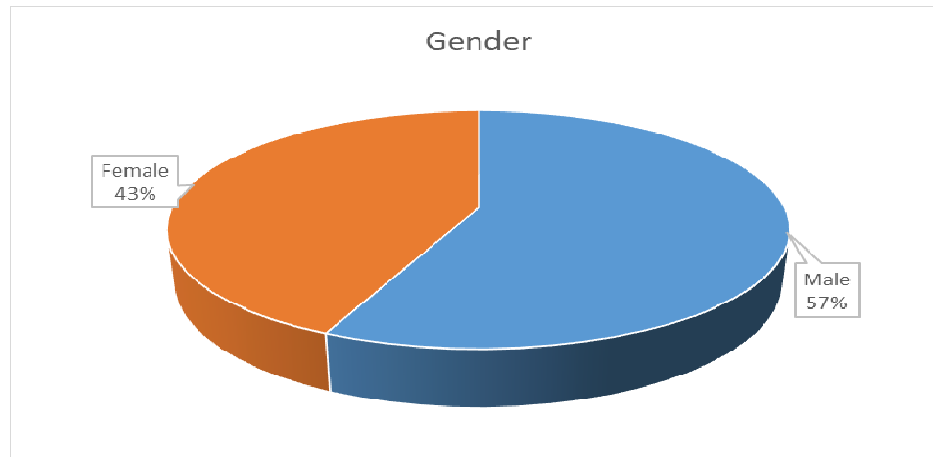
4.2 Demographic Characteristics

This section consists of information that describes basic characteristics including gender, age of the courier firms, number of employees and the location of the courier firms.

4.2.1 Gender

The respondents were asked to indicate their gender and the results are as shown in Figure 2.

Figure 2
Gender of Respondents



Source: Field Survey Data (2021)

The results show that majority of the respondents were men who represented 57% of the sample while 43% were female. This indicated that the composition of the managers and supervisors in the courier firms in Kenyahad more male than female staff representation. According to Zaid, Wang, Adib, Sahyoun and Abuhijleh (2020), there is strong evidence that gender diversity positively affects firm performance. The implication of gender diversity in the organization is that it is likely to improve transparency and positively influence corporate governance, especially in organizations that lack strong external oversight mechanisms.

4.2.2 Duration of the Courier Firms

The respondents were asked to indicate the duration that their courier firm have been in operation and the results are as shown in Table 2.

Table 2

Duration of the Courier Firms

Duration	Frequency	Percentage
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1 to 5 years	18	13.6%
6 to 10 years	47	35.6%
11 to 15 years	40	30.3%
16 to 20 years	15	11.4%
Over 21 years	12	9.1%
Total	132	100

The results show that majority of the courier firms had been operating for the last 6 to 10 years and represented 35.6% of the sample while the second was 11 to 15 years represented at 30.3%. The courier firms that had been operational for 1 to 5 years were at 13.6%, those who had operated for 16 to 20 years at 11.4% and the least was Over 21 years with 9.1% of the sample. This implied that the duration was well distributed over the years.

4.2.3 Number of Employees

The respondents were asked to indicate the number of employees in their courier firm and the results are as shown in Table 3.

Table 3
Employees of the Courier Firms

Employees	Frequency	Percentage
1 to 10 employees	9	6.8%
11 to 20 employees	33	25%
21 to 30 employees	34	25.8%
31 to 50 employees	39	29.5%
Over 50 employees	17	12.9%

The results indicated that majority of the courier firms had 31 to 50 employees represented at 29.5% and followed by 21 to 30 employees' represented at 25.8%. The courier

firms with 11 to 20 employees were at 25% and those with over 50 employees at 12.9% of the sample. The least was 1 to 10 employees with 6.8%. The courier firms requires a considerable number of employees due to the logistics involved in moving goods and services from one destination to the other.

4.2.4 Location

The respondents were asked to indicate their location for their head operations and the results are as shown in Table4.

Table 4
Location of the Courier Firms

Location	Frequency	Percentage
CBD	44	33.3%
Industrial Area	49	37.1%
Outside Nairobi	39	29.5%
Total	132	100

The results indicated that majority of the courier firms had their operations from Industrial Area at 37.1% followed by the Central Business District at 33.3% and the least was outside Nairobi at 29.5%. The ideal location of the courier firms' point of operations is heavily dependent on the type of goods or services offered. For large goods, they require space and thus,

was outside the Central Business District such as Industrial area but for light goods, they can be located within the Central Business District

4.3 Descriptive Statistics

This section presents the descriptive results on Relationship Representative, Payment Credit, Product Branding, Cost of Switching and Customer Retention. For purposes of presentation, the results for strongly (5) agree and agree (4) were combined as agree while strongly disagree (1) and disagree (2) were combined as disagree.

4.3.1 Relationship representative

The first objective of the study was to establish the effect of relationship representative on customer retention in courier companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on the relationship representative using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 5.

Table 5

Descriptive Statistics Outputs on Relationship representative

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
Our courier firm has a customer relationship representative	12.0%	9.8%	1.5%	40.3%	36.4%	3.49	1.59
The relationship representative is responsible for the management of customer needs in the organization	13.6%	15.9%	3.8%	26.5%	40.2%	3.64	1.48

The presence of a relationship representative improves on customer retention in the company	15.2%	12.2%	2.3%	29.5%	40.8%	3.63	1.51
Visits to customers by relationship representatives enhance customer retention	11.4%	21.2%	0.8%	34.8%	31.8%	3.55	1.42
Average						3.58	1.50

Under relationship representative, the respondents were asked if their courier firm has a customer relationship representative and 76.7% agreed while 21.8% disagreed with the statement. The respondents were asked if the relationship representative is responsible for the management of customer needs in the organization and 66.7% agreed while 29.5% disagreed with the statement. On whether the presence of a relationship representative improves on customer retention in the company, 70.3% agreed while 27.4% disagreed with the statement. Lastly, the respondents were asked visits to customers by relationship representatives enhance customer retention and 66.6% agreed while 32.6% disagreed with the statement. The overall mean was 3.58 that showed that majority agreed to the statements on relationship representative with variations of 1.50. According to Frankwick and Crosby (2011), greater contact by salespeople contributes significantly to maintenance or improvement in customer rated salesperson status, service retention rates and additional service purchases. The findings by Ghavami and Olyaei (2016) indicated that relationship managers helps organizations maximize the value of every customer interaction and drive superior corporate performance. They further informed the challenge is to make it easy for customers to do business with the organization any

way they want at any time, through any channel, in any language or currency and from any country to improve efficiency.

4.3.2 PaymentCredit

The second objective of the study was to establish the effect of payment credit on customer retention in courier companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on the payment credit using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 6.

