

The effect of service concept on customer acquisition: the moderating role of manager's experience on Savings and Credit Cooperative Societies in Tanzania

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Abstract

Purpose – This study aims to investigate the influence of the service concept on customer acquisition and when the relationship is moderated with manager's experience in Savings and Credit Cooperative Societies (SACCOS) within Dar es Salaam City, Tanzania.

Design/methodology/approach – The study adopts a cross-sectional research design and utilizes simple random sampling to select 226 respondents, all of whom are managers of SACCOS in Tanzania. Data were collected through a questionnaire and analyzed using a partial least square structural equation modeling (PLS-SEM).

Findings – The findings indicate that service concept have a highly statistically significant impact on customer acquisition, with a p -value of less than 0.05. Conversely, managers' experience also influences customer acquisition by the p -value of less than 0.05. The result also confirms the significance influence of positive moderating effect of manager's experience on the relationship between service concept and customer acquisition, with a p -value of less than 0.05, therefore it shows that manager's experience facilitate the influence of service concept to customer acquisition.

Practical implications – The findings of this study provide valuable insights for SACCOS aiming to thrive and attract more customers. By understanding the nuances of service concepts, these institutions can refine their strategies for customer acquisition effectively.

Originality/value – The study's insights into the composite effect of service concepts hold significance for SACCOS seeking to enhance their customer acquisition strategies enhanced by manager's experience. These findings contribute new perspectives to the SACCOS and other related financial services sector, offering fresh insights into innovation and customer-centric approaches.

Keywords Service concept, Manager's experience, Customer acquisition, SACCOS

Paper type Research paper

1. Introduction

In contemporary marketing, customers play a pivotal role, and acquiring them is a primary objective for every company, as it is vital for the nourishment of the business (Akpa, Adegbe, & Aliu, 2019; Saglam and Monstaser, 2021). Customer acquisition refers to the process through which businesses endeavor to persuade customers to purchase or subscribe to their products or services (Haripersad & Sookdeo, 2018). It plays a crucial role in fostering long-term economic growth within businesses (Ignaszak & Sedláček, 2023) enhancing a



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company's revenue and facilitating its expansion and development (Akpa *et al.*, 2019; Saglam & Monstaser, 2021) ultimately leading to economies of scale and lower average costs within the service sector (Ignaszak & Sedláček, 2023). A literature study shows that imperative to acquire customers has instigated a strategic transformation within financial institutions, aiming to enhance performance and efficacy amidst complex and competitive business landscapes. These strategic shifts are primarily geared towards augmenting overall organizational performance and effectiveness (Ignaszak & Sedláček, 2023).

SACCOS as among the financial institution were established as a means to serve the predominantly underserved population unable to access traditional banking services, especially in remote areas lacking banking infrastructure (WOCCU, 2019). SACCOS serve many underprivileged customers who are often unable to meet the inflexible requirements set by banks. However, due to the inherent nature of the business, attracting customers remains essential. Furthermore, advancements in technology, coupled with global economic shifts, have empowered customers with unprecedented autonomy, allowing them to research, compare and evaluate financial options effortlessly (Ylilehto, Komulainen, & Ulkuniemi, 2021). Therefore, advancement in technology become crucial for industry performance and a subsequent help in retaining and attracting new customers and capitalize on emerging opportunities (Gyun & Shawn, 2018).

However, despite the advancements, the World Council of Credit Union (WOCCU) reported a SACCOS penetration rate of only 2% in Tanzania, significantly below the African and global averages of 9.09% and 9.25%, respectively (WOCCU, 2019). Additionally, the Tanzania Cooperative Development Commission (TCDC) reported that approximately 20% to 40% of SACCOS collapsed annually (Macharia & Tirimba, 2018; Odero *et al.*, 2019). Moreover, withdrawals of members and failure to attract new have contributed to the challenges faced by SACCOS (Anania & Gikuri, 2015; Anania & Rwekaza, 2018). Furthermore, over three consecutive years, the stagnant growth suggests persistent issues with customer acquisition (WOCCU, 2019).

To tackle these challenges, interventions include diversifying product offerings to cater to varying customer preferences, providing education and training through cooperative regional forums, and promoting the establishment of SACCOS across different economic sectors with support from the government and regulatory bodies such as the Tanzania Cooperative Development Commission (TCDC, 2021; Msuya & Mataba, 2021). These efforts are aimed at mitigating the perceived risks associated with joining SACCOS, thereby fostering confidence among potential customers. Moreover, SACCOS engage in cooperative education, marketing campaigns and enhanced service delivery, such as the establishment of Agricultural Cooperative Societies (AMCOS), to attract and retain members (Anania & Rwekaza, 2018; TCDC, 2021). Despite these initiatives, low customer acquisition persists.

