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Master of Business Administration

THE EFFECT OF LOYALTY PROGRAMMES ON SALES AND CUSTOMER RETENTION: A Case of Zamtel Mobile Services.

By:

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A dissertation submitted to the University of Zambia in partial fulfillment of the requirements for the award of the degree of Master of Business Administration Degree (MBA)

DECLARATION

I, Penelope Kangwa Bwalya, hereby declare that this work is my own and that all the work other persons used in this dissertation has been duly acknowledged and that this work has not been previously presented in this or any other university for similar purposes.

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Certificate of Approval

The University of Zambia has approved this dissertation of Penelope Kangwa Bwalya as fulfilling requirements for the award of the Degree of Master of Business Administration.

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Internal Examiner		

DEDICATION

This dissertation is dedicated to my family and my siblings; I hope my achievements encourage you to soar higher regardless of what circumstances life throws at you. I thank you my family for the emotional support, financial support and words of encouragement.

Acknowledgement

I would like to acknowledge the people that helped me as I embarked on this journey of obtaining a Master of Business Administration. The support and encouragement to fulfil my goals was overwhelming and gave me the inspiration to further my studies. The guidance from all my lecturers was exceptional and without any doubt they have contributed significantly in helping me achieve my goals.

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I give thanks to God for the strength and focus rendered to me in crossing this milestone.

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Abstract

Organisations are affected by its competitors, customer behaviour as well as other external environmental forces. The telecommunications industry atmosphere has been extremely competitive as the industry is dynamic and faces constant Technological advancement which influences social trends. The fight to acquire and retain customers has become a challenge due to the factors associated with this vibrant industry. The aim of this research was to determine the effect of loyalty programmes on sales and customer retention. The study investigated the effect of loyalty programmes on sales and customer retention; A case of Zamtel Mobile Services. To achieve the objective of the study, a survey and interviews were conducted to collect data from the two samples. In total (60) questionnaires were distributed randomly to Zamtel customers who could be reached by the researcher, while a total of (27) Zamtel sales and marketing employees were interviewed through personal interviews, with the aid of an interview guide. The participants had different social, educational, and occupational backgrounds.

The response rate was (87 %) Percent and the SPSS version 16.0, Microsoft Excel and Pearson's correlation where used to analyse the data. The findings clearly show: there is significant evidence of the effect of loyalty programmes on sales and customer retention. Loyalty programmes had a positive effect on the Zamtel mobile service sales; this could be seen through sales revenue reports, which revealed a major increase in revenue during the loyalty programmes, representing an increase in sales. Additionally, loyalty programmes had a significant effect on customer retention which was evident from a notable growth in the customer base, increase in traffic and change in customer buying behaviour. Some of these customers that were acquired remained loyal and thereby retained.

After a detailed analysis on the effect of loyalty programmes on sales and customer retention, the recommendations for Zamtel management were that they should consider other more sustainable avenues of sales growth alongside loyalty programmes such as referrals. The telecommunications company should consider aligning all Zamtel loyalty programmes to the overall business strategy and also consider focusing on building and nurturing relationships with existing customers. Finally, it was recommended that Zamtel could develop a feedback system to retrieve customer views and suggestions this can provide insight on improvement

and implementation of loyalty programmes into long term organisational strategies, rather than short term acquisition goals that are no longer sustainable.

Finally, Regulatory Authorities like ZICTA's recommendation was to take a leading role in levelling the telecommunications playing field

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List of Abbreviations

ZICTA – Zambia Information & Communications Technology Authority

SMS – Short Message Service

PTC – Post and Telecommunications Corporations

ZAMTEL – Zambia Telecommunications Company Limited

ZAMPOST – Zambia Postal Services Corporation

MNO – Mobile Network Operators

GSM – Global Systems for Mobile Communications

KYC – Know Your Customer

CRM – Customer Relationship Marketing

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Chapter 1: Introduction to the Study

1.1 Introduction

This Chapter presents the background of the study, the problem statement, and the purpose for undertaking this study, the objectives and questions arising from those objectives. Other matters in this chapter include the significance and scope of the study as well as the limitations that might affect and influence the results of this research.

1.2 Study Background

- **History of Zamtel**

The history of Zambia Telecommunication Company dates back to 1913 when the first telephone exchange was installed in Livingstone. Since then, the company has grown to be a pioneer of the Telecommunication Industry in Zambia, by providing cost effective, comprehensive and high quality Telecommunication facilities and services to its customer. Zamtel offers a wide range of products and services on mobile phone products and services, data services as well as fixed line products and services.

Soko, (2013) states that one of the industries which experienced serious transformation and competition after economic liberalization was the telecommunications industry. Telecommunications in command economy was only populated with one centrally-controlled firm called Post and Telecommunication Corporation (PTC) which later in 1994 was changed to (ZAMTEL) Zambia Telecommunications Company limited and (ZAMPOST) Zambia Postal Services after being delinked.

- **Telecommunications Industry Competition**

In the globalization era, the telecommunications market has become enormous and businesses have more competitors to compete with. In order to attract customers and compete favorably, companies in the industry have adopted several marketing tools and strategies to ensure customer satisfaction and retention more effectively and efficiently. Loyalty programmes act as a competitive weapon by providing an added incentive for the target audience to purchase more frequently. These tools are used by firms to inspire customers to spend more and one of its benefits is that it can encourage the consumers to consider sticking to the brand.

According to the Soko, (2013) the Zambian government began the process of liberalization telephony in 1991. At the time, the telecom sector was dominated by Zamtel, the state-owned company. This resulted in significant developments in mobile telephone provision in Zambia. Soko, (2013) adds that, by 2004, the telecommunications sector of Zambia opened up to various private sector competitors with the licensing of CELTEL (now branded as AIRTEL) and TELECEL (now branded as MTN). The mobile sector of Zambia then was dominated by AIRTEL with over 70% market share followed by MTN with 26% market share and ZAMTEL with the smallest market share of 4%. According to ZICTA, the statistics show that mobile penetration in Zambia was 71.3% with 10,396 mobile subscribers and potential for further growth. Almost 99.6% of customers are on prepaid billing across all networking. The government policy at the time was restricted to only three main players that dominated the market till 2015. After 2015, the government was expected to provide more incentives to new investors in the mobile sub-sector of Zambian telecom sector.

- **Loyalty Programmes**

According to (Wright & Sparks, 1999) loyalty programme is defined as a "mechanism for identifying and rewarding loyal customers", where registered customers are rewarded according to points accumulated. Loyalty programmes serve a great drive in most organizations across the world. To attain constant sales a firm has to maintain and sustain a good relationship with its customers. Loyalty programmes are intended to identify loyal customers and persuade them thereby creating a culture of continuously buying the products and services.

Reichheld (1993) described loyalty program as a rewards programme provided by a firm to frequent customer who make purchases. A loyalty programme may offer a client, special sales coupons, free merchandise or advanced access to new products; a programme built to reduce the turnover among consumers of a product or service by rewarding a client with incentives or other favors for remaining loyal. In essence loyalty programmes perform two key functions: they offer a client rewards for being loyal to the brand and provide the issuing firm a bulk of consumer information.

1.3 Problem statement

Chisenga (2016) states, that a lot of areas in Zambia are now covered by at least one mobile phone network or all the three. Competition for Zamtel has been extremely high as the telecommunications industry is dynamic and faces constant Technological advancement which influences social trends. Loyalty programmes have been used by many firms to lure and acquire new customers, retain existing customers as well as improve sales.

Because of these dynamic changes, Zamtel in trying to acquire new customers and maintain its existing customers utilizes the use of loyalty programmes. These are generally programmes put in place to encourage customers to spend more and keep spending through the provision of incentives for their loyalty. It is essential for Zamtel to implement these marketing activities, if it is to survive profitably.

The general observation was that customers join Zamtel when there is a loyalty programme, but leave or become inactive as soon as the programme comes to an end.

Hence the reason for this research is to appreciate why this happens and analyse the effect of Zamtel loyalty programmes on Zamtel mobile sales and customer retention.

1.4 Purpose of study

Firms have an inclination to be reactive rather than proactive to the marketing environment. The purpose of this study was to determine the effect of loyalty programmes on Zamtel Mobile sales and customer retention.

1.5 General Objectives

The main objective of this study was to determine the effect of loyalty programmes on sales and customer retention for Zamtel Mobile Services

1.5.1. Specific Objectives

- To establish how loyalty programmes affect sales
- To establish how loyalty programmes affect customer retention
- To establish the relevance of loyalty programmes on customer buying behaviour

1.6 Grand Research question

What was the effect of loyalty programmes on sales and customer retention for Zamtel Mobile Services?

1.6.1 Sub Research Questions

- How do loyalty programmes affect sales?
- How do loyalty programmes affect customer retention?
- What relevance do loyalty programmes have on customer buying behaviour?

1.6 Significance of the study

This study has multiple beneficiaries: respondents, the investigator's career and overall knowledge for Zamtel. The participants will be presented a chance to examine their knowledge about the effect that loyalty programmes have on the way they make their purchasing decisions. With respect to professional benefits, the study may enhance the understanding of the effect loyalty programmes on sales and customer retention as well as sharpen the student's critic and analytical skills. The knowledge may be of benefit to Zamtel, and highlight whether these benefits can achieve long term relationships and competitive advantage for Zamtel by way of new information developed from this study that can be used not only to attain, but to retain mobile service customers.

1.8 Statement of Hypothesis

It has been hypothesised that Zamtel mobile service customers join or use Zamtel mobile services every time there is a new loyalty programme running but that the customers either leave or become inactive once the loyalty programme comes to an end.

1.9 Scope of Study

The study will focus on loyalty programmes and their effect on sales and customer retention. Zamtel implements loyalty programmes into their marketing strategies and the study will consider the case of Zamtel and one of its specific mobile service loyalty programme, to

establish the possible effects that loyalty programmes may have on sales and customer retention. The researcher will make use of the available international and local literatures to gain an understanding of the effects of loyalty programmes on sales and customer retention. Interviews and questionnaires will be used to collect information from the Zamtel sales and marketing team as well as Zamtel Mobile Service users.

1.10 Limitations of study

While this research might grasp its aims, there are some inevitable limitations, some of which includes: lack of sufficient local literature, Sample size, research design selection and type of data collection instrument selected. A small sample size was used in this research, to produce minimal results which may not be widespread. Limited availability of local literature was an additional restraining factor, the researcher made use of other regional literature which characterised and related to the local situations. The researcher's selection of the case study was also limited to a particular organisation therefore; results might not depict other related organisation's problems. Another important limitation is that the participants in the quantitative stage might not have wanted to express their answers accurately or could have wanted to be seen to have to be in favour of Zamtel as their preferred network.

Additionally, obtaining of financial and sales reports was a challenge because the company under study had a policy of non-compete and non-exposé of figures to the outsiders. It was therefore difficult to collect data on the budgets and financial reports.

1.11 Operational definition of terms

History of Loyalty programmes:

Duffy (1998), states that *"loyalty programs only started to appear in the early 1970s and were more prominent in the airline industry. Several competing airlines presented different flyer programs which rewarded customers based on mileage of flights which they had accumulated. Duffy states that with a focus on these early versions of flyer programs as years passed, a new generation of innovative award programs has since been developed. These are being applied*

more in many industries as marketers continue to try and copy the achievements attained in the travel industry."

Customer/Subscriber:

A customer is a person who buys goods or services from a shop or business. In this research, the term customer refers to an individual who subscribes to Zamtel mobile service. The word subscriber will be used interchangeably with customer in this research.

Sales

Sales are the exchange of a commodity for money; the action of selling something.

Loyalty:

Loyalty is defined by Jacoby and Kryner (1973) *as "a biased behavioural response expressed over time by decision making unit, with respect to one or more alternative brands and is a function of a decision-making process"* while the Oxford English Dictionary has defined loyalty as "being faithful…true to allegiance"

Loyalty Cards

An identity card issued by a retailer to its customers as part of consumer incentive scheme, whereby credits are accumulated for future discounts every time a transaction is recorded.

Customer Retention

"*Customer retention may be defined as the probability of being alive of a customer or his/her propensity for repeat purchase of products or services from the firm*" (Gupta et al, 2006). Kotler's (1999) observation that a defensive strategy by adopting customer retention is important cannot be questioned under such circumstances. However, acquisition of customer is also to be pursued continuously in order to expand on the customer base of the firm, although a better balance in selecting resources for retention and acquisition may well mean a sustainable long term customer management strategy at the core of a business strategy.

1.12 Organisation of the Study

An analysis of the effect of loyalty programmes on sales and customer retention; A case of Zamtel mobile service sales

Chapter One - Introductory Chapter: encompasses the introduction and displays the background of the problem, research objectives, research questions, and justification of the study, scope of the study and as well as limitations.

Chapter Two - Literature Review: describes both theoretical and empirical proof of the research. It gives different thoughts from different authors relating to the subject in the question. The chapter gives an in depth analysis of the loyalty programmes and the effects they have on sales and customer retention. As well as the empirical evidence concerning to the research.

Chapter Three - Research Methodology: contribute details of the research design that was used to obtain all the results from the research. This chapter shows the tools that were used for gathering all the necessary data for the research, how it was conducted and how the data collected would be presented for analysis.

Chapter Four - Data Presentation and Analysis: Presents all the data that was gathered in the second chapter in form of tables, charts, line and graphs for analysis purposes.

Chapter Five - Summary of Findings - gives a summary of the research findings,

Chapter Six - Conclusions and Recommendations: and conclusions for the data that was collected and analysed and recommendations to the Zamtel and ZICTA the authorising body. Finally, suggestions for future research were included.

