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# AN INVESTIGATION WHY CUSTOMERS DEFECT AND THE ROLE PLAYED BY FREIGHT TRANSPORT BUSINESSES IN ADOPTING CUSTOMER RETENTION MANAGEMENT STRATEGIES: AN EVIDENCE FROM THE FREIGHT TRANSPORT SERVICE INDUSTRY IN GHANA. A REVIEW PAPER ORELATED LITERATURE

**Ofori-Okyere I.**

Takoradi Polytechnic School of Business

**ABSTRACT**: *This paper seeks to examine why customers defect in businesses, and roles played by firms that engage in Freight Transport to adopt customer retention management strategies in their operations. Both theoretical and empirical literatures are reviewed. Conclusion was congruent with extant empirical studies that stress that firms probably cannot eradicate all defections, but they can and should put in place proven marketing strategies to monitor and lessen defections. Specifically, freight transport firms in Ghana need to modify their business philosophies by focusing on those customers who leave instead of spending huge costs to attract prospects purposively to replace existing ones.*

**KEYWORDS**: Customer defection, customer retention management strategies, Freight Transport

## INTRODCUTION

Services in general over the years been considered an important factor in customer retention, and Potter-Brotman (1994), believes that the role service plays is more critical and crucial than ever, - a trend which will continue. Specifically, transport as a service dimension is perceived generally as a important role played in the supply chain as it serves as physical linkage between clients and suppliers, thereby facilitating flow of materials and other resources. It can be maintained further that with the introduction of third party logistics (3PLs) providers and even 4PLs, majority of carrier service firms provide more than just physical transport links. Such carrier service firms provide functions which include value addition services which range from inventory control and warehouse management (Naim, Potter, Mason, and Bateman, 2006).

The sole purpose of every business entity, according to Peter Drucker (1973), is "to create a customer", which Ofori-Okyere (2014), suggests that today's businesses should pay a particular attention to the creation of profitable customers for a lifetime business transaction. There has been an increasing concern regarding the notion that customers, compare to products in general, span through life-cycle that firms, specifically those in transport industry need to manage. Simply put, there is customers acquisition, retention (or maintained) and the same customer can grow over time in value. In their stages of development and management, customers are said to be climbing what Gordon, (1998) termed 'value staircase' or what Christopher, Payne, and Ballantyne (1991) called 'value ladder' forming stages that range from 'suspect', 'prospect' and 'first-time customer', to 'majority customer' and ultimately to 'a partner' or 'an advocate' (Ang and Buttle, 2006).

In some cases, these customers can inform the business organisations that they can no longer transact business with them. Blattberg, Getz and Thomas (2001), suggest that most of these customers, however, do not indicate that they plan to defect, or have defected. From these perspectives, Reicheld (1996), explains customer defection as occuring as a result of the fact that customers perceive a decrease in terms of value and service quality been offered by business organizations.

The position of some authorities are clear that inorder for business organisations to survive in today's competitive marketplace managers must allocate more funding to customer retention when its market share is rising, and fund customer acquisition efforts when its market share is falling (Fruchter and Zhang, 2004). Lee, Lee, Feick (2001), sharing similar perspective are of the opinion that as market growth declines or as markets remain higly competitive, players in such competitive environments adopt strategies in maintaining their market share through paying attention to retain existing customers. Business organisations achieve this by continually seeking new ways when it comes to acquisition, retention, and increase of their activities due to the fact that there is rising cost to be incurred when it comes to losing customers (Petzer, 2005). Choi and Chu (2001**),** stress that businesses that are capable of attracting, satisfying, and retaining customers are said to survive than the ones which do contrary. It is advocated in a more beneign manner that, Customer retention as a strategy is considered as a more reliable source of superior performance (Reichheld and Sasser, 1990), which in this way can be adopted as a marketing program by freight transport provision firms in Ghana.

