CUSTOMER SERVICE STRATEGY AND CUSTOMER RETENTION IN RETAIL STORES IN MUKONO DISTRICT:

A CASE STUDY OF GENERAL MERCHANDISE STORES IN MUKONO CENTRAL DIVISION

BY

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UNIVERSITY

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DECLARATION

I declare that this dissertation is my original work and has never been presented for any academic award. Where it is indebted to the work of others, acknowledgement has been made

KEZIAH NAKASI

Signed………………………..

Date………………………....

APPROVAL

We certify that the dissertation on "customer service strategy and customer retention among the retail stores in Mukono Central Division using a case of General Merchandise retail stores" has been under supervision and is now ready for submission for examination with our approval as Kyambogo University based supervisors.

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DEDICATION

This research dissertation has been dedicated to Dr. Bulwadda Daniel, Emmanuel, friends and my family

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I am grateful to the almighty God for the blessing and inspiration given to me during the struggle for my studies.

Special appreciation goes to my supervisors **Dr. Jacob L. Oyugi, Dr. Kyamanywa Teopista** and **Dr. Ayebare Dan** for their efforts in guiding me during the course of writing this research work.

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ABSTRACT

The intention to this study was to determine the relationship between customer service strategy and customer retention among retail stores in Mukono Central Division a case study of General Merchandise stores in Mukono Central Division. The specific objectives of the study were to investigate the relationship between effective communication and customer retention, determine the influence of time management on customer retention and examine the relationship between seller's reliability and customer retention among General Merchandise retail stores in Mukono Central

The study adopted a case study design and both qualitative and quantitative approaches were used. Data were collected using both questionnaire and interview guide from a sample of 136 and a total of 112 respondent's business owners, attendants and customers of General Merchandise stores at a response rate of 82.4%. The study findings revealed a significant positive relationship between effective communication and customer retention observed at r= 0.265^{**}. The results also indicated coefficient of determination at r^2 0.705^{**}. The findings revealed significant positive relationship between seller's reliability and customer retention revealed at R=0.930**. However, from the conclusion, the study results indicate that of the three sub variables studied, time management and sellers' reliability has a great influence on customer retention among the general merchandise retail stores.

This study recommends that general merchandise retail stores owners needs to ensure customers retention they need to put efforts on is about making happy, care about them, making them feel valued and making them feel appreciated. The study also recommends that general merchandise retail stores may adopt networking and referrals. Landing referrals from networking or past business associations is not just a cheap way to pick up new business. The study further recommends that general merchandise retail stores to identify their customers and their potentiality develop detailed picture of them and understand how to target them. For further studies, this study recommends a study on other customer retention strategies and also a study on other customer service strategies that can boost customer retention

CHAPTER ONE

INTRODUCTION

1.1   Introduction

Omotayo and Joachim (2008) asserts that the goal of customer service was to transform an unhappy customer into a customer who feels thrilled about how well they were taken care of so as to retain them for a long period of time. The intention of this study was to establish the relationship between customer service strategy on customer retention in General Merchandise stores in Mukono Central Division. This chapter addressed the introduction, background to the study, statement of the problem, purpose of the study, the study objectives, research questions, research hypothesis, conceptual framework, scope of the study, justification, the significance of the study and operation definitions.

1.2.0   Background to the study

This section includes the historical background, conceptual back ground, contextual and theoretical background of the study.

1.2.1   Historical background

According to Joel Evans and Barry Berman (1979), the 20th century retail was about inventory, shelving and cost-plus pricing. Business owners had minimal insight into who was actually buying their products, or how they were using them. In the twenty first century, business faced multitude of customer retention challenges from both internal and external environments of keeping with ever changing customer expectations, maintaining customer royalty, managing internal communication, retaining and engaging employees and the digital disruption.

According to Jacobs (2018), it became hard for retailers to keep up with the changing ways people wanted to shop for products and connect with brands. Customer behavior had shifted

to   focus on merchandise price, promotion, and the traditional ways of marketing which could no longer move the needle far enough which caused several major retail bankruptcies.

. However, in 1990s, Selfridges Founder and Harry Gordon popularized a new trend of "customer is always the king" which placed the customer and her needs as the focus of all business decision and it dominated in retail markets.

According to Williams (2011), Globally retail industry evolved from being product centric to focusing on consumer center, customer retention become a key metric of success. Brand loyalty was no longer something to be won once and relied on forever.

 Bain and Company,(2017)asserted that   82% of business managers agreed that customer retention was cheaper to execute than customer acquisition, studies indicated that for an increase in customer retention rates by just 5% increases profits by 25% to 95%.Also Empirical studies had been done in such kind of study Gee, Coates and Nicholson (2008) indicated that businesses must understand what drives both value and delight for their customers and adopting a customer centric vision that enables business owners to understand their customers, deliver customer delight and drive for loyalty and retention.

According to Jack Hanrahan (2000), In such a competitive retail environment, keeping customers happy was a basic requirement and the ability to deliver outstanding customer service strategy that can be vital in reducing the churn, like effective communication, timeliness and seller's reliability to proactively influence customer retention.

1.2.2   Theoretical background

The study was guided by Stake holder's theory of R. Edward Freeman, its assumptions are based on having favorable customer service strategy that satisfies the interests of stakeholders to ensure customer retention in a business, the Product Life cycle theory of

Vernon (2001), is also another theory to guide the study, since its applicable as a major component in customer retention for retail businesses since its focused on the kind of service which is offered to ensure customer retention product not its factor proportions. However, this study was mainly guided by the Expectancy Disconfirmation theory of Oliver (1977) emphases customer retention outcomes like customer repurchase, positive word of mouth and price insensitivity in cases of occurrence a function of perceived performance .In other words, if customer service strategies like time management, effective communication and seller's reliability are offered appropriately perceived performance is likely to occur among the customers and the business .This there for calls out business managers to employee favorable customer service strategies that can promote and maintain the existing customers retention in their businesses. It also emphasize managers to look out for the negative disconfirmation since for this theory, it does not matter how the service provider believed the service was performed but the consumers' perception of the delivered services which is an important component in customer service strategy for business success and customer retention purposes Therefore, in relation to this study, retail business managers need to put efforts on recognizing the negative disconfirmation, and work out to minimize them by applying thoroughly customer service strategies like time management , effective communication and sellers reliability for customer retention.

1.2.3 Conceptual background

In today's competitive environment, the concept of customer service strategy has played strategic roles in the improving, managing, retaining and developing customers' loyalty. In the twenty first century, Merchandise retail business faced multitude of challenges from both internal and external environments in retaining Customers. However, in 1990s, a new trend of Customer is always right' dominated retail markets that placed the customer and her needs as the focus of all business decisions.

In an attempt to resolve the question on what form of service should be rendered to customers, Davis & Heineke (2003) noted that, Services are intangible (Alam and Khokhar, 2006) and therefore more difficult for both service providers and the customers to measure and evaluate objectively. They went on to say that services are produced and consumed simultaneously, meaning that either the customer or a possession of the customer is involved in the process while the service is being delivered. Aronould, Price and Zinkhand (2004) posited that no business can maintain and develop customer retention without the requisite to understand further than the basic characteristics of services and what they value.

The concept of customer service has been defined by different people with different connotations., Bolaji (2009) defined customer service as the capability of well informed, consistent, proficient and passionate employees to provide/offer products and services with a view of identifying and satisfying the needs, demands, values and expectations of the consumers/customers, however depending on business focus such as retailing, industry ,David (2017), pointed out that customer service is the process of delivering a product to your clients before, during and after a purchase and It is a key driver for retaining customers. In retail sector, Customer service refers to the activities and programs a seller provides to make a relationship satisfying for his/her customer. (Futrell, 2005)**.**

The study examined customer service strategy such as effective communication, time management and seller's reliability among others as appropriate and crucial dimensions in customer retention efforts in General Merchandise retail industry.

According to Stella (2013) time management is the process of planning and exercising conscious control of time spent on specific activities especially increase effectiveness, efficiency or productivity. (Murthy 2007). Sellers' reliability is the ability of business owner to constantly perform their intended functions. Sellers reliability is the ability of a person selling something is dependable and can behaves predictably every time or it can be

According (2012) and Kotler et al., (2013), customer retention is the actions businesses undertake to get their customers to continue using their services. Creating loyal customers is at the heart of every business, because it is the key to long term marketing success.

Venue (2010) Customer retention strategy is the policy framework that a business can devise in order to retain its customers for future business transactions. Repeat purchase intention is regarded as the customer's decision about re-purchasing a chosen service from the same service provider, taking into consideration the customer's present condition and other possible occurrences (Yap & Kew, 2007).

According to Mulindwa (2005), Word of Trust, Word-of-mouth) is described as an endorsement and references from satisfied customers about a business and its offerings, which are considered as an effective tool in business. It includes remarkable comments about a product's performance, service quality and business trustworthiness from one customer to another customer. It is believed that exceeding customer's expectation would influence the customers to engage in spreading news about the business (Küçükosmanoğlu & Şensoy 2010).

1.2.4 Contextual background

Uganda, with the population of more than 35milion people and an increasing economy, it has a potential market for the retail industry, the retail industry is operated by local and foreign small, medium and large scale retailers. Many international and large scale retailers are operating in Uganda alongside local companies and over the next 10yers, about 7million people whose age is between 15-24years of age at the moment will enter the consumer market. These figures show that Uganda is holding a potential retail industry (Retail Industry analysis 2016).