Table 6

Descriptive Statistics Outputs on Payment credit

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
Credit period (time given to pay) affect customer retention	11.4%	14.4%	16.7%	26.5%	31.1%	3.56	1.372
The level of creditworthiness increase customer retention	17.4%	12.1%	3.8%	38.6%	28.0%	3.48	1.454
Adequate credit reduces the rate of delinquency (late payment) in customers.	13.6%	20.5%	1.5%	36.4%	28.0%	3.45	1.432
Short-term credit from the bank to finance customers' accounts increase customer retention.	16.7%	15.9%	0.0%	34.1%	33.3%	3.52	1.501

Closer of customer accounts when not settled past due date affect customer retention	15.2%	14.4%	3.0%	36.4%	31.1%	3.54	1.443
Average						3.50	1.458

Under payment credit, the respondents were asked if credit period (time given to pay) affect customer retention and 57.6% agreed while 25.8% disagreed with the statement. The respondents were asked if the level of creditworthiness increase customer retention and 66.6% agreed while 29.5% disagreed with the statement. On whether adequate credit reduces the rate of delinquency (late payment) in customers, 64.4% agreed while 34.1% disagreed with the statement. The respondents were asked if short-term credit from the bank to finance customers' accounts increase customer retention and 67.4% agreed while 32.6% disagreed with the statement. Lastly, the respondents were asked if closer of customer accounts when not settled past due date affect customer retention and 67.5% agreed while 29.6% disagreed with the statement. The overall mean was 3.50 that showed that majority agreed to the statements on payment credit with variations of 1.458. Tarasi, Bolton, Gustafsson and Walker (2013) asserts that customers who purchase many different offerings or allocate a large share of their purchases have higher cash flow variability and higher average cash flows. Firms can optimize the customer portfolio by combining customers with high variability with customers who have different offsetting cash flow patterns to retain them. Njeri (2012) posits that for any lending institution to survive in the market it must have well defined credit management policies. The value creation of customers will determine whether the transaction is profitable or not, the profitability of a firm will depend on the quality of its customer base.

4.3.3 Product Branding

The third objective of the study was to establish the effect of product branding on customer retention in courier companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on the product branding using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 7.

Table 7

Descriptive Statistics Outputs on Product Branding

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
Our courier firm has portrayed a strong product brand in the market	12.1%	16.7%	6.1%	34.8%	30.3%	3.55	1.389
Branding of our courier firm has raised much awareness of our courier services offered	14.4%	14.4%	4.5%	34.8%	31.8%	3.55	1.432
Branding of our courier firm has enhanced viewership of our service quality	17.4%	12.1%	3.8%	37.1%	29.5%	3.49	1.465
Branding of our courier firm has prompted more inquiries on our services	15.2%	15.2%	2.3%	31.1%	36.4%	3.58	1.483
Average						3.54	1.442

Under product branding, the respondents were asked if their courier firm has portrayed a strong product brand in the market and 65.1% agreed while 28.8% disagreed with the statement. The respondent were asked if branding of our courier firm has raised much awareness of our courier services offered and 66.6% agreed while 28.8% disagreed with the statement. On whether branding of our courier firm has enhanced viewership of our service quality, 66.6% agreed while 29.5% disagreed with the statement. Lastly, branding of our courier firm has prompted more inquiries on our services, 67.5% agreed while 30.4% disagreed. The overall mean was 3.54 that showed that majority agreed to the statements on product branding with variations of 1.442. According to Beverland et al (2017) brand attitudes are the most important influence on the contract renewal. Kamboj, Sarmah, Gupta and Dwivedi (2018) posits that brand trust contributes as a mediator between customer participation and brand loyalty on social media brand communities. Baumann, Hamin, Phan and Ghantous, (2013) indicated that the personnel-based brand associations are the strongest driver of trust and have a negative direct impact on loyalty, while functional and corporate-based associations have a stronger impact on loyalty. Futher, Nuseir, (2016) revealed that branding facilitates the companies and brands to increase their popularity and make loyal customers.

4.3.4 Cost of Switching

The fourth objective of the study was to establish the effect of Cost of Switching on customer retention in courier companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on the Cost of Switching using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 8.

Table 8**Descriptive Statistics Outputs on Cost of Switching**

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
Ease of getting alternatives increase probability of switching to other brands	16.7%	14.4%	3.0%	31.8%	34.1%	3.52	1.495
High switching costs retain customers	19.7%	12.9%	1.5%	32.6%	33.3%	3.47	1.54
Lack of customer contracts discourage customer retention	16.7%	14.4%	2.3%	26.5%	40.2%	3.59	1.533
Customers are affected by costs while switch to other competitors	18.2%	15.9%	0.8%	26.5%	38.6%	3.52	1.565
Average						3.53	1.533

Under cost of switching, the respondents were asked if ease of getting alternatives increase probability of switching to other brands and 65.9% agreed while 31.1% disagreed with the statement. The respondents were asked if high switching costs retain customers and 65.9% agreed while 32.6% disagreed with the statement. On whether lack of customer contracts discourage customer retention, 66.7% agreed while 31.1% disagreed with the statement. Lastly, the respondents were asked if customers are affected by costs while switch to other competitors and 65.1% agreed while 34.1% disagreed with the statement. The overall mean was 3.53 that showed that majority agreed to the statements on Cost of Switching with variations of 1.533. According to Blut, Beatty, Evanschitzky and Brock (2014) who revealed that external switching costs have a stronger effect on customer loyalty than do internal switching costs. Yen, (2010) findings indicated that customers with low perceived risks switching costs are associated

with customer loyalty. The findings by Buell, Campbell and Frei, (2010) confirmed that self-service enthusiasts in low switching cost channels defect with greater frequency, while self-service enthusiasts in high switching cost channels are retained with greater frequency. Financial switching costs and procedural switching costs with repurchase intention is stronger when price sensitivity is low according to Shaik, Bosukonda, Mittal and Sridhar, (2020). The findings by studies of Yen (2015) revealed that lowering perceived risks can increase switching costs, which leads to customer loyalty with the service provider. Lastly, Benkenstein, (2014) confirmed to maintain customer relationship rests on high switching costs or scarce alternatives.

4.3.5 Customer Retention

The dependent objective of the study was customer retention in courier companies in Kenya. The study evaluated the respondents' level of agreement with the various statements on customer retention using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 9.

