

PRODUCT INNOVATION AND ITS INFLUENCE ON CUSTOMER RETENTION AND MARKET EXPANSION

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Abstract

The study examined the effect of product innovation on Customer acquisition and retention. The specific objectives were to: examine the effect of product innovation on customer acquisition: and examine the effect of product innovation on customer retention. The study adopted the survey design. A sample of 300 Aba residents who consume products (alcoholic and non-alcoholic) of Nigerian Breweries Plc. were randomly selected and used as respondents for the study. 300 Copies of a well-structured questionnaire were administered and 250 usable copies were recouped from the respondents. The instrument was appropriately tested to ensure validity and reliability. The hypotheses were tested using simple regression model (E-view version 8.0). The overall result revealed that product innovation has positive and significant effect on Customer acquisition Customer retention. It was recommended that: (i) organizations should be passionate about incorporating specific qualities that delivers satisfaction to their customers through dynamic innovation: to keep attracting new customers; and (ii) organizations should be passionate about dynamic innovations capable of retaining customers and increasing market share.

Keywords: Product innovation, Customer acquisition and Customer retention.

Introduction

The pursuit of competitive advantage is at the root of Customer acquisition and retention and as such understanding the source of sustained competitive advantage has become a major area of study in the field of product innovation and strategic management (Porter, 2008 and Barney, 2011). Today, virtually all products manufactured or processed require some innovation packages like value addition and packaging in some phases of their production or distribution; Such packages are usually considered at the early stages of the overall marketing plans of strategic organization as integral parts of their marketing strategies that will trigger competitive advantage in order to sustain and retain customers (Armstrong, 2009). Product innovation is often a critical factor that determine the success or failure of a given product (Donald, 2007). However, product innovation is broadly seen as an essential component of competitiveness embedded in the organizational structure, processes, products, operations, and services within an organization. Product innovation is one of the fundamental instruments of growth strategies to enter new markets, increase the existing market share and it gives an organization a competitive edge (Ibudunni and Iyiola, 2014).

Developed and developing economies around the world have come to realize the value of product innovation as a catalyst for larger market share and increase in profitability. They are seen to be characterized by dynamism, innovations, efficiency, competition and technological development among others. According to Hamel (2011), innovation has a large and long-lasting effect on the survivability of an enterprise. For an enterprise, constant product innovation, design and successful new products provide the motivation needed to ensure the growth of business in the enterprise. Particularly, during an economic repression, the rapid launching of new products into the market can help an enterprise maintain profitability; in many cases, it may even help an enterprise to turn a failure to success (Allen and Hamilton, 2012; Christopher, 2007).

Strategic management theory posits that innovation is the primary means by which organizations adjust to their environmental supra system via strategic choices they make. A classic definition of innovation is any change that is new to a social system, such as an organization. Innovation in this context includes both invention of novel new changes or strategic imitation of existing ones. Innovations can be major transformational/ revolutionary changes that are pervasive in their impact on the organization or incremental/evolutionary adjustments in ongoing activities that cumulatively result in substantive changes (Ibidunni and Iyiola, 2014).

Innovations can be viewed in terms of the processes of the organization and/or its product/service outputs. Serial innovation occurs when an organization is repeatedly successful in adopting changes over time (Hamel, 2011). Strategic innovations are transformational changes that are intended to achieve competitive advantage for an organization.

Basically, the focus of this study was to examine the effect of product innovation on customer acquisition and retention. Looking at the operational framework of organizations in Nigeria, it appears Nigerian Breweries Plc is one of the outstanding companies with good track records of performance in its area of business. The company is the first Brewery in Nigeria incorporated in 1946 and commenced commercial production in 1949. It started as a joint venture between United African Company (UAC) International, U.K and Heineken of Holland. At inception, it was 100% foreign ownership. However, as at today is about 60% Nigerian ownership and 40% foreign ownership. In Nigeria today, the company appears to be one of the manufacturing concerns so passionate about product innovation. In its line of business, the company is widely believed to be the first and the best. Consumers of their several brands (Heineken, Legend extra stout, Fayrouz, Maltina, etc) appear to be showing a relatively high degree of loyalty and continuously prefer these brands to others. Their overall market share tends to be growing wider everyday as new customers attracted to their brands never leave after tasting any of the brands. The company is also involved in the development of leadership, musical and movie talents through various programmes as part of its innovation strategies, and has won innumerable awards as a mark of its good performance in various areas. (Oduanya, 2011). It is against this backdrop that this study sought to examine the

effect of product innovation on consumer acquisition and retention using Aba residents who consume brands (alcoholic and non-alcoholic) brewed by Nigerian Breweries Plc as respondents.