Currently, according to Uganda Retailers and Wholesalers Association report (2016) the total retail sales of goods and services cannot easily be estimated but partial indexes show total turnover of retail sales rising year after year. Estimates for Uganda's retail market today vary widely, the usd5 billion with annual sales in excess of USD 8 billion, retailing involves direct interface with the customers and coordination of business activities from end to end. It has undergone a massive retail revolution becoming home to a wide array of international brands.

According to Uganda's budget (2016), the share of whole sale and retail trade in GDP averaged around a steady 18% in the past decades and in that services, around 47%. it's also one of the country's largest employer, employing around 16% of its total labour force and it constitutes of more than 47% of Uganda's GDP which implies that it bears potential to steer the country's overall economic growth.

General Merchandise retail stores have Trader's Associations which protects and promotes business interests of its members. Currently, the sector is highly competitive, fast moving, seasonal and promotion based, due to the situation at hand, it has become too hard for business managers retain and maintain their customers, meeting their expectations around is higher than ever because they are smart, more price conscious, demanding, less forgiving and they are being approached by many more competitors. (Burke Incorporated, 2004).

1.3   Problem statement

General Merchandise retailers of Mukono Central Division are facing a challenge of customer retention failure. Customer retention struggles is the prevailing situation with General merchandise stores of Mukono central Division due to competitive situation in the area , while it's hard to find specific data on the retention .Mukono Traders Association, (2017) conducted traders interviews on business challenges and it was raised its that it has become difficult to please the expectations of customers, since they are more smart than

ever, more price conscious and they are being approached by many more competitors, therefore maintaining and attracting new customer to maintain a business remains a challenge.

Mukono Revenue Municipal Report 2015-2016, and 2016 -2017 also indicate a rate of 80% General Merchandise retail stores closure and 75% new retail openings at rate of openings in the area specifically, High rates of business closer is an indicator of customer retention challenges prevailing in the sector putting other factors constant. Mukono Traders association has severally organized training works shops to enable retailers attain business management skills but the situation is still alarming. Therefore, one wonders if its absence of appropriate customer service strategies like effective communication, time management and seller's reliability that are causing unstable customer retention management. This study therefore is in attempt to assess the relationship between customer service strategy and customer retention so as to help Merchandise retail owners keep into existence and service for long periods of time, enhance development and business legacy

1.4   Purpose of the study

The purpose of the study was to establish the relationship between customer service strategy and customer retention in retail stores using a case study of General Merchandise retail stores in Mukono Central Division, Mukono Municipality in Mukono district.

1.5   Objectives of the study

1. To investigate the relationship between effective communication and customer retention among General Merchandise retail stores in Mukono Central Division.

2. To determine the influence of time management on customer retention among general Merchandise retail stores in Mukono Central Division.

3. To determine the relationship between sellers' reliability and customer retention among General Merchandise retail stores in Mukono Central Division.

1.6   Research questions

1   What is the relationship between effective communication and customer retention on general merchandise stores in Mukono Central Division?

2   How does time management influence customer retention among General Merchandise retail stores in Mukono Central Division?

3   What is the relationship between seller's reliability and customer retention of general merchandise stores in Mukono Central Division?

1.7   Conceptual frame work

The conceptual framework was hinged on the idea of Jen Dalitz (2017), Cluveberg (2010) and (Polo et al. 2011) which indicates that a conceptual framework is relevant to adequately present the relationship between customer service strategy and customer retention in a study.

Independent Variable   **Dependent Variable**

Customer service strategy   **Customer retention**

Customer service strategy	Customer retention
• Effective communication • Time management • Sellers reliability	• Repurchase • Positive word of mouth • Pricing insensitivity

Mediating   Variable

Management policies
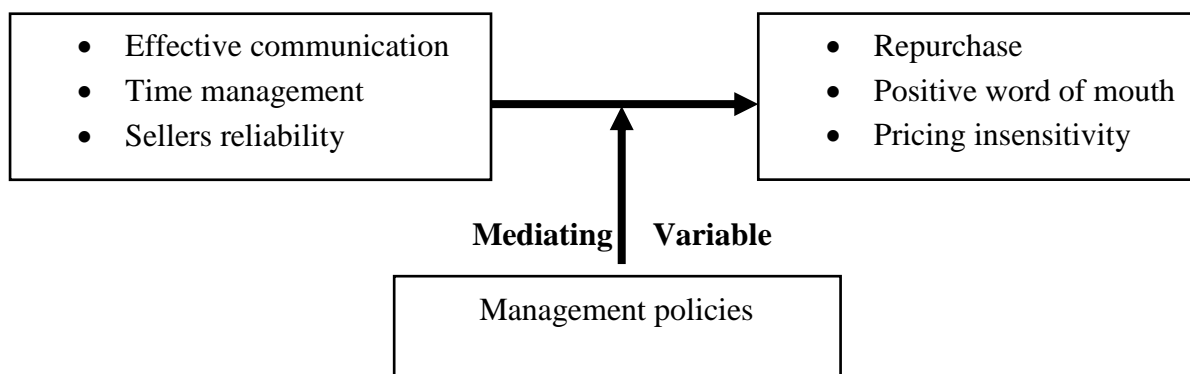
Figure 1: The relationship between customer service strategy and customer retention

Source: Adapted from Jen Dalitz (2017), Cluveberg (2010) and (Polo et al. 2011) and modified by the Researcher.

Kothari (2004) defines conceptual framework as a structure that defines the interrelationship between variables deemed important in a study. He further explains that it expresses the researcher's views about the constructs deemed important in a study. The study based on existing literature of customer service strategies and customer retention within the retailing

sector (Jen Dalitz, 2017). Effective communication, time management, and seller's reliability are reliable measurements of customer service strategies. Management policies as mediating variable was not studied although it was indicated in the conceptual flame work. This research study was undertaken to investigate the relationship between customer service strategy and customer retention among General Merchandise Retail Stores of Mukono central division in Mukono Central Division.

1.8   Scope of the study

1.8.1 Subject scope

The study was focused on determining the relationship between customer service strategy and customer retention among General Merchandise Retail Stores in Mukono Municipality in Mukono District. Customer service strategy was studied with the dimensions of time management, seller's reliability, effective communication and customer retention included repurchase, positive word of mouth and pricing insensitivity.

1.8.2   Geographical scope

 The research was conducted in Mukono Central Division which is administered by Mukono Town Council. The District headquarters are located in this division and its 27 kilo meters east of the central business District of Kampala, Uganda's Capital Largest City and alongside Jinja Road

1.8.3   Time scope

The study covered a period from one year as the period of data consideration. This was suitable for determining various patterns approximately of events as they have been put forward by the different scholars. Information from the Town Council Municipality reports, Traders Association reports were considered to complete the study. The study was conducted from July 2017 to December 2018.

1.9   Justification of the study

Although customer retention has been studied widely and researchers have recommended use of retention strategies there is still a gap in the study of a customer service strategy and its contribution to customer retention. Merchandise retail stores of Mukono central division are opening and closing off day and night which is an indication that the retailers need knowledge on how to keep their businesses in existence. Therefore, the researcher found it important to study whether there exists a relationship between the customer service strategy and customer retention in order to help merchandise retailers on how to handle and retain their customers for a long period of time.

1.10   Significance of the study

Research findings of this nature will be important to Ugandan retail traders how have not fully embraced customer service strategies in their business, help them identifying the essence of customer service strategies on customer retention challenges to enhance Merchandise retail businesses keep into existence service for long periods of time, increase profits, enhance development and maintain business legacy and to be of great value to the business managers, researchers, investors, government and students as a point of reference and may equally form the basis for further research study.

1.11 Operationalization of the variables

Effective communication – this is the information received accurately in terms of content and meaning as intended by the sender

Time management- Is the process of organizing and planning and working within agreed period of time.

Sellers' reliability-this is the ability to offer expected standards and constantly all the time.

Repurchase-this is the action of buying something back.

Positive word of mouth-this is when one person tells another just how good your product or service or work.

Price Insensitivity- this is when sales remain the same even when the price goes up or down by a large amount

Customer retention -the ability of every establishment of organization to entice, retain current customers and attract new customers is not only connected to its item for consumption or services.

Customer service strategy- the process of delivering a product to a customer or a service during and after a purchase

CHAPTER TWO

LITERATURE REVIEW

2.1   Introduction

This chapter presents review of the related literature to customer service strategies and customer retention generally. Basically, the literature review mainly focuses on the theoretical review and conceptual review of the study on the independent variables customer service strategies with dimensions like time management, effective communication, and sellers' reliability and their relationship with dependent variable; repurchase, positive word of mouth and price insensitivity in general terms and summary of the literature.

2.2.0   Theoretical review to the study

The theory was guided by the Stake Holder's Theory, Product Life Cycle Theory and Expectancy Disconfirmation Theory. According to R. Edward Freeman (2010), The Stakeholders theory addresses the satisfaction of interests of stakeholders in a business, it suggested that shareholders are merely one of many stakeholders in a business. The stakeholder ecosystem, this theory, involves anyone invested and involved in, or affected by the business notably employees, environmentalists near the business's plants, vendors, governmental agencies, and more (Andrew, 2010).