Table 9

Descriptive Statistics Outputs on Customer Retention

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
Our courier company has experienced increased customer base	17.4%	16.7%	1.5%	32.6%	31.8%	3.45	1.51
Our courier company has experienced increase in repeated customer	18.2%	11.4%	3.8%	32.6%	34.1%	3.53	1.505
Our courier company has experienced an increased customer loyalty	15.9%	12.9%	4.5%	27.3%	39.4%	3.61	1.501

Our courier company has realized improved communication with the customers	12.1%	20.5%	1.5%	26.5%	39.4%	3.61	1.476
Our courier company has increased its competitiveness	13.6%	16.7%	3.8%	37.1%	28.8%	3.51	1.411
Average						3.54	1.481

Under customer retention, the respondents were asked if their courier company had experienced increased customer base and 64.4% agreed with the statement while 34.1% disagreed with the statement. The respondents were asked if their courier company had experienced increase in repeated customer and 66.7% agreed while 29.6% disagreed with the statement. The respondents were asked if their courier company had experienced an increased customer loyalty and 66.7% agreed while 28.8% disagreed with the statement. The respondents were asked if their courier company had realized improved communication with the customers and 65.9% agreed while 32.6% disagreed with the statement. Lastly, the respondents were asked if their courier company had increased its competitiveness and 65.9% agreed while 30.3% disagreed with the statement. The overall mean was 3.54 that showed that majority agreed to the statements on customer retention with variations of 1.481.

4.4 Diagnostic Tests

The diagnostic tests conducted included Multicollinearity Test, Test for Heteroscedasticity and Normality Test.

4.4.1 Multicollinearity Test

Multicollinearity test was conducted to determine if two or more of the predictor (independent) variables in the regression model was highly correlated. Variance inflation factor (VIF) were used to test multicollinearity and VIF of below 10 indicated acceptable limits. If the

VIF value of exploratory variables are greater than 10, then variables were regarded as highly collinear.

Table 10
Multicollinearity Test Using Tolerance and VIF

	Collinearity Statistics	
	Tolerance	VIF
Relationship Representative	0.462	2.16
Payment Credit	0.575	1.74
Product Branding	0.465	2.15
Switching Cost	0.428	2.34

Source: Field Survey Data (2021)

From the findings above all the variables had tolerance values >0.2 and VIF values <10 as shown in Table 10 and thus according to Myres (2015) who indicated that where $VIF \geq 10$ indicate presence of Multicollinearity, there was no multicollinearity among the independent variables.

4.4.2 Test for Heteroscedasticity

Heteroscedasticity is the circumstance in which the variability of a variable is unequal across the range of values of a second variable that predicts it. Running a regression model without accounting for heteroscedasticity would lead to unbiased parameter estimates. To test for heteroscedasticity, the Breusch-Pagan/Godfrey test was used. Heteroscedasticity test was run using Breusch-Pagan / Cook-Weisberg test in order to test whether the error terms are correlated across observations in the cross sectional of the data (Long & Ervin, 2000). The hypothesis was that;

H_1 : The data is Homoscedastic.

If the p-value is less than 0.05, the hypothesis is rejected.

The Breusch-Pagan results are presented in Table 11.

Table 11
Heteroscedasticity Results

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity

H₀: Constant variance

Variables: fitted values of Customer Retention

chi2(1)	45.81
Prob > chi2	0.271

Results in Table 11 show that the p-value is greater than the 5%. Then the hypothesis was not rejected at a critical p value of 0.05 since the reported Chi2 (1) = 45.81 and p-value was 0.271 > 0.05 and thus the data did not suffer from heteroscedasticity.

4.4.3 Normality Test

Test for normality determines if the data is well modeled and normally distributed (linear). To test the normality of the variables, Shapiro–Wilk test was used as it has the highest power among all tests for normality. The hypothesis was tested at a critical value at 0.05, where the rule is that reject H_0 if the probability (P) value is less than 0.05 or else do not reject. The dependent variable should be normally distributed because the study was analyzed using a multiple regression model where the condition of normality must be satisfied (Quataroli & Julia, 2012). The hypothesis was that;

H₁: The data is normal.

The results for normality are as shown in Table 12.

Table 12
Normality Outputs

Variables	Statistic	Shapiro-Wilk	
		df	Sig.
Relationship Representative	0.739	132	0.520
Payment Credit	0.831	132	0.105
Product Branding	0.657	132	0.393
Switching Cost	0.714	132	0.271
Customer Retention	0.728	132	0.298

Source: Field Survey Data (2021)

The results indicated that using the Shapiro-Wilk test of normality, the data is normal since the p-values are above 0.05 for all the variables and thus we do not reject the alternative hypothesis (H₁). Therefore, the variables on Relationship Representative, Payment Credit, Product Branding, Switching Cost and Customer Retention are normal in distribution and hence subsequent analysis can be carried out.

4.5 Correlation Analysis

Correlation analysis was conducted to establish the relationship between the independent and dependent variables. The correlation matrix is presented in Table 13.

Table 13
Correlation Matrix

Customer	Relationship	Payment	Product	Switchin
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	Retention	Representative	Credit	Branding	g Cost
Customer Retention	1.000				
Relationship Representative	.686** 0.000	1.000			
Payment Credit	.598** 0.000	.534** 0.000	1.000		
Product Branding	.771** 0.000	.625** 0.000	.600** 0.000	1.000	
Switching Cost	.619** 0.000	.689** 0.000	.567** 0.000	.650** 0.000	1.000

Source: Field Survey Data (2021)

The results in Table 13 revealed that Relationship Representative and customer retention in courier companies is positively and significantly related ($r= 0.686^{**}$, $p=0.000$). The results further indicated that Payment Credit and customer retention in courier companies in Kenya is positively and significantly related ($r= 0.598^{**}$, $p=0.000$). Product Branding and customer retention in courier companies in Kenya is positively and significantly related ($r= 0.771^{**}$, $p=0.000$). Lastly, results showed that Switching Cost and organizational customer retention in courier companies in Kenya is positively and significantly related ($r= 0.619^{**}$, $p=0.000$). This implies that an increase in Relationship Representative, Payment Credit, Product Branding and Cost of Switching leads to an increase on customer retention in courier companies in Kenya since the coefficients are positively related.

4.6 Regression Analysis

The study carried out a regression analysis to establish the statistical significance relationship between relationship representative, payment credit, product branding and cost of switching on customer retention in courier companies. According to Chatterjee and Hadi (2015),

regression analysis is a statistical process of estimating the relationship among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent and one or more independent variables. More specifically, regression analysis helps one to understand how the typical value of the dependent variable changes when any one of the independent variable is varied, while the other independent variables are held fixed (Gunst, 2018).

The results presented in Table 14 present the fitness of model used of the regression model in explaining the study phenomena.

Table 14

Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.821a	0.674	0.664	0.39785

The variables relationship representative, payment credit, product branding and cost of switching were found to be satisfactory variables in explaining customer retention in courier companies. This is supported by coefficient of determination also known as the R square of 0.674. This means that relationship representative, payment credit, product branding and cost of switching explain 67.4% of the variations in the dependent variable, which is customer retention in courier companies. This results further means that the model applied to link the relationship of the variables was satisfactory.