the packaging decisions is considered in early marketing plans as an integral part of the total marketing strategy that will triggered competitive advantage in order to sustain and retain Customers (Armstrong, 2009). Product innovation packages are an important integrative aspect of the product and often a critical factor in the success or failure of a given product (Donald, 2007). However, product innovation is broadly seen as an essential component of competitiveness, embedded in the organizational structure, processes, products, operations, and services within a firm. Product innovation is one of the fundamental instruments of growth strategies to enter new markets, to increase the existing market share and to provide the company with a competitive edge (Ibidunni and Iyiola, 2014).

Statement of the Problem

Basically, product innovation when strategically carried out provides numerous opportunities for an organization to grow bigger and better with time. In this regard, organizations that are strategically conscious of growth especially in the areas of customer acquisition and retention make huge well-guarded investment to ensure they constantly meet their customer's requirements in order not to be left behind. However, some organizations for one reason or the other give less attention to innovation not mindful enough of its negative consequences. Some organizations however, venture into innovation without the knowledge of products position or stage in the product life-cycle. Which may affect customer patronage due to inability to meet their customers' requirements. Strategic competitors may even modify the innovated product and come out with a more valuable product that may divert the interest of the Customer (Sunday and Akpan, 2015) Kotler and Keller (2009) asserted that most companies face a particular problem which is centered on how to effectively develop new products. It was based on these that this study sought to examine the effect of product innovation on customer acquisition and customer retention.

Objectives of the Study

The main objective of the study was to examine the effect of product innovation on customer acquisition and retention. However, the specific objectives were to: i. examine the effect of product innovation on customer acquisition; and

ii. Examine effect of product innovation on customer retention

Research Questions

Key research questions for this study were;

- i. How does product innovation affect customer acquisition
- ii. How does product innovation affect customer retention.

Research Hypothesis

Hypotheses tested in this study were;

H0₁: Product innovation has no significant effect on customer acquisition **H0₂:** Product innovation has no significant effect on customer retention.

Review of Related Literature

The review was carried out as follows;

Conceptual Framework

Product innovation is the development of new products, making changes in the current product design or using new techniques and means in the current production methods, in other words, it focuses on existing markets for existing products, differentiating through features and functions that the current offers do not have. We can look at the product innovation from two sides; internal side where it depends on knowledge, capacities, resources and the technologies used in the company; and from the external side, where product innovation focuses on the customers' needs and the owners' expectations (Okure, 2008).

According to Cherroun (2014) innovation refers to the economic application of new ideas that will be transformed to a new product, process or method of production, a new market or source of supply, a new form of commercial business or financial organization; Sunday and Akpan (2015) opines that innovation means making new products and offering, new services, or adding new value to existing ones. It's based on the results of new technological developments, new combinations of existing technology or the utilization of new knowledge acquired by the company.

Barney, (2011), Kuralko and Hodgetts, (2008) and Rakesh, *et al.*, (2006) asserted that product innovation is considered as a development and a new application, with the purpose of launching newness into the economic area. Also, Rainey, (2005) submitted that product innovation involves the conceptualization, commercialization, development, design, and validation of new product, which provides higher value or utility to all the stakeholders of that product. However, Chandy and Tellis, (2008) described product innovation as a source of competitive advantage to the innovator and at the same time can lead to a sustainable increase in a firm's profits at difficult times.

Innovative Capacity and Customer Acquisition

According to Tidd, Bessant and Pavitt (2011), the innovation process is key to the company's business, it is associated with renewal and evolution of the business, renewing what the company has to offer and how it creates this. In order to do so, each firm may adapt the innovation process to its own specificities, in order to integrate the process into the firm's way of building knowledge. Large companies, for instance, may have their own R&D labs or may outsource research; small businesses, on the other hand, prioritize speedy, empirical development of solutions, based on practical problem-solving experience.

According to Tidd *et al.*, (2006) innovation contributes to achieving Customer acquisition in several aspects. The most important characteristics of innovations include:

- i.** A strong relationship between market performance and new products.
- ii.** New products help maintain market shares and improve profitability.
- iii.** Growth also by means of non-price factors (design, quality, individualization, etc.).
- iv.** Ability to substitute outdated products (shortening product lifecycles).
- v.** Innovation of processes that lead to production time shortening and speed up new product development in comparison to competitors.