The theory also asserts that a business's real success lies in satisfying all its stakeholders, not just those who might profit from its stock. (Robert Phillips 2010) this implies that for a business to ensure long term retention therefor it's important to realize the role of communication in building a strong relationship with customers by putting into consideration all its shareholders through proper application of the need customer service strategies.

The global economists and philosophers explain that stakeholder theory impacts on a variety of types of stakeholders and shapes a better and stronger business. There for the retail sector

to maintain customers in the competitive environment Stake Holder's theory must be applied thoroughly for effective support and long term stay of the customers (RA. Philips 1997 and C. Fontaine 2006)

Product Life Cycle Theory of Vernon (2001), is another theory which guided the study and it is equally applicable to customer retention which is a major component in customer retention for retail businesses. Its focus is on the product and not its factor proportion.

According to Blokdyk (2018) Products have a life cycle and hence there is need to understand this cycle for the purpose of designing a product and putting it in the market.it is based on the assumption that products move through a series of stages from their introduction, passing through the growth stage, followed by the maturity phase in which it remains stable till the decline stage of final withdraw.

Gerardus (2019) also explains the product stages in that at is the time for high investment and show uptake. Growth - If it takes off with resultant volumes bringing costs down so fueling more growth. Maturity- The product success brings in competitors to share the 000spoils during which the sales curve again flattens, and revenue is generated predominantly by sales to existing customers rather than to new customers. Saturation- Too many dealers lead to crowding. Decline- Suppliers lose interest and the product declines towards death. Therefore, there is a need to understand the major stages that product is undergoing in order to determine where it has reached (Kinnear, 2000).

Among others, this study was mainly guided by the Expectancy Disconfirmation Theory of Oliver (1977) it emphasizes that satisfaction outcomes are a function of perceived performance and perceived disconfirmation. This famous theory in measuring customer's retention was developed in a series of two papers written by Richard L. Oliver in 1997.

According to Oliver 1997, It was defined as a theory for measuring customer satisfaction from perceived quality of products or services is reviewed in this research for measuring customer loyalty. Perceived disconfirmation depends on perceived performance and standard for comparison a customer will experience. If the perceived performance is of a negative disconfirmation, then service did not meet the comparison standard. If it's of a positive confirmation, then it has meet the comparison standard. 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, which is a sign of in appropriate customer service strategies which presents the largest threat to customer retention. This can be illustrated in the figure 1 below.

Figure 2: Expectancy Disconfirmation Paradigm Model of Consumer Behavior
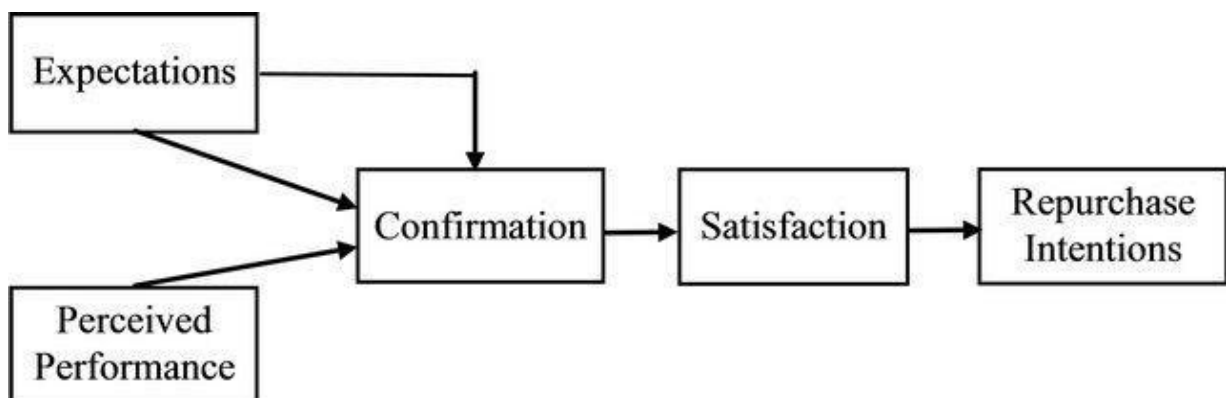
Source: Richard (1997).

According to this EDT model (1997), customer retention is not limited only to the expectation of products or service rather than these factors, customer perceived information is also important. When a customers realize that perceived information of product or service can satisfy their initial expectations, then positive disconfirmation is likely to occur which promotes customer royalty and retention for any business. In versus, if the perceived information of products or services does not match with their initial satisfaction, then negative disconfirmation is likely to lead to a dissatisfaction that divides customer's

demands into two concepts that are expectations and desires. It calls out for customer service strategies like time management, effective communication and sellers' reliability to present more value to the customer to address the cause of the negative disconfirmation and enhance customer retention

According to S Sattari (2007), Expectations are defined as a set off standard that predict expectations and perceptions of customers about specific product or service. On the other hand, desires are defined as a set of attributes that present more value to the customers if these are addressed customer retention will be achieved.

According to K. Franklin (1995), The Expectancy Disconfirmation Theory was chosen because expectations define the customer's anticipations about performance of products and services. EDT has the ability to define multiple manners of customers in purchase process. These are dimensions of service strategies, firstly; the customers have an initial expectation based on their previous experience with using specific product or service. Expectation of such customers who repurchase from a specific business is closer to reality and it is a measure of customer retention in this study. Secondly, how the customer talks about the services and the products offered by your business, the way of communication by the customer and the seller creates a bondage and good relationship among customer new customers without having a first-hand experience about performance and quality services that they tend to purchase from a specific business for the first time. The initial expectation of such customers consists of feedbacks that they receive from other customers, advertisement, and mass media.

In conclusion, the expectancy theory, It is important for business owners of to recognize both positive and negative disconfirmation, as they present the largest threat to customer retention and therefore, making good use of customer retention strategies like effective

communication , time management and sellers reliability because will significant impact on firm's service quality and business trustworthiness from one customer to another customer for customer loyalty and increase on customer retention rates. This study sought to establish whether there is a relationship between customer service strategy and customer retention.

2.3.0   Conceptual Review to the study Contextual

Customer service strategy is an important part of any business plan. Since business relies on customer satisfaction, any good business should develop a strategy that not only draws in customers, but keeps them happy so they are not tempted to try out a competitor Harris (2017). Satisfying customer service has a significant impact on firm's retention tactics (Omotayo & Joachim, 2008). Besides, Qin et al. (2009) had highlighted the importance of two-way communication between customer and firm's personnel in augmenting the quality of add-on services provided. Steven et al. (2012) had claimed that the improvement in customer service would subsequently enhance customer's satisfaction. The execution of services would determine the customer's perception towards firm (Gan et al. 2006). Handling customers through a good service by understanding their requirements, preferences and needs would certainly help firms to preserve their customers. This is in line with Bassey (2011)'s claim on the importance of good customer service in fostering customer' loyalty which will in turn augment firm's retention practice.

Buttle (2004) ascertained that customer retention is the number of customers doing business with a firm at the end of a financial year expressed as a percentage of customers that were active at the beginning of the year. Customer retention has been shown to be a primary goal in firms that practice relationship marketing. While the precise meaning and measurement of customer retention can vary between industries and firms there appears to be a general consensus that focusing on customer retention can yield several economic benefits (Buttle et al, 2004). As customer tenure lengthens, the volumes purchased grow and customer referrals

increase. Kandampully and Suhartanto (2000), asserts that the ability of every establishment of organization to entice, retain current customers and attract new customers is not only connected to its item for consumption or services, but essentially associated with the image and reputation it creates within and across the market place.

2.3.1 Effective communication and customer retention

Campbell (2014) effective communication is crucial when it comes to customer retention. Communication requires effort, flexibility and a tremendous amount of patience and self-control on the part of the customer service agent. The customer, in most cases, should be treated as correct. And, customers are wrong sometimes as well. However, to be successful with customer service, a corporation must train their employees in how to calm down and problem solve for rightfully frustrated and disgruntled customer. Because the customer is feeling duped, they will often become demanding and impatient. If a corporation is to be demonstrative about the motto they promote around valuing their customers, these trespasses with customers will be handled with openness, flexibly and geared toward a solution that benefits the customer. Dissatisfied customers are expecting solutions, which is where good communication comes in. Customers must be left feeling that whatever is being done to resolve the problem is being put into action. In other words, business that cannot efforts on how information is shared and handle in their business are likely to lose customers.

Communication is a process of exchanging meaning, that is, the deliberate meaning that one person plans to relay must be received by the second person without variation, failure to which there is lack of communication or there is miscommunication (Guffey, 2000).

Van Staden, (2002) define communication as a two-way process whereby information (the message) is sent from one person (the sender) through a channel to another person (the receiver) who in turn reacts by providing feedback. According to Rouse & Rouse (2002), effective communication means that the information is received accurately in terms of

content and meaning as intended by the sender. According to Voss (2011) businesses can learn new information that can help them to improve the products and service quality. The process of improvement of these businesses may occur faster than those that do not acquire any feedback from customers (Voss et al., 2004). Thus, it is critical for business to establish channels of receiving information from customers by understanding your ideal customer, you can work backwards to create better experience for all users, this implies good customer service which will builds trust and loyalty among customers thus enhancing customer retention.

