

Customer Retention Strategies and Business Performance: A Survey of Selected Retail Chain Stores in South-South, Nigeria

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Abstract: *The objective of this study is to examine the relationship between customer retention strategies and business performance in terms of profitability of retail chain stores in south-south, Nigeria. The study adopted the descriptive survey research design. The sample size of this study consist of 272 targeted respondents drawn from 18 selected and registered retail chain stores in south-south, Nigeria. The study utilized the stratified and convenience sampling techniques to select the target respondents. The study made use of questionnaire and personal interview and secondary sources of data collection method. Spearman rank order correlation coefficient was used for the bivariate analysis to test the first three hypotheses and partial correlation was also adopted to test the last hypothesis with the aid of SPSS version 2.0. The findings of the study reveal that pricing, service quality and customer service care are significant predictors of retail chain stores profitability. Customer satisfaction has a strong relationship with customer retention and business performance. The study concludes that for customer to remain loyal overtime with a particular chain store is dependent on the effective administration of price, service quality rendered and care given to him/her consistently. The study recommends that managers of retail chain stores must ensure that customer retention strategies such as pricing, service quality and customer service care be given priority attention in order to remain competitive and profitable. Finally, customer satisfaction should be a core managerial policy that must cut across every facet of the retail chain store.*

Key words: *Customer retention strategy, customer satisfaction, profitability and business performance.*

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1. INTRODUCTION

Chain stores are two or more outlets that are commonly owned, managed and controlled by one person or group of persons (Kotler and Armstrong, 2010). Retail chain stores in Nigeria and other developing nations are growing faster in number as a result of the increase in minimum wage across the nation, increase in employment among parents, emergence of middle class in the

Nigerian society, increasing urbanization, increasing number of women labour force (Oyeniya and Abiodun, 2012; Rana, Osman and Islam, 2014) and life style dynamics of consumers taste and shopping preference also contributed to the growth of retail chain stores in Nigeria and other developing economies. As such, chain outlets in Nigeria are adopting a more consumer-oriented strategy that would help to attract customers and retain them as well in order to gain competitive advantage.

In today's contemporary and competitive business world, customer retention strategy focused on satisfying and preserving the customer in order not to be taken over by competitors. The chain store business is so competitive and dynamic in the sense that competitors are looking out for ways to capture customers from another company by providing value added services in a unique way. This has reinvigorated the need for a more robust customer retention strategy in chain stores to facilitate business performance. One of the key challenges is how retail chain stores can manage the effective implementation of customer retention strategy which holds strongly to business performance. Perhaps, over the years there has been a high rate of liquidation or closure of supermarkets and chain stores in most Nigerian cities (Ezenwanne, 2005). This is caused by poor management and the inability to initiate robust customer retention strategies that would help to leverage business performance. Under this condition, the defection rate of existing customers becomes imminent, by losing significant number of buyers to competitors that impact major support to organizational profitability and growth, which is quite worrisome. The essence of customer retention strategy is to address these problems by striving to retain customers that will be devoted to the retail firms due to the benefit attached to customers who are committed (Schmittlein, 1995; Ghavami and Olyaei, 2006). This argument is valid, because there is a general saying in marketing that retaining customers is far better than pursuing to acquire new ones, which is more expensive to the firm. This could be achieved by incorporating effective pricing policy, service quality and customer service care, which are key dimensions of customer retention strategies (Igwe et al, 2012; Ocloo and Tsetse, 2013; Sharmeela et al., 2013; Mukwada, 2011; Rajaram and Sriram, 2014; Ode, 2013). These strategies have not been fully implemented by retailers of chain stores in Nigeria, despite the benefits accrued to it.

However, in exploring extant literature it is obvious that there is sparse research on financial measures of business performance; most of the empirical studies are more of non-financial measures in relation with customer retention strategies and business performance, and customer satisfaction as moderating construct. Based on the foregoing, it is imperative to ask; to what extent does pricing as a customer retention strategy relates with retail chain store's profitability? Does service quality impact on chain store profitability? Or does customer service care influence retail chain store profitability? Does customer satisfaction moderates customer retention strategy and business performance in selected chain stores in south-south, Nigerian? The answers to these questions are the basic justification of this study and it would contribute immensely to the growing literature in the retail chain stores in Nigeria and possibly bridge the gap. Therefore, this paper is targeted at exploring the empirical relationship between the dimensions of customer retention strategies and business performance of retail chain stores in south-south, Nigeria.