According to Gets and Thomas (2001) customer retention is referred to as customer purchasing a particular product or a service again and again over an extended period of time. Pyne (2000), perceives the concept, customer retention as the percentage rate at the start of the time period and the customer who still remain with the business in the end of the time period. Reichheld and Sasser (1990), contend that businesses increasingly find themselves in situations where managers need to put in place professional customer retention management systems. The authors cited two reasons in support of this view point. First, Customer retention is key to the operations of most companies because it is believed that the cost to be incurred to acquire a new customer is far greater than the cost to be incurred in maintaining an existing customer (James, 2012), due to the initial costs, and new customers who only become profitable over time. Second, the profitability of a customer grows throughout the duration of the business relationship. **A** business is said can increase its profit by almost 100 percent if it is able to retain five per cent more customers than it was. Successful customer retention also allows businesses to establish relationships with an existing customer (Reichheld and Sasser, 1990; Hoffman, Kelly and Chung, 2003), and these relationships depend on satisfaction (Eriksson and Vaghult, 2000) instead of focusing on acquiring new customers. McIllroy and Barnett (20003), elucidate that profitability of a business deals with retaining existing customers who are considered to be profitable and in increasing the amount these customers spend than trying to incur additional cost in attracting new customers.

Kurtz and Clow (1998), posit that notwithstanding the efforts of firms (like the ones in the freight transport industry) to introduce competitive strategies for the purposes of attracting customers, and regardless of the efforts put in place to manage supply, demand, and productivity (which aim at getting customers more consistent, and increasng levels of service quality), customers always do not remain loyal or purchase a service from the same firm. Hence they may choose to do business with a competitor because of lower prices or superior services provided. Kurtz and Clow (1998), suggest that service firms like road haulage players are advised to go beyond the function of simply getting customers satisfied: managers must rather establish profitable relationships that is key to retaining the customer. Little wonder companies are by this advise sometimes to invest huge sums for the purposes of creating, sustaining and to enhance relationships with customers in order to advance in financial outcomes (Mende, Bolton and Bitner, 2013).

The current authors perceive that customer retention comprises of the series of business activities embark on by freight transport service providers to prevent their customers from defecting to alternative competiting service firms. In the main, it can be understood that successful customer retention as a core marketing strategy commences with the organization making first contact with the customer and also spans throughout the entire relationship. The demand for freight transport services is almost entirely derived and the fate of the industry as a whole is closely related to the state of the economy, since any reduction in consumer demand, which causes output by manufacturers to fall, leads inexorably to reduced demand for transport and vice versa (Whyte, 1993).

In Ghana, it can be submitted clearly that the vast majority of freight services are transported by road, largely because of its cheapness and flexibility and it is anticipated that this is unlikely to change in the foreseeable future since less attention is paid by the state towards the other modes of transport like air, rail and sea. That is, competition in the country's freight's industry has been, and will remain, severe and fierce, since barriers to entry, at least at the bottom end of the market, are low. This to say that the industry has been characterized by features of excess capacity, low barriers to entry and high levels of competitive rivalry while being faced with increasingly powerful and demanding customers. Consequently, it is anticipated that customers of freight transport (road) service would have become more aggressive in seeking out and switching to suppliers who could meet their demands more conveniently and profitably and drop those who are unable or unwilling to do so.

The current authors maintain that despite a lot of emperical studies done in the broad areas of transport and logistics, customer retention management and their related subjects there is little known literature with specific examination done on **cutomer retention management strategies in the** Freight Transport **service sector.** Whyte (1993), researched on "The Freight Transport Market: Buyer-Seller Relationships and Selection Criteria, and found that buyers are both demanding and active in the market with the result that over the last decade, they have replaced suppliers whose performance was regarded as inadequate. Stank, and Goldsby (2000), researched on "a framework for transportation decision making in an integrated supply chain" and concluded that "managers must motivate their companies to view the total cost and total value provided by carriers, and desist from buying transportation solely based upon lowest transactional cost." Mason, Lalwani, and Boughton (2007), investigated on "Combining vertical and horizontal collaboration for transport optimisation", Supply Chain Management" in the UK and the European environment with specific reference to road freight transport industry: the authors recommended similar study to be conducted in other industrial settings for alternative transport modes and other geographical regions in which Ghana can be an alternative. Naim, Potter, Mason, and Bateman (2006), aimed to develop "a framework that rationalises transport flexibility into different types," and identified twelve definitions and key components of transport flexibility." Holter, Grant, Ritchie and Shaw (2008), studied "A framework for purchasing transport services in small and medium size enterprises in the UK enivironment and indicated that "a framework using several tools for purchasing transport services and improving transport performance has emerged from the research." Sanchez-Rodrigues, Potter, and Naim (2010), studied "the impact of logistics uncertainty on sustainable transport operations" in the UK environment, and found that "the main drivers that influence the sustainability of transport operations are delays, variable demand/poor information, delivery constraints and insufficient supply chain integration."