Chapter 2: Literature Review

2. 1 Introduction

This section evaluates literature relevant to the research objectives, theories and definitions of loyalty and loyalty programmes. Furthermore, this chapter considers different perspectives from a global view, regional view as well as a local view. Furthermore, the researcher reviewed some comparative studies and thereafter, gave some critiques of the studies reviewed.

2.2 Loyalty and Loyalty programmes Defined

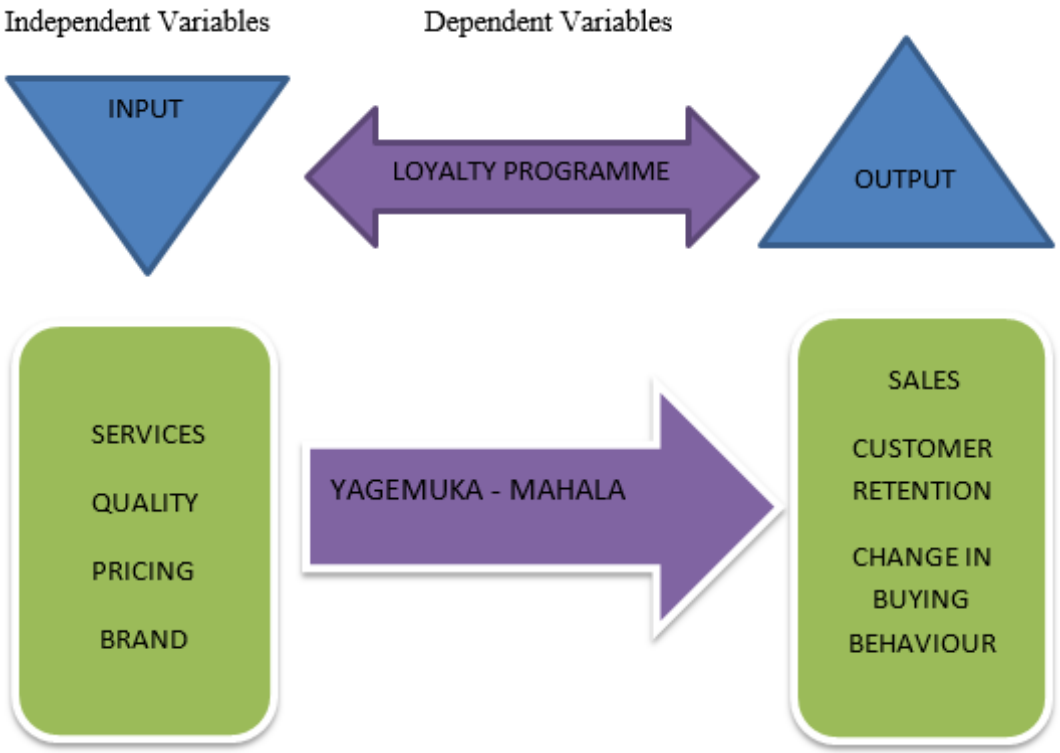
The Oxford English Dictionary defines loyalty as "being faithful … true to allegiance". Loyalty programmes are a dynamic tool of marketing management and must respond, like all other tools, to a changing environment. An organisation may initiate a loyalty programme in order to gain a competitive advantage among segments of its customers who are attracted by the benefits offered by such programmes. (Pitta, 1998; Wang, 1997). The development of loyalty programmes during the 1990s has been widely documented in the academic and practitioner press (Gilbert and Karabeyekian, 1995; Beenstock, 1999). An important motivation for such programmes has been the growing realisation that it is typically more cost-effective to retain existing customers than to recruit new customers to replace lapsed ones (Christopher, Payne and Ballantyne 1991; Webster, 1992). It has been noted that companies can increase their profits by almost 100 per cent by increasing their customer retention rate by just 5 per cent (Reichheld and Sasser, 1990).

2.3 Conceptual Framework

McGaghie et al. (2001) define the conceptual framework as, the researcher's understanding of how the particular variables in his study connect with each other. Thus, it identifies the variables required in the research investigation. It is the researcher's "map" in pursuing the investigation.

The framework below illustrates how loyalty programmes with the use of various independent variables depict the effect on sales and customer retention. It also highlights how loyalty programmes that are implemented and help businesses realise the expected outputs. The dependent variable was the loyalty programme (Yagemuka – Mahala) while the independent variables were the services, quality, pricing and brand. Furthermore, the framework depicts how this loyalty programme was dependent on numerous independent variables, these variables helped achieve the best output such as increased sales. An independent variable is the variable that is changed or controlled in a scientific experiment to test the effects on the dependent variable. McGaghie et al. (2001)

Figure 1: Conceptual framework



Independent Variables

- **Services**

Service being an independent variable in this case means that, Zamtel should provide suitable services to the various mobile service customers for the loyalty programme to derive the intended purpose. This means if the service that Zamtel provides to its mobile service customers is not suitable to the target market; the customers may not necessarily be interested in the incentives that come with the yagemuka loyalty programme no matter how good they were. For instance; Yagemuka has a component of free calling minutes from (22.00 – 06:00), and this type of service can only be targeted at the youth target market for the service to be utilised and to increase revenue. Research shows that the youth market is more prominent when it comes to using internet services are hours such as 22:00 to midnight.

- **Quality**

Quality being an independent variable in this case means that, Zamtel should provide good quality services for the loyalty programme to derive the intended purpose. This means if the quality of service that Zamtel provides to its mobile service customers is of poor quality, the customers may not necessarily be interested in the incentives that come with the yagemuka loyalty programme no matter how good they were. For instance; If there is no coverage in most areas as a result of poor quality mobile service, then customers may not be willing to opt into the yagemuka loyalty programme since they may not be able to use it anyway.

- **Pricing**

Pricing being an independent variable in this case means that, Zamtel should provide good competitive but reasonably priced services for the loyalty programme to derive the intended purpose. This means if the service price that Zamtel offers to its mobile service customers is exaggerated; the customers may not necessarily be interested in the incentives that come with the yagemuka loyalty programme no matter how good they were.

- **Brand**

Brand being an independent variable in this case means that, Zamtel should hold good brand values and a great image for the loyalty programme to derive the intended purpose. This means if the Zamtel has negative image association, the customers may shun away from the yagemuka loyalty programme no matter how good the incentives were.

Dependent Variable

The dependent Variable in this case is the Yagemuka loyalty programme, which is dependent on numerous variables mentioned above, in order for the outputs to be derived. When the inputs of the dependent variables are positive, the outputs are also likely to be positive.

2.4 Zamtel loyalty programmes

One of the major observations arising from Zamtel loyalty programmes is that there is an influx of customers' every time Zamtel launches a loyalty programme. However, there seems to be a significant reduction in the number of subscribers that stay on or remain active, once the loyalty programmes come to an end. This has posed a problem for Zamtel and given a rise to the need to assess the effect that these loyalty programmes have on the Zamtel mobile service sales and customer retention. For the purpose of this research, the researcher considered some of the loyalty programmes for Zamtel, such as Yagemuka Mahala and Nonka Nonka, which are some of the previous Zamtel loyalty programmes.

- **Yagemuka Loyalty Programme**

Muhanga (2014) stated that, Yagemuka loyalty programme was launched on March 5th in 2014 for 135 days and the information below describes the benefits of the loyalty programmes.

"During Yagemuka" refers to the 135 days of the promotion (5th March to 18th July)

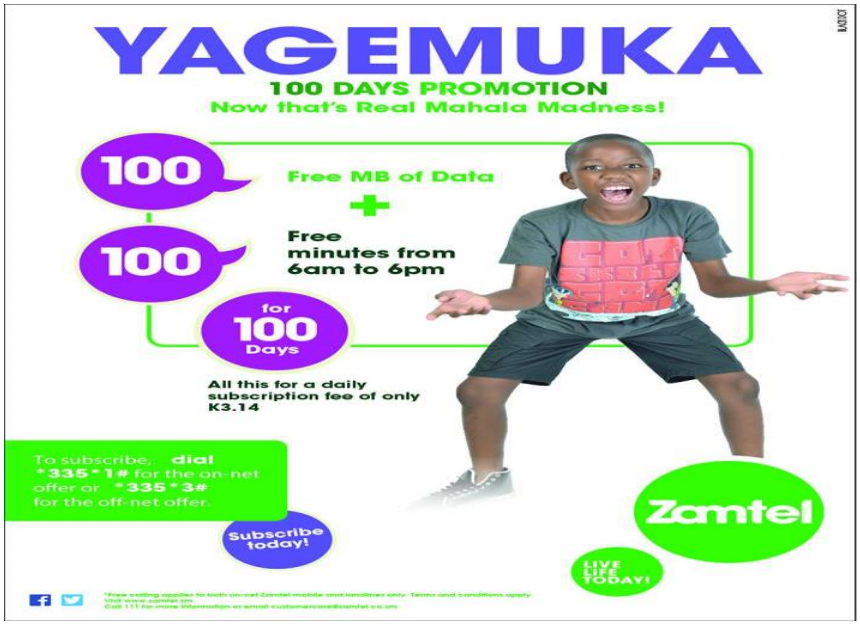
The cost was K3.14 per day for the on-net offer subscribed by dialing the code *335*1# while the cross-net was accessed by dialing *335*3# and costed K6.27. After the 100 days these benefits would come to an end.

The budget allocated for this loyalty programme was K36 million worth of mobile internet data to its clients, as stated by the chief Marketing Officer at the time of the launch. "Zamtel will continue to reward its customers with relevant loyalty programmes that will save them money

and ensure that they have more money in their pockets," said Evans Muhanga, Zamtel Chief Marketing Officer in a press release.

Therefore, for those 135 days, customers were to get 100 minutes and 100 MB in this offer called Yagemuka. The 100MB of data was valid for use between 06:00 hours and midnight (that is 00:00 hours or 24 hours) whilst the 100 voice minutes could be used between 06:00 hours and 18:00 hours. In addition to this the benefit of 10 free SMS' and free calling from 22:00 hours to 06:00 hours was maintained. Any unused data at midnight was forfeited.

Figure 2: Yagemuka Loyalty Programme



Source: www.zamtel.zm, 2014

- **Nonka Nonka Loyalty Programme**

Nonka Nonka loyalty programme ran for 90 days from launch date 3rd September 2015 until 1st December 2015. The programme included daily cash prizes and the total cost of the loyalty programme to Zamtel was a staggering K3 million.

The loyalty programme saw one of the mobile subscribers win a brand new tipper truck valued at K600, 000. To submit an entry a subscribers sent an SMS with the word "TRUCK" to short code "9595" and each SMS sent to short code "9595" costed the sender K2.00 and thereafter was accepted as a valid entry. Subscribers were allowed to enter as many times as they wanted and each entry costed them K2.00 and remained valid until the end of the promotion

Figure 3: Nonka Nonka Loyalty Programme

Source: [www.zamtel.zm, 2015]

2.5 Research theories on Loyalty Programmes

2.5.1 Importance of securing the loyalty of existing customers (shifting emphasis from gaining product trial to seeking customer loyalty) Spain 2004

Competition in today's market is intense, which makes acquiring new customers increasingly complicated and less profitable; hence the importance of securing the loyalty of existing customers. In this regard, Alet i Vilaginés and Nueno (2004) from Spain, point to a shift in emphasis from gaining product trial to seeking customer loyalty, which, they argue, has become a fundamental strategic component for companies. Likewise, business strategies have gone from focusing on customer satisfaction to focusing on customer loyalty, primarily because of the understanding of the effect of loyalty on profits (Oliver, 1999). Some authors have suggested that customer loyalty is essential to achieving business profitability, as there is a high cost associated with acquiring new customers due to the low return on the initial transactions since, with many customers, profitability increases over the course of their relationship with a company (Anderson et al., 1994).

The Objectives in this study by (Alet i Vilaginés and Nueno, 2004) was to compare consumers' behavior before and after they joined the programme. The study took place in 14 urban areas in Spain and its field of application comprised small retail establishments (more specifically, optical shops). The study period was 13 years 4 months, giving it a greater timespan than previous research. The study period was divided into two parts: (a) “before joining the program” (January 2, 1996–March 30, 2002) and (b) “after joining the program” (April 1, 2002–May 9, 2009). The date the establishment joined the program was April 1, 2002. The selection procedure for the sampling units within the program used was simple random sampling and obtained a sample of 1,200 individuals who had affected a total of 31,746 purchasing actions in the two periods studied.

Alet i Vilaginés and Nueno (2004) state that with respect to the findings obtained, it was confirmed that loyalty programmes increased the frequency of visits to the member establishment, thus having a very positive effect on it by: (a) offering greater opportunities for cross-selling; (b) encouraging personal communication and the customization and handling of the offer as opposed to mass-media communication; and (c) diminishing the probability of the customer visiting competing establishments.

The aim of Alet i Vilaginés and Nueno (2004)'s research to overcome the issues identified, such as identifying customer behaviour before and after joining a loyalty programme, was achieved. However, it failed to assess the sales performance before and after the joining the programme creating a gap, which this research addressed.

2.5.2 Do customer loyalty programmes really work? South Africa 1996

According Chibaya (1996) cited an Article to the South African Loyalty and Rewards Survey by CNBC Africa, titled *Retailing in South Africa: Do customer loyalty programmes really work?* Surveys into the loyalty industry point out that on average South African consumers have an average of ten loyalty programmes that they are signed up to per household. According to recent surveys, Pick n Pay Smart Shopper is the biggest supermarket rewards programmes in South Africa. The giant supermarket chain which operates in most malls and towns in South Africa's nine provinces runs one of the country's most well-used loyalty programmes: the Pick N Pay Smart Shopper card. The loyalty card gives consumers a way to gain points for their purchases, which can later be turned into spending vouchers to be used in store or cash to be donated to charity. There programme has over 8.9 million members in the country, which makes it the biggest rewards programmes in terms of supermarkets by number of users. The research identified a total of 101 rewards programmes in South Africa operating today. In 1986 there were only 9 loyalty programmes in South Africa, with the number rising to 38 in 1996 just after independence. Most of these programmes are well-structured and well-managed with millions of consumers enjoying benefits, earning points and taking up offers that these plans afford them.