Research studies on its side explore the importance of factors such of marketing mix focusing on advertising, sales promotion, introductory offers, word of mouth, referrals and partnership programs in customer acquisition (Ang & Buttle, 2006; Saglam & Monstaser, 2021). Additionally, study by Akpa *et al.* (2019) suggests that a conducive and safe work environment, employee empowerment (Ogboro & Obeng, 2001) and employee benefits (Victoria, Johnson, & Fatai, 2020) can energize workers to provide better services, thereby facilitating customer acquisition through positive word-of-mouth. Other studies that focused on customer acquisition include; impact of social network on customer acquisition (Cordova-buiza, Urteaga-arias, & Coral-morante, 2022; Juliet, 2015) and effect of interactive marketing channels on service customer acquisition (Melinevskyi, Koberniuk, Bilousko, Vasiuta, & Strochenko, 2023).

While previous research has concentrated on factors such as the working environment, marketing mix and interactive channels like social media, it is important to note that customer acquisition in service companies cannot be generalized to SACCOS due to the

distinct characteristics of the services and products offered. These studies have been beneficial to the service industries, although much of their focus was on factors external to the service organization itself. Despite extensive research on the influence of customer acquisition, there remains limited empirical evidence to support the influence of the service concept. Therefore, this study aims to bridge this gap by investigating the effect of the service concept on customer acquisition specifically within SACCOS.

Studies have suggested that innovation in service offerings could be a viable solution to address this challenge, particularly given the sector's competition with numerous financial institutions competing for the same customer base (Dibie, Nto, Unanam, & Bassey, 2019; Makona, Elias, Makuya, & Chagalima, 2023). It is emphasizing its pivotal role in shaping customer perceptions, experiences and behaviors. However, there exists a notable gap in comprehending how the service concept specifically influences customer acquisition, a pivotal aspect for the prosperity and competitiveness of service-oriented enterprises (Makuya, 2023; Çakan *et al.*, 2022). Delved into the utilization of technology, particularly the introduction of new services such as branchless banking, in an endeavor to acquire customers and unearthed a significant relationship. Similarly, Mutai and Reuben (2019) unearthed a significant correlation between account reporting, payment methods, and the ability to attract and retain customers in Kenya. Furthermore, Dibie *et al.* (2019) revealed that embracing product innovation significantly impacts attracting new customers, advocating for organizations to prioritize the integration of distinctive features that consistently satisfy customers through continuous innovation to maintain their appeal to new customers. Nonetheless, it's imperative to acknowledge that product innovation alone cannot solely influence customer acquisition (Victoria *et al.*, 2020).

In addition to innovating services, it is essential for them to be customer-centric, modified, or newly created to cultivate an environment conducive to customer purchase (Ang & Buttle, 2006). Existing studies often concentrate on specific aspects of the service concept (e.g. service quality, service innovation) or its effects on customer satisfaction and loyalty, neglecting to thoroughly explore its direct impact on customer acquisition. While some research has explored the link between customer experience and customer acquisition, few studies have scrutinized the role of the service concept itself in its totality on customer acquisition, especially in the context of SACCOS.

Furthermore, research shows that experienced managers stay as the focal point of reference when it comes to making decision because they have ability to know what is appropriate (Elias, Leonard, & Mwakujonga, 2018; Ismail & Chagalima, 2022). Studies shows that, the relationship between service concept and customer acquisition can significantly moderated by experienced managers (Sipe, 2016). Experienced managers have strong understanding of customer behavior valuable skills, knowledge, strategic insights and know the market trends that enhance the effectiveness of the service concept in several ways (Sipe, 2016). They possess ability to make knowledgeable and well-informed strategic choices about the creation and enhancement of the service idea, recognizing market patterns, comprehending client requirements and customizing services correspondingly (Isaga, 2015; Sölvell, 2017). Experienced managers also have a deeper understanding of customer relationship management, implementing effective customer service practices, leading to higher satisfaction levels and increased customer acquisition through positive word-of-mouth and referrals (Ismail & Chagalima, 2022). Additionally, experienced managers may practice workflows to guarantee effective service delivery, cutting down on waiting times and improving overall client satisfaction (OWINO, 2015). They are adept at managing risks associated with financial services, implementing robust risk management frameworks to ensure sustainable operations while offering competitive products, which enhances customer confidence and drives acquisition (Messabia, Beauvoir, & Kooli, 2023). A cooperative's ability to succeed is influenced in part by the good governance as

demonstrated by management and decision-making resulted from experience (Elias & Mwakujonga, 2019; Messabia *et al.*, 2023). Experienced managers are more likely to embrace innovation, integrating new technologies and service offerings, keeping the SACCOS at the forefront of industry developments, attracting tech-savvy customers and catering to evolving financial needs (Isaga, 2015).

Hence, this study aims to provide deeper insights by addressing the following research question: Does the service concept affect customer acquisition in SACCOS when moderated by manager's experience? To tackle this question, the study adopts the following research objectives: 1. Examine the effect of service concept on customer acquisition and 2. Assess the effect of service concept on customer acquisition when moderated by manager's experience. Consequently, the study contributes to the literature by bridging the gap in understanding the impact of the composite form of service concept on customer acquisition bringing the moderation effect of manager's experience within the service sector. Additionally, by exploring potential moderating factors that influence the relationship between the service concept and customer acquisition, such as industry type and market competition, this study offers practical implications for businesses aiming to optimize their service strategies for customer acquisition across diverse contexts. Overall, this research enhances our comprehension of the strategic significance of the service concept in driving customer acquisition within the service sector and offers actionable recommendations for businesses to enhance their competitive positioning and performance.