The Analysis of Variance (ANOVA) results are shown in Table 15.

Table15

Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	41.547	4	10.387	65.621	.000b
Residual	20.102	127	0.158		
Total	61.649	131			

The findings further confirm that the regression model is significant and supported by F= 65.621, p<0.000) since p-values was 0.000 which is less than 0.05. The study conducted a regression of coefficient analysis to establish the statistical significance relationship between the independents variables notably relationship representative, payment credit, product branding and cost of switching on the dependent variable that was customer retention in courier companies. The regression of coefficient results are as shown in Table 16.

Table 16

Regression of Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.101	0.27		0.373	0.710
Relationship Representative	0.315	0.081	0.291	3.908	0.000
Payment Credit	0.143	0.071	0.134	2.001	0.048
Product Branding	0.503	0.076	0.495	6.657	0.000
Switching Cost	0.022	0.080	0.021	0.270	0.787

The fitted model was;

$$Y = 0.101 + 0.315X_1 + 0.143X_2 + 0.503X_3 + 0.022X_4$$

Where;

Y = Customer retention in courier companies

X_1 = Relationship Representative

X_2 = Payment Credit

X_3 = Product Branding

X_4 = Switching Cost

β_0 = Constant Term;

$\beta_1, \beta_2, \beta_3, \beta_4$ = Beta coefficients; ε = Error Term.

The constant of 0.101 indicated that when relationship representative, payment credit, product branding and cost of switching are held constant, Customer retention in courier companies would remain at 0.101 units. The regression of coefficients results show that Relationship Representative and Customer retention in courier companies is positively and significantly related ($\beta=0.315$, $p=0.000$). The results further indicated that Payment Credit and Customer retention in courier companies is positively and significantly related ($\beta=0.143$, $p=0.048$). The results further indicated that Product Branding and Customer retention in courier companies is positively and significantly related ($\beta=0.503$, $p=0.000$). Lastly, results showed that Switching Cost and Customer retention in courier companies is positively but insignificantly related ($\beta=0.022$, $p=0.787$).

4.7 Discussion of Findings

The objective of this study was to determine the factors affecting customer retention in courier companies in Kenya. The variables of interest were relationship representative, payment

credit, product branding, cost of switching and the dependent variable that was customer retention in courier companies. The pre-estimation tests conducted on Multicollinearity Test, Heteroscedasticity and Normality Test indicated that the underlying assumptions were fit for regression analysis.

The first objective of the study was to establish the effect of relationship representative on customer retention in courier companies in Kenya. Correlation results revealed that Relationship Representative and customer retention in courier companies is positively and significantly related ($r= 0.686^{**}$, $p=0.000$). This implied that there was a high association between relationship representative and customer retention in courier companies in Kenya. The regression of coefficients results indicated that Relationship Representative and Customer retention in courier companies is positively and significantly related ($\beta=0.315$, $p=0.000$). This implies that a unitary increase in relationship representative leads to increase in customer retention in courier companies in Kenya 0.315 units holding other factors constant.

The findings agree with Frankwick and Crosby (2011), who indicated greater contact by salespeople contributes significantly to maintenance or improvement in customer rated salesperson status, service retention rates and additional service purchases. The findings by Ghavami and Olyaei (2016) indicated that relationship managers helps organizations maximize the value of every customer interaction and drive superior corporate performance. They further informed the challenge is to make it easy for customers to do business with the organization any way they want at any time, through any channel, in any language or currency and from any country to improve efficiency. The findings by Bataineh, Al-Abdallah, Salhab and Shoter, (2015) on the effect of relationship quality on customer retention showed a significant and positive effect of satisfaction and commitment on customer retention, while trust has insignificant effect

on customer retention. Findings by Yao and Khong, (2012) revealed that relationship management implementation is positively associated with customer satisfaction and perceived business performance. Contact rate and recovery management were found to be associated with customer retention while acquisition management, regular contact and evaluation of customers lead to improved loyalty and employee sentiments.

The findings are in line with Peter (2014) who established that relationships are the primary assets of an enterprise; thus, many industries today seem to be migrating from transactional mindset to relational mindset in their dealings with customers, ability to develop and maintain long-term relationships with customers has become strategic issue. Sound development of relational atmosphere and ensuring quality friendly interaction towards improved productivity and gaining competitive edge. The findings by Liu, Guo and Lee (2011) argued that service providers should also build relationship quality and switching barriers to reduce the possibility of defection and enhance customer loyalty. Chacha (2015) established that a satisfied customer will not always enter into a long-term relationship with the firm. However, the committed customer with a degree of trust enters into a long-term relationship with the firm.

The second objective of the study was to establish the effect of payment credit on customer retention in courier companies in Kenya. Correlation results indicated that Payment Credit and customer retention in courier companies in Kenya is positively and significantly related ($r= 0.598^{**}$, $p=0.000$). This implied that there was a high association between payment credit and customer retention in courier companies in Kenya. Regression results indicated that Payment Credit and Customer retention in courier companies is positively and significantly related ($\beta=0.143$, $p=0.048$). This implies that a unitary increase in Payment Credit leads to

increase in Customer retention in courier companies in Kenya 0.143 units holding other factors constant.

The findings are consistent with Tarasi, Bolton, Gustafsson and Walker (2013) who established that customers who purchase many different offerings or allocate a large share of their purchases have higher cash flow variability and higher average cash flows. Firms can optimize the customer portfolio by combining customers with high variability with customers who have different offsetting cash flow patterns to retain them. Ogunsanwo, Abdulai and Abere (2020) concluded that credit policy has positive and significant effect on delinquency management of microfinance banks in Nigeria. The findings by Carte and Ejarra (2018) was that managers need to keep their focus on discounted cash flow and all those factors in the company and marketplace that reflect the firm's capabilities and opportunities. However, Njeri (2012) found that for any lending institution to survive in the market it must have well defined credit management policies. The value creation of customers will determine whether the transaction is profitable or not, the profitability of a firm will depend on the quality of its customer base asserts.

The third objective of the study was to establish the effect of Product Branding on customer retention in courier companies in Kenya. Correlation results indicated that Product Branding and customer retention in courier companies in Kenya is positively and significantly related ($r = 0.771^{**}$, $p = 0.000$). This implied that there was a high association between Product Branding and customer retention in courier companies in Kenya. Regression results further indicated that Product Branding and Customer retention in courier companies is positively and significantly related ($\beta = 0.503$, $p = 0.000$). This implies that a unitary increase in Product Branding

leads to increase in Payment Credit in courier companies in Kenya 0.503 units holding other factors constant.