Kotler (2006) says that traditionally, customer communication has been one way from the business owners to customers. The conventional tools for a business owner to customer unilateral including advertising, sales promotion, publicity, public relations and personal selling, with the exception of personal selling, these communication channels are non-interactive. (Newman 2014) Today's customers expect a more responsive, active and faster communication with a retail business. Responsiveness in customer service is an attitude that can be taught by providing training and coaching programs for your customer staff to learn how better to respond with each interaction. Effective listening, remaining calm and courteous under pressure, communicating and having a head a problem resolution. With such skills can be able to handle all sorts of customers and to quickly respond to their problems which promotes customer satisfaction and retention.

According to Voss (2004), effective customer communication provides a channel where customers can express their needs, perspectives or judgments about the businesses' activities and performances. All customers have encountered difficulties, delays and frustration dealing with various businesses from time to time, the same holds true when dealing business to business. Blythe (2008) emphasized that customers communicate to business

managers to give their feedback on the various products or services offered. These can be complaints, enquiries, and suggestions for services as well as compliments. Without proper communication channels with customer to business sellers where customers can express their needs, perspectives or judgments about services and products and the business performances, business owners will be able to tackle those reasons and improve their customer experience on their brand or service which might lead to customer retention challenges

Pierce (2010) advises that quick response with answers, information and solutions to mistakes can become the basis for competitive advantage, one that builds customer loyalty quickly. Thus, customer communication allows business managers to assess the effectiveness of their service quality and customer retention. Sources of feedback to the company can be diverse and customers are the best reference and primary source of information because of frequent and direct interactions with their businesses which promotes customer retention.

Hanna (2005) splits effective communication as an interactive process which should result in some action and internal communication being all formal and informal communication that internally takes place within the business. However, Jan & Henk (2004) view communication from two points, implicit and explicit, both of which occur in a retail business simultaneously and he argues that managers must be keen to ensure consistency of the two forms of communication to have happened. Depending on the choice of channel of communication, communication can be categorized as being verbal and non-verbal while depending on the style of communication, there is formal or informal communication. The broad channels of communication are verbal, nonverbal, formal and informal channels. Communication within these channels can be done face to face, workshops/forums, and

telephone and written forms such as letters and emails. There are also web based tools such as the internet, Facebook and Twitter (Heckman & Karim, 2005; McAdam & Henderson, 2003). If these two types of communication are effectively used customer retention is likely to prevail because most customers read either the verbal or facial communications from their service providers.

Cook (2004) urges that the need to care about customers and customer service communication by consistent. It's important for business managers to improve and change the way of communication and interaction with clients in order to improve on customer retention (Ford. 2003). As a result, they can serve and support customers in the best way which can increase on the customer retention rate levels.

Rensburg and Cant (2003) observed that communication is believed to directly affect the building of long-term relationships with the stakeholders of an organization. It is therefore, necessary to acknowledge the role of communication in building relationships between the various activities in the business and between its stakeholders. Schultz et al. (1995) are of the opinion that it is the rapport, the empathy, the dialogue, the relationship and the communication that business managers need to establish prospect that makes the difference to enhance customer retention.

Irichet (2008) advises effective communication becomes even more important in difficult times when the economic outlook darkens and confidence weakens. Therefore, with effective communication good relationship can be built among all stake holders and the nearby environment which strengthens businesses loyalty and customer maintenance.

Voss et al. (2004) believes that communication received from customers can be of positive or negative; negative customer communication is a sign of customers' dissatisfaction and indicates that business customer service strategy does not meet a customer's needs.

Meanwhile, positive customer communication confirms the good customer service strategy of a business that allows them to strengthen their relationships with customers for retention purposes. Voss et al. (2004) suggests that customer communication is an often-overlooked factor in explaining the relationship between customer service and customer retention. Today, mere satisfaction does not ensure customer retention other factors like customer service strategy need to be put into consideration and therefore, focus of recent research has shifted from studying drivers of customer retention, this study seeks to investigate if customer service strategy relationship and customer retention in retail industry

2.3.2 Time management and customer retention

According to Nicasio (2017) In retail business, success boils down to not only how much you sell, but how you manage your time, it's about working smarter and getting more done, but whether you are a retail manager with years of experience or someone with a new shop, you can easily be pulled in multiple different directions on any given day. It can be very hard to focus on one task at a time when you're dealing with customers, training staff is required and as a retailer, you should know better than anyone else that time is particularly money. Therefore, when time isn't well managed customers are likely to run away from your business leading to profit decline

Rad (2008) revealed that time management, especially the lead time of delivery, can be a cutthroat benefit. To take control lead time, time management is a mirror image of the management of quality, price, innovation & productivity. Sinking wasted time of processes automatically perks up the performance of other measures with the multiplier effect. Making flow chart of activities that depicts out the non-value-added activities of any process or operation helps out in improving the flaws in the process. Time-based competition is the capability to move the products from the source to the required place with a better speed & efficiency than the competitors. To do better than the competitors strive to find the flaws in

the process which brings out several causes of inefficiencies by applying effective customer service strategy. This process of analyzing the whole process & mitigating the flaws of the process brings out lots of benefits to the business both in monetary as well as in context of customer royalty and customer retention

Eckert (2007) asserts that better management of inventory is directly proportional to customer satisfaction. Business owners who satisfy their customer are likely to retain and attract more customers thus promoting customer retention. Customers are said to be more satisfied if their suppliers are able to meet and fulfill their orders within the required time (Widing, 2003). The desire to satisfy the customers according to Wang (2007) makes the supply chain members to keep buffer (safety) stocks. The suppliers also enter into long-term relationships (which require trust and commitment) with their suppliers to secure sustainability in supplies. In this regard, it is believed that when proper time management of business like maintaining stock level enhance customer retention. This intends to create a relationship between time management and customer retention in retail businesses.

According to Wallin (2006), customers are more satisfied if the time taken to deliver their products is less than the time they are willing to wait once they have placed an order .When a customer gets service within the expected time customer retention is automatically expected and positive word of mouth about the business services and products is definitely expected . Gunasekara (2001) revealed that flexibility is a paramount in meeting the delivery deadlines and therefore information sharing is required to enable the business owners to meet specified delivery dates by the customers. A study carried out by Yin-mei (2013) shows that effective customer delivery influences customer retention and service quality. Customers are said to be more retained if their suppliers or sellers are able to meet and fulfill their orders within the required time (Widing, 2003).

Da Cunha, Agard and Kusiak, (2007), highlighted that among the customer service strategies that retail businesses can use, is the need for shorter lead-times especially among the customers who want to receive the products as soon as they order. Reduction in lead times means that products and information flow in a seamless manner which allows all the business owners and operators to respond to the customers' needs quickly while maintaining inventory to thus enhancing customer retention (Brewer, 2000).

Jader (2012) and Job (2013) argues that reduction in lead time in customer retention is not a new concept. He asserts that the opportunity to reduce lead time in service delivery lies in the service process itself. The time it takes to provide a particular service to a customer is very significant. He further suggests that for business to be able to reduce lead time, it should include lead time reduction as a business strategy. This will enable the business to address lead time issues more efficiently. However, if there is uncertainty about future demand, long lead time is costly even when the customer knows exactly when the merchandise will arrive. If future demand has been underestimated, running out of stock has costs in terms of foregone sales and the possibility of losing customers. Furthermore, the longer the lead time and the more varieties of the product in question are on the market, the larger stocks are needed. It is also important to notice that competitiveness on lead time is not a static concept. In this case therefore, if lead time as a customer retention component is under looked like in the retail stores industry where business owners have to make orders for products from identified suppliers, customer relationship will not be maintained thus promoting customer retention challenges.

2.3.3   Sellers' reliability and customer retention

Reliability refers to the ability to deliver expected standard at all time, how the business managers handle customer services problem, performing right services for the first time, providing services within promised time and maintaining error free record. In regards to retail

merchandise, Jay and Barry (2014) noted that the reliability of the seller is considered as consistently good in performance which is able to be treated at any time. There are the two important factors that give effects to retail service; consistency and dependability. First, consistency refers to uniformity or compatibility between things or parts. This means that the quality is always the same, doing things in the same way and having the same standards.

Frei et al. (1999) suggest that customer service strategy should include uniformity of service output around an ideal target value determined by customers. Customers need to be addressed about the changes in goods and services available and in a consistent manner. Second, dependability which is assurance of providing services as expected. Trust is another key factor influencing the adoption of various types of service in retail trading (Rexha et al., 2003). With dependability and consistence, the business will increase its customer retention rate since satisfaction will be achieved from the sellers deliver services thus customer retention.

According to Tim, (2015) Seller's reliability arises from consistent follow through and execution, standardize service and product quality .example Mc Donald's restaurants typify reliability of quality and service in their standardization. And all customers know that they can go to Mc Donald's anywhere in the world and be assured pf getting the same Big mac and fries. Reliability begets repeat business, when seller's reliability is being assured by customers they will receive the same top quality all the time they will always do business with you.

According to Revionics (2016), trust firm believe in reliability, truth, ability and strength. For retailers, to maintain customers and their merchandising practice must be fair and transparent for essential term success. Customers instinctively know that this is the truth, he urged that how to price dynamically without undermining customers trust is important as retailing

practice spreads into and more sector. Market circumstances include supply and demand, customer profile, regional variations, time of year, price elasticity and the pricing practices of relevant competitors (Fei lee and Kent B Monroe 2008)

(Kotler, 2003). Hence, customers are always attracted to business which are transparent, consistent, truthful, direct/open and honest with them, and also genuinely show affection and interest in them. The survival of every organization therefore becomes a dependent factor on customers' satisfaction, loyalty and retention. If customers find reasons to dought you and your business services business is bound to suffer with retention challenges.