Castro *et al.*, (2013) say that developing successful technological innovations is essential for creating and sustaining an organizations competitive advantage.

According to Zemplerová (2010) the expenditures on research, development and introduction of innovations are the determining characteristics for gaining a dominant part of the market. Autant-Bernard, Fadairo & Massard (2013) in their survey also show the importance of the role of the regional innovation and they argue that organization must have original strategies and support the knowledge flows from and to organization.

According to Hillary and Neely (2012), a company's innovative potential is not derived from a single specific skill, but rather from a set of skills termed innovative capacity, which is defined as the internal potential to generate new ideas, identify new market opportunities and implement marketable innovations through exploration of the company's existing resources and capacities.

Constituent Factors of Innovative Capacity

Four constituent factors of innovative capacity are discussed as follows:

i. Organizational Culture

According to Hillary and Neely (2012), a company's culture molds its main abilities and its knowledge base, in tandem with the existing physical structure and managerial environment. It influences the way in which things are done and employee relationships. Organizational culture determines which knowledge is valued and how it is disseminated to employees, setting the company apart from its competitors. Maximiano (2012) also highlights the corporate culture's capacity to differentiate.

ii. Resources

Penrose (2009) says that a firm firstly comprises a variety of productive resources and, secondly, a managerial environment that connects and coordinates individual and collective activities in order to attain desired goals. Within this concept, new products and services are created from the management's capacity to respond rapidly to opportunities in the market. According to Barney (2011), a company's resources may be divided into three separate categories: physical resources, human resources and organizational resources. These constitute inputs to the productive process, in this case ideas generated, which can be classified as a fourth resource category. Based on the studies reviewed, the following indicators were developed in order to measure the different categories of resources: Innovation-directed financial resources – R&D spending and spending on new product launch

(Financial Resources); Number of people involved in innovation (Human Resources); Number of engineers, including technicians, masters' and doctorate holders (Human Resources); Existence of a structured R&D function within the company (Organizational resources).

iii. Competencies

Allied to resources, competencies are for the most part responsible for the number of new products and services developed by the firm. Competencies are defined as a set of skills needed to coordinate and allocate company resources towards the fulfillment of tasks. They could be classified as a group of capacities or processes necessary for the conception and implementation of innovation. Of the countless processes executed by a company, some stand out as more characteristic of innovative organizations, such as: the capacity to generate and pick up on ideas; management of a project portfolio; formulation, communication, and management of corporate strategy, through the use of indicators; and the capacity to manage, develop and make use of all knowledge presented to the company by employees (Barney, 2011).

iv. Inter-organizational Networks

Hamel, (2011) use the term external assets to characterize a company's connection to the environment. They outline three types of relationship with external entities that can be a source of innovation:

- Connections to Customers: relates to the extent of access the company has to Customers' decision-making process. Also includes what the company may learn from Customers, including new product ideas.
- Connections to suppliers, sales teams, and sources of scientific and technical knowledge: relates to the quality of the company's connections to the best people in the field and to whether these relationships are sufficiently collaborative.
- Horizontal connections through partnerships and alliances, trade associations and informal relationships: these connections can be a source of substantial knowledge to guide the development of the company's technological assets.
- Drucker, (2006) also highlight the possibility of seeking extra-organizational resources to help in the firm's innovation process, after the company has learned to organize its own resources. Based on the conclusions of the authors studied, the following questions should be able to indicate how the inter-organizational relationship would affect the firm's innovative capacity: Which are the main sources of innovation ideas used; and who develops innovation (the company itself / third parties).

Innovation and the Company/Industry

According to Ekpang and Akwaudo (2009) product innovation is not a new phenomenon which suddenly emerged as part of the space age. It has been around and shaped our life for thousands of years. Today's companies gain their competitive advantage and economic benefits largely from innovation. Further, we can state product innovation advantages both to the company and to industry as the following:

- i.** Product innovations contribute to a company's output and can be measured by sales and profits contributed by new products/ services, change in market share etc, also product innovation may increase companies' knowledge stock;
- ii.** Product innovation helps to reduce production costs, time and losses, thereby leading to an increase in investment returns and production efficiency, It contributes also in improving products quality and makes products more competitive in home and external markets;
- iii.** Product innovation helps the firm to realize customers need through new offerings and realizing the continuance of customer's fidelity;
- iv.** Providing solutions to the production problems and creating new opportunities to use the new resources;
- v.** Product innovation is an important driver of economic growth and productivity. In this relationship the innovation output of one company becomes part of the innovation input to another.