2. LITERATURE REVIEW

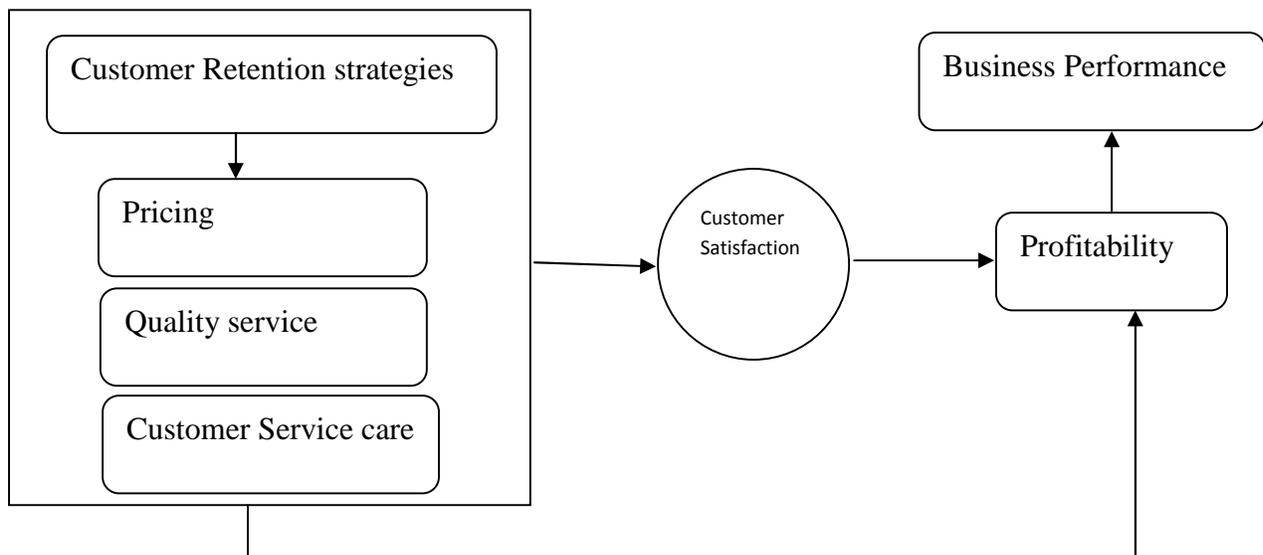
2.1 Theoretical Framework

The theoretical underpinning of this study is rooted from the work of Slater (1997) on customer value-based theory of firms. The theory states that the organization should strive to understand

what the customer wants, provide it, surpass customer expectations and stand out in the market. The creation of customer value must be the ultimate justification for the firms' existence and success. The increasing complexity and competitive environment facing the chain stores in Nigeria, requires chain outlets owners to map out better strategies that will retain its customers, so as to increase performance in the long run. These performances can only be attained, if organizations are willing to create values in the products they sell or services rendered to customers. Slater (1997) argues that when customers demand a product it depends on the service quality a firms provide for buyers. Customer satisfaction can be achieve when superior customer values is delivered by organization. Slater further argues that greater performance of any business is the result of providing superior customer values; better performance enable firms possess competitive advantage. The strategies to be adopted by retail chain stores that will enhance better performance solidly rest on the perceived value customers attach to the products or services.

In order to establish the empirical relationship and provide a deep theoretical insight on customer retention strategies and business performance, we have to operationalize the conceptual framework of this study.

Conceptual Framework for the study



Source: Researchers conceptualization, 2019 as adapted from Igwe, et al, 2012; Sharmeela-Banu et al (2013); Otaibi and Yasmeen, (2014); Rana, Osman and Islam (2014).