The subsequent sections of this work are structured as follows: Section 2 focuses on the literature review in both empirical and theoretical forms, which also informs the development of hypotheses. Section 3 addresses the research design adopted in the methodology. Section 4 delves into findings and discussion, while the conclusion forms the basis of Section 5.

2. Literature review

2.1 Theoretical framework

This study has been developed from the Schumpeterian innovation model for customer acquisition (SIMCA), service dominant logic (SDL), service quality, customer relationship management (CRM) and resource-based view (RBV) theories which collectively provide a comprehensive framework for elucidating how service concept influence customer acquisition in the service sector when moderated by manager's experience as it has been presented in the conceptual framework in Figure 1. In the service industry, strategies such as service modification, introducing new service offerings and adopting customer-centric

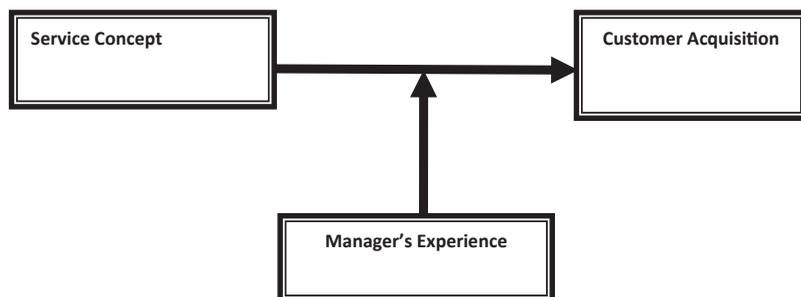


Figure 1.
The conceptual
framework

Source(s): Figure by author

approaches enhanced by manager's experience have the potential to disrupt traditional service delivery models. This disruption creates opportunities for service providers to attract customers by offering innovative solutions that cater to emerging needs and preferences.

2.1.1 Schumpeter innovation model for customer acquisition (SIMCA). The study employed Schumpeter's innovation model from 1934 for customer acquisition. This model proposes that businesses can harness innovation to become self-reliant creators and explore novel business opportunities. It emphasizes that innovation and the introduction of technologies serve as driving forces behind economic growth. Moreover, this model serves as a guiding framework in this study, aiding researchers in evaluating how the service concept impacts customer acquisition, particularly in SACCOS. Schumpeter's innovation model underscores the pivotal role of the service concept in customer acquisition. It highlights the dynamic nature of the innovation process, propelled by the introduction of new products or services. In the service sector, this translates into continual service modification and the creation of new service offerings to meet evolving customer needs and preferences. The Schumpeterian model posits that innovation disrupts existing markets and spawns new ones through a process of creative destruction.

In the service sector, strategies such as service modification, the introduction of new service offerings and customer-centric approaches can disrupt traditional service delivery models. It is more far better when enhanced by experienced managers. Experienced managers are often better at recognizing opportunities for innovation and developing strategies that can disrupt existing markets or create new ones. Their deep understanding of market dynamics, customer behavior and industry trends enables them to identify novel approaches to acquiring customers. This creates opportunities for service providers to attract customers by offering innovative solutions tailored to emerging needs and preferences. To remain competitive and attract customers, service providers must adapt to changing market conditions by continuously evolving their services, introducing fresh offerings and embracing customer-centric strategies (Makona *et al.*, 2023).

The SIMCA provides a comprehensive framework for understanding how service modification, new service offerings and customer centricity influence customer acquisition in the service sector. This framework can inform empirical research and guide strategies aimed at enhancing customer acquisition efforts through innovative and customer-centric approaches.

2.1.2 Service-dominant logic (SDL). Service-dominant logic (SDL) theory underscores the importance of value co-creation through interactions between service providers and customers. It suggests that new service offerings present opportunities for innovation and value creation, enabling service providers to better align with customer needs and preferences, thereby facilitating customer acquisition. Studies on SDL, such as those by Vargo and Lusch (2004), emphasize the significance of value co-creation in service exchanges. According to SDL, value does not reside solely in products or services but emerges from the integration of resources and knowledge exchanged during service interactions. Managers recognize that their experience helps them identify and leverage opportunities for co-creating value with customers, which can enhance service delivery and acquiring customers. Research conducted by Zeithaml *et al.* (2006) has further illustrated the positive impact of the service concept on customer satisfaction within service industries utilizing SDL.

2.1.3 Customer relationship management (CRM). The customer relationship management (CRM) theory (Berry, 2002) underscores the significance of cultivating and sustaining long-term relationships with customers. It posits that customer acquisition is shaped by elements like trust, commitment and loyalty, which are nurtured through positive interactions and experiences with service providers. Emphasizing the importance of forging robust customer relationships, CRM theory suggests that tailoring new service offerings to

meet individual customer needs and preferences can elevate satisfaction, loyalty and advocacy. This, in turn, fosters customer acquisition through positive word-of-mouth and referrals. Through effective communication and personalized interactions managers with extensive experience are usually better at fostering these relationships. Since they understand the importance of attracting new customers, creating customer loyalty for existing ones and are skilled at developing strategies such as service modification, new offering and apply customer centric approaches to enhance customer acquisition. Singhal (2021) has employed customer relationship strategies for both customer retention and acquisition.