In a related development which is in the area of customer retention management, Buttle and Ahmad (2002), dealt with "Customer retention management: a reflection of theory and practice for UK firms and recommends that "both theoreticians and managers should consider business context in developing and implementing customer retention strategies." Petzer (2005) studied "Customer Retention Management for the Hotel Industry in Gauteng and concluded that service businesses such as hotels retain customers by making sure they are compatible with each other, by keeping track of, and managing customer defections, by addressing service failure with recovery strategies, and by keeping long-term value-creating relationships with their customers. Ang, and Buttle (2006), did a quantitative study on customer retention management processes in the Australia market and concluded that "excellence in customer retention is significantly associated with documented complaints-handling processes." Anani (2013), studied "customer retention strategies in the airline industry in Ghana and concluded that airlines can only survive in today's competitive but volatile business environment when they pay particular attention to the effective implementation and monitoring of four strategies to ensure their continued use and application to guarantee customer retention and overall profitability of airlines. Martey (2014), investigated into **"**the Relationship between Customer Retention and Customer Loyalty in the Restaurant Industry in Ghana", and found that all the four constructs of customer retention; namely price, service quality, customer satisfaction, and brand image had significant correlation with customer loyalty.

Coherently with above analysis, it can be submitted clearly that despite the extant body of research done on both transport and customer retention management as separate topics, little known effort has been made to examine the customer retention management strategies in the transport industry with specific mentioning to freight (road) in Ghana. That is merging the two topical issues in research, it is worth mentioning that panoply of extant studies have reviewed literature on customer retention management in other industry such as the Hotel (Petzer, 2005), telecommuninications Gustafsson, Johnson, and Roos, (2005), airline (Anani, 2013) Restaurant (Martey, 2014), but little is known in Freight Transport service sector and even in Ghana.

It is safe to submit that extant studies have failed to establish in specifics, what constitute specific models to be used in managing customer defections; and factors that constitute switching barriers to promote customer retentions in the freight industry in Ghana. Existing literature on customer defection, and retention management strategies lack specificity hence a detailed explanation needs to be done into it. It is in this regard that the general objective of the present paper is to offer a review to contribute to the topic: an examination on cutomer retention management strategies from the perspective of freight transport businesses in Ghana. For its focus, the study seeks to achieve the following as specific objectives: (1). To identify analytical approaches that are useful in the identification of core reasons that account for customer defections in the freight transport industry in Ghana. (2). To determine customer defection groups, and the reasons for their defections, and the significant role played by Life time value of the customer (LTVC) theory to freight transport businesses in Ghana. (3). To describe in detail, proven models which can be adopted to manage customer defection **in the** freight transport industry in Ghana. (4). To explore factors that constitute switching barriers that can be adopted by the players in the freight transport industry in Ghana to promote customer retention.

**Theoretical considerations**

The theoretical considerations in this review cover analytical approaches that are useful in the identification of core reasons that account for customer defections**;** customer defection groups, and the reasons for their defections, and the significant role played by LVC theory; and the description of proven models which can be adopted to manage customer defection; and the exploration of factors that constitute switching barriers.

**Strategies, and analytical approaches that are useful in the identification of core reasons that account for customer defections**

It is touted that business organisations have to make an extra effort in the form of instituting monitoring processes and control devices that are capable to alert managers, for the purpose of keeping track of customer defections (Ahmad, 2002; Dove and Robinson, 2002; Pearson and Gessner,1999). For businesses to reduce customer defection, it is suggested that managers must follow up with instant actions or responses. It is obvious of a sign that an issue that has caused a customer defecting may finally cause many others to do same whether known or unknown.

Reicheld and Sasser (1990), maintain that business organisations should provide **a** defection analysis. This is accomplished by motivating service personnel to ask definite, related questions about why particular or group of customers have defected. This is to suggest that business organisations need to be sensitive on the issue of defection rates (Colgate et al.1996). Top management commitment is needed, that is, businesses should be highly committed in allocating resources to handle causes associated with defection.