2.2 Customer Retention Strategies

Customer retention strategy is the marketing oriented goals that prevent customers from competitors (Ramakrishnan, 2006). According to Mostert et al (2009) asserts that it is a strategy aimed at sustaining existing customers to stay with the company in established time. We can say that customer retention strategies are action plans geared towards creating value for customers by encouraging them to be loyal customers with the company over time. However, from the various

definitions it is obvious that sustainability is the primary focus of retention strategy. Perhaps acquiring new customer is a very difficult task and highly cost intensive for firms. It is more desirable to strive to retain customers than seeking to acquire new ones. According to Robert (2017) the easiest way to grow your business is not to lose your customers. That is why Honts and Hanson (2011) argue that retaining customers improve profitability by reducing cost incurred to acquire new customers. Sharmeela-Banu, et al (2013) opines that retained customers are more loyal as a result of incentives or value created for them.

2.3 Dimensions of Customer Retention Strategies

The dimensions of customer retention strategies in this study are pricing, service quality and customer service care (Igwe et al., 2012; Ocloo and Tsetse, 2013; Sharmeela-Banu et al., 2013; Molapo and Mukwada, 2011; Rajaram and Sriram, 2014; Ode, 2013).

2.3.1 Pricing

Pricing is regarded as one of the key elements of the marketing mix. Price is the amount of money charged for a product or service (Kotler and Armstrong, 2010). It is the most powerful tool available to raise business performance (Michan et al., 2011). According to Igwe et al (2012) price has been perceived as a significant variable influencing products or services acceptance, usage and future patronage. Price could be measured in terms of price cut, price discount, sales promotion and other price incentives (Ocloo and Tsetse, 2013). Whatever pricing measure adopted in acquiring customers and also influencing customer's retention and lifetime value with the firm sometimes might be counterproductive (Polo et al., 2011 as cited in Sharmeela-Banu et al., 2013; Ocloo and Tsetse, 2013). This is because many retail chain stores and companies in Nigeria do not manage pricing strategy effectively. Pricing should be continually reviewed and revised based on prevailing market conditions. Perhaps effective customer oriented pricing should look at how much value consumers attached on the benefits they get from the product or service and setting a price that actually captures this value (Kotler and Armstrong, 2010). Carolyn and Saad (2006 as cited in Rana et al., 2014) corroborates by saying that if the price of the product or service is set high, customers will be looking up for high quality in return, hence they feel dissatisfied or cheated and if the price is low they will perceive a low quality. Therefore, it is admitted that if the price is high and is in line with customer expectations i.e meeting customer value, the customer would be willing to pay more (Molapo and Mukwada, 2011), satisfied, make a repeat purchase and as well as telling family and friends about the brand experience. Based on the above premise, we hereby propose that:

Ha₁: *Pricing significantly and positively accounts for retail chain store profitability.*

2.3.2 Service Quality

The concept of service quality has received great attention among scholars, researchers and practitioners globally (Ode, 2013; Angelova and Zekiri, 2011) because customer satisfaction is the basic reason for firm existence, which has impacted on business performance. According to Parasuraman, Zeithaml and Berry (1988) assert that service quality is an effort to measure the gap that exists between customer expectations and customer perceptions of service performance. We can say that service quality is the positive outcome of perceived expected performance. Customers evaluate service quality in relation with what they desire by comparing their perceptions of service experiences with their expectations of what service performance should be (Angelova and Zekiri, 2011). Since customer's expectations in regards to service quality has

become paramount, companies have realized that for them to remain in business and make profit, more strategic focus should be tailored to service quality in order to be competitive. Rendering quality service is the best way to promote customer satisfaction, customer loyalty, retention and profitability but how it is measured is a major concern to retailers. Service quality measurement in retailing most especially retail chain stores is quite different from other services as a result of its unique characteristics (Oyeniya and Abiodun, 2012). Parasuraman et al (1988) developed the SERVQUAL model in measuring service quality but this model has not met the expectation of measuring service quality within the retail setting and a more robust model i.e Retail Service Quality Scale (RSQS) was developed by Dabholkar, Thorpe and Rentz in 1996 which captured physical aspect, reliability, personal interaction, problem solving and policy (Oyeniya and Abiodun, 2012). It was empirically proven that RSQS is capable of measuring service quality and customer satisfaction (Rajaram and Sriram, 2014).