2.1.4 Service quality theory (SERVIQUAL model). The service quality theory (Parasuraman *et al.*, 1985) asserts that customers assess service providers based on dimensions of SERVQUAL model such as reliability, responsiveness, assurance, empathy and tangibles. When organizations introduce new services, these dimensions become particularly significant and should be integrated. Experienced managers have the skills and insights necessary to enhance reliability, assurance, tangibles, empathy and responsiveness, thereby improving overall service quality through new service offering, service modification and customer centric approaches thus improve customer acquisition. The theory suggests that perceptions of quality in the new service play a pivotal role in customer acquisition, as customers are inclined to engage with providers that offer high-quality services. Studies including Kowalik and Klimecka-Tatar (2018) have employed this theory to explore its implications.

2.1.5 Resource-based view (RBV). The resource-based view (RBV), introduced by Barney in 1991, centers on identifying the strategic resources and capabilities that empower firms to gain a competitive advantage. It suggests that the service concept itself can be regarded as a strategic resource, contributing to firms' capacity to attract and retain customers by setting themselves apart from competitors and creating unique value propositions. The theory emphasizes that service concept works better if is managed by experienced personnel intending to acquire more customers. The theory posits that manager's experience can be considered a valuable resource within the RBV framework in enhancing service concept. Experienced managers often possess deep industry knowledge, extensive networks and a proven track record of decision-making. This experience can lead to better strategic decisions in developing new offerings, tailoring services to the customer needs and applying customer centric approaches that will attract new customers and keep the existing ones. Within the RBV framework, the service concept encompasses the distinctive combination of service offerings, delivery processes and customer interactions that differentiate a firm from its competitors (Sirmon *et al.*, 2007). These elements of the service concept represent valuable resources that can enhance a firm's ability to attract and retain customers in the marketplace.

Drawing upon insights from multiple theories can offer a comprehensive understanding of how the service concept influences customer acquisition especially when moderated by manager's experience and can inform strategies to improve customer acquisition efforts in service-oriented businesses.

2.2 Empirical review

2.2.1 Effect of service concept on customer acquisition. The concept of services encompasses proposing innovative ideas or perspectives to address various challenges. It encompasses the value created by service providers, and innovation in services may entail introducing novel approaches to meet clients' needs or solve their problems (Meyer, Johnston, Duffy, & Rao, 2002; Luca, Luca, & Rossi, 2021) offer a comprehensive framework for services innovation, categorizing it into three dimensions: service concept, service process and service delivery. Literature shows that, the service concept plays a pivotal role in understanding the

relationship between to service design and service recovery design processes (Meyer *et al.*, 2002) which in turn lead to customer acquisition. This could entail reimagining how existing service components are integrated or utilized in novel ways (Hong, Cheong, & Rizal, 2016). According to Luca *et al.* (2021), the service concept involves devising new organizational solutions to meet customer needs or address their challenges. The primary objective of a new service concept is to enhance service efficiency and reduce transaction costs (Zhao, Tsai, & Wang, 2019). Moreover, it entails recognizing potential risks associated with the service and conducting thorough evaluations to mitigate those risks.

Studies such as of Luca *et al.* (2021) highlight that service innovation, including new organizational solutions, enhanced internal systems and improved customer interfaces. Mutai and Reuben (2019) find that internet banking increases customer access to financial services and strengthens relationships through improved payment processing and account reporting. Dibie *et al.* (2019) demonstrate that product innovation boosts customer acquisition and retention. Empirical research by Chang and Lee (2020) supports the positive impact of service innovation on customer behavioral intention in life insurance service. SACCOS can leverage CRM to better understand and address community-specific needs which in turn results to innovation (Singhal, 2021). It is also determined that, innovation plays a chief role in growing the market share, highlighting customer responsiveness to novel service features (Dibie *et al.*, 2019). In the financial sector, where services are complex and customer expectations high, innovative and personalized service modifications are crucial for attracting and retaining customers (Luca *et al.*, 2021). Furthermore, focusing on customer experience and service-centric approaches leads to improved customer acquisition and retention. The service concept plays a pivotal role in customer acquisition by driving innovation and addressing evolving market needs (Chang & Lee, 2020). Furthermore, entrepreneurs leverage entrepreneurial behavior to introduce new services and customer-centric strategies, which align with SDL and Schumpeter's innovation theory. These theories suggest that value creation and differentiation come from new service offerings that meet changing customer preferences.

Despite this, there remains a research gap in understanding the specific impact of service concepts on customer acquisition across Corporative societies, underscoring the need for further investigation. While other financial services are extensively studied for their technological advancements and broad service offerings, SACCOS, particularly in rural and underserved areas, remain underexplored. Current research often overlooks how SACCOS can leverage personalized and community-oriented approaches to enhance service efficiency and member satisfaction. This study aims to fill this gap by investigating the unique service delivery challenges and opportunities within SACCOS, emphasizing innovative, member-focused solutions that can improve financial inclusion and address the specific needs of their members.