It can be summed up that a tactfully designed and accomplished study about customers who had defected over a period can provide effective information to be used to identify core reasons that account for customer defection, investigate attitudes of employees toward service quality, develop a better understanding of the customer's process for terminating the business relationship (so that appropriate intervention and recovery actions can be taken), and discover whether or not there is an identifiable profile for customers who had defected and which may be used for the earIy discovery of customers at risk (Corner, 1996).

In extant literature, Payne (2000a ), suggests four analytical approaches that are valuable and significant when it comes to the identification of the core reasons that underpin customer defection:

- Purposely, trained marketing researchers should be recruited to undertake a tactical analysis of the core reasons that underpin why customers defect in businesses. In this way, the business can identify poorly delivered business practices that need strategic improvement and modification. These efforts sometimes are capable of resulting to recover the customer and salvaging the relationship (Reicheld, 1996), existing between the paties, in this case are the business and the customer.

- The business should undertake critical marketing research to identify the aspects of the service been delivered that are key or crucial when it comes to retaining a customer for the purposes of valued relationships.

- The business should benchmark its performance on critical customer service activities against what is done successfully in the competition.

- The business should carefully and tactfully analyse customer complaints. Zineldin (2006), on the subject of customer retention stresses that firms that adopt customer retention strategies and programmes must first of all be responsive to their customers' needs and concerns through having in place an effective programme that addresses customers' concerns through a good complaint management system.

**Customer defection groups, reasons for their defections, and the role of Life Time Value of Customer (LTVC)**

Customer defection is explained as a critical situation where customers leave and abandon a service provider and opt for another (Garland, 2002). Similarly, customer defection rate had been explained as to be the tempo to which customers terminate the relationship they have with businesses over a period (Page et al., 1996). Reichheld (1996), reporting on the effect of defection stresses that an increase in the defection rate can lead to decrease in cash inflow to an affected organization. It is suggested that reduction in customer defection rate is likely to lead to increase in profits substantially more than growth in market share, improved profit margins, or factors associated with competitive advantage (Colgate et al., 1996). A lot of service organisations sometimes fail in paying particular attention to customer defections, that is, customers who change service providers for competing brands.

Authorities with empirical studies on customer defection (e.g. Desouza,1992; Matin-Consuegra Molina and Esteban, 2007; Seawright, DeTienne, Bernhisel and Hoopes Larson, 2008) list the following as customer defection groups:

a. There are customers who switch to competitors just becuase of lower prices; customers who switch to competitors just becuase they are offering better products or services; customers who leave because of inadequate products or services offered by an existing provider; customers who are lost because they are no more in business(in the case of B2B); customers who make the switch to products and services provided by other companies found outside the industry; and lastly, customers who leave due to internal and external political considerations.

Ahmad (2002), suggested to managers of firms to make extra efforts regarding instituting control mechanisms that are capable in keeping track of customer defections. Similarly, Dove and Robinson (2002), advocate for the existence of development of systems capable of alerting organizations when their customers threaten to defect so that the situation can be averted.

Given the customer groups who engage in defection rates, Anani (2013), postulates that there are a number of reasons that account for customers defecting to competing companies and their brands and they are as follows:

a. For product reasons: This refers to customers experiencing better and quality product offered by a particular competitor and willing to perceive the competitor's product as being superior.

b. Marketing reasons: There are customers who leave the entire market thereby being considered as lost to the organization and its competitors.

c. Technological reasons: There are customers who may defect because of technological discoveries that are perceived to be capable of satisfying their needs or wants.

d. Price reasons: There are customers who may likely to defect to competitors because of lower prices and would defect as soon as they can obtain better prices elsewhere (Martin-Consuerigra et al, 2007).

e. Service reasons: There are customers who may likely defect due to poor services offered by the existing provider (Seawright et al, 2008).

By identifying reasons why customers may defect, it can be said that organizations may be in the best position to adopt strategies to combat customer defections in order to attain high levels of customer retention by satisfying their needs or wants through good customer service delivery (Mostert, De Meyer and Van Rensburg, 2009). It is instructive to note that in an attempt to comprehend the complete influence defections have on businesses, managers must identify the LTV of each single customer of theirs. LTV is a prediction of the net profit attributed to the entire future relationship with a customer (Lovelock and Wirtz, 2007).