In view of the above discussion, we hypothesized as follows:

Ha2: *Service quality positively and significantly impact on retail chain store profitability.*

2.2.3 Customer Service Care

Customer service care as a dimension of customer retention strategy in this study cannot be best explain without defining the underlying concept that paved way for the construct, which is customer service. Customer service could be referred to as the provision of service rendered to customers before, during and after the purchase (Igwe et al., 2012). Customer service is perceived as the provision of value added services for firm's merchandises irrespective of the nature of its offerings (Roberts et al. 2003; Qin et al. 2009 as cited in Sharmeela-Banu, et al. 2013). We can say that customer service is a routine managerial activities tailored to enrich the customer feelings of satisfaction in line with the customer expectations. From the above conceptualizations it is clear that customer service entails series of activities that makes the customer have a sense of happiness or satisfaction in respect of the value paid. Customer service care is always experienced whenever there is an interface between the customer and the organization (Igwe et al., 2012). Customer service care as a variant of customer service entails an embodiment of activities built on customer service which may often include answering questions, taking orders, dealing with billing issues, handling complaints, attending to enquiries, response to service delivery, response to problem customers (Igwe et al., 2012) and helping customers to carry items bought on the shelves to the point of payment or to the point of loading and rendering apology for service failure. Admittedly, customer service care could be measured along these dimensions. Perhaps good customer service care greatly influence customer perception towards the quality of firm service (Sharmeela-Banu, et al. 2013) which in turn enhance satisfaction, retention and performance. Therefore, SERVQUAL or RSQS model could be applied to measure the degree of quality of customer service care and quality customer service care is very essential in building customer relationship, increase usage and patronage of a product or service (Igwe et al., 2012). Based on the above argument we proposed as follows:

Ha3: *Customer service care positively and significantly influence retail chain store profitability.*

2.4 Customer Satisfaction

Customer satisfaction is adopted here as a moderating construct between customer retention strategies and business performance in the aspect of retail chain store profitability. The term customer satisfaction is widely used by scholars and practitioners in marketing literature as a

business non-financial performance measure. Here the construct is used differently. Customer satisfaction is perceived to be a complex concept and very difficult to conceptualize and measured (Ode, 2013). Despite the complexity, let us look at few definitions and come up with ours. Customer satisfaction could be defined as the individual feelings of the performance of the product or service in connection with his/her expectation (Schiffman and Kanuk, 2009 as cited in Igwe et al., 2012). According to Ayimey, Victor and Abdulai (2013) customer satisfaction is the state of mind of the customer concerning whether his/her expectation is met over the life time of the product or service. We can deduce that customer satisfaction is the individual judgment of fulfillment or excitement in terms of expectations for product or service usage. Looking at the various conceptualizations you will see that customer satisfaction is centered on the measure of the difference between perceived service and expected service. The perceived service is the customer's experience while using the product or service, while the expected service is what the quality ought to be in the minds of the customer. The fall in expectation denotes a difference (gap) which results to dissatisfaction. The basic objective of all marketing organizations is to close this gap by maximizing customer satisfaction. In fact it is the basic justification for firm existence. Customer satisfaction has been a great challenge to most retailing firms, because they have to make available good plans or budget to monitor the progress level of how their customers are satisfied and it is the key to customer retention (Kotler, 2010). Ayimey et al (2013) reinvigorated this claim by saying that the best strategic path to customer retention is to deliver high customer satisfaction level that will lead to strong customer loyalty and performance. Thus, customer satisfaction is regarded as a great outcome of service quality, effective pricing and customer service care which can further stimulate relationship durability, profit and growth in business through increased customer loyalty and retention (Igwe et al., 2012; Ibok et al., 2012; Parasuraman et al., 1988; Nacem and Saif, 2009; Khan and Tabassum, 2010; Ocloo and Tsetse, 2013) and lesser switching tendencies. Although customer satisfaction sometimes does not really guarantee retention, because even when the customer is satisfied he/she could defect as well, due to competitors pressure or friends and family influenced or change in preference to test something new (Molapo and Mukwada, 2011; Gummesson, 1999) or impulse purchase. Customer satisfaction could be measured in terms of happiness, excitement, customers' complaint, sense of comfort, pleasant experience, and pleasure (Ode, 2013; Ocloo and Tsetse, 2013; Sharmeela-Banu et al., 2013). These measures of customer satisfaction will be adopted in this study. As a result of the above discussion we proposed that:

Ha4: *Customer satisfaction positively and significantly moderates customer retention and business performance of retail chain stores.*

2.5 Business Performance

Business performance is the operational capability of the management of organization tailored towards achieving pre-determined goals and objectives of major share holders and it is used as a measure of organizational success (Igwe, Coker and Chukwu, 2016). According to Lebas and Euske (2002 as cited in Kellen, 2003) performance is doing today what will lead to measured value outcomes tomorrow. Business performance helps businesses in periodically setting goals and providing feedback to managers on progress towards these goals (Kellen, 2003).

Business performance can be sub-divided into two distinct areas such as financial and non-financial performance (Kaplan and Norton, 2001). Financial performance is more of monetary or quantitative measures, while non-financial performance is non-monetary or qualitative measures. The quantitative measures reflects the firm's financial situation, which can be

determined using indicators like profit margin, return on assets, return on sales, return on investment etc. (Huang et al.,2004; Yee et al., 2010). On the other extreme, qualitative measures basically focused on the long term achievement of firms by looking at customer gratification, internal business process, productivity, service quality, and employee fulfillment (Laitinen, 2002;Avci et al., 2010; Aramyan et al., 2007; Zigan and Zeglat, 2010 as cited in Sharmeela-Banu et al., 2013) and customer satisfaction and loyalty are regarded to be core aspect of retail chain store non-financial performance measures (Sharmeela-Banu et al, 2013). Here we are basically concerned with profitability as a measure of retail chain store financial performance.

3. METHODOLOGY

The purpose of this study is to examine customer retention strategies and firms profitability within selected retail chain stores in south-south, Nigeria. The population of this study consists of the totality of retail chain stores that currently operates in Nigeria. Since it is very difficult to study the entire chain stores in Nigeria, due to the limitation of time in regards to the duration of the study and cost of travels, we focused our study on 18 selected retail chain stores and supermarkets in south-south region of Nigeria; that would be the true representation of the entire population. However, the descriptive research design via survey method was adopted to retrieve information from the target population. Therefore, 10 copies of questionnaires were sent out to senior academicians and chain stores consultants for correctness (pre-test) in order to ascertain the content validity. Perhaps a quite number of modifications were made. The questionnaire was pilot tested to verify its suitability or applicability for the target population by administering 30copies to top managers in chain stores across the south-south region in Nigeria. Perhaps twenty three of the respondents filled and returned theirs, while seven of the respondents did not, making 77% and 23% rate of response respectively. To ascertain the sample size, the researchers applied the Top man's formular of sample size determination since there is no available statistical record concerning the total population of chain stores in Nigeria.

$$n = (z)^2 P*Q/e^2$$

n= Sample size

z=Degree of confidence

p= probability of response

q= probability of non-response

e= standard error

Note: z=95%=1.96 and e= 0.05

$$p = 23/30 = 0.766 = 0.77$$

$$q = 7/30 = 0.23$$

$$n = (1.96)(1.96)*(0.77)(0.23)/(0.05)(0.05) = 3.8416*0.1771/0.0025$$

$$n = 0.6804/0.0025 = 272$$

$$n = 272$$

The sample size is 272.