Evidence shows that some of these programmes have been working for some retailers, especially those that can be converted to cash. This research asserts that measuring customers' loyalty strictly on the basis of their purchase behavior is misleading, because behavioral loyalty may be driven by short-term incentives rather than loyalty to the brand or firm. For example, customers might be dissatisfied with a store but shop there for convenience, which indicates behavioral but not necessarily attitudinal loyalty. Further research also suggests that truly loyal customer's exhibit repeat purchase behavior, supported by a strong internal disposition toward the brand, whereas customers who make repeat purchases without any emotional bond are susceptible to defecting to competitors at any point in time.

The findings in this research show that, when the reward factor is removed the positive effects of the loyalty programmes disappear and this sometimes has calamitous effects on the retailer's sales. This research does have an indication of an effect on sales once loyalty programmes disappear and focusses more on the behavioral factors. It however does not fully address whether the loyalty programmes effect sales during the running of the programme or the effect on customer retention, thereby developing a gap that this research did further address.

2.5.3 Impact of customer loyalty programmes on customer retention; Focus on Effect of independent variable on the dependent variable: customer retention. Jordan, 2015

A study carried out in Jordan by Dr.Magatef and Dr.Tomalieh (2015) was to obtain a deep understanding of the effect of customer loyalty programmes on customer retention. This study was applied to Jordanian customers and its objectives were to investigate the effect of independent variable; loyalty programmes: point system, tier system reward, charges an upfront fee for VIP benefits and nonmonetary programs, on the dependent variable: customer retention.

Dr.Magatef and Dr.Tomalieh (2015) had total of (350) questionnaires, which were distributed randomly to Jordanian customers who could be reached by the researchers, and were contacted through friends, relatives, students and local malls. The participants had different social, educational, and occupational backgrounds. Response rate was (81.14%) percent.

Dr.Magatef and Dr.Tomalieh (2015) state that, the findings clearly show: there is significant evidence of the effect of all loyalty programmes on building and maintaining customer retention. The major effect was for Tier system reward followed by charge Up-front fee for VIP benefits, and then point system, the weakest effect was for Non-monetary programs. Once again this study shows the effect of loyalty programmes variables with a focus on whether the monetary variables had more effect than the non-monetary variables. Their study however, does not consider the sales that are generated from retaining these customers and the overall effect regardless of whether the incentive was monetary or not. This again creates another gap that the research of the effect of loyalty programmes on sales and customer retention will address.

2.5.4 Impact of Customer Loyalty Programmes on Customer Retention: A Study of Organized Retail Sector in Gwalior, 2015

A study by Bhaka et al. 2015 in (Gwalior) India states that, now a day's retail outlets run loyalty programmes to retain their customers. Loyalty programs encourage customers to shift from myopic or single-period decision making to dynamic or multiple – period decision making. The current study is empirical research that focuses on the effect of loyalty programs on customer retention. The data for the study was collected from Gwalior region from the customers who physically visited branded retail outlets for buying their products. MANCOVA was applied to evaluate the effect of loyalty programmes on customer retention. The results of the study indicated that loyalty programs are successful in increasing purchase for substantial proportion of customers. Also it indicates that customers will join such programmes only if they find it beneficial to them and finally loyalty programmes have strong positive causal relationship with customer retention. Therefore, it is not premature to say that loyalty programs are here to stay.

2.5.5 Impact of Loyalty cards on consumer purchasing behaviour in an apparel industry. India, 2013

Arunmuhil and Arumugam (2013) in India conducted a study on the effect of loyalty cards on consumer purchasing behaviour in an apparel industry. The study objectives focused on the effect of loyalty cards on consumer purchase behaviour. It was also aimed at establishing whether consumers demand higher level of Service than products. Furthermore, the study looked at the retailer's side and their focus on delivering (selling) experience along with products.

Arunmuhil and Arumugam (2013) used a sample size of 200 only as study population and only took the city of Chennai as a representative area to other parts of the country. To carry out a successful study, the research objectives of this study was to identify the effect of loyalty cards on consumer purchase behavior, the factors affecting customer‘s loyalty and to find the relationship between loyalty card and customer loyalty.

Arunmuhil and Arumugam, (2013) state that, the findings of the study indicated that indeed loyalty programmes play a big role in consumer behavior, the study proved that customers become loyal towards a particular product or brand, if offered some incentives of a different product or brand, they tend to change their shopping preference or continue being loyal to the same products.

Although the research established its objectives concerning loyalty cards and the effect on customer behaviour, it did not however look at loyalty programmes as a whole and effective these programmes were in promoting businesses, sales performances as well as the effects that loyalty programmes have on products customer retention. These plus many other issues have since created a gap which this research wishes to establish.

2.5.6 The Impact of a loyalty programme and a price promotion on repeat-purchase behaviour in the same market. Australia, 1997

In the study carried out in Australia by (Sharp and Sharp, 1997), who evaluated the effect of a loyalty programmes in terms of its ability to alter normal repeat-purchase patterns and move a brand into an "excess loyalty" position and extended the research by examining an almost identical loyalty programme but in a more "promotion sensitive" market (and in a different country) and where a retaliatory price promotion ran in competition to the loyalty programme. This then provided objective to show proof of the ability to examine the differing effects of a loyalty programme and a price promotion on repeat-purchase behaviour in the same market.

Sharp and Sharp (1997, p.474) state "that in the last decade, loyalty programs have gained considerable practical and academic attention in the context of customer retention and customer relationship management".

Sharp and Sharp, (1997), indicate the findings of this research were based on a panel survey of 592 participants who provided complete details of their retail fuel purchases for each week of the 10 weeks prior to 15 December, 1996. The data was collected by telephone every week using IQCA (Interview Quality Control Australia) interviewers.

The sample consisted of adult (18 years old and over) New Zealanders, not working in the market research or advertising industries, who held a driver's license and owned or had access to a car. The loyalty programme under evaluation offered points to shoppers for brand

patronage that could be redeemed for free air travel or accommodation. 34% of the sample consisted members of the loyalty program at the start of the 10 week period and a further 12% joined during the panel period3.

Furthermore, (Sharp and Sharp, 1997) state that a stronger "excess loyalty" effect was recorded for the loyalty programme, in spite of the competitive price promotion. The loyalty programme appeared to insulate the loyalty programme brand from the effect of this promotion. Although the research established, its objectives, it did not however consider issues of performance of products sales are before, during and after the loyalty programmes were used and their effects. These are among issues that created a gap which this research wishes to address.

2.5.7 Pricing Strategies and Customer Retention; the Case of Airtel (T) Ltd 2015

A research by, Gibson, Gidion, Nyamukana and Magdalena. W. Machibya that was conducted under the consent of Airtel (T) Ltd with a major purpose of finding the correlation between pricing strategies and customer retention. This came about after a long term observation of customers who used to come in and out of Airtel (T) Ltd heading to other competitive companies in the Mobile Telecommunications industry. The Major reason for the shift was discovered to be the Price sensitivity as portrayed by the customers. It was identified that customers were willing to move to a company that offered mobile services at slightly lower price. Answers to the questions regarding the study were resolved through questionnaires that were filed by a number of employees that work for Airtel (T) Ltd who were involved in the daily running of the company and had a direct touch with the customers. After a thorough study of the given answers, a conclusion was drawn that there is a positive correlation between pricing strategies and customer retention and thus in order to retain as many customers as possible, Airtel needed to come up with better pricing strategies that will attract as many customers as possible.

- **Why retain a customer:**

Studies show that there has been a constant debate for years now, concerning the cost of acquiring a customer over retaining a new one.

Reichheld (1996) expresses that, "in today's competitive market, the purpose of a firm should be read as creating a loyal customer, which involves both capturing and retaining him. The

Importance of creating a loyal customer arises from the fact that it costs more to create a new customer than to retain an existing one. For example, the cost of creating a new customer is five times more than that of retaining an existing customer."

Srivastava, Shervani & Fahey's (1998) statement coincide with what has been said by Reichheld, stating that "customer loyalty has been commonly accepted as a valuable asset in competitive markets."

This study focused on how loyalty programmes have an effect on sales and customer retention, and the authors on retention clearly indicate how loyal customers are cheaper to maintain than new customers.

Chapter 3: Research Methodology

3.1 Overview

This chapter of the dissertation gives an insight into the methodology adopted in the collection, analysis and interpretation of the data gathered for the study. It attempts to provide a detailed analysis of the research plan and tools utilized in the actualization of this study which include; research instruments, the research design, Target population, study sample, sampling techniques, data collection instruments, data collection procedure, data analysis as well as ethical issues.

3.2 Research Philosophies

Eldabi et al (2002), citing Weick (1984) state that to subscribe to the quantitative assumption is to be positivist and to the qualitative one is to be interpretivist or phenomenological. The positivist epistemology tries to appreciate a social setting by identifying individual components of a phenomenon, then explaining the phenomenon in terms of constructs and relationships between constructs. On the other hand, the phenomenologist does not consider the world to consist of an objective reality, but instead focuses on the dominance of subjective consciousness. In other words, the researcher is not independent of what is being researched, but is an intrinsic part of it (Remenyi, Williams, Money and Swartz. 1998).

3.3 Research design

A design is used to structure the research, to show how all the significant parts of the research project. Research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project - the samples or groups, measures, treatments or programs, and methods of assignment - work together to try to address the central research questions.

Creswell (2014) describes three research approaches: (a) qualitative, (b) quantitative, and (c) mixed methods. Undeniably, the three approaches are not as discrete as they first appear. Qualitative and quantitative approaches should not be viewed as rigid, distinct categories, polar opposites, or dichotomies. Instead, they represent different ends on a scale (Newman & Benz, 1998). A study tends to be more qualitative than quantitative or vice versa. Mixed methods

research resides in the middle of this continuum because it incorporates elements of both qualitative and quantitative approaches.

Creswell (2014), adds that, often the distinction between qualitative research and quantitative research is framed in terms of using words (qualitative) rather than numbers (quantitative), or using closed-ended questions (quantitative hypotheses) rather than open-ended questions (qualitative interview questions). A more complete way to view the differences between them is in the simple philosophical assumptions researchers bring to the study, the kinds of research strategies used in the research (e.g., quantitative experiments or qualitative case studies), and the specific methods employed in conducting these strategies (e.g., collecting data quantitatively on instruments versus collecting qualitative data through observing a setting).

- **Qualitative Research**

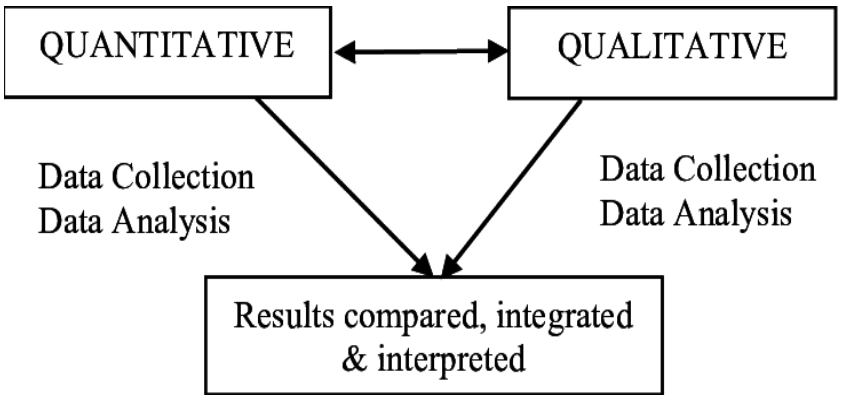
Creswell (2014) contends that, qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data gathered in the participant's setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data. Those who engage in this form of inquiry support a way of looking at research that honors an inductive style, a focus on individual meaning, and the importance of interpreting the complexity of a situation.

- **Quantitative Research**

Creswell (2014) describes quantitative research as an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. The final written report has a set structure consisting of introduction, literature and theory, methods, results, and discussion. Unlike qualitative researchers, those who engage in this form of inquiry have assumptions about testing theories deductively, building in protections against bias, controlling for alternative explanations, and being able to generalize and replicate the findings.

- **Mixed Methods Research - Convergent Parallel Mixed Method**

Figure 4: Convergent Parallel Mixed Method



Source: Creswell, 2012

Creswell (2014) defines the mixed methods research as an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical or conceptual frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone.

3.4 Rationale for using Mixed Method Approach

- Concurrent mixed method is appropriate in getting different perspectives form the two different sample populations
- it can answer a broader and more complete range of research questions; integrating qualitative and quantitative approaches can overcome the weaknesses and utilise the strengths of each approach;

- Applying the mixed-methods approach can Maximize the effect of both approaches, improve insights into and understanding of the data, which might be missed when using a single approach; integrating qualitative and quantitative data can provide strong

evidence for conclusions; and triangulating the data from different methods increases the validity of the results and the conclusions.

For the purpose of this study, the researcher utilised the use of a mixed research method, where data was collected from (sample 1) Zamtel mobile customers who were the subscribers surveyed with the help of a questionnaire, as well as interviews held with (sample 2) the sales and marketing team at Zamtel, with the aid of an interview guide.