Furthermore, in the literature the influence of service concept on customer acquisitions remains inconclusively due to the nature of service organization settings across the globe (Makona *et al.*, 2023). For instance, it has been reported that customer centric approaches and new service offerings which are the dimensions of service concept are important determinants of customer satisfaction and acquisition (Chang & Lee, 2020; Çakan *et al.*, 2022) for customers in Taiwanese insurance and banking sector of Turkey respectively. On the other hand, Kurtmollaiev, Lervik-Olsen, and Andreassen (2022) reported that service concepts negatively influence customer acquisition for businesses in Norway. Even though, the relationship between service concept and customer acquisition has been studied with such mixed findings, the role of service concept on customer acquisitions remained relatively unexplored in the Tanzanian SACCOS context. Most of the studies have been mainly focusing in exploring the product innovation (Macharia & Tirimba, 2018; Dibie *et al.*, 2019) and aspects of service concepts in enhancing the satisfaction of SACCOS existing customers

(Magasi, Mashenene, & Dengenesa, 2022; Anania & Gikiuri, 2015; Ghanbarpour & Gustafsson, 2022) ignoring the importance of new customers. The current study then addresses this gap by providing evidence on the link between service concept and customer acquisition from perspective of Tanzanian SACCOS.

Therefore, it has been hypothesized that

H1. Service concept is positively related to customer acquisition in the financial service organization.

2.2.2 Manager's experience as a moderator. Service concept as it has been defined as new service offerings, service modifications and customer centricity found to be moderated by managers experience toward customer acquisition (Messabia *et al.*, 2023). Literature shows that, experienced managers enhance service concept by connect, energize and refresh (Sipe, 2016) anticipating market trends, fine-tuning service features, identifying critical areas for improvement (Ogboro & Obeng, 2001), managing modifications effectively (Timothy, 2022), aligning practices with customer-centric principles, fostering a customer-focused culture and implementing feedback efficiently (Arnold, Fang, & Palmatier, 2011; Dibie *et al.*, 2019; Sipe, 2016). This holistic approach significantly boosts customer acquisition by ensuring services are innovative, high-quality and tailored to meet customer needs (Dibie *et al.*, 2019). Customer centricity, which prioritizes customer needs in all aspects of operations, attracts new customers through personalized and high-quality service experiences. Experienced managers excel in aligning organizational practices with customer-centric principles, fostering a culture focused on customer satisfaction and implementing customer feedback effectively (Kissi, Dainty, & Liu, 2012). Overall, manager's experience significantly enhances the effectiveness of these service strategies, enabling firms to better navigate complexities and improve customer acquisition outcomes (Arnold *et al.*, 2011). By leveraging their insights and skills, experienced managers can lead firms to differentiate themselves, maintain high service quality and cultivate strong customer relationships, ultimately driving business growth and sustainability (Sipe, 2016). This underscores the critical role of managerial experience in shaping successful customer acquisition strategies. Therefore, it was hypothesized that

H2. Service concept is positively related to customer acquisition in the SACCOS when moderated by manager's experience.

3. Research methodology

3.1 Research approach and design

The study adopted a quantitative methodology to analyze the interrelationships among variables and assess hypotheses, facilitating a structured exploration to achieve the primary research objectives (Hair *et al.*, 2020). The methodology was used to answer the main objective of the study as to find out the effect of service concept and manager's experience on customer acquisition within the context of SACCOS. To assess the current status of variables and their relationships, the study employed a cross-sectional survey research design, wherein data were collected from multiple respondents at a single point in time as used in similar study by Magashi, Sam, and Mbelwa (2024). Cross-sectional data were used because it is valuable for generating hypotheses about the two mentioned relationships and associations between service concept, manager's experience and customer acquisition. This design facilitated the simultaneous measurement of both the outcome and the exposures in the study participants.

3.2 Sampling and data collection

The study was conducted in Dar es Salaam City, Tanzania. This area was chosen because the city has a larger number of SACCOS compared to other regions (TCDC, 2022), resulting in

intense competition for customer acquisition. This competitive environment necessitates the practice of service innovation, therefore the study provides a clear picture of the relationship between service concept and customer acquisition. A sampling frame was obtained from [TCDC \(2023\)](#), comprising 521 managers, one from each SACCOS. Using an a priori sample size calculator, the minimum required sample size to detect an effect was determined to be 160. However, applying the formula $n = \frac{N}{1 + Ne^2}$, where $N = 521$ and $e = 0.05$, the estimated sample size was calculated to be 226. The target population consisted of SACCOS. Therefore, the sample size was deemed sufficient based on the research environment and earlier studies carried out in the context of corporative societies. Probability sampling techniques were utilized for sample selection, with simple random sampling employed to select samples from the list of registered SACCOS in Dar es Salaam City. The study utilized simple random sampling to minimize bias and ensure each manager had an equal opportunity for selection, consistent with the methodology of [Mbegu, Magali, and Kara \(2024\)](#). This sample size was deemed sufficient and within the recommended range for the study. Consequently, 226 managers were randomly selected for participation. Questionnaires were distributed to these 226 managers, achieving a remarkable 100% response rate, with all questionnaires being completed and returned. The data collection process was thorough, with no missing data in the collected responses, ensuring the robustness and completeness of the data for analysis.