Innovation and Market Share

McGregor (2006) added that successful innovation results in new products and services, gives rise to new markets, generates growth for enterprises, and creates customer value. Innovation improves existing products and processes, thereby contributing to higher productivity, lower costs, increased profits and employment. Firms that innovate have higher global market share, higher growth rates, higher profitability and higher market valuation. Customers of innovative products gain benefits in terms of more choices, better services, lower prices and improved productivity. As innovations are adopted and diffused, the "knowledge stock" of the nation accumulates, providing the foundation for productivity growth, long-term wealth creation and higher living standards. Freeman and Brown, (2015) argued that innovation "is the coming up of ideas and bringing them to life".

Types of Product Innovation

According to Hamel, (2009) a product is a combination of one or more of (a) ingredients (b) attributes (c) benefits (d) advantages (e) features (f) functionality (g) performance (h) business model (i) usage experience (j) consumption experience. Innovations that manifest in products as defined are called 'product innovation.

Product innovations are required by firms to cope with competitive pressures, changing tastes and preferences, short product life cycles, technological advancement (or contrarily technological obsolescence), varying demand patterns, and specialized requirements of customers. Reverse innovation of products is one emerging and high potential area that companies are actively trying to pursue to stay ahead and profitable in the global market. According to Schumpeter (2015), there are five areas in which companies can introduce innovation:

- i.** Generation of new or improved products; **ii.** Introduction of new production process; **iii.** Development of new sales market; **iv.** Development of new supply market;
- v.** Reorganization and/ or restructuring of the company.

The above definition clearly distinguishes innovation from minor changes in the makeup and/ or delivering of products in forms of extension of product lines, adding service components or product differentiation. Innovation is not related to production fields only, but there are other fields and activities which can be innovated as the following:

Process innovation: is the adoption of new or significantly improved production methods. These methods may involve changes in equipment or production organization or both. The methods may be intended to produce new or improved products which cannot be produced using conventional plants or production methods, or essentially to increase the production efficiency of existing products (Hamel, 2012).

Product Innovation Stages

In a modern industrial company, the design of a new product is not an isolated activity. Product design is part of a more comprehensive process called "the product innovation process". In short, product innovation is the development of a new business activity around a new product. There are many stages that companies should follow in product innovation process. Although they differ from one author to another, there are some common stages as we'll denote below.

Product innovation stages according to Roozenburg and Eekels (2010)

According to Roozenburg and Eekels (2010) product innovation process consists of six main stages which are:

- a. Product planning;
- b. Product policy;
- c. Idea finding;
- d. Strict development;
- e. The technical development process, and
- f. The commercial development process.

Theoretical Framework

Product Innovation Supporting Theories:

Theories that supported this study were:

1. Prospect Innovation Theory:

Kahneman and Tversky (1979) stated that managers in profitable companies are likely to be risk averse and therefore are psychologically likely to reject potentially innovative ideas, particularly new product, service, and ideas that offer an opportunity to increase income. However, potentially innovative ideas, which reduce loss are more likely to be implemented. Thus, in an established firm, process efficiency and ideas, which reduce costs, are more attractive to the typical human than a product idea. Likewise, loss-making companies such as new start-ups or companies facing economic difficulties are more likely to embrace new product and service ideas, as they offer the opportunity to reduce loss.

2. Dynamic Capability Innovation Theory:

Schoonhoven, (2006) states that the firm's resources are an essential basis for innovation. That is, how competitive advantage within firm is achieved and how that advantage might be sustained over time. Within this perspective, firms are conceptualized as bundle of resources, which are heterogeneously distributed across the firm and where resources differences persist over time. Indeed, when firms have resources that are valuable, rare, difficult to imitate and non-substitutable, they can implement value-strategies that resist duplication by other firms and hence create a competitive advantage of product innovation or development. The theory of dynamic capabilities is based on antecedent organizational and strategic routines by which managers alter their resources base to generate new value-creating strategies.