A number of empirical studies on the subject "value of a customer" (e.g. Claycomb and Martin, 2001; Trubik and Smith, 2000; Kurtz and Clow,1998), report that the value of a customer will also increase over time due to the underlying reasons:

There is the case of increasing initial costs always incurred in attracting and acquiring a new customer; Customers are likely to utilize services more recurrently over time; Service firms become more efficient in delivering services over time; Existing customers refer or recommend others to the business; Existing customers may generate positive word-of-mouth advertising, which is supposed to be among the most powerful and impartial sources of influence in the marketplace; Businesses can slowly increase their prices because of the apparent quality and dependable service they provide.

Best (2005), contends strongly that the marketing costs a business may incur to ensure customer satisfaction is small in comparison to the benefits the business will derive from customer purchases and the cost savings of customers not defecting. Petzer (2005), maintains that, although it is not realistically achievable, the business organisations must strive at least ***aim*** at creating a zero-defection culture.

**Models that can be adopted to manage customer defections and to promote retention**

In managing customer defections, certain models play key role and they are as follows:

Sampathkumaran (1994), suggested a five-analytical process called 'customer migration analyses' as a way to help business organisations to stay on top of competition, and prevent, customer defection. The author contends that 'customer migration analysis' should be practised as a continuous, dynamic process that will enable marketers to monitor customer performance against benchmarks, predict and prevent customer defection, foster loyalty, and realize a return on investment.

The steps **in** the customer migration analysis according to (Sarnpathkumaran, 1994), include the following:

(1). Managers should spot migration groups based on their expenditure. Divide customers into groups:

those that have increased spending, those that have reduced spending, those that have sustained spending, those that have stopped spending, and those that have resumed spending.

(2). Managers should create profiles of the groups with the use of available information such as the number and nature of transactions, demographic characteristics of customers, and survey results.

(3). Managers should endeavor to ascertain previous and potential return on investment (ROI) of each of the migration groups. Compare information on promotion efforts (he budget assigned to acquire and retain customers) directed at these groups to assess ROI.

(4). Managers should establish future resource allocation. Make the most of the return on future

investment by striking a balance between acquiring, advancement, and retaining efforts. Take the extent of the customer base, the possible prospect population, the stage in the product life cycle and competition into account when allocating resources.

(5). They should monitor the migration groups and evaluate the ROI continuously.

Colgate et al. (1996), proposed a four-step process that businesses must follow in order to reduce defection rates and capture quality and more profitable defectors:

(1). Managers must ascertain what constitute defection rate.

(2). Managers must determine the cost associated with the actual defection rate. This is done by:

**(a)** calculating the value of an average customer over his or her lifetime; (b) approximating the *current value* of such customers at the current rate of defection; and (c) calculating the increase in profit that could be realized if the defection rate is reduced. This indicates the cost of the defection rate.

(3). Managers should identify a mix of enticements that will persuade customers to remain.

(4). Management should channel resources to areas of business that will entice customers to stay.

Page et al. (1996), suggest a six-analytical process for the assessment of the impact of customer defection on business organisations, which include:

(1). Managers drawing up profiles on contributions of each individual customer. **A** contribution profile is referred to as a customer's contribution to income in relation to the number of purchases made throughout the duration of the customer's relationship with the business organisation.

(2). Managers determining the rate at which customers defect and how it fluctuates over time.

(3). Managers establishing the anticipated financial value of every new customer over his or her lifetime, and see how this fluctuates over the expected customer lifetime.

(4). Managers ascertaining the overall customer base of the business organization.

(5). Managers determining the eventual contribution of the customer base and how it fluctuates when projections are altered.

(6). Managers deciding on marketing mix strategies needed to create a balance between acquiring

and retaining customers.

**Factors that constitute actual switching barriers which prevent customers' defections**

Switching barrier can be defined as any factor that makes it difficult or costly for customers to change service providers (Jones, Mothersbaugh and Beatty, 2002). Following this definition, Anani (2013), assumes that the term switching barrier or switching cost can both be used interchangeably though some authorities try to differentiate the two concepts based on what they aim to achieve. Ranaweera and Prabhu (2003), perceive the concept as constraints intentionally created by service providers to essentially prevent all acts of switching on the part of customers. From this viewpoint, Gronhaug and Gilly (1991), argue that a dissatisfied customer may remain loyal because of a business high switching costs instituted. It is suggested that the costs of switching to competitors tend to be higher for services than tangible goods (Gremler and Brown, 1996).