Table 1. Questionnaires Distribution

S/No	Names of (18) registered chain stores	Location	Accessible population	Respondents
i	Everyday Supermarket	No. 107 Aba Road/ Estate Port Harcourt River State Nig.	26	10
Ii	Buy Right Supermarket	No. 28 Liberation Stadium Road Port Harcourt, River State Nig.	17	8
Iii	Love Brothers Supermarket	No. A1/A2 Okpanam Road Asaba Delta State Nig.	12	8
Iv	Well Come Supermarket	No. 273 Nnibisi Road Asaba Delta State Nig.	16	8
V	Friendly Supermarket	No. 188 Summit Road Warri Delta State Nig.	12	7
Vi	Clean Market Supermarket	No. 202 Peter Odili Road Port Harcourt, Rivers State Nig.	15	7
Vii	Zoro Supermarket	No. 56 Sakpoba road Benin City Edo State Nig.	18	8
Viii	Nosi Supermarket	No. 213 Ugbowo Lagos Road. Benin City Edo, State Nig.	12	7
Ix	Sparks Shop Supermarket	No. 57 Ettaagbo, Opp. Unical Small Gate Calabar State. Cross River Nig.	14	7
X	Favourite Supermarket	No. 103 Marian Road by Atekong Drive, Calabar Cross River State Nig.	19	9
Xi	Sunny Tex Super Store	No. 98 Marian Road by Ekong Etta, Calabar Cross River State Nig.	13	8
Xii	Central Supermarket	No. 57 Oron Road Uyo, Akwa Ibom State Nig.	17	8
Xiii	Continental Supermarket	No. 168 Nwaniba Road Uyo Akwa Ibom State Nig.	12	8
Xiv	Mainland Supermarket	No. 54 Oron Road Uyo, Akwa Ibom State Nig.	15	8
Xv	General Supermarket	No. 201 Mbiama Yenagoa Road, Bayelsa State Nig.	18	10
Xvi	Next 2 Next Supermarket	No. 205, Isaac Boro Express way Yenagoa, Bayelsa State Nig.	12	8
Xvii	Sunky Supermarket	No. 105 Azikoro Road Yenagoa, Bayelsa State Nig.	12	8
Xviii	Grant Supermarket	No. 101 Benin Sapele Road Benin City Edo State Nig.	12	8
TOTAL			272	145

Source: Field Survey, 2019

The sample size was chosen by the adoption of stratified and convenience sampling techniques. The total of one hundred and forty five (145) respondents completely filled and returned their questionnaires out of the two hundred and seventy two (272) respondents issued, making 53.31% rate of response, which is relatively above average. The low response rate is attributed to the fact that the study is an holistic study that covers the entire south-south region of Nigeria and the inability of the respondents to completely filled and returned their questionnaires within the expected time frame given to them makes it difficult for the researchers to travel twice to retrieve it, due to the cost implications. Perhaps, the convenience and stratified random sampling techniques were adopted to select the target respondents on the basis of geographical region and status of respondents, which comprise branch managers, marketing managers, accountants, sales managers, sales attendants, cashiers and others. The study designed five (5) key constructs of customer retention strategies and used multi-item measures adopted from Igwe et al, 2012; Ocloo and Tsetse, 2013; Sharmeela- Banu et al., 2013; Mukwada, 2011; Rajaram and Sriram, 2014; Ode, 2013. Also, 5 point Likert scale type was designed ranging from strongly agreed (5) to strongly disagreed (1). In addition, the spearman rank order correlation coefficient and multi-regression statistical tools were used to test the various hypotheses with the aid of SPSS.

4. DATA ANALYSIS AND FINDINGS

Table 2. Descriptive Statistics

Variables	Mean	No. Of Items	Standard Deviation	Cronbach Alpha
Pricing	2.52	4	1.510	0.967
Service quality	2.94	4	1.704	0.979
Customer service care	3.49	4	1.704	0.981
Profitability	3.40	4	1.467	0.965
Customer satisfaction	2.92	4	1.499	0.972

Source: Researchers analysis, 2019.

The result from table 3 reveals that the mean scores of pricing, service quality, customer service care, and profitability are 2.52, 2.94, 3.49 and 3.40 respectively. From the findings the study reveals that the low mean score of pricing as compared to other two dimensions is attributed to the fact that price is a factor to be considered when patronizing a particular chain store but it is not a sufficient condition for the customer to remain loyal but how the customer expectations are met as well as how he/she is treated with care. The reliability of each measure was highly satisfactory with cronbach alpha values greater than the cut-off mark of 0.7. This shows that there is high degree of internal consistency of the measures used in this study.