3.5 Study population

The target population consisted 300 participants for the purpose of this study and was drawn from the sales and marketing teams, as well as Zamtel mobile Service subscribers, out of which, a study sample was chosen. For most research questions and objectives, it turned out to be difficult for the researcher to collect and analyze all the information available due to the time limitations, financial resources and access. Researchers such as Henry (1990) *"argue that using sampling enables a higher overall accuracy than a census due to the time saving, designing".*

3.6 Study sample

A sample size must be at least 30% of the total population under research, Suggests Fielding, (2007). How big should the sample be? This is a question any scholar conducting a research should ask prior in preparation of the task ahead for the study.

Sample 1 - Zamtel Mobile Subscribers – Questionnaires

The first study was based on a sample of 60 Zamtel mobile customers (subscribers) as participants and questionnaires were used to collect the information. Participants were briefed about the purpose of the study, and given the questionnaires to fill at their convenience.

Sample 2 - Zamtel Sales and Marketing - Personal structured interviews with the aid of Interviews

The second sample set consisted of 30 Zamtel sales and marketing employees as respondents, who were interviewed with the aid of an interview guide. The participants were quizzed provided they agreed to spare a few minutes.

A total of 90 participants which constitutes of 60 Zamtel customers (subscribers) and 30 Zamtel sales and marketing employees making up the target population, were used to represent the whole population as tabulated below.

Table 1: Sample Frame

	Target Population	**Total Respondents**
Survey Sample Source		30%
Zamtel Subscribers/Customers	200 Customers	60 Respondents
Sales and Marketing Dept.	100 Employees	30 Respondents
Total	**300**	**90 Respondents**

Sample Frame

3.7 Sampling techniques

The study utilized data from Zamtel to outline a sample population of a purposively sampled customer base in Lusaka and Zamtel sales and marketing team, out of which, a study population was chosen to represent the population for other parts of the country.

Saunders et al (2009, p. 253) describe a non-probability sample as "a selection of sampling techniques in which the chance or probability of each case being selected is not known", essentially this definition suggests that some components in the population are more likely to be chosen more than others. Ghauri and Gronhaug (2010, p.139) offer 3 examples of non-probability samples;

- Judgment Samples

- Quota Samples
- Convenience Samples

For this research, Convenience sample was used.

Convenience Sampling

It is stated by Maylor and Blackman (2005, p.226) that "the use of convenience sampling is better suited for people who are easy to access. Therefore, it was the most appropriate method of sampling for this study".

3.8 Sources of Data – Primary and Secondary Sources

To ensure the reliability of the information resulting from the research, the researcher installed the use of the two data types. The data used in this study was thus derived from both primary and secondary sources.

- Primary Data

Primary sources are the materials on a topic upon which subsequent studies are based, they include, anything from first hand documents such as poems, diaries and interviews to research results generated by experiments or surveys.

Creswell, (2014) describe primary sources as, records of events as they are first described, without any interpretation or commentary. These range from sets of data, such as census statistics, which have been tabulated, but not interpreted. Primary data is advantageous as it gives the researcher the opportunity to conduct an unbiased and extensive study on the research problem. The target respondents to this study were people who either use these loyalty programmes or facilitate them. These included the Zamtel customers as well as the sales and marketing team from Zamtel. A questionnaire was done and distributed to thirty (60) customers who are Zamtel customers, while fourteen (30) interview guides were used to interview the sales and marketing teams at Zamtel.

- Secondary Data

Creswell, (2014) states that, secondary sources often attempt to describe or explain primary sources. They are said to offer an analysis of primary sources and also to argue a contention or to persuade the reader to hold a certain opinion. Secondary data refers to data that was collected

by someone other than the user. Common sources of secondary data for social science include censuses, information collected by government departments, organisational records and data that was originally collected for other research purposes.

Some of the materials used for this study were obtained from textbooks, journals, magazines and newspapers. Further secondary data was collected from the Zamtel statistical reports, which included the summary of sales figures for the Yagemuka loyalty programme. All these served as the secondary sources of data. In order to access this information, data was collected from the following information sources:

a. The University of Zambia Journals Library

b. Internet downloaded materials

c. Print media materials

d. Various recent journals

e. Published thesis of other scholars

f. Zamtel Financial and Sales reports

3.9 Data collection Instruments

The instruments of research are determined in line with the nature and objective of the research. This study was planned to be facilitated using a survey format hence the use of a carefully designed and standardized questionnaire that allows participants to answer certain collated questions. Interviews involved using an interview guide (data collection instrument) to ask participants questions to secure the desired information.

In this study, the questionnaires were managed by the researcher and her assistant. The two used surveys interviews with the aid of Interview guides for Zamtel staff and Questionnaires for Zamtel Mobile subscribers. Secondary data was also obtained from the Internet, books, journals, government documents and Newspapers. The result of the questionnaires and interview guides, combined with data collected from secondary sources entails of all the instruments used for this research.

- **Personal structured Interviews**

Structured Interview is one in which a particular set of predetermined questions are prepared by the interviewer in advance. (Babbie, Earl R, 2010). Structured Interviews - structured interviews are easy to administer and allow data to be collected quickly at a relatively low cost. The interviewer can clarify the questions. Response rates tend to be higher and interviewing allows for greater sample control.

- **Survey questionnaires**

Questionnaires were used as instruments to help in collecting data from customers or subscribers that use Zamtel mobile services. Structured questionnaires which contain a series of questions were used. A structured questionnaire has the advantage of presenting questions in sequence.

3.10 Data collection Procedures

Primary data was collected from a sample of respondents, the researcher and his assistant used two methods for data collection. These included face-to-face interviews using questionnaires and personal interviews with the aid of interview guides for sales and marketing department at their convenience. The participants were allowed at least a week to answer and return the questionnaires, while the personal interviews were conducted over a two-week period. All participants received instructions and were informed that the research was voluntary and their confidentiality was guaranteed. To encourage a high response, rate the anonymity of the study was emphasized at the beginning and were questionnaires administered at the participants' convenience.

3.11 Data analysis

The use of the two methods of collection gave the research a rich approach in understanding the problem. Data in this research was simultaneously collected and analysed separately.

All the data collected was analysed by the researcher with the use of a statistical analysis application called SPSS (Statistical Package for Social Sciences) version 16.0. The researcher utilized the spreadsheets or Microsoft Excel, the researcher decided to use a specialized

statistical package (SPSS) version 16.0 as an investigation tool in analysing the data mainly because it makes the analysing of data faster and the software is more accurate in data analysis.

- **Pearson correlation**

The study also used the Pearson correlation statistical analyses to establish the correlation. Pearson correlation measures dependence in any statistical relationship, between two random variables.

Croxton, (1968) states that, correlation is any of a broad class of statistical relationships containing dependence, although in common practice it often refers to the extent to which two variables have a linear relationship with each other. The Pearson correlation is +1 in the case of a perfect direct (increasing) linear relationship (correlation), −1 in the case of a perfect decreasing (inverse) linear relationship (anti correlation), and some value between −1 and 1 in all other cases, indicating the degree of linear dependence between the variables. As it approaches zero there is less of a relationship.

Croxton, (1968) add that, the closer the coefficient is to either −1 or 1, the stronger the correlation between the variables. If the variables are independent, Pearson's correlation coefficient is 0, but the converse is not true because the correlation coefficient detects only linear dependencies between two variables

- Justification for using Pearson Correlation

The researcher used statistical analysis of historical data to assess the effect of loyalty programmes on sales. This method was chosen to be used for analysis of variables in Zamtel mobile services because we want to prove whether there is a relationship between the dependent variable (loyalty programme) when compared to an independent variable, such as (pricing), which is what was compared in the Pearson Correlation.

3.12 Ethical considerations

While the study contributes to the body of knowledge purely meant for academic purposes, for all the data that was collected, the participants involved, as well as the organization used were voluntary and guaranteed of total confidentiality on all the data that was revealed during and after the research.

The information collected from different participants was properly secured and the researcher ensured privacy and non-disclosure of personal information without permission. Additionally, there was adherence to the professional code of conduct and an avoidance of copyright infringement. Ethical approval of this study was granted by the University of Zambia Humanities and Social Sciences Research Ethics Committee IRB, with reference no. HSSEREC: 2018-JUNE 2018, attached in the appendices.

3.13 Summary

In planning a research project, researchers need to identify whether they will employ a qualitative, quantitative, or mixed methods approach. This approach is based on bringing together a worldview or assumptions about research, a specific design, and research methods. Decisions about choice of an approach are further influenced by the research problem or issue being studied, the personal experiences of the researcher, and the audience for whom the researcher writes. This chapter gave a thorough description of the research design employed to deliver the overall strategy for answering the research questions for this project. It highlighted the tools and techniques used to evaluate and analyse data in both primary and secondary data collections.

The next chapter builds up on this basis, analyzing and presenting in a systematic form, the findings of this research. The responses to the research questions and completion of primary objectives are expected to be derived from these findings.

Chapter 4: Data Presentation, Interpretation and Analysis

4.1 Introduction

This chapter focuses on the data presentation, interpretation and analysis of data collected from the research on the effect of loyalty programmes. The investigator used the distributed questionnaires and interview guide results as the source of data discussed in this analysis. Data was analyzed with the help of a Statistical Package for the Social Sciences (SPSS) version 16.0, Microsoft Excel and Pearson Correlation. Analysis of raw data was presented in tables, pie chart as well as line and bar graphs. In this report, the researcher gathered information relating to the effect of the loyalty programmes on sales and customer retention in a case of Zamtel Mobile services.

4.2 Response Rate Sample

The questionnaire response rate for the individual participants was high at 100%, while for the interview guides only 90% of the interviewees where available to spare time and attend interviews. This was due to the unavailability of some of the participants and also due to the fact that the researcher had to be flexible in ensuring that the interviews are conducted at the convenience of the interviewees. The response rates are presented in table 2 below.

Table 2: Response rate Sample

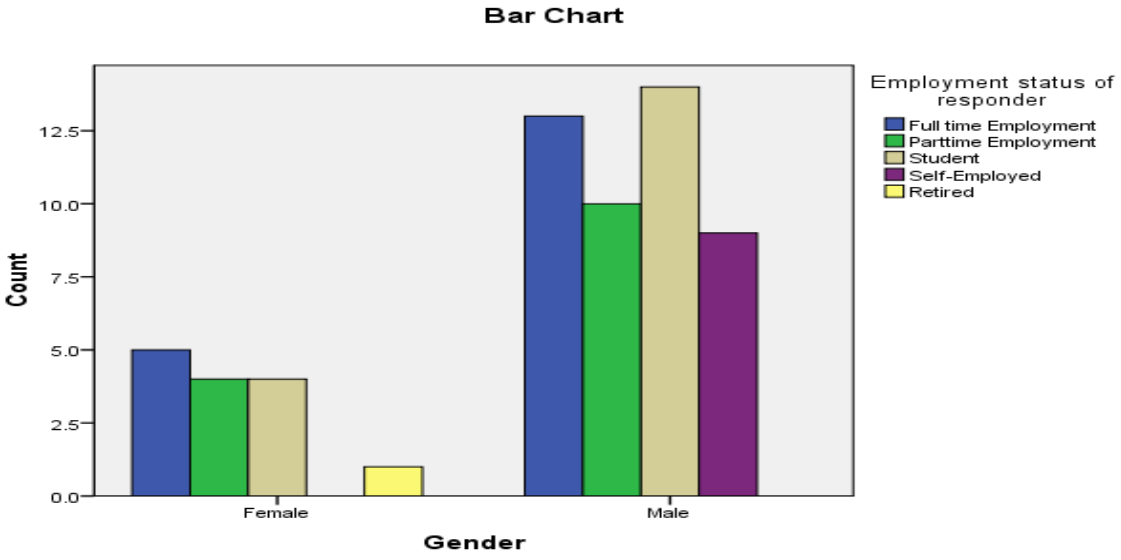
	Sample Size	**Participants**	**Percentage**
Questionnaires	60	60	100%
Interview Guides	30	27	90%
Total	**90**	**87**	

Source: Primary data

4.3 Profiles of the Participants

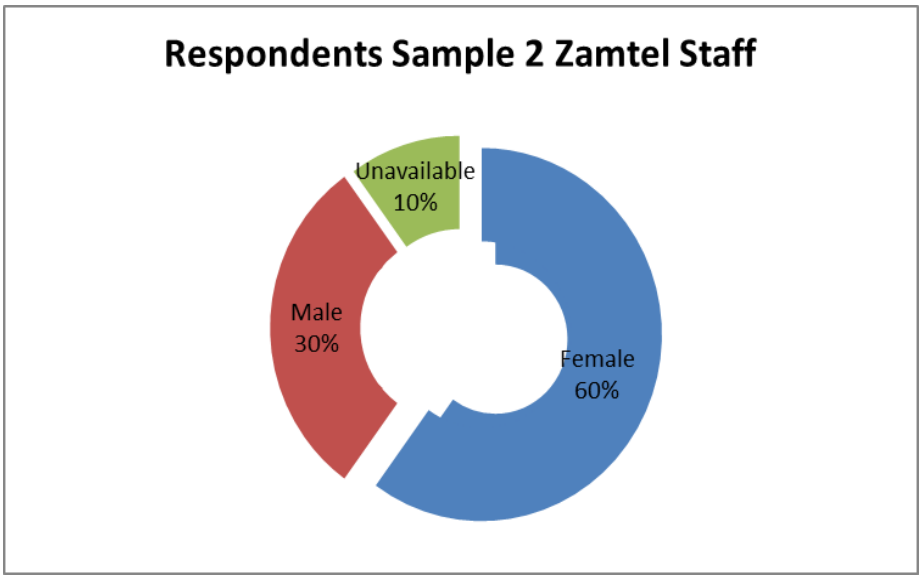
Out of the 60 questionnaire participants, 76.7% were male and 23.3% were female. The profile of participants based on a cross-tabulation of gender by occupation is shown in Figure 5 below. With the full time employment and students tied at 30%, 23.3% Part-time employees, 15 % Self-employed and only 1.7% of retirees. The majority of participants coming from the employed class (both full and part time) and students improve the trustworthiness of our results as these make up the key target market for Mobile Service usage as well as loyalty programmes respectively. Finally, only 90% from the Zamtel staff were interviewed with 30% being male and 60% female, while 10% were unavailable for the interview, as is shown in Figure 6 below.