In classifying switching barriers, authorities on the subject (e.g. Jones et al., 2002; and Vazquez-Carrasco and Foxall, 2006), have attempted a categorization of them under the following factors:

Switching cost, and Interpersonal relationships. Cross-selling (Daniell,2000) and upselling (Ofori-Okyere, 2014) have been identified as also important factors when planning against customer switching.

**Switching cost**

Switching cost is considered as the buyer's perceived costs (both monetary and non-monetary) involved in switching from the existing to a new supplier (Heide and Weiss, 1995). These include the cost of changing services in terms of time, monetary and psychological expenditure (Dick and Basu, 1994). Porter (1998), defines switching cost as the cost that a customer incurs when changing from one service provider to another. It is also described as the perception of the magnitude of an additional cost to be incurred to terminate a relationship and securing an alternative one (Patterson and Smith, 2003).

However, multiple conceptualizations exist for switching cost and these are reflected in diversity of forms including psychological, physical, and economic (Jackson, 1985); continuity costs, learning costs, and sunk costs (Guiltinan, 1989). Burnhan, Frels and Mahajan (2003), provide a more detailed and comprehensive but succinct categorization of switching cost to include procedural, financial and relational costs. In spite of these multiple conceptualization and classifications, switching cost can broadly be grouped as economical and psychological. For example, the economic risk cost identified within the procedural dimension of switching cost refers to the psychological costs due to perceived risk from the uncertainty of trying new products or service. The psychological switching cost such as uncertainty related or loss in relational investments and social bonds or other procedural costs (relating to time, search, evaluation and set up) have been found to have major impact on switching barrier (Jones et al 2002).

Even the sunk cost which is primarily economic in nature becomes psychologically significant in assessing the perceived switching cost (Jones et al, 2002). These psychological costs span the entire switching process and beyond, making switching cost more than just a one-time cost

(Wan-Ling, 2006). This is because customers may consider even the post switching behavioral and cognitive dissonance costs when switching and can therefore be considered as part of switching cost (Klemperer, 1995). In practice, switching cost is considered consumer specific and its nature varies depending upon the industry and the product or service characteristics (Gummesson, 2006).

**Interpersonal relationship**

Interpersonal relationship established between customers and service providers is deemed imperative as it goes a long way to benefit the two parties mutually and at the same time serve as a switching barrier that helps to keep customers to a particular business. For superior customer service to experience a success, firms must boast of well trained, motivated and satisfied employees' base. Wong and Sohal (2003), posited that good relationship through good customer service can improve satisfaction, and help keep customers stay loyal to a company.

Customer service is defined as a system of activities that encompass customer support systems, complaint processing, speed of complaint processing, ease of activities complained about and friendliness when reporting complaints (Kim, Kliger and Vale, 2004), reliable delivery, fast / just-in-time delivery, install computerized reorder systems, give fast accurate quotes, detect reduction right first time, etc. (Ofori-Okyere, 2014). Customer service can produce customer behaviours that can indicate whether a customer will remain with an organization or defect from it (Zeithaml, Berry, and Parasuraman, 1996). In a more specific relation with the airline industry in Ghana, Anani (2013) maintain that the high level of competition that pertains in the travel industry has necessitated the implementation of excellent customer service techniques to satisfy and retain customers. An efficient customer service is likely to enhance customer retention and to reduce switching between and among service providers. Therefore superior customer service includes all help and assistance freight transport service firms can provide to clients directly or indirectly prior to, during and/or after receiving the service to provide exciting customer experience. If well leveraged, it has the potential in serving as a switching barrier and at the same time offer a competitive advantage to all the players in the freight transport industry and also enable them attract and retain customers. Anani (2013) further adds that relationship marketing, service quality, and service recovery are customer retention strategies.

**Cross-selling**

Cross-selling is explained as a switching barrier approach strategically adopted for the purpose of incrementing revenues by selling new or additional products and services, whereas, up-selling also refers to the purposes of incrementing revenues by selling upgraded, more expensive products or services to a customer segment which in other words referred to as upgrades (Ofori-Okyere, 2014), which aim at retaining them. They two strategies are said to have positive impacts on a firm's return on investment and overall profitability, because loss of market share and diminishing opportunities to engage in cross-selling and up-selling as a marketing strategy weighs heavily on a firm' s profitability and continued existence.