The findings are in line with Beverland et al (2017) who found that brand attitudes were the most important influence on the contract renewal. Kamboj, Sarmah, Gupta and Dwivedi (2018) found that brand trust contributes as a mediator between customer participation and brand loyalty on social media brand communities. Baumann, Hamin, Phan and Ghantous, (2013) indicated that the personnel-based brand associations are the strongest driver of trust and have a negative direct impact on loyalty, while functional and corporate-based associations have a stronger impact on loyalty. The findings by Nuseir, (2016) revealed that internet marketing and digital media marketing facilitates the companies and brands to increase their popularity and make loyal customers. The findings by Khan and Fasih, (2014) indicate that service quality and all its dimensions have significant and positive association with customer satisfaction and customer loyalty. Lo Liang Kheng et al (2010) confirmed that relationship between service quality, customer satisfaction and customer loyalty can help to ensure better targeting of customer using limited marketing resources. Findings by Lazarevic (2012) suggest that existing marketing tools such as integrated marketing communications and branding can be used in new ways to increase the perceived congruence between the generation Y consumer and the brand.

The fourth objective of the study was to establish the effect of Switching Costs on customer retention in courier companies in Kenya. Correlation results indicated that Switching Cost and organizational customer retention in courier companies in Kenya is positively and significantly related ($r= 0.619^{**}$, $p=0.000$). This implied that there was a high association between Switching Cost and customer retention in courier companies in Kenya. Regression results further indicated that Switching Cost and Customer retention in courier companies is

positively but insignificantly related ($\beta=0.022$, $p=0.787$). This implies that a unitary increase in Switching Cost leads to increase in Payment Credit in courier companies in Kenya 0.022 units holding other factors constant although the change is not significant.

The findings are consistent with Blut, Beatty, Evanschitzky and Brock (2014) who revealed that external switching costs have a stronger effect on customer loyalty than do internal switching costs. Yen, (2010) findings indicated that customers with low perceived risks switching costs are associated with customer loyalty. However, for customers with high perceived risks switching costs and customer loyalty is weak. The findings by Kim, (2010) indicated that uncertainty costs and sunk costs directly increase user resistance to switching hence increasing customer retention. The findings by Han, Kim and Hyun (2011) confirmed that role of satisfaction derived from service performances in decreasing hotel guests' intention to switch is greater than high switching costs. The findings by Buell, Campbell and Frei, (2010) confirmed that self-service enthusiasts in low switching cost channels defect with greater frequency, while self-service enthusiasts in high switching cost channels are retained with greater frequency. Financial switching costs and procedural switching costs with repurchase intention is stronger when price sensitivity is low according to Shaik, Bosukonda, Mittal and Sridhar, (2020). The findings by Burnham, Frels and Mahajan, (2003) confirmed that all cost types significantly influence consumers' intentions to stay with their current service provider. The findings by studies of Yen (2015) revealed that lowering perceived risks can increase switching costs, which leads to customer loyalty with the service provider in e-commerce. Kim, Shin and Lee (2016) confirmed that the variable attractive alternatives moderated the relationship between customer satisfaction and intention to switch. Lastly, Benkenstein, (2014) confirmed to maintain customer relationship rests on high switching costs or scarce alternatives.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study findings, its conclusions and recommendations, presented in consideration to the study objective on the determining factors affecting customer retention in courier companies in Kenya.

5.2 Summary of Findings

5.2.1 Findings on Representative and Customer Retention

The first objective of the study was to establish the effect of relationship representative on customer retention in courier companies in Kenya. Correlation results revealed that Relationship Representative and customer retention in courier companies is positively and significantly related. The correlation R-value of 0.686 implied that there was a high association between relationship representative and customer retention in courier companies in Kenya. The regression of coefficients results indicated that Relationship Representative and Customer retention in courier companies is positively and significantly related. The results implied that a unitary increase in relationship representative leads to increase in customer retention in courier companies in Kenya 0.315 units holding other factors constant.

5.2.2 Findings on Payment of Credit and Customer Retention

The second objective of the study was to establish the effect of payment credit on customer retention in courier companies in Kenya. Correlation results indicated that Payment Credit and customer retention in courier companies in Kenya is positively and significantly related. The correlation R-value of 0.598 implied that there was a high association between payment credit and customer retention in courier companies in Kenya. Regression results indicated that Payment Credit and Customer retention in courier companies is positively and significantly related. The results implied that a unitary increase in Payment Credit leads to increase in Customer retention in courier companies in Kenya 0.143 units holding other factors constant.

5.2.3 Findings on Product Branding and Customer Retention

The third objective of the study was to establish the effect of Product Branding on customer retention in courier companies in Kenya. Correlation results indicated that Product Branding and customer retention in courier companies in Kenya is positively and significantly related. The correlation R-value of 0.771 implied that there was a high association between Product Branding and customer retention in courier companies in Kenya. Regression results further indicated that Product Branding and Customer retention in courier companies is positively and significantly related. The regression results implied that a unitary increase in Product Branding leads to increase in Payment Credit in courier companies in Kenya 0.503 units holding other factors constant.

5.2.4 Findings on Switching Costs and Customer Retention

The fourth objective of the study was to establish the effect of Switching Costs on customer retention in courier companies in Kenya. Correlation results indicated that Switching Cost and organizational customer retention in courier companies in Kenya is positively and significantly related. The correlation R-value of 0.619 implied that there was a high association between Switching Cost and customer retention in courier companies in Kenya. Regression results further indicated that Switching Cost and Customer retention in courier companies is positively but insignificantly related. The regression results implied that a unitary increase in Switching Cost leads to increase in Payment Credit in courier companies in Kenya 0.022 units holding other factors constant although the change is not significant.

5.3 Conclusion

The study analyzed the factors affecting customer retention in courier companies in Kenya. The study concluded that relationship representative has a positive and significant relationship with customer retention in courier companies in Kenya. This positive relationship for relationship representative implied that an increase in relationship representativeness would lead to a significant increase in customer retention in courier companies in Kenya. The study concluded that payment credit has a positive and significant relationship with customer retention in courier companies in Kenya. This positive relationship for payment credit implied that an increase in payment credit would lead to a significant increase in customer retention in courier companies in Kenya.

The study concluded that product branding has a positive and significant relationship with customer retention in courier companies in Kenya. This positive relationship for product branding implied that an increase in product branding would lead to a significant increase in customer retention in courier companies in Kenya. Lastly, the study concluded that cost of switching has a positive but non-significant relationship with customer retention in courier companies in Kenya. The positive relationship for cost of switching implied that an increase in cost of switching would lead to an increase in customer retention in courier companies in Kenya although not to a significant effect.