Figure 5: Gender and employment status of participants Sample 1 (Zamtel customers) Cross tabulation



Source: Primary data

Figure 6: Gender of participants Sample 2 (Zamtel Staff)



Source: Primary data

4.4 Performance Analysis – Pre, During and Post Yagemuka Overview of Financial Impact

Table 3 below, shows the performance analysis of a loyalty programme (Yagemuka) overview of the financial period. The table gives a depiction of the Mobile Sales revenue prior to the launch of the Yagemuka loyalty programme, during the running of the programme and after the end of the programme. The table also shows a comparison of the Percentage growth in sales revenue between the pre and during the programme, the period during the loyalty programme and after the programme ended and finally a comparison of sales revenue prior and post the Yagemuka loyalty programme.

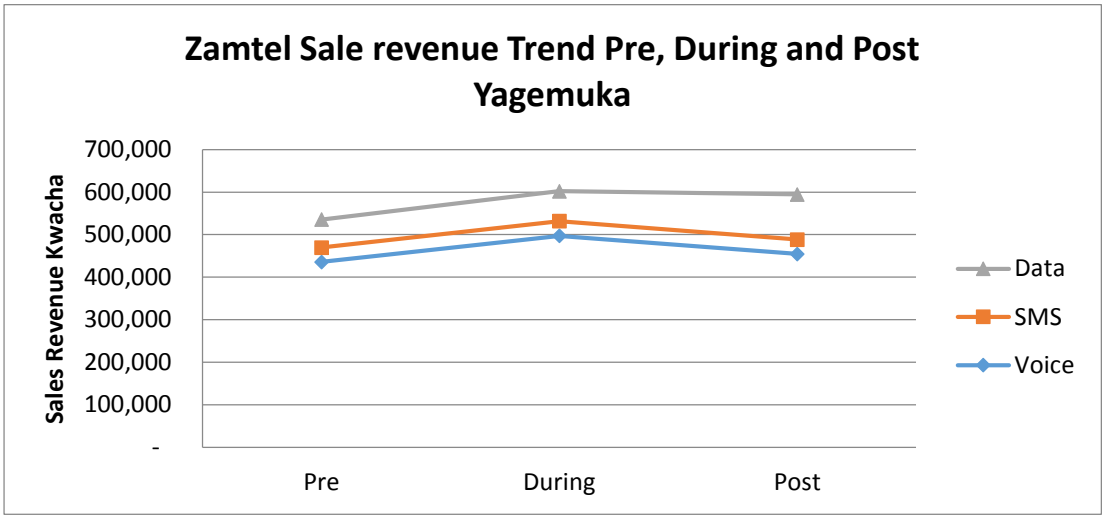
In addition to this the financial performance shows a percentage growth in the customer base before during and after.

Table 3: Performance Analysis – Pre, During and Post Yagemuka Overview of Financial Impact

					%age Change		
		Pre	During	Post	During vs	Post vs	Post vs
	Notes	Yagemuka	Yagemuka	Yagemuka	Pre Yagemuka	During Yagemuka	Pre Yagemuka
30 Day REC Subscribers	1	772,374	950,250	956,399	23%	1%	24%
Average Daily Indicators							
Subscription Revenue	2						
On Net		285,073	308,001	310,016	8%	1%	9%
Off Net		6,866	5,438	4,432	-21%	-18%	-35%
Total		**291,939**	**313,439**	**314,449**	**7%**	**0%**	**8%**
Real Mahala Subscribers	2						
On Net		90,788	98,090	98,731	8%	1%	9%
Off Net		1,095	867	707	-21%	-18%	-35%
Total		**91,882**	**98,956**	**99,438**	**8%**	**0%**	**8%**
Other Revenue							
Voice	3	435,977	494,218	454,572	13%	-8%	4%
SMS	4	33,695	34,656	33,968	3%	-2%	1%
Data	5	65,926	70,340	106,199	7%	51%	61%
Total		**535,598**	**599,214**	**594,739**	**12%**	**-1%**	**11%**
Unique Data Susbcribers	5						
Free Users		5,026	82,004	84,755	1532%	3%	1586%
Paying Users		69,214	249,775	291,514	261%	17%	321%
Total Users		**74,240**	**331,779**	**376,269**	**347%**	**13%**	**407%**

Source: Secondary data –Zamtel Mobile Sales Performance Analysis report

Figure 7: Sales revenue Trend Pre, during and Post Yagemuka



Source: Secondary data – Zamtel Mobile Sales trend analysis report

The Line graph in Figure 7 above depicts the sales revenue trend for over a period of 6 months. Indicating the period from before the loyalty programme to after the programme had ended. The graph captures the sales revenue collected prior to the 100 days of Yagemuka loyalty programme up to the time the programme was no longer running. The representation above shows low revenue prior to the Yagemuka loyalty programme, it then portrays an increase in revenue during the running of the loyalty programme and finally a reduction in revenue after the loyalty programme had ended.

4.5 Relationship between (Dependent Variable) Loyalty programmes and (Pricing) Bonuses and Discounts as Independent Variable

Table 4: Correlations between loyalty programmes and pricing

Descriptive Statistics

	Mean	Std. Deviation	N
Opting into Loyalty programme	9.2712	.44839	59
Use of Yagemuka Bonuses and Discounted Bundles	13.0690	.69742	58

Source: Primary data

Table 5: Correlations

		Opting into Loyalty programme	(Pricing) Use of Yagemuka Bonuses and Discounted Bundles
Opting into Loyalty programme	Pearson Correlation	1	.665**
	Sig. (2-tailed)		.000
	N	59	57
Use of Yagemuka Bonuses and Discounted Bundles	Pearson Correlation	.665**	1
	Sig. (2-tailed)	.000	
	N	57	58

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

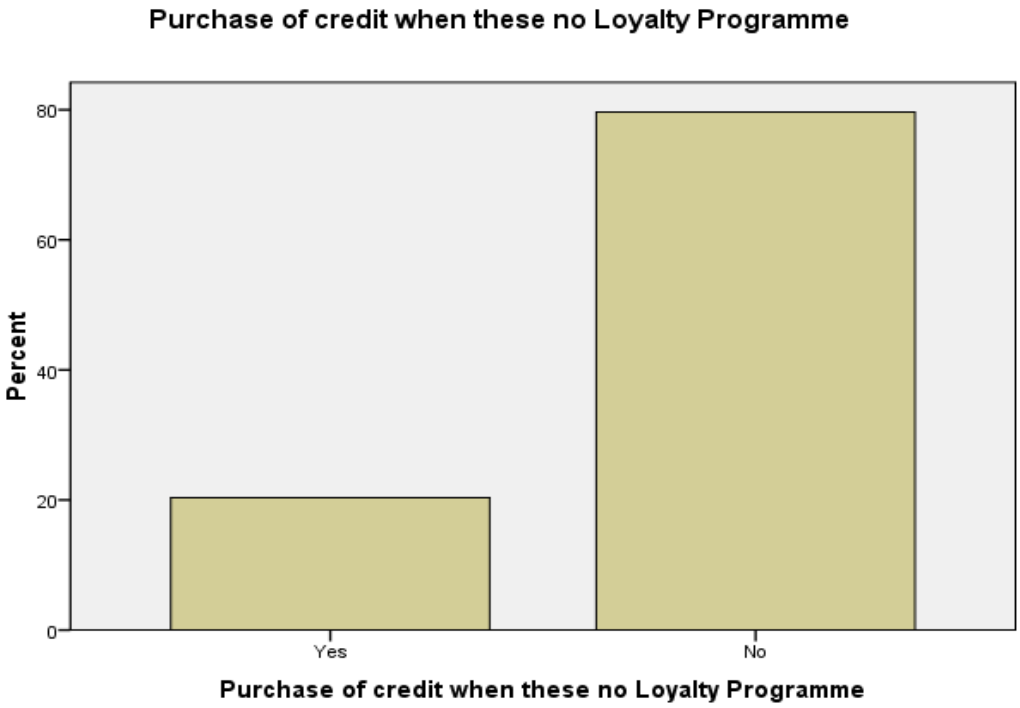
Source: Primary data

Pearson Correlation of 0.665 with a probability of 0.000 indicates that there is a strong correlation between customers opting into loyalty programmes and pricing (use of bonuses and discounts). The rule is that when a correlation value is closer to +1, then there is a direct and strong positive correlation, hence, the increase in loyalty programme resulted into the increase in use of bonuses and discounted bundles. Table 5 above shows that there is a very strong positive relationship between customers opting into loyalty programmes and Pricing (bonuses and discounts) at Pearson correlation (r) of 0.665.

4.6 Customer expenditure on Zamtel mobile services when there was no specific loyalty programme running

From the 60 participants surveyed, 78 % confirmed that they did not purchase credit when there was no loyalty programme running from which they could benefit. While 20% of the participants indicated that they still purchased mobile service credit even when there was no loyalty programme running. The remaining 2% did not respond to this particular question. This is depicted in Figure 8 below

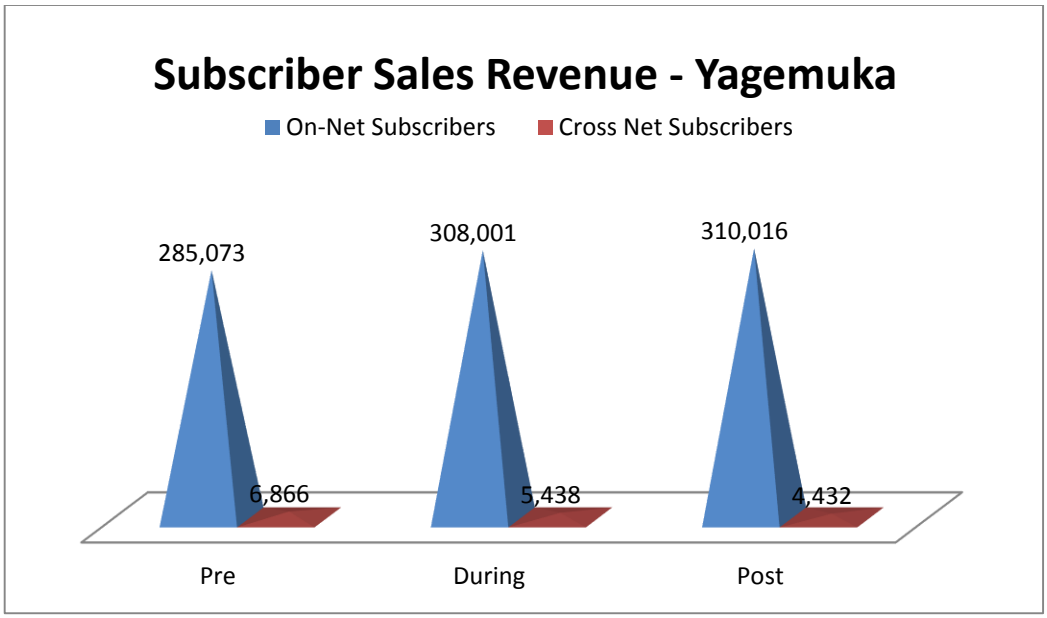
Figure 8: Purchase of credit when there is no loyalty programme



Source: Primary data

4.7 Zamtel On-net and Off-net Subscriber Sales revenue – Pre, During and Post Yagemuka Loyalty Programme

Figure 9: On-net and Off-net subscriber Sales revenue

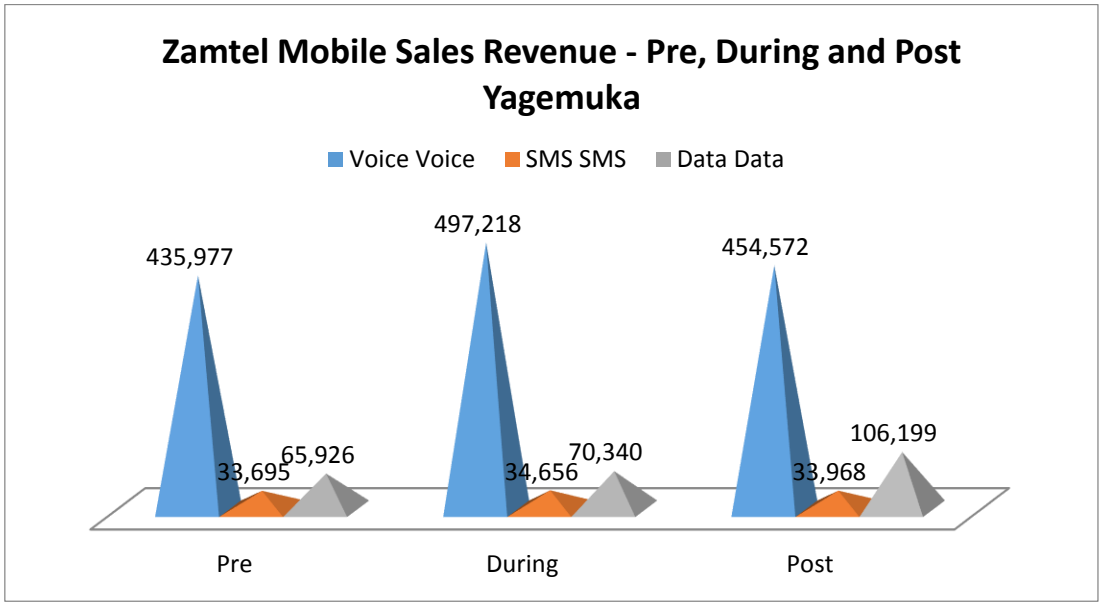


Source: Secondary data – Zamtel Performance Analysis report- Yagemuke

Figure 9 indicates there was an increase in sales revenue of 8% between the period before the yagemuka loyalty programme to during the running of the programme, which then reduced to 1% after the loyalty programme came to an end. Additionally, the cross-net sales revenue reduced from the K5438, during yagemuka to K4432 after the programme had come to an end.