Empirical Review

Ibidunni, Iyiola and Ibidunni (2014) conducted a study to investigate how product innovation, as a strategy, enhances the survival of the small and medium enterprises in Nigeria, using Prodcos Foods Nigeria Limited as a study. The validity and reliability of the instrument were measured at Cronbach's alpha of 0.63 and alternative form validity of 0.59. The findings revealed that there is a significant relationship between product innovation and the survival of SMEs, also, that changes in tastes and preference of Customers necessitate product innovation, and that product innovation increases sales volume of SMEs. The conclusion from the research findings showed that there is need for SMEs to carry out research on product innovation; in other to meet and fulfill the demand and expectations of all Customers and the market. It was recommended that adequate finance, conducive environment, and public policy framework should be developed by the Nigerian governments to support and encourage the SMEs. Soliman (2013) conducted a study to examine the critical role of product innovations as a driver for sustainable competitive advantages. A quadruple model of global strategy is introduced. The model is based on the introduction of an innovation-based perspective of strategy. This paper presents a set of four hypotheses. When tested, these hypotheses could result in a better understanding of the link between the innovation and the global strategy domain. Furthermore, the quadruple model could be useful in understanding the relationship between innovativeness and business performance. It is anticipated that this paper could assist researchers, business management, and analysts in developing global innovation strategies.

Yen (2012) conducted a study to examine the impact of competitive product design and innovation strategy: a case study computer outlet in Taiwan. Product design strategies were then compared in companies with different innovation strategies. Finally, a mapping model for product innovation and product design strategies was proposed for use by Taiwan enterprises in the computer and Customer electronics industries. A questionnaire survey and case studies showed that innovation strategies applied in the Taiwan computer and electronics industry can be classified as Aggressive innovation type, Market innovation type, technical innovation type, and Opportunity innovation type. These four innovation strategies and ways of product design are closely related to the scale,

business type and product development conditions in enterprises. The findings of this study provide a reference for product R&D and design in enterprises.

Methodology

The study adopted *survey* research design. This design is chosen because it permits investigating description and recording of information in their natural setting. 250 Aba residents who consume brands brewed by Nigeria Breweries Plc were randomly selected and used as respondents. Simple linear regression model was adopted for the study.

3.1 Model Specification

The study used a simple linear regression model where the dependent variable is hypothesized to depend on output of independent values. Consequently, the functional form of the model specification will be:

For Hypothesis 1,

$$CA = f(PI)$$

Explicitly, equation 1 can be written as:

$$CA_{it} = b_0 + b_1PI_{it} + e_{it}$$

Where;

CA_{it} = Customer acquisition

PI_{it} = Product innovation

b_0 = Intercept b_1 = Parameter estimate e_{it} = Stochastic variables

For Hypothesis 2, we specify simple regression, thus;

$$CR = f(PI)$$

Explicitly, equation 2 can be written as:

$$CR_{it} = b_0 + b_1PI_{it} + e_{it}$$

Where;

CR_{it} = Customer retention

PI_{it} = Product innovation

b_0 = Intercept b_1 = Parameter estimate e_{it} = Stochastic variables

The apriori expectation for the model is $b_1 > 0$.

Source of Data

Primary data generated through the use of questionnaire was used for the study.

Data Presentation, Result and Discussion

This study was carried out to examine the effect of product innovation on Customer acquisition and retention for hypothesis 1, the dependent variable is Customer acquisition (CA) and the independent is product innovation (PI). For hypothesis 2, the dependent variable is Customer retention (CR) and the independent is Product innovation (PI).

4.1 Test of Hypothesis 1

H01: Product innovation has no significant effect on Customer acquisition

Dependent Variable: CA

Method: Least Squares

Date: 03/14/18 Time: 15:47

Sample: 250

Included observations: 250

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PI	0.037406	0.007707	4.853509	0.0002
C	0.069239	0.061530	1.125273	0.2782
R-squared	0.608296	Mean dependent var		0.356588
Adjusted R-squared	0.582182	S.D. dependent var		0.099094
S.E. of regression	0.064053	Akaike info criterion		-2.548074
Sum squared resid	0.061542	Schwarz criterion		-2.450049
Log likelihood	23.65863	Hannan-Quinn criter.		-2.538330
F-statistic	9.229422	Durbin-Watson stat		2.186698
Prob(F-statistic)	0.017222			

Source: E-views Result 8.1

Table 4.1 above reveals that, Product innovation (*PI*) of 0.037406 shows that, a unit increase in product innovation, holding other variables constant, will lead increase in Customer acquisition by 0.037406 units. This reveals that, a percentage increase in product innovation leads to increase in Customer acquisition of Nigerian Brewery Plc. Thus, since innovation is the implementation and application of a new ideas related to a new product or service, a new marketing method, a new organizational method in business practices, workplace organization or external relations, efficient and effective product innovation leads to Customer acquisition. The result agrees with the findings of Ibidunni, Iyiola and Ibidunni (2014) who suggests that addition of value has significant impact on organizational performance.