5.4 Recommendations

Based on the study findings, the following recommendations were made;

The study recommends that the courier firms should have relationship representatives to build customer relationships as they are important because they increase sales, reduce customer

attrition, deliver invaluable marketing, boost employee morale and turn customers form more market information. The relationship representatives will be core to develop strong relationships with their clients and customers. They will answer the customer questions, help resolve problems, process refunds and make suggestions regarding the purchase of additional products and services which will increase customer retention.

The study recommends that the courier firms can offer reasonable credit to the customers based on their creditworthiness. Offering credit to customers indicates that you respect and trust them to pay their bills before their due dates. Customers will reward these gestures of confidence by continuing to buy from you. They will feel a degree of loyalty, and they like to do business with someone who trusts them. However, the credit should be limited to the customer's creditworthiness and ability to pay.

The study recommends that due to the high competition, they should continually embark on product branding. Branding will make a memorable impression on consumers and allow the customers and clients to know what to expect from the courier firm. It is a way of distinguishing the courier firm from the competitors and clarifying what it is they offer that makes them the better choice. Branding will give the courier firms a chance to let customers see the business for who they really are.

5.5 Limitations of the Study

The study was confined to the courier companies in Kenya and the findings may not apply wholesomely to other organizations in Kenya in general as some issues which were addressed are specific to the courier companies in Kenya. However, it is believed that the findings addresses issues of factors affecting customer retention in courier companies. The study

was limited to four variables namely relationship representative, payment credit, product branding and cost of switching on customer retention. The fear on confidentiality was a limitation which was addressed by explaining to the respondents that their identity was held and responses will only be used for research purposes.

5.6 Areas for Further Research

The results of the regression analysis indicated that the factors adopted affecting customer retention in courier companies explained 67.4% change in customer retention in courier companies in Kenya. This indicated that there are other factors besides the relationship representative, payment credit, product branding and cost of switching which future studies can undertake and expound on. In addition the scope can be expanded to other organizations which would make the findings more representative.

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APPENDICES

Appendix I: Introductory Letter

To Customer Care Manager

RE: PARTICIPATION IN RESEARCH

I am a postgraduate student pursuing my master degree in Business Administration Corporate Management at the KCA University, Kenya and conducting a research entitled “Factors Affecting Customer Retention in courier Companies in Kenya”.

In this regard, you have been selected to take part in this study as a respondent. Kindly respond to all items to reflect your opinion and experience. Please answer all the questions freely. You will not be identified from the information you provide and no information about individuals will be given to any organization. The data collected will be used for this academic research only. Your participation is important for the success of this project and I greatly appreciate your contribution.

Yours Sincerely,

George Omondi Onyango

Appendix II: Questionnaire

Kindly answer the questions provided by ticking inside the box where appropriate.

SECTION A: GENERAL INFORMATION

1. What is your gender?

Male

Female

2. How many years has the company been in existence?

1 to 5 years

6 to 10 years

11 to 15 years

16 to 20 years

Over 21 years

3. How many employees are employed in the company?

1 to 10

11 to 20

21 to 30

31 to 40

Over 41

4. Where is company located?

CBD

Industrial Area

Outside Nairobi

Other

SECTION B: PRESENCE OF A RELATIONSHIP REPRESENTATIVE

What is your level of agreement with the following statements that relate to effects of a relationship representative on customer retention?

(1-Strongly agree, 2- Strongly agree, 3-Neutral,4- Disagree, 5 Strongly Disagree)

Statement	1	2	3	4	5
Our courier firmhas a customer relationship representative					
The relationship representative is responsible for the management of customer needs in the organization					
The presence of a relationship representative improves on customer retention in the company					
Visits to customers by relationship representatives enhance customer retention					

SECTION C: PAYMENT CREDIT

What is your level of agreement with the following statements that relate to payment credit on customer retention?

(1-Strongly agree, 2- Strongly agree, 3-Neutral,4- Disagree, 5 Strongly Disagree)

Statement	1	2	3	4	5
Credit period (time given to pay) affect customer retention					
The level of creditworthiness increase customer retention					
Adequate credit reduces the rate of delinquency (late payment) in customers.					
Short-term credit from the bank to finance customers' accounts increase customer retention.					
Closer of customer accounts when not settled past due date affect customer retention					

SECTION D: PRODUCT BRANDING

What is your level of agreement with the following statements that relate to effects of product branding on customer retention?

(1-Strongly agree, 2- Strongly agree, 3-Neutral,4- Disagree, 5 Strongly Disagree)

Statement	1	2	3	4	5
Our courier firm has portrayed a strong product brand in the market					
Branding of our courier firm has raised much awareness of our courier services offered					
Branding of our courier firm has enhanced viewership of our service quality					
Branding of our courier firm has prompted more inquiries on our services					

SECTION E: SWITCHING COST

What is your level of agreement with the following statements that relate to effects of switching cost on customer retention?

(1-Strongly agree, 2- Strongly agree, 3-Neutral,4- Disagree, 5 Strongly Disagree)

Statement	1	2	3	4	5

Ease of getting alternatives increase probability of switching to other brands					
High switching costs retain customers					
Lack of customer contracts discourage customer retention					
Customers are affected by costs while switch to other competitors					

SECTION F: CUSTOMER RETENTION

What is your level of agreement with the following statements on customer retention?

(1-Strongly agree, 2- Strongly agree, 3-Neutral,4- Disagree, 5 Strongly Disagree)

Statement	1	2	3	4	5
Our courier company has experienced					

increased customer base					
Our courier company has experienced increase in repeated customer					
Our courier company has experienced an increased customer loyalty					
Our courier company has realized improved communication with the customers					
Our courier company has increased its competitiveness					

Appendix III:List of Courier Companies

1. 2NK SACCO SOCIETY
2. ACROSS BORDERS COURIER SERVICES
3. ADONAI LOGISTICS AND FREIGHT SERVICES
4. AFRASIA COURIER EXPRESS LIMITED
5. AFRICAN EAGLE COURIER LIMITED
6. AFRICAN GLOBAL EXPERTISE LIMITED
7. AL-MICDAD PERCEL SERVICES
8. AMANA PARCELS & COURIER SERVICES LIMITED
9. ARAMEX KENYA LIMITED
10. ARROW INDUSTRIES LIMITED
11. ASCOM FREIGHTERS AND LOGISTICS LIMITED
12. BEEGE KEY INVESTMENTS LIMITED
13. BEPAK LOGISTICS LIMITED
14. BIDIKAZI INVESTMENTS
15. BISHARO PARCELS SERVICES LIMITED