4.8 Zamtel Sales revenue for Voice, SMS and Data - Pre, During and Post Yagemuka (Voice, SMS and Data)

Figure 10: Zamtel mobile Sales revenue (Voice, SMS and Data)



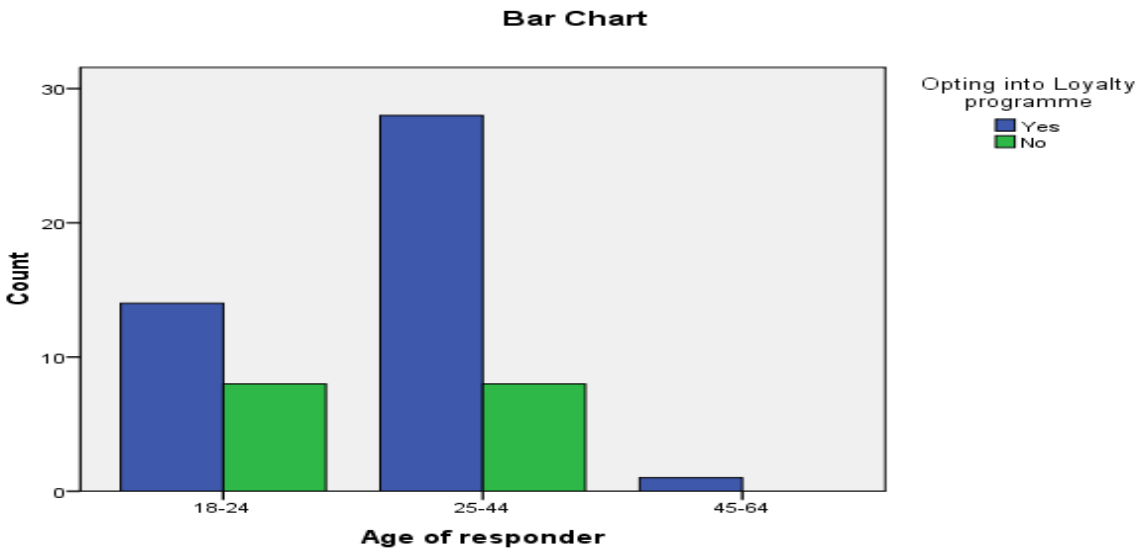
Source: Secondary data – Zamtel Performance Analysis report- Yagemuke

Figure 10 indicates sales revenue derived from Voice, SMS and Data before the Yagemuka loyalty programme, with K435, 977 revenues from voice calls, K33, 695 in revenue derived from SMS revenue and K65, 926 resultants from Data revenue respectively. A significant increase is noted from all avenues of revenue with voice going up to k497, 218, SMS revenue also increased to k34,656 and finally an increase in data revenue to K70,340. Subsequently the revenue drops post Yagemuka loyalty programme, depicting voice at K454,572 and SMS at K33,968. These figures represent a 13% increase in voice call revenue and a drop of -8% post Yagemuka. While in the SMS revenue the figures represent a 3% during the programme and a -2% reduction in the same revenue, post the programme.

4.9 Customer response to launch of Loyalty Programmes

From the 60 respondents, the assessment of participants that opted into the loyalty programme showed significant activity from the age group 25-44, which fall in the category of the working class. The statistics in figure 11 below, showed that almost half of the participants that actually confirmed to have opted into any particular loyalty programme were from the 25-44 age group. While only 25 of 18-25 age group confirmed having opted into this loyalty programme at one point or other. The results showed that the 45-64 age groups had a smaller number of only 2 ticking yes and finally none of the 65 or older age groups agreed to have opted in into any loyalty programmes at all.

Figure 11: Age of responder, opting into Loyalty programmes Cross tabulation



Source: Primary data

4.10 Frequency of Zamtel Customer usage during the running of loyalty programmes

The study displays in figure 12 below, a breakdown of how frequently participants said they used mobile services during the running of loyalty programmes. The figure below shows 73.3 % of the participants saying their usage was on a daily basis, 16.7% uses on the weekends only and the remaining 10% using their Zamtel mobile service only two to three times a week.

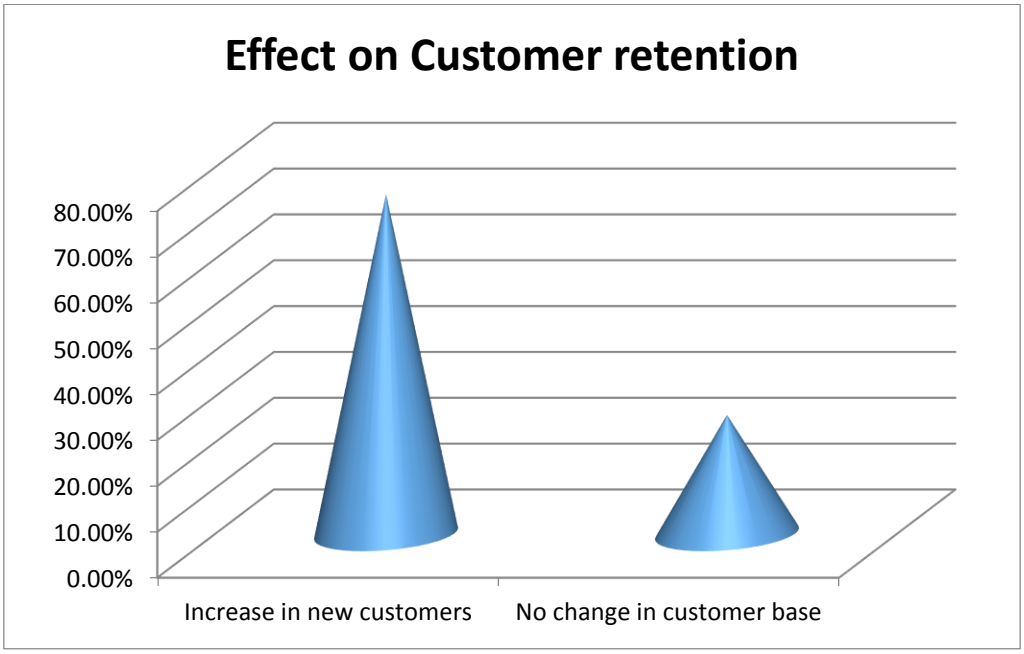
Figure 12: Frequency of Mobile service use during Loyalty Programmes

Source: Primary data

4.11 The effect of Nonka Nonka Loyalty Programmes on Customer Retention

The results from Nonka Nonka report analysis, depicted in Figures 13 below indicate that there was another notable increase of 74.1% in the customer base, resulting from an acquisition of new customers after the launch Nonka Nonka loyalty programmes. The study conducted showed an overall increase in the customer base, which resulted into customer retention respectively.

Figure 13: Effect of Nonka Nonka loyalty programme on Customer Retention

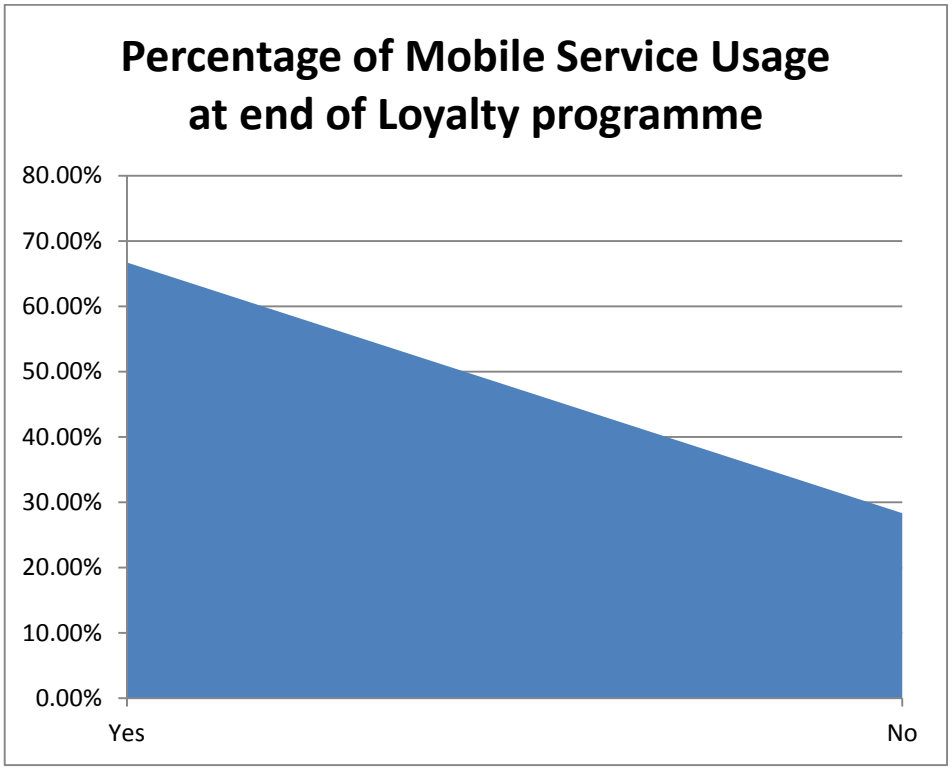


Source: Primary data

4.12 Zamtel Mobiles service use after end of Yagemuka Loyalty programme

The research reveals after a closer look at customer use of Zamtel mobile services after the end of the 100 days of the Yagemuka loyalty programmes, which is depicted in Figure 14 below showing, a drop of 71% percent drop in mobile usage after the end of the yagemuka loyalty programme while on 29% expressed any intentions to continue use after the ceasing of the loyalty programmes. This might be due to the assumption that a large percentage of mobile service users only stick around for whatever benefits are available to them and once these are no longer available, they move on to the next best thing.

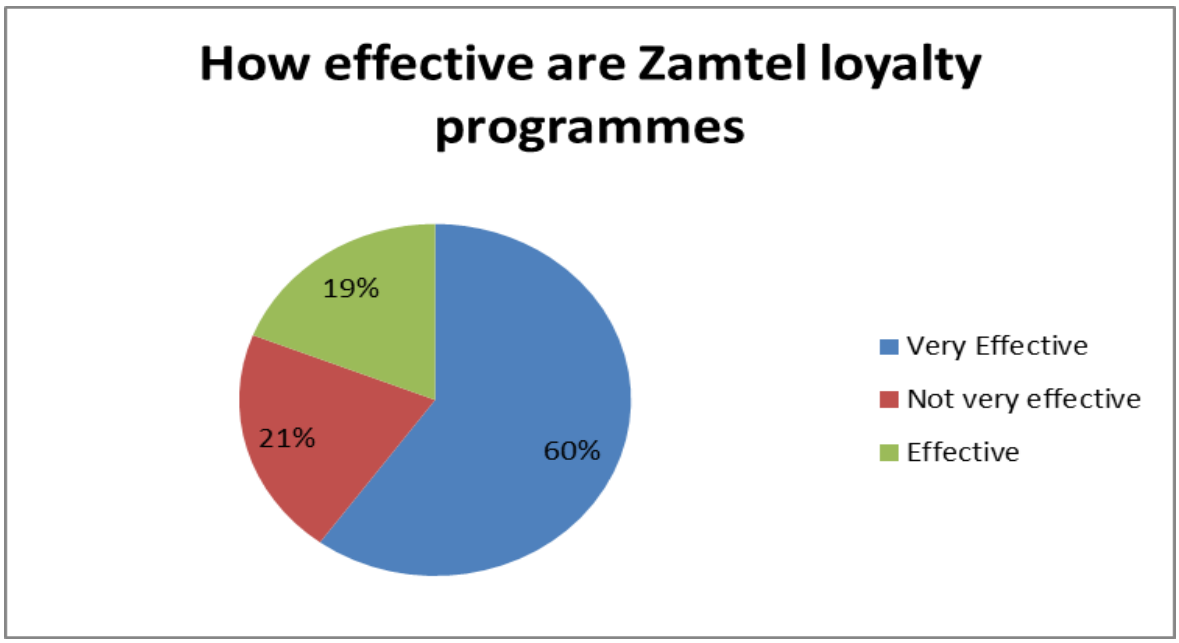
Figure 14: Zamtel Mobiles service use after end of Yagemuka Loyalty programme