The R^2 which is the coefficient of determination was quite high with a value of 0.608296 which indicate as that 61% of the changes in the dependent variable can be explained by the changes in the independent variables while 39% can explained by the stochastic terms in model. This implies that the independent variable (product innovation) can only explain 61 percent of changes in Customer acquisition, leaving 39% percent unexplained... Also, Durbin-Watson stat is 2.1866 and is close to 2.5, this implies that there is no evidence of first-order autocorrelation. F-prob value of 0.017222 was observed from the analysis which is less than 0.05, indicating that the estimated regression model adopted in this study is statistically significant at 5% significant level. With this,

the researcher affirmed alternative hypothesis thus, product innovation has positive and significant effect on Customer acquisition.

H0₂: Product innovation has no significant affects Customer retention

Dependent Variable: CR

Method: Least Squares

Date: 03/14/18 Time: 15:46

Sample: 250

Included observations: 250

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PI	1.790006	0.707107	2.531449	0.0229
C	0.245778	0.029022	8.468575	0.0000
R-squared	0.539958	Mean dependent var		0.310176
Adjusted R-squared	0.483289	S.D. dependent var		0.066978
S.E. of regression	0.057877	Akaike info criterion		-2.750856
Sum squared resid	0.050247	Schwarz criterion		-2.652831
Log likelihood	25.38228	Hannan-Quinn criter.		-2.741112
F-statistic	6.427298	Durbin-Watson stat		2.102253
Prob(F-statistic)	0.022858			

Source: E -views Result 8.1

Table 4.2 above reveals that, product innovation (PI) of 1.790006 shows that, a unit increase in product innovation, holding other variables constant, will increase Customer retention by 1.790006 units. This reveals that, a percentage increase in product innovation leads to increase in Customer retention. This conforms to priori expectations because, integration of innovative ideas to existing products satisfy Customer needs thus, attract, retain and maintain prospective and ultimate Customers.

The R^2 which is the coefficient of determination was quite high with a value of 0.539958 which indicate as that 54% of the changes in the dependent variable can be explained by the changes in the independent variables while 46% can explained by the stochastic terms in model. This implies that the independent variable (product innovation) can only explain 54 percent of changes in Customer retention, leaving 46% percent unexplained... Also, Durbin-Watson stat is 2.10225 and is close to 2.5, this implies that there is no evidence of first-order autocorrelation. F-prob value of 0.022858 was observed from the analysis which is less than 0.05, indicating that

the estimated regression model adopted in this study is statistically significant at 5% significant level. With this, the researcher affirmed alternative hypothesis thus, product innovation has positive and significant effect on Customer retention in Nigerian Brewery Plc Aba, Abia State.

5.0 Conclusion

From the findings, the study conclude that product innovation is broadly an essential component of competitive advantage if it is embedded in the organizational structure, processes, products, operations, and services rendered to the Customers. Product innovation is one of the fundamental instruments of growth strategies to enter new markets, to increase the existing market share and to provide the company with a competitive edge. Effective innovation is seen to be characterized by dynamism, innovations, efficiency, competition, technological development. Thus, organizations need to engage in product innovation since, it has a large and long-lasting effect on the survivability of an enterprise through Customer acquisition and retention. Hence, constant product innovation, design, quality and successful new products provide the motivation needed to ensure the growth of business in the enterprise. Since, product innovation has positive and significant effect on Customer retention. There is need for the organization to engage in serial innovation project with competent personnel in order to monitor transformational/ revolutionary changes in the environment and gain more competitive advantage.

5.1 Recommendations

Based on the major findings and conclusion of this study, the following recommendations were made;

- i. organizations should be passionate about incorporating specific qualities that deliver satisfaction to their customers to keep attracting new customers; and
- ii. organizations should be passionate about dynamic innovations capable of increasing market share through customer retention strategies

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