16. BLESSINGS PARCEL SERVICES COMPANY LIMITED
17. BLOCKCHAIN COURIER LIMITED
18. BLUELINE SAFARIS SHUTTLE LIMITED
19. BOLLORE TRANSPORT AND LOGISTICS KENYA LIMITED
20. BUGGY DELIVERY SERVICES LIMITED
21. BUSCAR EAST AFRICA
22. CHANIA EXECUTIVE COOL LIMITED
23. CHANIA GENESIS LIMITED
24. CHANIA TRAVELLERS SACCO LIMITED
25. CHANNIA TRANSPORT COMPANY LIMITED
26. CLASSIC EXPRESS COMPANY LIMITED
27. CLASSIC LUXURY SHUTTLE LIMITED
28. CLASSIC PARCEL HANDLERS
29. CONCIERGE EAST AFRICA LIMITED
30. COSSIM LIMITED
31. COURIER PLUS LOGISTICS LIMITED
32. CROWN COURIER LIMITED
33. CRUCIBE INVESTMENT COMPANY LIMITED
34. DAGKIN HIGH VALUE SERVICES
35. DAIMA COURIER SERVICES LIMITED
36. DANA COMMUNICATIONS COMPANY LIMITED
37. DATA RUSH SERVICES
38. DELMAN LOGISTICS SOLUTIONS LIMITED
39. DELTA HANDLING SERVICES
40. DELUCA GROUP LIMITED
41. DESTINY PARCEL SERVICES LIMITED
42. DHL WORLDWIDE EXPRESS
43. DIAMOND PARCEL LIMITED
44. DK EXPRESS
45. DOUBLE EDGE COMPANY LIMITED
46. DREAMLINE COURIER LIMITED
47. DYNAMEX GROUP LIMITED
48. EAGLE SAINTS LIMITED
49. EASY COACH LIMITED
50. EASYMAIL LIMITED
51. EFEX LOGISTICS LIMITED
52. ELDORET SHUTTLE SAVINGS AND CREDIT SOCIETY
53. ELITE RIDERS LIMITED
54. EMERALD FREIGHT INTERNATIONAL LIMITED
55. EMUKI SACCO SOCIETY LIMITED
56. EXODUS PARCELS LIMITED
57. EXPLORER PARCEL HANDLERS LIMITED
58. EXPRESS MESSENGERS LIMITED
59. EXPRESS PARCEL LIMITED
60. EVE ON THE MOVE DELIVERY COMPANY LIMITED
61. FAITH TRANSPORTERS AND COURIER SERVICES

62. FARGO COURIER LIMITED
63. FASTLANE COURIER SERVICES LIMITED
64. FIRST FLIGHT COURIER
65. FLASH INTERNATIONAL COURIER SERVICES
66. FLASHTIME DELIVERIES (E.A) LIMITED
67. FORBES SECURITY LIMITED
68. FORESIGHT VENTURES LIMITED
69. FORTIFY SOLUTIONS LIMITED
70. FOUR N.T. SAVINGS & CREDIT SOCIETY LIMITED
71. FREIGHT IN TIME LIMITED
72. G4S KENYA LIMITED
73. GARRISSA COACH LIMITED
74. GARVINS GENERAL SUPPLIERS LIMITED
75. GETBODA TECHNOLOGIES
76. GLOBAL FREIGHT LOGISTICS LIMITED
77. GLOBAL LINK COURIER & PARCLES LIMITED
78. GLOBE FLIGHT WORLDWIDE EXPRESS LIMITED
79. GLOBE ONE COURIER AFRICA LIMITED
80. GMK SAKO LIMITED
81. GRAFA INTERNATIONAL LIMITED
82. GREATRIFT EXPRESS SHUTTLE SERVICES LIMITED
83. GREENLINE COMPANY LIMITED
84. GUARDIAN COACH LIMITED
85. HAPA COURIER LIMITED
86. HARAKISHA COURIER AND LOGISTICS LIMITED
87. HENKAB COURIER SERVICES
88. IDEAL SUPPORT SERVICES LIMITED
89. INDO AFRICAN INTERNATIONAL LIMITED
90. JADA AFRICA COURIER LIMITED
91. JADA HOLDINGS LIMITED
92. JC EXPRESS LOGISTICS LIMITED
93. JET COURIER SERVICES LIMITED
94. JETLY SERVICES LIMITED
95. JOHAM MOVING ENTERPRISES
96. JUST FOR U HOLDINGS LIMITED
97. JUST ON TIME DELIVERIES LIMITED
98. K.N.S COURIER SERVICES LIMITED
99. KAMUNA SACCO LIMITED
100. KANGAROO SHUTTLE SERVICE LIMITED
101. KANGEMA TRAVELLERS SACCO SOCIETY COMPANY LIMITED
102. KANGUNEX COOPERATIVE SAVING AND CREDIT SOCIETY
103. KETNNO TRANSPORT AND COURIER SERVICES LIMITED
104. KIMCINDY SERVICES LIMITED
105. KINATWA SACCO SOCIETY LIMITED
106. KINGSON AUTO MOTORS LIMITED
107. KITALE SHUTTLE LIMITED

108. KUKENA SACCO SOCIETY LIMITED
109. KWICK SERVICES SHUTTLE LIMITED
110. LAKELAND CARGO LOGISTICS LIMITED
111. LAKOCHES ENTERPRISES LIMITED
112. LIONS SECURITY LIMITED
113. LONGROCK LIMITED
114. LUXURY SHUTTLE TOURS AND TRAVEL
115. M&S COURIER LIMITED
116. MAIL MANAGERS LIMITED
117. MAMBO EXPRESS COURIER LIMITED
118. MANATWA SACCO LIMITED
119. MARALAL SAFARIS INVESTMENT LIMITED
120. MARDAV COURIER LIMITED
121. MARIS LOGISTICS LIMITED
122. MARK ONE EXPRESS LIMITED
123. MARVEL COURIER AND DELIVERY SERVICES LIMITED
124. MASH EAST AFRICA LIMITED
125. MASTERPIECE COURIER SERVICES LIMITED
126. MASTERS CARGO COURIER LIMITED
127. MENANY SACCO SOCIETY LIMITED
128. MERIDIAN LOGISTICS LIMITED
129. MERU NISSAN OPERATOR SACCO SOCIETY LIMITED
130. METROPOLITAN FAST COURIER SERVICES
131. MEX LOGISTICS AFRICA LIMITED
132. MIVIDAMA ENTERPRISES
133. MODERN COAST COURIER LIMITED
134. MODERN MAIL LIMITED
135. MOLO GROUP SERVICES
136. MOLOLINE SERVICES LIMITED
137. MOS LLP
138. MOYALE LINER BUS SERVICE LIMITED
139. MOYALE RAHA TRANSPORTERS COMPANY LIMITED
140. MOYALE STAR BUS SERVICES LIMITED
141. MTN INVESTMENT COMPANY LIMITED
142. MUDOBA EXPRESS SERVICES LIMITED
143. MUKUYU COURIER SERVICES LTD
144. MURANGA SHUTTLE SERVICES LIMITED
145. MURANGA SUPREME SHUTTLE LIMITED
146. NAEKANA ROUTE 134 SACCO
147. NAIROBI FRIENDS TRAVELLERS SOCIETY
148. NAKARGO COURIER EXPRESS
149. NAKIMU CLASSIC TRAVELLERS SACCO LTD
150. NAKONNS SACCO
151. NAKURU NAGIL SERVICE LIMITED
152. NAMUGA COOPERATIVE SAVINGS AND CREDIT SOCIETY
153. NANYUKI CABS COURIER SERVICES