Source: Primary data

4.13 How effective Zamtel loyalty programmes are

Figure 15: How effective Zamtel loyalty programmes are



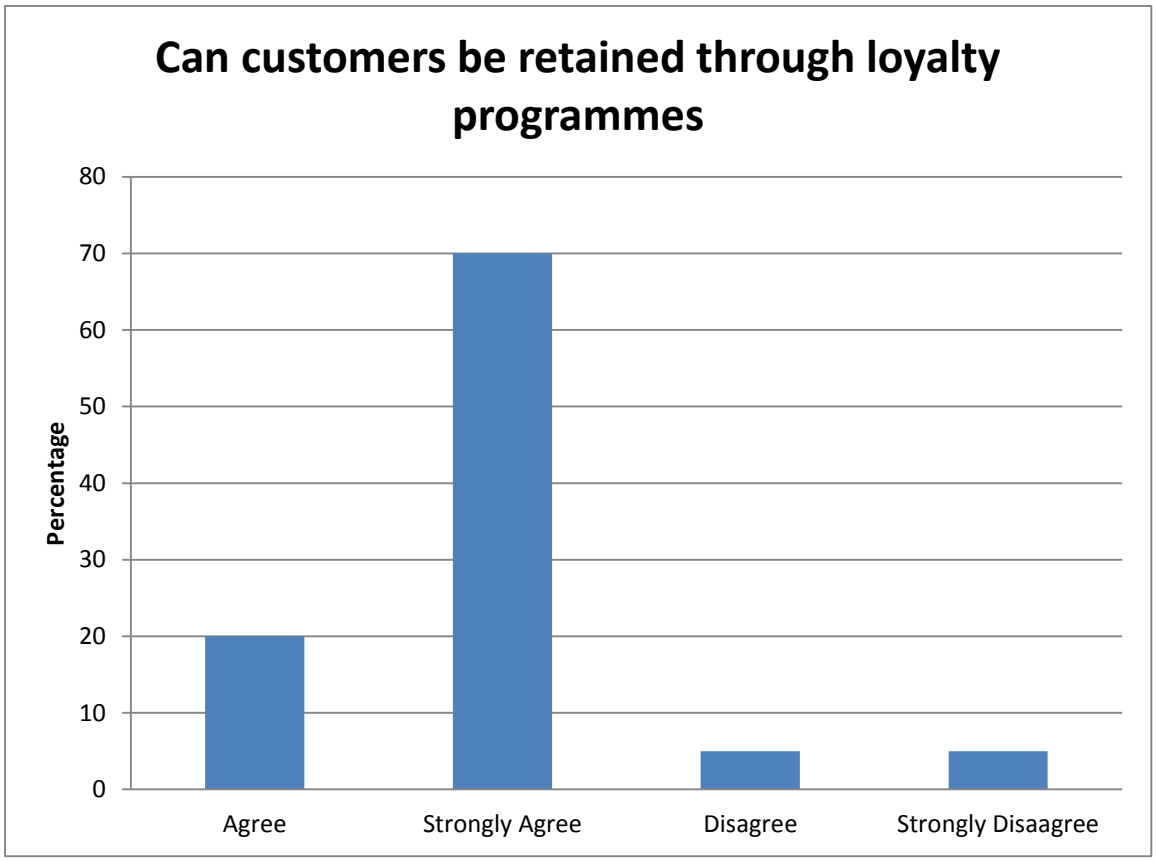
Source: Primary data

Responses to the open ended questions on the Interview guide are shown in figure15, indicating that the majority of the Zamtel sales and marketing teams expressed that loyalty programmes were indeed effective based on the increase in traffic and sales every time a loyalty programme was introduced. These represented 60 % of participants who answered very effective and 19 % effective. Another observation from this group of participants was a confirmation that customers will hang around, for as long as there is an incentive being offered to them in return for making a purchase of a gadget or mobile service talk time. A smaller number accounting for 21% from the Zamtel sales and marketing Sample, expressed concern at how ineffective loyalty programmes were in retaining customers especially because most customers often had an inclination to leave once the programme had come to an end, making loyalty programmes unsustainable in the long run.

4.14 Can customers be retained through of loyalty programmes

A question was asked whether customers at Zamtel could be retained as a result of loyalty programmes and the responses from Participants are demonstrated in figure 16 below,

Figure 16: Can customers be retained through of loyalty programmes



Source: Primary data

As seen from the above bar graph, 70% of the employees accepted that the rate of retained customers is quickened by the use of loyalty programmes as compared to 5% who disagreed. This shows that loyalty programmes have a big function in customer retention.

4.15 Results from Personal Interviews Sample 2 (Zamtel sales and Marketing)

Question: How effective are loyalty programmes?	**Responses:**
1. Head of Marketing	**Very Effective:** {This is apparent in the increased customer base experienced each time there is a new loyalty programme introduced and the fact that some subscribers remain on the Zamtel network even after a loyalty programme has come to an end.} For Instance, during the 2014, 100 days of Yagemuka loyalty programme an increase of 1532% in the Zamtel mobile service subscriber base was significant, which meant that inactive customers became more active users.
2. Manager Enterprise Sales	**Very Effective** {This is evident in the number of returning subscribers that may have defaulted at some point or have been inactive for some months} Participants from sample 2 confirmed an increase in simcard sales, talk time sales and retail footprint during loyalty programmes furthermore, the sales revenue financial analysis of Yagemuka loyalty programme showed a 13% increase in voice call revenue. While in the SMS revenue the figures represent a 3% increase during the same programme.
3. Snr Manager Marketing	**Effective:** {This is evident in the number of new subscribers that after the introduction of a new the loyalty programme, abandon Zamtel competitors like Airtel and MTN and join Zamtel} Furthermore, depicts the results showing a major increase in revenue during loyalty programmes, however 78 %

	participants that answered as unwilling to purchase credit whenever there was no loyalty programme running compared to when there was one.
60% of the Respondents	These represented 60% of participants who answered very effective. This group of participants all confirmed a significant increase reported from the sales, each time there was a new loyalty programme introduced
21% of the Participants	21% of participants from Sample 2 of Zamtel sales and marketing team, expressed concern at how ineffective loyalty programmes were in retaining customers especially because most customers often had an inclination to leave once the programme had come to an end, making loyalty programmes unsustainable in the long run.
19% of the Respondents	19% of the participants suggested effective in that the loyalty programmes achieved what they were expected to achieve which was to mainly lure customers and encourage continued spending in or for them to earn more incentives.

Source: Primary data

4.16 Thematic Analysis – Interviews with Zamtel sales and Marketing

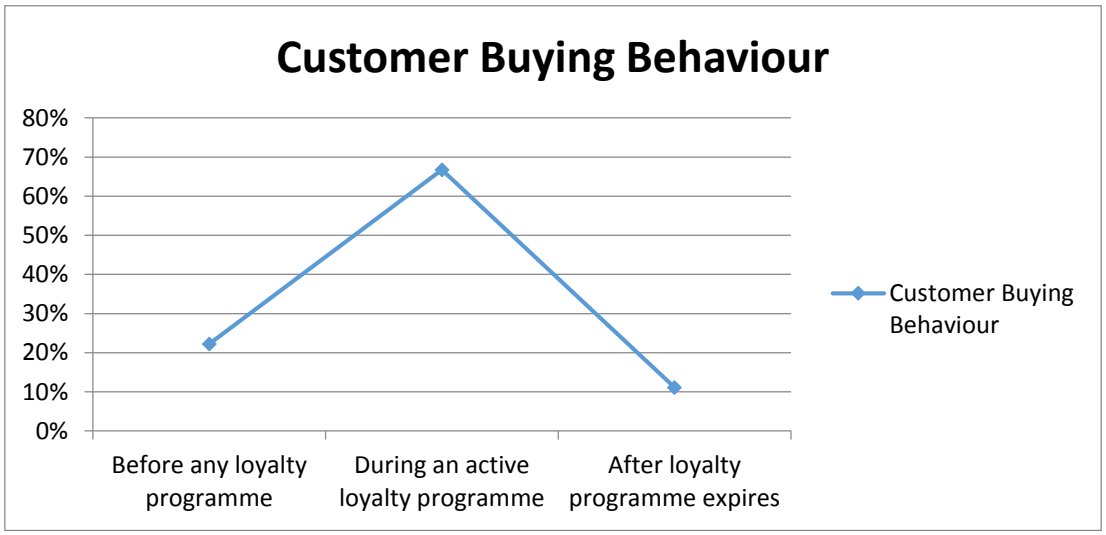
Interview Questions	Themes
In your opinion why do customers join loyalty programmes?	• *Sense of belonging* • *Loyal to Zamtel* • *Cheaper than using normal tariffs*
What effect have you observed loyalty programmes may have on Zamtel sales	• *Increase in simcard sales* • *Increase in talk time sales* • *Increase retail footprint*
What effect have you observed loyalty programmes may have on Zamtel customer retention	• *Increase in new customers from other networks* • *Increase in existing dormant customers coming back* • *Increase in the number of customers becoming more active*
Have you noticed any change in customer behaviour in relation to loyalty programmes?	• *Customers spend more when there is an incentive* • *Some customers are indifferent and do not particularly opt into loyalty programmes* • *Some customers leave as soon as the programme ends*
In your option why do customers stay after a loyalty programme ends	• *The incentives are not the only benefits the customers are following at Zamtel Mobile services* • *Customers are just loyal to the Zamtel brand*
In your option why do customers leave after a loyalty programme ends	• *To join different networks in pursuit of incentives* • *They are loyal to Zamtel for the love of the brand* • *Some customers are just not loyal to any brand*

Source: Primary data

4.17 Customer buying behaviour

Responses to questions in Section B and as well as in section A, of the interview guide exhibited in the appendix. The research further reveals from Figure 17 below, that 22.2% of the participants suggested that customers are not very active before loyalty programmes, hence the need for the marketing strategy to try and draw customers with the use of loyalty programmes. A notable increase as high as 66.7% in the percentage of customers that actively use Zamtel mobile services during most loyalty programmes shows an indication that customers are definitely attracted to the possibility of gaining incentives on top of their usual purchase and usage of mobile services. Finally, the drop to 11.1% once the loyalty programme comes to an end is a significant highlight as to indicating how customer expenditure and usage often goes down once the loyalty programme expires or reaches and end.

Figure 17: Customer Buying Behaviour



Source: Primary data

4.18 Conclusion

This chapter provided a foundation on which to draw conclusions and make recommendations from the findings of the chapter. Data was examined using SPSS 16.0 and Microsoft Excel and results were presented in form of tables, bar graphs and pie charts.

Chapter 5: Summary of Findings

5.1 Introduction

Preceding chapters sought to place a basis upon which the researcher could draw conclusions and recommendations. This chapter comprehensively highlights the major findings of the research, concludes the research work and offers a summary of findings built on the responses obtained during the research and data analysis. At the beginning of the research, the following objectives of the research were made:

- To establish how loyalty programmes affect sales
- To establish how loyalty programmes affect customer retention
- To establish the relevance of loyalty programmes on customer buying behaviour

5.2 Summary of Findings

The main purpose of this study was to investigate the effect of the loyalty programmes on sales and customer retention for Zamtel mobile services. A survey through questionnaires was to be conducted as well as structured interviews. Data gathered was analysed with the help of the Statistical Package for the Social Sciences (SPSS), Microsoft Excel and Pearson correlation. The results of the data analysis revealed that loyalty programmes have a significant effect on the sales as well as customer retention. Customer buying behaviour tended to be affected by whether or not there was a loyalty programme running that customers felt they could derive some benefits from.

After a detailed analysis on the effect of the loyalty programmes on sales and customer retention, the following findings can be put forth:

5.2.1 To establish how loyalty programmes affect sales

From the findings of this research, loyalty programmes have a huge effect on sales in the Zamtel mobile services business. The participants confirmed an increase in sales settling that customers are encouraged to participate in these incentives more frequently than not.

Additionally, findings revealed a sales revenue spike which were derived from the Zamtel financial and sales analysis report. The report indicated from Voice, SMS and Data revenue as follows; before the launch of Yagemuka loyalty programme, voice revenue was standing at K435,977, SMS revenue at K33, 695 and Data at K65,926 respectively.

A significant increase is noted from all avenues of revenue with voice going up to k497, 218, SMS revenue also increased to k34,656 and finally an increase in data revenue to K70,340. Subsequently the revenues dropped after the Yagemuka loyalty programme came to an end. The following were the revenues recorded after the loyalty programme had ended; depicting reductions in revenue for voice at K454,572 and SMS at K33,968. These figures represent a 13% increase in voice call revenue during the loyalty programme and a drop of -8% post Yagemuka. While in the SMS revenue the figures represent a 3% increase during the yagemuka loyalty programme and a -2% reduction in the sales revenue after the programme had ceased.

Furthermore, the financial report further shows how, there was an increase in sales revenue of 8% between the period before the yagemuka loyalty programme to during the running of the programme, which then reduced to 1% after the loyalty programme came to an end. Additionally, the cross-net sales revenue reduced from the K5438, during yagemuka to K4432 after the programme had come to an end.

Finally, the findings from the interviews indicate that a notable increase participants deciding to opt into the Yagemuka loyalty programme when it was launched, this is a clear indication that customers are inclined to incentives and are willing to spend more especially if they know they can get something in return, in this case in terms of loyalty incentives. The participants further indicated an increase in simcard sales, talk time sales and retail footprint during yagemuka loyalty programme, furthermore the study revealed a strong positive relationship between customers opting into loyalty programmes and pricing with a correlation (r) of 0.665 implying more efforts put towards the loyalty programmes would increase use of bonuses and discounted bundles (Pricing).

5.2.2 To establish how loyalty programmes affect customer retention

Loyalty programmes are a form of incentive programme offered to customers in a bid to reward them for their loyalty to Zamtel. Based on the responses given by the Zamtel sales and marketing participants and the financial and sales report on Yagemuka, Loyalty programmes are indeed developing relationships between Zamtel and its mobile service users, as was evident from the development of relationships with newly acquired customers from other networks joining Zamtel just to be a part of the 135 days programme and to receive these incentives. An increase of 1532% in the Zamtel mobile service subscriber base during the yagemuka was significant in the financial analysis report and only a reduction of 3%, which meant that customers did leave or become inactive but a larger percentage may have been turned loyal.