4.1 Correlation Analysis

The correlation analysis was used to determine the strength of relationship between the dimensions of customer retention strategies and business performance using Spearman's rank order correlation coefficient (rho).

Table 3. Correlation Test of Hypotheses

Variables	Spearman rank correlation coefficient (rho)(2-tailed)	Pricing	Profitability
Pricing Profitability	N N	1.000 145 .927 0.000 145	.927*** 1 145
Service Quality Profitability	N N	1.000 .950 .000 145	.950*** 1 145
Customer Service care Profitability	N N	1.000 .975 .000 145	.975*** 1 145

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

Ha1: There is significant and positive relationship between pricing and profitability of chain stores in south-south, Nigeria.

The result of the findings as demonstrated in table 4 shows a very strong and significant correlation (rho= 0.927) between pricing and profitability at p<0.005, N=145. Hence, we can say that pricing as a dimension of customer retention strategy is a predictor of chain store profitability.

Ha2: There is significant and positive relation between service quality and profitability in chain stores in south-south, Nigeria.

The result shows the correlation coefficient as 0.950 at p<0.005, N= 145. This reveals that there is a strong and positive relationship between service quality and chain store profitability.

Ha3: There is significant and positive relationship between customer service care and profitability in chain stores in south-south, Nigeria.

From the table, the result shows a strong and positive correlation between customer service care and chain store profitability as rho=0.975 at p<=0.05, n=145. However, from the basis of the strength of relationship, we therefore deduce that customer service care is a predictor of chain stores profitability.

4.2 Multiple Regression Analysis

The multiple regression analysis was used in order to ascertain the moderating influence of customer satisfaction on the three dimensions of customer retention strategies and business performance (profitability). Hence, the fourth hypothesis was developed, that “Customer Satisfaction does not moderate the relationship between customer retention strategies and business performance”. This hypothesis was tested using the partial correlation analysis with the Statistical Package for Social Sciences (SPSS) with the ordinal scale.

Table 4: Hypothesis four (Partial Correlation)

			Correlations			
Control Variables			Customer Retention Strategies	Business Performance	Customer Satisfaction	
-none- ^a	Customer Retention Strategies	Correlation	1.000	.856	.939	
		Significance (2-tailed)	.	.000	.000	
		Df	0	138	138	
	Business Performance	Correlation	.856	1.000	.853	
		Significance (2-tailed)	.000	.	.000	
		Df	143	0	143	
	Customer Satisfaction	Correlation	.939	.853	1.000	
		Significance (2-tailed)	.000	.000	.	
		Df	138	138	0	
	Customer Satisfaction	Customer Retention Strategies	Correlation	1.000	.306	
			Significance (2-tailed)	.	.000	
			Df	0	143	
Business Performance		Correlation	.306	1.000		
		Significance (2-tailed)	.000	.		
		Df	143	0		

a. Cells contain zero-order (Pearson) correlations.k

The table above indicates that customer satisfaction moderates the affiliation between customer retention strategies and business performance of chain stores in Nigeria. We therefore reject the null hypothesis, meaning that customer satisfaction moderates the relationship between customer retention strategies and business performance.

5. DISCURSION OF RESULTS

On the basis of the hypotheses tested, the results are discussed within the context of existing literature of customer retention strategies, business performance and customer satisfaction. From the First hypothesis, the finding reveals that pricing as a dimension of customer retention strategy is a significant driver of business performance in terms of profitability in retail chain stores as well as supermarkets. This corroborates with the findings of Ocloo and Tsetse (2013) that price based programmes are used in solidifying customer retention which in turn increases profitability. That is why kotler and Amstrong (2010) opines that pricing is a key strategic tool and one of the elements of the marketing mix that determines a firm’s profitability. The second hypothesis revealed that service quality enhances chain stores profitability. This finding is in agreement with the findings of Igwe, Amue and Asiegbu (2012) and Ode (2013) that service