154. NAROK LINE SERVICES LIMITED
155. NAROK SHUTTLE TRANSPORT SERVICES LIMITED
156. NAROK STAR SACCO SERVICES LIMITED
157. NATION CARRIERS DIVISION
158. NATIONAL CARGO LIMITED
159. NDASORA ENTERPRISES
160. NECS SERVICES
161. NEEMA PARCELS LIMITED
162. NENO COURIER SERVICES LIMITED
163. NETLINK BUSINESS SERVICES
164. NEW NAIROBI NAIVASHA UNITED SERVICES LTD
165. NEWLOT TRAVELLERS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
166. NEWSPAPER TRANSPORTERS LTD (N.T.L)
167. NEWTON INTERNATIONAL COURIER LIMITED
168. NNK SHUTTLE PARCEL SERVICES LIMITED
169. NORTH RIFT LUXURY
170. NUCLEUR INVESTMENTS LIMITED
171. NYAKATI MATATU INVESTORS SACCO SOCIETY LIMITED
172. NYENA SACCO SOCIETY LIMITED
173. NYENYA SACCO SOCIETY LIMITED
174. NYERI SHUTTLE LIMITED
175. OUTRIVAL COURIER SERVICES LIMITED
176. OLTEPES INVESTMENT LIMITED
177. OVERSEAS COURIER RESORT LIMITED
178. PALMERS PACIFIC LIMITED
179. PAGAMWA TULAGA LIMITED
180. PAN AFRICA EXPRESS TRANSPORT LIMITED
181. PAYNET WIRELESS LIMITED
182. PEAKPORT LIMITED
183. PETTY ERRANDS LIMITED
184. POSTAL CORPORATION OF KENYA PUBLIC POSTAL OPERATOR LICENCE
185. POSTIT LIMITED
186. PREMIUM TRAVELLERS LIMITED
187. PRESTIGE COURIER SERVICES LIMITED
188. PRESTIGE SHUTTLES TOUR & TRAVEL
189. PRIME GROUP LIMITED
190. PSACAM COURIERS
191. QUARSER SHUTTLE LIMITED
192. RADAR LIMITED
193. RAHA EXPRESS LIMITED
194. RAIL LINK PARCELS LIMITED
195. RAINBOW LOGISTICS KENYA LIMITED
196. RANDA COACH LIMITED
197. REACH OUT COURIER
198. REMBO SHUTTLE SACCO LIMITED

199. RILEY SERVICES LIMITED
200. RIOMA COURIER SERVICES LIMITED
201. RISING FREIGHT LIMITED
202. ROY PARCEL SERVICES LIMITED
203. ROYAL RIFT SHUTTLE SERVICES
204. RUNEX COURIER LIMITED
205. RUSH IT SOLUTIONS LIMITED
206. SAFARI LUXURY SHUTTLE LIMITED
207. SAFEWAYS COURIER SERVICES
208. SAMPER TOURS AND TRAVEL LIMITED
209. SATIMA SACCO SOCIETY LIMITED
210. SEKUNDE LOGISTICS LIMITED
211. SENDY WELFARE SELF HELP GROUP
212. SENDEX DELIVERY (K) LIMITED
213. SGA CASH IN TRANSIT LIMITED
214. SHARDI EXPRESS
215. SHOPN SHOPN ONLINE STORE
216. SHAROO ENTERPRISES LIMITED
217. SIMBA PARCELS SERVICES
218. SKYLINE EXPRESS SERVICES LIMITED
219. SKYNET WORLDWIDE EXPRESS
220. SMART COACH LIMITED
221. SOKWE DELUXE SAFARIS (AFRICA) LIMITED
222. SPANISH COURIER LIMITED
223. SPEEDEX LOGISTICS LIMITED
224. SUPER COACH SAFARI SACCO LIMITED
225. SUPERSTAR PARCELS
226. SWIFTBOX LIMITED
227. TAHMEED COURIER LIMITED
228. TAHMEED EXPRESS LIMITED
229. TAITA TAVETA MATATU COOPERATIVE SAVINGS & CREDIT SOCIETY LIMITED
230. TAWAKAL PARCEL SERVICES
231. TBAG LIMITED
232. TENCENT COURIER
233. TEZ LOGISTICS LIMITED
234. THIKA ROAD TRANSPORTERS SACCO LIMITED
235. TIMELESS COURIER SERVICES LIMITED
236. TNT EXPRESS WORLDWIDE (KENYA) LIMITED
237. TRACMA HOLDINGS LIMITED
238. TRANSCOUNTRY COURIERS
239. TRANSLINE MESSENGER LIMITED
240. TRIPPLES SACCO LIMITED
241. TRIPTIME ASSOCIATES LIMITED
242. TWO NK HOLDING INVESTMENT GROUP LIMITED
243. UFANISI COURIER SERVICES LIMITED

- 244. UNION EXPRESS LIMITED
- 245. UNIVERSAL EXPRESS LIMITED
- 246. URBAN CARGO NETWORKS LIMITED
- 247. VALIMALL LIMITED
- 248. VICKERS SECURITY SERVICES LIMITED
- 249. WAHESCO INTERPARCEL SERVICES LIMITED NATIONAL COURIER SERVICE
- 250. WAYS AND MEANS LOGISTICS
- 251. WHEELSMARK COURIER SERVICES LIMITED
- 252. WESTERN EXPRESS COACH LIMITED
- 253. ZISSOU GROUP LIMITED

Appendix IV: Data Collection Letter



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SCHOOL OF GRADUATE STUDIES AND RESEARCH

KCA/SGS/Sept. 21/1

8th September 2021

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE. GEORGE OMONDI ONYANGO REG. No. 15/06111

It is my distinct pleasure to introduce to you Mr. George Onyango who is a student in our institution pursuing a Master of Business Administration at the College of Business.

George is conducting a research on a topic titled: *"Factors Affecting Customer Retention in Courier Companies in Kenya."* which is part of the requirements of the program he is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to him is highly appreciated.

In case of further inquiry, do not hesitate to contact the undersigned.

Yours faithfully,

Dr. Nyaribo Misuko

Dean, School of Graduate Studies & Research