Additionally, the customer base was reported to have grown by 74.1% during the Nonka Nonka loyalty programme. The study found strong and positive cause and effect relationship between loyalty programmes and customer retention. Loyalty programmes that are based on rewards for cumulative purchasing enhance retention. Such programmes encourage repeat buying and thereby improve retention rates by providing incentives for customers to purchase more frequently and in larger volumes.

Based on secondary data collected from the financial and sales analysis, it was established that the customer database increased at the introduction of Yagemuka loyalty programme, and a percentage of the customers stayed on bored even after the 100 days came to pass, giving an impression of developing and nurturing customer relationships, which then led to customer retention. Dr.Tomalia (2015) an author *on "Impact of customer loyalty programmes on customer retention"* in a prior research study provides support to the results of the current study where he confirms significant evidence of the effect of all loyalty programmes on building and maintaining customer retention.

5.2.3 To establish the relevance of loyalty programmes on customer buying behaviour

Loyalty programmes are relatively economical methods by which a company can collect information about customers and this was highlighted in the research and from the information collected on customer buying behaviour in relation to loyalty programmes.

The interviews conducted revealed that 30 % of the participants joined Yagemuka loyalty programmes because they felt a sense of belonging. The research also showed that the small percentage of participants from the Zamtel customer sample said they would stay with Zamtel even if there was no loyalty programme running.

Another 40% of the Zamtel sales and marketing participants revealed that most customers were happy to participate in Yagemuka loyalty programme, which offered free minutes, sms's and bundles because this gave an opportunity for them to stay in touch with their family and friends from different networks, without spending as much money as they would if there was no loyalty programme running. Finally, at least 20% of the Zamtel sales and marketing participants expressed that customers felt that Zamtel was giving back to its customers with the help of incentives and rewards provided through these loyalty programmes.

However, it was noted that 78 % participants that said they were not as willing to purchase credit whenever there was no loyalty programme running as much as they were whenever there was actually an active loyalty programme.

Chapter 6: Conclusions and Recommendations

6.1 Conclusions

In light of the research conducted, Yagemuka loyalty programme had a positive effect on all the Zamtel mobile service sales. Sales revenue reports reveal a major increase in revenue during the Yagemuka loyalty programme, representing an increase in sales.

Yagemuka loyalty programme had a significant effect on customer retention revealing a noteworthy growth in the customer base at the launch of this loyalty programme. Customers were acquired and some of these customers remained loyalty and thereby retained.

Finally, Yagemuka loyalty programme had an influence on customer buying behaviour; this was evident from the increase in traffic at the launch of the 100 days during the yagemuka loyalty programme. The results revealed that some customers spend more for the incentives, others for low pricing and some for the love of the brand.

However, based upon the research findings, a significant number of the participants from the Zamtel mobile services sample stated that they were not as willing to purchase credit whenever there was no loyalty programme running as much as they were when there was an active loyalty programme.

6.2 Recommendations

After a detailed analysis on the effect of loyalty programmes on sales and customer retention, the recommendations for all the parties that can benefit from this research are as follows;

- Zamtel Ltd

Zamtel management can now gain a greater understanding about loyalty programmes and their effect on sales and customer retention. In relation to the effect on sales, it is stated that a cherished client he is more likely to refer other potential customers. The sales related to loyalty programmes alone are not sufficient and are short term, Zamtel should consider other more sustainable avenues of sales growth aside from loyalty programmes such as referrals.

Secondly, Zamtel might consider aligning all Zamtel loyalty programmes to the overall business strategy to improve the overall organisational performance. Authors such as Alet i

Vilaginés and Nueno (2004) support the findings in this research, reported a shift away from mass acquisition to targeted customer retention. Zamtel must keep using loyalty programmes due to their clear positive impact on the customer base, but also consider focusing on building and nurturing relationships with existing customers, deriving retention benefits that emphasize on maximizing engagement and keeping the customer "loyal."

Companies now know it is more expensive to engage, attract and convert customers versus understand, reward and retain their current customers. This switch from acquisition to retention benefits the consumers as the loyalty programmes now are more focused on maximizing engagement and keeping the customer "loyal."

Additionally, Zamtel management could develop a feedback system to retrieve customer views and suggestions this can provide insight on improvement and implementation of loyalty programmes into long term organisational strategies, rather than short term acquisition goals that are no longer sustainable.

- Regulatory Authorities

The Zambian Telecommunications regulatory authorities namely; ZICTA should take a leading role in the crafting of regulations that ensure protection of customers subscribing to mobile services providers, to ensure that neither the rights of the mobile service user nor the mobile service provider are infringed upon.

Additionally, ZICTA should take a leading role in levelling the telecommunications playing field. Mobile service users have been reported to maintain 2 or 3 simcards from 3 different mobile networks here in Zambia. This is uncommon in some developed countries as the regulations require a fixed subscription to a mobile service provider, bringing about switching costs and making it difficult for customers to easily move one mobile service provider to the next. This is an avenue that the ZICTA should consider exploring to curb extreme competitiveness and regulate the buying power of customers. Some of the benefits include security, where subscribers own one network simcard that is on the KYC network, as opposed to multiple simcards with different mobile service providers.

The pending introduction of the forth mobile service provider coming onto the Zambia scene will result into even more competition. This also means that customers can have a forth extra simcard and the ability to use one mobile service whenever they have some incentive or loyalty

programme running and simply change the simcard to the next best loyalty programme being offered by any other mobile service provider.

- Areas for Further Research

As a recommendation, further research could be made on the benefits of Customer acquisition against customer retention strategies with a focus on issues of sustainable customer retention and solutions to pre-empt customer behaviour. Full understanding of these parts is critical for the success of loyalty programmes as well as successful retention of customers on a long term basis.

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8.0 Appendices

Appendix 1: Survey Questionnaire used for Zamtel Mobile customers/subscribers

The University of Zambia

(Institute of Distance Education)

QUESTIONNAIRE FOR ZAMTEL MOBILE SERVICE SUBSCRIBERS

Research topic:

EFFECT OF LOYALTY PROGRAMMES ON SALES AND CUSTOMER RETENTION: A CASE OF ZAMTEL MOBILE SERVICES

Dear Respondent,

I am a student currently studying for a Masters of Business Administration (MBA) at the University of Zambia under the Institute of Distance Education. The aim of this questionnaire is to establish the effect of loyalty programmes on Sales. Take not that the researcher and the university adheres to ethics and, therefore, guarantees maximum confidentiality and non-disclosure of information. All the data and information you will provide shall be used for the intended purpose only. Please complete all the sections and return it to the researcher.

SECTION A: PERSONAL DETAILS

Instruction

Please tick ☑ in the box next to you preferred answer

1. Gender:

   Male ☐ Female ☐

2. Age Group

   18 – 24 ☐ 25 – 44 ☐ 45 – 64 ☐ 65 and Above ☐

3. What class do you fall under?

   i. Full-Time Employment ☐
   ii. Part-Time Employment ☐
   iii. Student ☐
   iv. Self-Employed ☐
   v. Retired ☐

4. What is your income or pay worth?

   0- 1000 ☐ 1001 - 5000 ☐ 5001 – 1000 ☐ 10001 – 15000 ☐ 15000 and Above ☐

SECTION B

5. Do you purchase mobile credit on a daily basis when there is no loyalty programme running?

   i. Yes ☐
   ii. No ☐

6. Do you ever participate in any loyalty programme?

   i. Yes ☐
   ii. No ☐

7. Which of Zamtel's loyalty programmes have participated in?

   i. Baby come back ☐
   ii. High Value customer (HVC) ☐
   iii. Data Service on Chi coin or 4.5G ☐
   iv. Yagemuka ☐

8. Did you continue making calls when the loyalty programme ended? For instance; Yagemuka

   iii. Yes ☐
   iv. No ☐

9. How often do you use your Mobile services?

   i. Not often ☐
   ii. Often ☐
   iii. Very often ☐

10. Would you stay in Zamtel even without loyalty programmes available?

   i. Yes ☐
   ii. No ☐

SECTION C

11. Do you use the Zamtel Mobile Services to make calls or for other services such as Data Services?

   i. Calls ☐
   ii. Other Services ☐
   iii. Data Services ☐

12. Do you use the Zamtel Mobile Services to make calls only?

   i. Yes ☐
   ii. No ☐

   a. If the answer to the above is **YES**, how often do use Zamtel mobile services?

      i. Daily
      ii. Two to three times a week
      iii. Once a week
      iv. Weekends only

   b. And if your answer is **NO**, please state why.

      _____

13. In your opinion, does the attachment of loyalty programmes to different packages affect your decision over which tariff to subscribe to?

   i. Yes ☐
   ii. No ☐

14. Would you subscribe to the Zamtel if it did not have any loyalty programmes running?

    i. Yes ☐

    ii. No ☐

15. Explain why you would choose a tariff plan that has a loyalty programme on offer over one that does not have any?

    _____

    _____

    _____

16. Which of the following incentives motivate you to go for your preferred tariff plan and loyalty programme?

    i. Free Minutes ☐

    ii. Free Gadgets ☐

    iii. Free Bundles ☐

    iv. Free Airtime ☐

    v. Free Calling ☐

Thank you for taking time to complete this questionnaire

Appendix 2: Interview Guide used for Zamtel Sales and Marketing

The University of Zambia

(Institute of Distance Education)

INTERVIEW GUIDE FOR ZAMTEL STAFF

Research topic:

EFFECT OF LOYALTY PROGRAMMESS ON SALES AND CUSTOMER RETENTION: A CASE OF ZAMTEL MOBILE SERVICES

Dear Respondent,

I am a currently studying for a Masters of Business Administration (MBA) at the University of Zambia under the Institute of Distance Education. The aim of this questionnaire is to establish the effect of loyalty programmes on Sales. Take not that the researcher and the university adheres to ethics and, therefore, guarantees maximum confidentiality and non-disclosure of information. All the data and information you will provide shall be used for the intended purpose only. Please complete all the sections and return it to the researcher.

For any clarifications, you can contact the researcher on +260950003288 or simply send an email using the address: pennyskay@yahoo.com

SECTION A

1. How long have you been employed at Zamtel? _____

2. What loyalty programmes running under Zamtel, are you aware of?

   _____

3. In your opinion, how effective are these loyalty programmes? _____

4. According to you, how is the current performance of the loyalty programmes on Zamtel Mobile Services?

---

5. Do you think the Loyalty programmes have an effect on the sales?
   a. Yes ☐
   b. No ☐

   Explain your answer_____

6. Do you think the Loyalty programmes have an effect on the Customer retention?
   c. Yes ☐
   d. No ☐

   Explain your answer_____

7. Have you noticed any change in customer behaviour at the time of the launch of a specific loyalty programme? For instance; Yagemuka

   _____

8. Have you noticed any change in sales during and after the running of a specific loyalty programme? For instance; Nonka nonka

   _____

9. Have you noticed any increase in new subscribers after the introduction and implementation of a new loyalty programme? For instance; Yagemuka

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SECTION B

10. Have you noticed any reduction in the customer base at the end of any specific loyalty programme?

    _____

11. In your view, how do you see the performance of loyalty programmes in the next five years in the following areas?

    a. Sales_____

    b. Retention_____

12. According to your observation, what has been the performance of Zamtel Mobile Service sales in relation to Yagemuka loyalty programme?

    _____

13. What has been the effect of Zamtel Mobile Service Subscriber base in relation to loyalty programmes?

    _____

14. Can customers be retained by the use of loyalty programmes?

    Agree ☐ Strongly Agree ☐ Disagree ☐ Strongly Disagree ☐

15. According to your observation, do you think the Zamtel benefits from the loyalty programmes they engage in?

    i. Yes ☐

    ii. No ☐

    Please explain your answer _____

Thank you for taking your busy time to respond to this interview, your effort is greatly appreciated.

Appendix 3: Research Time Schedules

The study period ran from 15th December, 2017 to July 3th 2018 as shown in the activity breakdown below.

Sn	TASK	START DATE	END DATE	DURATION
1	Research proposal	15/12/2017	23/01/2018	45
2	Literature review	23/01/2018	06/02/2018	14
3	Hypotheses formulation	07/02/2018	11/02/2018	6
4	Research design preparation	12/02/2018	20/01/2018	9
5	Data collection	21/02/2018	28/03/2018	28
6	Data analysis	29/03/2018	03/04/2018	6
7	Discussion of findings	04/04/2018	11/04/2018	7
8	Conclusion & recommendations	12/04/2018	20/04/2018	9
9	Completion & Editing	21/04/2018	30/05/2018	30
10	Preparation of presentation	31/05/2018	04/06/2018	5
11	Presentation/Defending	05/06/2018	07/06/2018	2
12	Corrections and Binding	08/06/2018	26/06/2018	19
13	Submission	27/06/2018	28/06/2018	1
TOTAL RESEARCH PERIOD		**15/12/2017**	**28/06/2018**	**181 Days**

Appendix 4: Research budget

Although this research is not sponsored by any third party, all the costs will be incurred by the researcher. The expected costs shall include, transport to meet the supervisor, distribution of questionnaires, conducting interviews, buying of stationary (Bond paper), printing, binding of final report and the allowance for the research assistant as tabulated below.

Sn	Description	Qty	Unit Cost	
			(ZMW)	(ZMW)
1	Transport	2	600	1200
2	Contingent	1	500	500
3	Binding	5	150	750
4	Printing	5	150	750
5	Research Assistant Allowance	1	700	700
TOTAL ESTIMATED COSTS				3,900