Garvin (1988) asserts that sellers' reliability specifies the probability that the seller will be operating properly over a specific period of time under the stated condition. Customers need to be sure of operational and non-operational time .this helps them to fix themselves into the business operational time which boosts customer retention in that customer will be sure of receiving services in case they are have developed trust in your business operational time.

Wilson (2008) highlight seller's reliability as the other dimension of customer retention and this can be defined as the business's ability to fulfill its commitments. Price agreements and other conditions are to be fulfilled, time limits kept and the service is to be carried out correctly from the beginning. This dimension is consistently shown to be the most important determinant of perceptions of customer service strategy which enables business to retain their customers. This dimension includes the consistency in which service promises are met which could include keeping schedules or appointment times, completing tasks on time, and ensuring that outcomes are met.

2.5   Summary of the literature

According to the above literature form the different scholars and philosophers, retail merchandise store need customer service strategies are important and are crucial for customer retention and extracting more value from the existing customer base because it's cheaper to make a repeat purchase than to find a new customer there for this study seeks to investigate the whether there is a relationship that exists among these crucial customer service strategies in retail industry like time management, effective communication and the reliability of seller so as to help merchandise retail stores solve the challenge of customer retention in their competitive sector. This is because Your best customers don't just buy one product or use your service once. They should come back again for more goods and services.

CHAPTER THREE

METHODOLOGY

3.1   Introduction

In this chapter, the researcher presented the research design, the area of study, the target population, the sampling techniques and sample selection procedures, the research instruments, the data collection procedure, validity and reliability of instruments, data analysis tools, and any limitations to the study.

3.2   Research Design

In this study, the researcher employed a case study research design, by focusing on single entity and both quantitative and qualitative approaches were adopted to quantify and qualify the study variables in this study. A case study research design enables the researcher to carry out an in-depth analysis of the problem in the study unit (Kothari, 2004), while enabling the creation of case specific generalizations on the research phenomena (Neuman, 2014). The use of both qualitative and quantitative data collection methods was engaged to enable the researcher to eliminate the element of bias associated with the application of one research approach (Mugenda & Mugenda, 2003). The quantitative and qualitative approaches enabled the researcher to quantify and qualify the relationship between customer service strategy and customer retention in General Merchandise Stores in Mukono Central Division.

3.3   Area of Study

The study was conducted in Mukono Central Division of Mukono Municipality and it was particularly concentrated with General Merchandise Stores within Mukono Central Division. Its general purpose was to investigate the relationship between customer service strategy and customer retention in General Merchandise Stores in Mukono District.

3.4   Target Population

The study focused on the total population of 210 composed of 50 business store owners and 50 stores attendants and 110 customers to these general merchandisers. However, it was

from this total population that sample size of respondents to participate in the study was selected.

3.5   Sampling Technique and Sampling Selection

From the total population, this study based on the target population of 210, and sample size of 136 respondents was selected, which seemed to be a fairly representative of the population, as supported in Krejcie & Morgan (1970). The sample size in each strata was distributed using a mathematical method by dividing the population in each stratas over the total target population times the total sample size. Different sampling technique were employed that is the stratified sampling random technique was employed were business store owners were divided into smaller sub groups depending on the General merchandise store category and simple random was also employed whereby selection of respondents were selected by chance.

Table 1:   Sample Size and Sampling Techniques

Category of population	Target Population	Sample size	Sampling technique
Business store owners	50	32	Stratified sampling random technique
Store attendants	50	32	Simple random sampling
Customers	110	72	Simple random sampling
Total	**210**	**136**	

Source: *Adopted from Mukono Municipality Revenue Report (2016/17) and   Krejcie& Morgan (1970) table for determining sample size from a given population and modified by the researcher.*

3.6   Research Instrument

Data was collected from primary and secondary sources. Primary sources of data collection included use of questionnaires and interview and secondary sources of data included retail business performance reports from the traders 'association reports, Revenue municipality

reports, minutes from the Retail Association meetings, journals, text books and internet. The study utilized both qualitative and quantitative methods of data collection, which require the use of open-ended and close-ended questionnaires and structured interview guides.

3.6.1 Questionnaires

A questionnaire is a data collection tool where respondents are required to respond to a standard, pre-defined set of questions (Kothari, 2004). A questionnaire survey method was used to collect data using a questionnaire tool. The researcher collected quantitative data by using structured and close-ended questionnaires, which enabled the researcher to focus the study and elicit responses that were relevant to the unit of study (Cohen et al, 2007). This method of data collection was easy to prepare and administer, and was appropriate in cases where there may be no need to meet the respondents personally (Pandey & Pandey, 2015) from the total selected total sample of 136, 126 respondents were selected as a sample which assumed to be a good representative selection to collect quantitative data using a questionnaire.

3.6.2 Interview Guides

Interview method and an interview guide as a tool was used to collect data from the respondents. This involved face to face interaction between the researcher and the respondents. An interview guide is a qualitative data collection device where the researcher asks the respondents questions in a pre-determined order so as to elicit flow and coherence in the responses (Cohen et al, 2007). Semi-structured Interview guides assisted the researcher to qualify some responses from the questionnaire sessions through cross-referencing, and also give room for new information that would have been vital for the study (Dawson, 2002). A total of 10 respondents expected to be interviewed in the data collection process.

3.7   Validity and Reliability of data

3.7.1 Validity. This refers to the ability of constructs, tools and techniques chosen in research to effectively assess what happens in the real world (Neuman, 2014); it is the degree to which an instrument effectively measures what it is expected to measure (Pandey & Pandey, 2014; Gordon, 2015). Validity of the data was measured using content validity approach. Content validity is the extent to which the content of a research instrument ensures the maximum coverage of the topic under study (Kothari, 2004).

To ensure content validity, the research instruments were subjected to an independent audit of the content, structure, flow and coherence by 5 experts to eliminate ambiguity and bias. Afterwards, the instruments were pilot tested on 10 respondents, as supported in Saunders et al (2003) to ensure the instrument elicits the desired response. To ensure content validity, the research instruments showed a return CVI value of above 0.70 as supported in (Amin, 2005). The results from the audit were used to subject the research instruments to content validity test using the formula below: -

$$CVI = \frac{K}{N}$$

Where:

CVI   Content Validity Index

K   Total Number of Items in the instrument rated as relevant

N   Total Number of Items in the research instrument

Therefore, CVI results given by the formula:

$$CVI = \frac{\text{No. of items declared Valid}}{\text{Total no. of items on the instrument}} = \frac{27}{30}$$

CVI= **0.75%**

The validity results indicate a total number of 27 item out of 30 items on the instruments were declared to be valid and considered for the study. CVI of 0.75% was reported after computation as indicated above.

3.7.2 Reliability

Reliability refers to the ability of a research instrument to yield the same results if it is administered repeatedly (Kothari, 2004), and whether the same observations were reached by different observers (Saunders *at al*, 2003). In order to ensure reliability, the research instruments were pilot tested on 10 respondents, as supported in (Saunders et al 2003), and the responses was subjected to the Research (SPSS) software to measure internal consistence of responses (Amin, 2005). A reliable research instrument returned a minimum Cronbach's Alpha Statistic of 0.50.

The reliability analysis in table 2 below indicates a high Cronbach's Alpha coefficient between 0.742 and 0.852 of the items used in the variables. This implies that items adopted on effective communication, time management, sellers' reliability and customer retention in the questionnaire were deemed highly reliable.

Table 2:   Reliability Statistics Results

Reliability Statistics		
	Cronbach's Alpha	N of Items
Effective communication	.803	5
Time management	.742	4
Sellers' reliability	.782	6
Customer retention	.852	12

Source: Primary data

3.8   Data Collection Procedure

On approval of the research proposal, the researcher obtained a letter of introduction from Kyambogo University Graduate School, and proceeded to design research instruments. The research instruments were audited by 5 experts, changes were made according to their recommendations, and then pilot tested by 10 respondents to ensure validity and reliability. An introductory letter was addressed to The Town clerk of Mukono municipality to allow the researcher to proceed with the study. The researcher was then proceeded to deploy the questionnaires and later administer the semi-structured interview guide to the target population.

3.9   Data Analysis

Mugenda & Mugenda (1999) defines data analysis as process of organizing, summarizing and making meaningful data. The researcher used both qualitative and quantitative data analysis.

3.9.1 Qualitative Analysis

The raw data was prearranged in a way that facilitates the analysis. Data collected through interviews (qualitative) was organized and categorized into themes considered to be beneficial to the study and the themes were assigned with codes representing category of response. A content qualitative data analysis approach was used to analyze qualitative data (Balihar, 2007).

3.9.2. Quantitative Analysis

Data collected using questionnaires was coded. Each code represented a category of response for each element in the questionnaire. The coding was guided by a 5-Likert scale. After coding data was entered, edited, and analyzed. Quantitative data was analyzed by use of descriptive data analysis technique and inferential statistics. The

descriptive data included central tendency (mean and standard deviation) and were presented in tables indicated frequencies and percentages. Inferential statistics was analyzed by use of both a linear regression and correlation coefficient by using spearman's correlation coefficient was used to determine the relationship between two variables (Given, 2008). Also a multiple regression analysis used to determine which of the three sub variables studied in this study had a great influence on the dependent variable.

