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**NATIONAL UNIVERSITY OF SCIENCE & TECHNOLOGY
FACULTY OF COMMERCE**

RESEARCH PROJECT

Topic: The impact of customer service on customer retention. A case study of commercial banks in the Bulawayo Central Business District.

by:

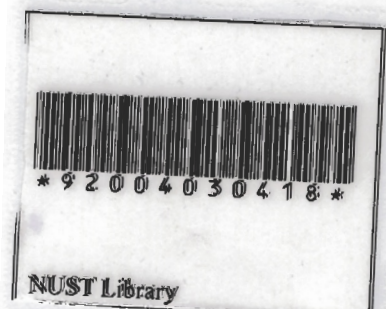
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Submitted to the Department of Business Management in partial fulfillment for the requirements of the Bachelor of Commerce Honours degree in Marketing.

Bulawayo.

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ABSTRACT

The study sought to evaluate the impact of customer service on customer retention in commercial banks in Bulawayo. Many banks are struggling to capture clientele and to retain relationships because of poor customer service and poor service standards. All the commercial banks have marketing divisions which are entrusted with all the sales, advertising and public relations work. However banks are finding it difficult to increase clientele and retain the existing clients.

The study sought to identify weaknesses in customer retention strategies and suggest solutions. There is need for banks to put in place good competitive strategies and good service standards which will attract customers and help banks to improve image and regain public confidence. Effective customer service improves market share and profitability and the public will have a good perception of the bank and reputation of the institution becomes good.

Literature reviewed shows that management needs to invest in customer loyalty programmes if organizations are to retain clients. Of all the strategies reviewed, improvement in customer service appears to head the list. It is about giving clients a service that they want that retains them. Customer service however means many things to many researchers and academics. A number of models were explored in an attempt to define what customer service means. Customer service is a sellable commodity, but most companies are not cashing in on it. The company can sell customer service. Companies are so focused on sales and cost cutting that they can't see service as a commodity when it's right in front of them. Customer service must be delivered in the most humanly satisfying manner and pleasurable possible. Customer service personnel have to be pleasant and make the customer feel comfortable.

A qualitative research design was used for a target population of 14 commercial banks. A sample size of seventy eight (78) was used in the study. A random sampling

method was selected. The research instruments used to obtain primary data were the questionnaire and interview methods.

The study found out that although the commercial banks have internal systems they were not adequate and efficient. The systems include email systems, websites, databases, telephone systems, meetings. The internal systems are not adequate because the infrastructure in terms of computers is at times old and emails to customers are delayed and customer service officers do not have access to email. Customers are not contacted regularly, only visited once and the managers start concentrating on new customers. Customer service personnel do not know the products benefits and features and they find it difficult to sell the products to customers. Customer service personnel are not adequately trained to handle customers and customer complaints. Selling skills and communication skills are poor. Some banks go for a year without carrying out refresher courses on product knowledge. The research also revealed that personnel do not know the importance and benefits of building customer loyalty. They do not care if customers are retained or not and customers are not known by the personnel.

In light of the above conclusions it was recommended that;

- Internal systems should be upgraded to ensure efficient transmission of information such as emails and storage of data.
- Customer service managers should ensure that all the personnel sign the service level agreement standard. This will ensure that there is commitment to quality service targets.
- Adequate training of customer service personnel is required especially in the areas of communication, query handling, product knowledge, person to person skills, and telephone skills.
- Employers should take care of employees in order to have the employees taking good care of customers. Staff welfare is critical as the employees have to be motivated and satisfied with remuneration for them to work well with customers.

The study confirmed the hypothesis that an effective implementation of good customer retention strategies ensures an increased market share for respective banks.