3.3 Measurement of variable

The three major constructs in this study were service concept (SCO) as an exogenous variable, manager's experience (MEX) as a moderating variable and customer acquisition (CAQ) as an endogenous variable. The research employed validated items to measure the constructs because their measurements were based on previously validated research. Service concept has been defined as the innovation element in service design and management measured by three sub variables. The items from the service concept includes "our SACCOS do develop new service offerings", "our SACCOS do launch new solutions to customer needs or problems" and lastly "Our SACCOS do recombining elements of existing services in new configurations" adopted from [Luca et al. \(2021\)](#) and [Singhal \(2021\)](#). The variable customer acquisition which defined as converting new customers to SACCOS and its product, or service which has been measured by three sub variable adopted from [Singhal \(2021\)](#) and lastly the moderating variable manager's experience on customer acquisition has been measured with three variable as developed by ([Elias & Mwakujonga, 2019](#); [Isaga, 2015](#)) All items were measured using a 5-point Likert scale ranging from 5 – strongly agree to 1 – strongly disagree.

3.4 Reliability and validity

The study used several ways to ensure reliability and validity of the data. At first it used the validated variables from other related studies. The reliability and validity metrics for all constructs in the study, demonstrating strong internal consistency and convergent validity. Customer acquisition shows Cronbach's alpha and composite reliability had values above 0.7 which suggest that the constructs are measured accurately and reliably. Furthermore, the customer acquisition construct has the average variance extracted (AVE) of 0.711 which deemed to be satisfactory as it has values above 0.5. Further, the results suggest that, since the manager's experience exhibits excellent reliability with a Cronbach's alpha of 0.899 and an exceptionally high composite reliability of 0.995, along with a strong AVE of 0.827, reflecting both high internal consistency and convergent validity. Lastly, with a Cronbach's alpha of 0.821 and a composite dependability of 0.827, backed by an AVE of 0.735, service concept likewise demonstrates strong dependability. These results validate valid and

efficient measurement. These metrics collectively imply that the constructs are measured with accuracy and consistency. The HTMT values indicate that the constructs of customer acquisition, manager's experience and service concept are distinct from each other, with values of 0.47, 0.554 and 0.781, respectively, all below the 0.85 threshold, demonstrating good discriminant validity. Additionally, the interaction term's HTMT values with each construct (0.189, 0.405 and 0.317) further confirm its distinctiveness. Therefore, the results affirm the validity of the measurement model.

3.5 Models and data analysis procedures

Partial least square structural equation modeling (PLS-SEM) was used to analyze the acquired data with the use of SmartPLS 4 software. Because this form of SEM generates findings for both the inner model and outside model, it is thought to be more reliable in predicting associations between variables (Hair, Risher, & Ringle, 2018). The advantage of PLS-SEM over covariance-based SEM, the technique is not restricted to data normality assumptions thus rendering it applicable even with a small sample size (Hair *et al.*, 2018). The techniques were used as it has the predictive way to measure the relationship between variables of the study. Data obtained were analyzed in two steps. At first, the measurement model was assessed by verifying the primary prerequisites for the analysis of the structural model outputs. The outcomes of this step led to crucial decisions about discriminant validity using cross-loadings and the HTMT ratio, and reliability utilizing values of factor loadings, CR, alpha (α) and AVE for convergent validity. In the second step, the structural model was evaluated using statistical significance, path coefficient (β), predictive power (R^2), f^2 and predictive relevance (Q^2) to confirm the relationships between study constructs. The structural model was created after running the bootstrapping procedure with 5000 alterations and 95% confidence intervals.

3.6 Common method variance (CMV) and non-response bias

It should be highlighted that when there are notable disparities between survey respondents who answered early and late, non-response bias may arise. Thus, we followed a 75%-25% rule for establishing the early and late responses using *t*-test. After employing a *t*-test in our study and we found that there were no significant differences ($p > 0.05$) between respondents who reacted early and those who responded later in terms of the mean scores of the main components (Hair *et al.*, 2018). Therefore, non-response bias did not occur in our study (Armstrong & Overto, 1997). Furthermore, CMV was evaluated using Harman's single factor test because the information was gathered once, using a self-administered questionnaire, from a single source (the manager of SACCOS). A single component explained roughly 39.45% of the overall variance, according to the results of the Harman's single factor test. Because this number was less than 50%, the analysis concluded that the presence of CMV did not constitute a significant concern (Hair *et al.*, 2021).