3.10. Measurement of variables
The variable of the study included customer care strategy as the independent. This was measured against customer retention which constituted as the dependent variable of the study. The study area will be adopted from previous studies. A Likert scale rated on five (5) point scale from 5- strongly agree, 4- agree, 3-Not sure, 2- disagree and 1- strongly disagree will be used (Amin, 2005).

3.11   Limitations of the Study
Employing a case study research design, constrained the researcher from making generalizations about the findings of the study with similar entities in the country (Saunders et al, 2003).

i.   Most of the respondents were very suspicious of this study, thinking that it's a scheme to gain information about their customer service strategies. It took a lot of time to explain to them that this research was for study purposes only.

ii.   Most responds took the questionnaire filling process as a time wasting. The researcher had to assure the respondents that they stand to gain the study findings as she intended to share the areas of improvements after the study completion

iii.   The researcher experienced a problem of non-response from respondents who were given questionnaires indicating that they had no time on their schedules.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.0   Introduction

This chapter presents findings from the study and their interpretations in line with the research objectives. Foremost, a description of the sample studied is made. Subsequently, results on the social democratic characteristic and research objective are presented in turn. Specifically, the study was guided by the following objectives; to investigate the relationship between effective communication and customer retention, to determine the influence of time management on customer retention and to determine the relationship between seller's reliability and customer retention among General Merchandise retail stores in Mukono Central Division.

4.1   Response rate

Table 3: Response rate.

Method	Target response	Actual response	Percentage
Questionnaire	126	104	0.825
Interviews	10	8	0.80
Total	**136**	**112**	**0.824**

Source: Primary data

The results in table 3 above indicate a response rate of 82.4% was realized from a study sample of 136. Out of the 126 questionnaires which were distributed, 104 were filled and returned by the respondents giving 82.5% and of the 10 interviews which were expected to held, 8 respondents managed to participate. According to Amin; (2005), a good response rate return for the research to base on for data analysis should be above 70%. Therefore, 82.4% was representative to continue with data analysis.

4.2   Background information of the respondents

The background information of interest to this study included gender, age, level of education and length of service of the respondents as summarized in table 4 below. Such information is vital because it provides an understanding of respondents and the information determines the customer service strategy and customer retention among retailer stores in Mukono central division.

Table 4: Background information

Variable	Category of response	Frequency	Percent
Gender	Male	57	**54.8**
	Female	47	**45.2**
Age	Below 20 Years	14	**13.5**
	21-30 Years	41	**39.4**
	31 -40 Years	28	**26.9**
	Above 41years	21	**20.2**
Level of education	Certificate	40	**38.5**
	Diploma	26	**25.0**
	Bachelors	11	**10.6**
	Masters	2	**1.9**
	Others	25	**24.0**
Period of service	Less than 1 year	23	**22.1**
	1-5 years	41	**39.4**
	6-10years	19	**18.3**
	11-15 year	11	**10.6**
	over 15 years	10	**9.6**

Source: Primary data

Results in table 4 above shows 54.8% of the respondents were male and 45.2% were female. This finding was representative since both sexes was captured. Based on the above it can be noted that the General Merchandise business in Mukono Central Division attracts both the male and female. Findings concerning age bracket reveal that 39.4% majority respondents were between 21-30 years of age, 26.9% indicate respondents

between 31-40 years of age. In relation to this study, this finding implies that the customers and business owners were of right age to give independent information which would be beneficial to the study.

According to results in table 4 above it is indicated that at least 38.5% of the respondents attained a certificate, 25.0% are diploma holders and 24.0% implying they were in position to read and understand the items on the instrument. These percentages are representative as the information gathered is reliable given that the fact that the respondents were literate. In relation to this study, the respondents like customers were in position to give their opinion about service quality dimensions identified, it can further be noted that 39.4% of the respondents were either customer or business owners their length of service is between 1-5 years, 22.1% their length of service is less than 1 year and at least 18.3% their length of service is between 6-10 years. The above indicates that customers and business owner have been in business for a good period of time to understand the relationship between customer service strategy and customer retention in retail stores in Mukono district.

4.3   Research finding

The research findings are presented according - to the objective of the study as presented in chapter one.

4.3.1   Customer retention variable

The researcher sought to measure the level at which General Merchandise retail stores business owners within Mukono central division can manage to retain their customers, in this means and standard deviations of the various indicators of customer retention were taken for inferential purpose. The magnitude of the mean score suggests the level at which a customer was depicted by that measurement indicator. Mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19 (high); 2.60-3.39 (average); 1.80-

2.59 (low); and 1.00-1.79 (very low). The results are presented in table 5.

Table 5:   Descriptive findings on customer retention

	N	Mean	Std. Deviation
My service provider keeps his promises	104	3.78	1.014
I am able to buy products that meet my necessity and needs from this store	104	3.29	1.419
The quality of goods sold here is very good and reliable.	104	4.12	.754
I am able to buy unique products from this store	104	4.38	.561
I am pleased with the day to day dealings and the helpfulness of the staff at this store	104	4.06	.834
I always buy from this store because it's convenient for me	104	3.98	.870
My customers always return to buy more products	104	4.25	.747
My customers return to appreciate the services that this store provides	104	4.07	.895
My customers feel that the prices of products sold in this store are reasonable as they carry a lot of incentives	104	3.87	.893
My customers are comfortable with the prices at which goods are sold in this store are fair	104	4.07	.927
My customers are not moved with price changes of products at this store	104	3.78	1.014
My customers rarely complain about the prices of products in this store	104	3.29	1.419
My customers recommend others to buy from this store	104	4.12	.754
My customers talk good about the products from this store	104	4.38	.561
My customers advise us on the good services we provide to them	104	4.06	.834
My customers advertise my products	104	3.98	.870
Grand mean	104	4.01	.564

Source: Primary data

Results in table 5 above concerning customer retention indicate a high grand mean of (M=4.01, SD= 0.564). The above indicated that on average business owners agreed to the various indicators which portray customer retention. However, a mean of 3.29 at a SD of 1.419 is not appealing as revealed that customers complained about the prices of products in the stores, as a confirmation of this;

Some key informant revealed that… "Customers were so sensitive about the price changes". It is always hard to retain customers when prices of the commodities rise up the customer in the area are so sensitive to prices as one can move from a store to another to find a fair price. Some customers do not mind about the quality. They would rather opt for a low quality which is cheaper.

4.3.2 Effective communication and customer retention

The intention of this variable was to investigate the relationship of effective communication and customer retention among retail stores in Mukono Central Division. Table 6 shows the means and standard deviations measure relationship between effective communication and customer retention among retail stores particularly in the General Merchandise in Mukono Central Division. Descriptive analysis was conducted and magnitude of the mean score suggests the relationship existed between effective communication and customer retention. Mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19 (high); 2.60-3.39 (average); 1.80-2.59 (low); and 1.00-1.79 (very low).

Table 6:   Descriptive findings on effective communication and customer retention

	N	Mean	Std. Deviation
My store provider gives me information on uniqueness of products new products and services available	104	3.90	.950
I buy from this store because they know the kind of products I want	104	3.52	.985
My store provider listens and responds timely to my complaints	104	3.82	1.050
My store provider advertises their products and make well lay out of their products.	104	3.80	.874
I always receive an appreciation communication from my store providers	104	3.47	1.343
Grand mean	104	3.62	.710

Source:Primary data

Results in table 6 above concerning effective communication and customer retention indicate high grand mean of (3.62) and standard deviation of (0.710). The results further indicated that the store provider gives their customers information about the uniqueness of new products and services available. However, this holds the highest mean (M=3.90, SD=0.950), followed by item (3) which states that store providers listen and responds timely to customer complaints with a mean at (M=3.82, SD 1.050), the fact that customers always receive an appreciation communication from their store providers had the lowest mean (M=3.47, SD =1.343).

In addition to the above quantitative findings, interviews were also held with some business owner and the findings revealed that ... "effective communication is a vital aspect in customer retention as it can boost customer confidence and enable the business to stand apart from its competitors".

4.3.3 Correlation coefficient results on effective communication and customer retention

To quantify the strength of the relationship between the variables, the study used Spearman's coefficient of correlation on information got from customers. The spearman's product-moment correlation is a measure of the strength of a linear association between effective communication and reliability is denoted by *R*.

Table 7:   **Correlation analysis results on effective communication and customer retention**

Correlations			Effective communication	Customer retention
Spearman's rho	Effective communication	Correlation Coefficient	1.000	.265[**]
		Sig. (2-tailed)	.	.007
		N	104	104
	Customer retention	Correlation Coefficient	.265[**]	1.000
		Sig. (2-tailed)	.007	.
		N	104	104

**. Correlation is significant at the 0.01 level (2-tailed).

Results in table 7 above reveal that effective communication has a positive but weak significant relationship with customer retention at (R=0.265**, p value <0.007) effective communication relates with customer retention among general merchandise stores in Mukono municipality. This implies that there are other factors that can relate with effective communication

4.4.3   Time management and customer retention

The intent of this variable was to determine understand the link between time management and customer retention among general Merchandise retail stores in Mukono Central Division. Table 8 below shows the means and standard deviations measure influence of time management on customer retention among general Merchandise retail stores in Mukono Central Division particularly in the general merchandise in Mukono central division. Descriptive analysis was conducted and magnitude of the mean score suggests the influence of time management and customer retention.

Mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19 (high); 2.60-3.39 (average); 1.80-2.59 (low); and 1.00-1.79 (very low). The results are presented in table 8.

Table 8: Descriptive findings on time management and customer retention

	N	Mean	Std. Deviation
The speed of service delivery at this store is very good	104	4.25	.747
This store provides timely information when there are new products and services	104	4.03	.841
The layout of products in this stores helps me find easily what I want	104	4.23	.803
Am able to buy product at any time from this store	104	4.07	.895
Grand mean	**104**	**4.14**	**.608**

Source: Primary data

The grand mean of (M=4.14, SD=0.608) indicate that on average respondents agreed to the various indicators of the relationship between time management and customer retention. On average the respondents agreed to the fact that; the speed of service delivery at the store is very good, that the store provides timely information when there are new products and services, that the layout of products in the stores helps them find easily what they want and that they are able to buy product at any time from the store.

Also during data collection, qualitative findings from interviews were revealed to support the quantitative findings on time management as customer service strategy, most respondents were in support and agreed with it as being too crucial in customer retention because customers are more satisfied if the time taken to deliver their products is less than the time they are willing to wait once they have placed an order which leads to high retention.

4.4.3.1 Regression results on the influence of time management on customer retention.

Analysis using regression analysis technique was made to check the time management and customer retention in general merchandise stores in Mukono Central Division and results are shown in the Table 9 below.

Table 9: Regression analysis results on the influence of time management on customer retention

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840[a]	.705	.702	.30761

a. Predictors: (Constant), Time management

According to the results in the model summary above the adjusted R square of 0.702 implies that time management explains only 70.2% variance in customer retention and 29.8% can be explained by other factors outside this model which influence customer retention rather than time management.

Table 10: ANOVA results on the influence of time management on customer retention

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
		23.097	1	23.097	244.086	.000[b]
	Regression Residual	9.652	102	.095		
1	Total	32.749	103			

a. Dependent Variable: Customer retention

b. Predictors: (Constant), Time management

The results in the ANOVA table above shows a significant F- value at 1% level of significance

(F =244.086, P<0.01) this implies that the model was goodness of fit.

Table 11: Coefficient results on the influence of time management on customer retention

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		.782	.209		3.744	.000
1	(Constant) Time management	.779	.050	.840	15.623	.000

a. Dependent Variable: Customer retention

From the coefficient table above, it can be noted that management has a strong positive and significant influence on customer retention with a beta value of 0.779 significant at 1% level of significance. The beta coefficient of 0.779 implies that a unit increase in management leads to 0.779 increases in customer retention and a unit decrease in management leads to 0.779 decreases in customer retention.

4.4.3   Seller's reliability and customer retention

Descriptive analysis was conducted on seller's reliability and customer retention; mean scores are interpreted as follows: 4.20-5.00 (very high); 3.4-4.19 (high); 2.60-3.39 (average); 1.80-2.59 (low); and 1.00-1.79 (very low). The results are presented in table 12.

Table 12: Descriptive findings on seller's reliability and customer retention

	N	Mean	Std. Deviation
My service provider keeps his promises	104	3.78	1.014
I am able to buy products that meet my necessity and needs from this store	104	3.29	1.419
The quality of goods sold here is very good and reliable.	104	4.12	.754
I am able to buy unique products from this store	104	4.38	.561
I am pleased with the day to day dealings and the helpfulness of the staff at this store	104	4.06	.834
I always buy from this store because it's convenient for me	104	3.98	.870
Grand mean	**104**	**3.93**	**.616**

Source: Primary data

The findings in table 12 concerning seller's reliability and customer retention indicate a high grand mean of (M=3.93, SD =0.616). Item (4) in the table indicates a mean of (M=4.38, SD= 0.561) implying customer are able to buy unique products, a mean of (M =4.12, SD =0.754) as respondents agreed that the quality of goods sold by the stores provider is very good and reliable. However, despite of the high grand mean, at an average mean of (3.29, SD 1.419) implying that customers are not pleasant to able buy products that meet their necessity and needs from their stores' providers.

> *From the interviews on seller's reliability most respondents said that… "if a business is not reliable customers cannot keep with-it the moment a customer asks for a particular product from a store and they fail to find it, they develop mistrust and they will never count on you". They said it was very crucial for General Merchandise to stock almost everything so as not to let go of any customer to competitors.*

4.4.4   Correlation coefficient results on seller's reliability and customer retention

To quantify the strength of the relationship between the variables, the study used spearman's coefficient of correlation. The spearman's product-moment correlation is a measure of the

strength of a linear association between seller's reliability and customer retention is denoted by *R*.

Table 13: Correlation analysis results on seller's reliability and customer retention
Correlations

			Seller's reliability	Customer retention
Spearman's rho	Seller's reliability	Correlation Coefficient	1.000	.930**
		Sig. (2-tailed)	.	.000
		N	104	104
	Customer retention	Correlation Coefficient	.930**	1.000
		Sig. (2-tailed)	.000	.
		N	104	104

**. Correlation is significant at the 0.01 level (2-tailed).

Findings in table 13 revealed that there is a strong positive relationship between seller's reliability and customer retention at (R=0.930, P <0.000). The positive and strong relationship implies that seller's reliability strongly relates with customer retention despite other minor factors remaining constant.

4.5   Multiple regression analysis on customer service strategy and customer retention

To determine which of the studied dimensions of customer service strategy affects customer retention higher than the other, a multiple regression was computed and the results are presented in table 14 below.

Table 14: **Multiple regression analysis results on customer service strategy and customer retention**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.987[a]	.975	.974	.09084

a. Predictors: (Constant), Seller's reliability, Effective communication, Time management

The model summary table indicates that the three sub variable studied had adjusted R square of 0.974. This implies that 97.4% variance in customer retention is explained by seller's reliability, effective communication and time management, and only 2.6% variance in customer retention can be attributed to other variables which were not considered in this study.

Table 15: **ANOVA results on customer service strategy and customer retention**

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	31.924	3	10.641	1289.636	.000[b]
	Residual	.825	100	.008		
1	Total	32.749	103			

a. Dependent Variable: Customer retention

b. Predictors: (Constant), Seller's reliability, Effective communication, Time management

The results in the ANOVA table above shows a significant F- value at 1% level of significance (F =1289.636, P<0.01) this implies that the model was goodness of fit.

Table 16: **Coefficient results on customer service strategy and customer retention**

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.057	.072		-.798	.427
Effective communication	.036	.013	.045	2.724	.008
Time management	.367	.019	.396	18.869	.000
1 Seller's reliability	.614	.019	.670	32.215	.000

a. Dependent Variable: Customer retention

According to the results in the table above, keeping other factors constant; effective communication has a positive and significant relationship with customer retention at 1% level of significance (B = 0.036, P<0.01), this indicates that effective communication can be a suitable variable to relate with customer retention although it can do better if other factors are included. Time management has a positive and significant relationship with customer retention at 1% level of significance (B = 0.367, P<0.01), this indicates that time management is a perfect variable to customer retention. Sellers reliability has a positive and significant relationship with customer retention at 1% level of significance (B = 0.614, P<0.01), this indicates that keeping other factors constant seller's reliability perfectly relates with customer retention

SUMMARY, DISCUSSION, CONCLUSION, RECOMMENDATIONS AND AREAS FOR FURTHER RESEARCH

5.1   Introduction

This chapter presents the summary, discussion of the study findings as presented in chapter four, conclusions and recommendations plus areas for further research.

5.2   Summary of findings

5.2.1   Effective Communication and customer retention

The study findings in table 7 chapter four reveal a positive relationship between effective communication and customer retention at correlation coefficient of (0.265^{**}) and (P value 0.007) which indicate a significant relationship between the two variables. This implies that effective communication is a vital element in the retention strategy. Therefore, it is important for businesses to improve and change the way of communication and interaction with clients in order to adapt the rapid change of service orientation.

5.2.2   Time management and customer retention

The findings on this objective revealed that time management significantly influence customer retention. The results indicate a coefficient of determination R squared of about 0.705 (70.5%) with a significant level of P value of 0.000 implying that time management has a high significant a customer retention by 70.5% as revealed that there is a timely delivery of services.

5.2.3   Seller's reliability and customer retention

The study findings in table 11 chapter four reveal a positive relationship between seller's reliability and customer retention at correlation coefficient of (0.930^{**}) and (P Value 0.000) which signifies a significant relationship between the two variables. Seller's reliability takes an upper hand in the customer service strategies because it presents the higher significance levels among all the variables as customers are able to buy quality and unique products.

5.3   Discussion of major findings

5.3.1   Effective communication and customer retention

The findings on this objective indicate majority of the respondents revealed that store provider give their customers information on uniqueness of new products and services and always listens and responds timely to customer complaints. This finding can be confirmed with Pierce (2010) as advises that quick response with answers, information and solutions to mistakes can become the basis for competitive advantage, one that builds customer loyalty quickly. Thus, customer communication allows business managers to assess the effectiveness of their service quality and customer retention. Sources of feedback to the company can be diverse and customers are the best reference and primary source of information because of frequent and direct interactions with the organization.