quality rendered by GSM or telecommunication providers ensure customer satisfaction and sustainable customer patronage. This also confirmed the findings of Mc Daniel et al (2005) that service quality, customer satisfaction and customer service led to business performance. Molapo and Mukwada (2011) have a contrary view that service quality is necessary but not sufficient condition for customer retention. The finding from the third hypothesis shows that customer service care is a predictor of chain store profitability. This findings is in line with the findings of Igwe et al.,(2012) that sustained customer patronage(retention) is a function of customer service care which in turn generate profit for GSM firms. Oyeniya & Abiodun (2008) also agreed that customer service attract customers who are later committed in patronizing the firm's brand from a particular business and this will in turn increases the revenue of the firm.. Finally, the fourth hypothesis uses partial correlation to ascertain the moderating influence of customer satisfaction on customer retention strategies and business performance. The findings reveal that customer satisfaction actually influences customer retention and business performance. The reason is that if a customer patronized a chain store and did not derive expected satisfaction, the customer would not want to make a repeat purchase; as such it will have a negative impact on profitability. This argument is corroborated by Igwe et al (2012) that determinants of patronage and sustained customer patronage (retention) are functions of customer satisfaction. This implies that the primary objective of any firm is to ensure that customers are satisfied, which is the basic justification for its existence.

6. CONCLUSION

In the course of carrying out this research study, we were able to unravel the relationship between customer retention strategies and business performance in retail chain stores in Nigeria. The findings reveal that pricing, service quality and customer service care are strong predictors of business performance in terms of retail chain stores profitability. This implies that the chances of customers to remain loyal over time with a particular chain store and to ensure profitability is dependent on the effective administration of prices of their products in the aspect of price incentives like discounts or sales promotion, the kind of service quality rendered such as responsiveness or reliability and customer service care in the aspect of how the customer complaints or problems are resolved instantly. Putting all these strategic measures right is a sure way for retail chain store profitability as empirically proven in this study. Although from the findings the study reveals that pricing is necessary but not the major determinants of customer retention, but service quality and customer service care as indicated by the mean scores and degree of correlations. The reason is that some customers are willing to pay more price instead of compromising quality and care. In addition, lower prices sometimes could be perceived as low quality. That is why Ocloo and Tsetse (2013) opines that relying on price incentives which seems to be one of the main strategies for retaining customers could be counterproductive. The customer does not necessarily remain satisfied or loyal as a result of price, though the result shows strong correlation. Perhaps, customer satisfaction was proven to be a key moderator that interface between customer retention and business performance in retail chain stores in Nigeria. This denotes that when the customer is satisfied in respect of the prices, service quality and care given to him, there is this tendency that the customer would remain loyal, which in turn generate profit for the firm. Therefore, with the increasing competition in the retail chain stores and supermarkets in Nigeria, managers of these respective outlets must ensure that customer retention strategies such as pricing, service quality and customer service care should be the pivotal strategic measures to be adopted in order to remain competitive and profitable. More attention should be given to the latter two dimensions because they are the life-wires that strikes

the customer touch points. Finally, customer satisfaction should be a core managerial policy that must cut across every facet of the retail chain store.

7. THEORETICAL AND PRACTICAL IMPLICATIONS

This study examines customer retention strategies and business performance in terms of profitability of retail chain stores in South-South, Nigeria. It is pertinent to say that researchers, academicians and students in marketing and other allied disciplines could use our model as a foundation to explore further research within the context of customer retention, satisfaction and profitability. The practical implication is that practicing managers most especially in retail chain stores and supermarkets will use the findings of this study as a guide to management strategic thinking and policies, which is centered on customers' sustainability in order to have competitive edge in their businesses.

8. LIMITATIONS AND FURTHER DIRECTIONS

This study made use of only three dimensions of customer retention strategies, more dimensions should be identified to expand our model.

- Only one financial measure was adopted in our study; researchers should navigate further by exploring more financial measures to ascertain if actually the dimensions chosen could account for profitability.
- There are other moderating factors which this study did not give account of such as switching cost. Other studies should look at it as key moderator to customer retention and business performance.
- Our study is limited to the South-South region in Nigeria, while chain stores and supermarkets are spread all over the country; other studies should look at other region to ascertain if actually these dimensions used by us can as well lead to business performance.

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