4. Discussion

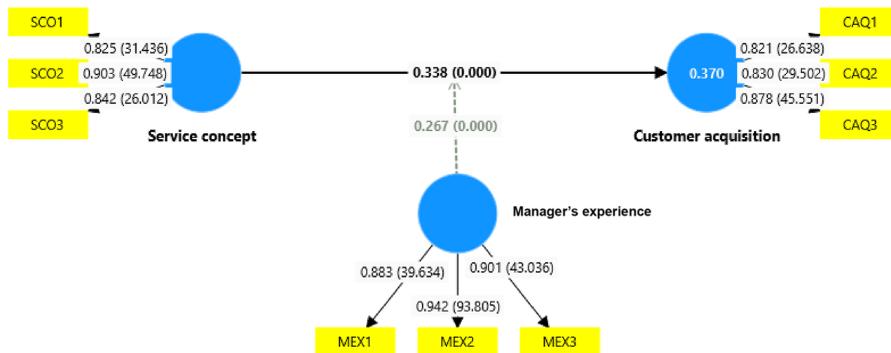
The results from Table 1 and illustrated in Figure 2 present the findings of the three hypothesized relationships by detailing how service concept influence customer acquisition and how does the relationship being moderated by manager experience. Table 1 summarizes the quantitative findings, while Figure 2 visually represents these relationships. When the *p*-value is less than 0.05, it indicates that the relationship is significant, meaning the independent variable is a determinant of the dependent variable.

From the analysis, the manager's experience has a positive and significant effect on customer acquisition which has been determined by *p*-value of 0.0001, with a one-unit

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T-statistics ((O/STDEV))	LCI	HCI	p-values
Manager's experience → Customer acquisition	0.349	0.350	0.085	4.079	0.182	0.513	0.000
Service concept → Customer acquisition	0.338	0.341	0.082	4.097	0.177	0.499	0.000
Manager's experience*Service concept → Customer acquisition	0.267	0.260	0.066	4.071	0.115	0.373	0.000

Source(s): Table by author

Table 1. Hypothesis testing



Source(s): Figure by author

Figure 2. The structural model

increase in manager's experience leading to a 0.349 increase in customer acquisition. This suggests that more experienced managers are better equipped to attract and retain customers. Similarly, the service concept also significantly influences customer acquisition by p -value of 0.0001, where a one-unit improvement in the service concept results in a 0.338 increase in customer acquisition. Moreover, Figure 3 illustrates the moderation effect of the manager's experience on the relationship between service concept and customer acquisition. It demonstrates varying levels of a manager's experience influence the relationship. It reveals that as managerial experience increases, the effectiveness of improving service concept and customer acquisition. In addition, the interaction between manager's experience and service concept is significant with the p -value of 0.0001 and positive, with the combined effect of these factors leading to a 0.267 increase in customer acquisition as presented in Table 1. This interaction highlights that when managerial experience and service innovation are effectively integrated, they have a greater impact on customer acquisition than when applied individually, emphasizing the critical role of both elements in driving business growth.

5. Discussion

The findings offer insights into service offerings within SACCOS. The model provides the results that service concept are positive and significant influencing the customer acquisition. In a practical way it shows that, when SACCOS comes out with new service as a solution to

customer needs, improve the existing service processes and enhanced internal service delivery systems determine the acquisition of customers. Therefore, it appears that additional service offerings are the determinants factor in SACCO's customer acquisition. These findings may indicate that existing, new and differentiated services, such as serving accounts, insurance services, mobile banking services, financial education services do represent a viable strategy for SACCOS to attract new customers. Therefore these results suggest that, when businesses introduce innovative services or modify existing ones, they can gain a competitive edge, which can, in turn, attract more customers. It is because, service modification often involves enhancing the value proposition presented to customers. This increased value proposition creates the business more attractive to potential customers, thereby amplifying the odds of acquiring them.

Favorably, these results align with studies such as of [Chang and Lee \(2020\)](#), [Luca et al. \(2021\)](#), [Meyer et al. \(2002\)](#) and [Singhal \(2021\)](#) which reveal a positive and significant relationship between service offerings and customer acquisition. Likewise these findings are alignment with the findings of the study, the research conducted by [Dibie et al. \(2019\)](#) revealed that the strategic utilization of cutting-edge technology to deliver banking services and products, without the necessity of physical branches, yields multifaceted benefits. The results here was similar to the results of the study conducted by [Çakan et al. \(2022\)](#) who explained that branchless banking is a term used to describe the use of modern technological resources to provide banking services and products without the need for physical branches. Likewise the results are the same with the SDL, service quality and RBV theories. This finding also aligns with SIMCA that emphasize that innovation include changes or improvements in service, SDL, service quality, CRM and RBV theories idea that innovation can lead to market disruption and the creation of new opportunities for firms. The study conducted by [Dibie et al. \(2019\)](#) proposed that businesses should be passionate about including certain features that satisfy their customers in order to continuously attracting new clients. Furthermore, the introduction of new service offerings requires tailored strategies to meet the exceptional financial demands of customers, which calls for comprehensive market research, understanding of customer insights and fulfillment with legal requirements as suggested by [Makona et al. \(2023\)](#).