5.3.2   Time management and customer retention

Based on the results in chapter four, major findings from majority respondents indicate that the speed of service delivery at stores is good enough. However, to support this finding, literature according to Wallin et al (2006), revealed that customers are more satisfied if the time taken to deliver their products is less than the time they are willing to wait once they have placed an order which leads to high retention. Gunasekara et al (2001) also revealed that flexibility is a paramount in meeting the delivery deadlines and therefore information sharing is required to enable the business owners to meet specified delivery dates by the customers. Therefore, the majority respondents were in line with scholars.

Also the findings indicate that there is inadequate timely information circulation on new products and services. When customers are well informed about new products and services, they cannot buy. This can be related with findings revealed by Jader (2012) in Job (2013) as argued that reduction in lead time in service delivery is not a new concept. He asserts that the opportunity to reduce lead time in service delivery lies in the service process itself. The time

it takes to provide a particular service to a customer is very significant. He further suggests that for an organization to be able to reduce lead time, it should include lead time reduction as a company strategy.

5.3.3 Seller's reliability and customer retention

The study results on this objective revealed that seller's reliability significantly relates with customer retention as revealed that customers are able to buy unique and quality of goods and their sellers' are reliable. Literature according to Swanson et al (2001) revealed that customer satisfaction perceived has quite a number of benefits whereas it in enhance customer loyalty, improved reputation, lower down price elasticity, lower the cost in future transaction and also increase employees' competence thus the findings from the majority respondent were inline.

5.4 Conclusion of the study

5.4.1 Effective communication and customer retention

This objective aimed at investigating the relationship between effective communication and customer retention among general merchandise stores in Mukono central division. The results showed a positive significant relationship between effective communication and customer retention with registered high mean of (3.62, SD 0.710) as the results indicated that store provider gives their customers information on uniqueness of products, new products and services available. However, despite the relevance of effective communication in enhancing customer retention, there is still need for business owners to provide customers with appreciation communication to them.

5.4.2 Time management and customer retention

The findings on this objective indicate that time management significantly influence customer retention. To support this finding, a high grand mean of (4.14, SD 0.608) as revealed that the speed of service delivery in the general stores is very good. However,

the results still indicate the general stores rarely provide timely information when there are new products and services to some clients which leads to loss of customer to those providers who are active thus affecting customer retention.

5.4.3   Seller's reliability and customer retention

Based on the findings on this objective, the results indicate that seller's reliability has positive relationship with customer retention at high grand mean of (3.93, SD 0.616) as revealed that customer are able to buy quality and unique products if their stores' providers are dependable and reliable. However, despite of the quality and unique products sold by the store's providers, the results indicate weaknesses in sellers' reliability as some customers are not able to buy products that meet their necessity and at times their needs they are either too expensive or not available in the stores.

5.5   Recommendation to the study

5.5.1 Effective communication and customer retention

From the findings, this study recommends retailers to put into practice customer appreciation strategy like making customer appreciation a consistent theme into their service deliveries, customers will take notice and they will be enticed to come over and over which promotes customer retention.

5.5.2   Time management and customer retention

The study recommends adoption of digitalized systems that can speed up delivery and ease inventory checkups to sure stock availability and missing stock availability and also recommends proper product display for customer convenient viewing and the sellers' fast identification of products from others.

5.5.3   Seller's reliability and customer retention

This study recommends that General Merchandise Owners needs to ensure consistent, truth full, quality service delivery at all times in their service delivery.

5.6   Areas for further research

Reflecting on the study findings, the following areas are suggested for further research. Given the fact that the study concentrated in general merchandise stores in Mukono Central Division, further studies can be carried out on customer service strategy and customer retention in private service organizations in Uganda. This would bring out an overview of the relationship between customer service strategy and customer retention in Uganda.

The study further suggests that a study may be carried out on the relationship between management practices and customer retention in general merchandise stores in Mukono Central Division.

A longitudinal study in a related area would be more appropriate for future researchers since the researcher conducted a case study which does not allow analysis of trends on customer service strategy and customer retention in in Mukono central division.

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APPENDIX I
QUESTIONNAIRE

QUESTIONNAIRE TO THE CUSTOMERS

I am Graduate Student at Kyambogo University. I am doing research on *customer service strategy and customer retention among general merchandise retail stores of Mukono Central Division"*. You have been selected to be among the respondents in this study. Apparently, this is for academic purposes and I believe you are the right person to help me get the right information needed. Therefore, am kindly requesting you to respond to the statements honestly. By responding to this it will enable to find out if there is a relationship between the two variables.

You are cordially requested to spare some time and fill this simple questionnaire. The information obtained through this questionnaire shall be used for aforementioned purpose and will be taken with utmost confidentiality. For this reason, I do not seek to know the name or identity of any respondent. Your compliments will be of great importance to this study.

SECTION A: BACKGROUND INFORMATION
Please answer the following questions by **ticking the box** with the most appropriate option:

1.   Gender

(a) Male ☐   (b) Female ☐

2.   Age bracket

(a) Below 20 Years ☐ (b) 20-30   Years ☐ (c) 31 -40 Years ☐ (d) Above 41years ☐

3.   Level of education

(a)Certificate ☐ (b) Diploma ☐ (c) Bachelors ☐ (d) Masters ☐ (e) PhD ☐ (f) Other specify……………………

4   Period of service

(a) Less than 1 year☐ (b) 1-5 years ☐ (c) 6-10years☐ (d) 11-15 year☐   over 15 years☐

SECTION B

From No. 5 of the following statements please tick the number that best indicate your opinion using the following scale; Strongly Disagree (**1**), Disagree (**2**), Notsure (**3**), Agree (**4**) and Strongly Agree (**5**).

1.   Effective communication

	Statement	1	2	3	4	5
1	My store provider gives me information on uniqueness of products new products and services available					
2	I buy from this store because they know the kind of products I want					
3	My store provider listens and responds timely to my complaints					
4	My store provider advertises their products and make well lay out of their products.					
5	I always receive an appreciation communication from my store providers.					

2.   Time management

	Statement	1	2	3	4	5
6	The speed of service delivery at this store is very good					
7	This store provides timely information when there are new products and services					
8	The layout of products in this stores helps me find easily what I want					
9	Am able to buy product at any time from this store					

3.   Sellers' reliability

	Statement	1	2	3	4	5
10	My service provider keeps his promises					
11	I am able to buy products that meet my necessity and needs from this store					
12	The quality of goods sold here is very good and reliable.					
13	I am able to buy unique products from this store					
14	I am pleased with the day to day dealings with the seller in this store and helpfulness of the staff at this store					
15	I always buy from this store because it's convenient for me					

QUESTIONNAIRE TO THE BUSINESS OWNERS

I am Graduate Student at Kyambogo University. I am doing research on *customer service strategy and customer retention among general merchandise retail stores of Mukono Central Division"*. You have been selected to be among the respondents in this study. Apparently, this is for academic purposes and I believe you are the right person to help me get the right information needed. Therefore, am kindly requesting you to respond to the statements honestly. By responding to this it will enable to find out if there is a relationship between the two variables.

You are cordially requested to spare some time and fill this simple questionnaire. The information obtained through this questionnaire shall be used for aforementioned purpose and will be taken with utmost confidentiality. For this reason, I do not seek to know the name or identity of any respondent. Your compliments will be of great importance to this study.

SECTION A: BACKGROUND INFORMATION

Please answer the following questions by **ticking the box** with the most appropriate option:

1.   Gender

(a) Male ☐   (b) Female ☐

2.   Age bracket

(a) Below 20 Years ☐ (b) 20-30 Years ☐ (c) 31 -40 Years ☐ (d) Above 41years ☐

3.   Level of education

(a)Certificate ☐ (b) Diploma ☐ c) Bachelors ☐ Masters ☐) PhD ☐   (f) Other specify……………………

4   Period of service

(a) Less than 1 year☐ (b) 1-5 years ☐ (c) 6-10years☐ (d) 11-15 year☐   over 15 years☐

SECTION B

From No. 5 of the following statements please tick the number that best indicate your opinion using the following scale; Strongly Disagree (**1**), Disagree (**2**), Notsure (**3**), Agree (**4**) and Strongly Agree (**5**).

	Statement	**1**	**2**	**3**	**4**	**5**
	Repurchase					
1	My customers always return to buy more products					
2	My customers buy most of their products from this store					
3	This store is convenient for my customers					
4	My customers return to appreciate the services that this store provides					
	Price insensitivity					
5	The prices of products sold in this store are reasonable as they carry a lot of incentives					
6	My customers feel comfortable with the prices at which goods are sold in this store are fair.					
7	My customers are not moved with price changes at this store					
8	My customers rarely complain about the prices of products in this store					
	Positive word of mouth					
9	My customers recommend others to buy from this store					
10	My customers talk good about the products from this store					
11	My customers come back to that us about the good services will provide to them					
	My customers advertise my products					

THANKS FOR THE RESPONSE

APPENDIX II

INTERVIEW GUIDE

1. What are the retention strategies that use in your business**?**

2. Are your customers comfortable with your prices?

3. What do your customers talk about your business?

4. How often do you customers come back to buy from you?

5. Do your customers appreciate your product your services?

6. Which appreciation methods do you use in your business?

APPENDIX III

TABLE FOR DETERMINING SAMPLE SIZE

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

Source: R.V. Krejcie and D.W. Morgan (1970)

N= Population

S= Sample size