## CONCLUSION

A panoply of published studies have empirically tested switching costs as a main determinant of customer loyalty in consumer markets (Gremler, 1995), as well as business-to-business service context. Most of these studies report on the various proven strategies that business organisations can adopt customer defection (Reicheld and Sasser, 1990; Colgate et al.1996;Corner, 1996; Pearson and Gessner, 1999; Ahmad, 2002; Dove and Robinson, 2002), with the general objective to achieve customer retention for their businesses.

The main effect of creating switching barriers hence to aim at customer retention has been empirically validated in consumer settings (Lee, Lee and Feick, 2001), as well as the effect of switching barriers (e.g. interpersonal relationships, switching costs, and attractiveness of alternatives) regarding the propensity to stay with service providers (Jones et al 2000, Patterson and Smith 2003). In as much as customer satisfaction and loyalty are viewed as important components of customer retention strategy, Bendapudi and Berry (1997), stress that these two components are not the only strategies to be considered for customer retention but barriers to customer defection such as the development of strong interpersonal relationships or the institution of switching costs may also represent additional customer retention strategies. In this vein, Jones et al, (2000), also added that a well trained, professional, and satisfied employees' base can also provide positive switching barriers.

In the current review paper, it can be concluded reasonably that there are certain effective strategies that businesses need to adopt to prevent customer defection and to achieve retention. They are as follows:

First, Reicheld and Sasser (1990), state that a service business probably cannot eradicate all defections, but it can and should lessen defections. If a business decides to embark on a zero-defection approach, it should be prepared to recognize customers who leave, and then investigate and act on the information these customers provide. The rationale for getting information about those customers who leave is to find out from them why they are doing so. Customers who leave can provide an information about the business that is not visible to all the employees inside it. The main objective is to use defections as early warning signals in order to learn from defectors about the business, and use this information to improve on their performance.

Much emphasizes need to be laid on the fact that satisfying customers is no longer enough to further long-term customer loyalty or bonding. Freight transport service firms in Ghana need to modify their philosophy regarding customer centricity by focusing on those customers who may switch instead of relying on attracting new customers to take the place of existing ones. Factors such as escalating competition, industry maturity, and strain caused by recessions experienced in the marketplace are just some of the reasons why new customers are simply more difficult to find (Comer, 1996). Reicheld (1996) offer a more practical proposal that indicate that customers who reallocate some of their purchases to other businesses, and customers who buy extra but whose purchases represent a less significant share of their total expenditure and should be taken into account when dealing with customer defection. The current researchers maintain that apart from boasting of well trained, and motivated staff, it is important for freight transport service firms to ensure that all employees' satisfaction should be considered if customer retention is to be realized.

In addition, result oriented switching barriers have to be deliberately created by freight transport service firms as a marketing strategy to make it difficult and costly for customers to switch to competitors' to choose their service offerings, since this has a core objective towards retaining the customers, especially the key accounts. Other studies have confirmed the positive effect of erecting switching barriers for the purposes of controlling customer retention (Bansal and Taylor, 2002; Jones et al., 2000; Lee et al, 2001; Ranaweera and Prabhu, 2003).

In specifics, it can be stated that when switching barriers are high in the industry, freight transport service firms will be more likely to retain even those customers who are less satisfied. Conversely, White, and Yanamandram (2004), contend that a firm with a high switching barriers and poor service quality is likely to generate negative attitudes, and bad word of mouth. It is recommended also that the freight transport service firms in Ghana can benchmark what is evidenced in many other services firms with inherent natural switching costs (e.g. it is a lot of work for customers to change their primary banking account, especially when many direct debits, credits, and other related banking services are tied to that account, plus many customers are reluctant to learn about the products and processes of a new provider (Lee, and Cunningham, 2001; Lam, Shankar, Erramilli, and Murthy, 2004; Bell, Auh, and Smalley, 2005). Practically, also, switching costs can be created by freight transport service firms in Ghana introducing and implementing contractual penalties for switching, such as the transfer fees levied by some brokerage firms for moving shares and bonds to another financial institution. However, White and Yanamandram (2004) caution that firms need to be cautious so that they are not perceived as holding their customers hostage.

## RECOMMENDATIONS

There is need to convert this review paper to an empirical study by gathering data from respondents on the field hence coming out with findings that will be more capable of suggesting several promising directions for future research.

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