The findings also reveal that managerial experience is a key determinant of customer acquisition. As managers gain more experience, they develop a deeper understanding of customer needs, behaviors and the most effective strategies to influence and engage them. This accumulated knowledge enables managers to anticipate customer preferences and tailor their approaches to meet those needs more effectively. Additionally, experienced managers are better equipped to interpret market trends and customer behavior, allowing

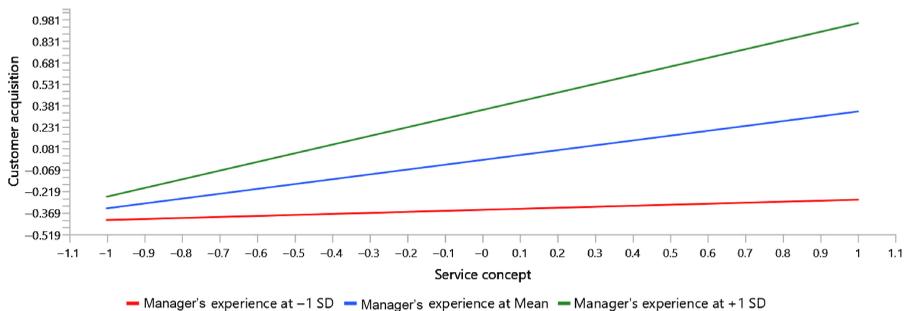


Figure 3.
The moderation effect of manager's experience

Source(s): Figure by author

them to time their actions strategically and capitalize on opportunities. Their familiarity with emerging technologies further enhances their ability to innovate in ways that attract and retain customers, ultimately driving customer acquisition and business growth. This results are in line with [Elias *et al.* \(2018\)](#), [Sipe \(2016\)](#) and [Timothy \(2022\)](#) which shows that experienced manager has acquires more work experience, he/she acquires more skills, techniques and methods specifically in improving performance capabilities.

The final analysis on the moderating effect of manager's experience on the relationship between service concept and customer acquisition revealed a statistically significant and positive relationship. Given that manager's experience was found too positively and significantly impact customer acquisition, the study also tested its moderation effect on this relationship. The results indicated that manager's experience moderates the relationship by enhancing it in a positive direction. Specifically, when an organization designs, modifies, or innovates for customers, experienced managers play a crucial role in improving processes and decision-making. They ensure that these changes meet customer needs, utilizing their advanced skills, techniques and methods to optimize outcomes. This study is has similar results with [Sipe \(2016\)](#) which shows that experienced managers connecting, energizing and refreshing to improve service ideas. Furthermore, [Ogboro and Obeng \(2001\)](#) shows that by recognizing trends in the market, optimizing service features, pinpointing important areas for development. Experienced managers skillfully handle changes ([Timothy, 2022](#)), coordinate processes with customer-centric values, cultivate a customer-centered culture, and effectively incorporate feedback ([Arnold *et al.*, 2011](#); [Dibie *et al.*, 2019](#); [Sipe, 2016](#)).

6. Conclusion

The results emphasize how crucial service offerings are to SACCOS client acquisition. The model demonstrates how improving current services and offering new ones have a big influence on drawing in new clients. The findings underline the importance of adaptive strategies and innovation for sustained growth and competitiveness in SACCOS. Comprehensive market research and understanding of customer insights are crucial for enhancing acquisition efforts and remaining relevant in the evolving financial landscape. The findings are consistent with other research that highlights how branchless banking and creative service delivery may draw in clients. Furthermore, managerial experience is essential since it improves the efficacy of service improvements by helping managers better comprehend market trends and consumer wants. The study also shows that managerial experience plays a positive moderating role in the relationship between customer acquisition and service innovation, highlighting the significance of managerial experience in promoting business success.

6.1 Implications

This study suggests that SACCOS and similar financial institutions should prioritize service modification and innovation as key strategies for driving customer acquisition. The findings emphasize the significant impact of innovative service adaptations on attracting and retaining customers. Therefore, SACCOS should allocate resources to identifying areas for service improvement, leveraging technology and implementing creative service delivery strategies. While customer centricity is often promoted as essential for customer acquisition, the study indicates that its direct impact may be less pronounced in certain contexts, such as SACCOS and financial institutions. This suggests a need for SACCOS to reassess their customer-centric programs and ensure they align with the specific needs and preferences of their target customers. Collaborative brainstorming, market research and engagement with customer feedback can help generate novel service concepts that resonate with their

audience. SACCOS should focus on offering specialized services and exceptional customer experiences to enhance their acquisition efforts. Emphasizing these qualities in marketing campaigns, online platforms and customer interactions can effectively attract potential customers to engage with SACCOS.

Again, the results indicate that managerial experience significantly enhances the relationship between service concepts and customer acquisition. Therefore it implies that, experienced managers improve the effectiveness of service innovations by aligning them with customer needs and optimizing processes. Their skills and market knowledge ensure that service changes lead to successful customer acquisition. The findings suggest that organizations should leverage experienced managers when implementing new services, as their expertise positively influences the outcome, making service innovations more effective in attracting and retaining customers.

6.2 Areas for further studies

The current study used cross-sectional design as to find out the snap picture of how innovation influences customer acquisition. Another study can be conducted using longitudinal design to assess the long-term influence of service innovations on customer retention and acquisition. This could help in understanding whether initial gains in customer acquisition are sustainable over time. Longitudinal studies would enable researchers to differentiate causal relationships, capture changes over time and assess the sustainability of the observed effects. Such an approach would offer a more comprehensive understanding of how service concept influence customer acquisition trends in the dynamic financial landscape Furthermore, the current study have highlighted the importance of experienced manager on improving customer acquisition; future study can be on the specific managerial skills and competencies that most significantly impact customer acquisition. This could involve identifying which managerial practices or decision-making strategies are most effective in different types of SACCOS.

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