

FACTORS INFLUENCING BRAND LOYALTY AMONG MOBILE SERVICE SUBSCRIBERS IN ELDORET SUB - COUNTY, KENYA

by Arnold aruwa

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**FACTORS INFLUENCING BRAND LOYALTY AMONG MOBILE
SERVICE SUBSCRIBERS IN ELDORET SUB - COUNTY, KENYA**

BY

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**A Research Project Proposal Submitted in partial fulfillment of the
requirements of the award of Master of Business Administration
Degree, School of Business, University of Nairobi.**

SEPTEMBER 2016

DECLARATION

This research proposal is my original work and has not been presented to any other institution of learning for the award of a degree or any other academic certificate.

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Arusei Sheila

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Date

This research project has been submitted for examination with my approval as the student supervisor.

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Dr. Mary Kinoti

Supervisor

.....

Date

DEDICATION

To my girl Victoria, God bless you. Indeed you are the promise from God that I will have a friend forever. To Mum I am because of you. You are a fountain of inspiration. Thank you for your unending support.

ACKNOWLEDGEMENT

Special thanks goes to the Almighty God for the gift life and strength which has enabled me to come this far. I would also like in a special way to acknowledge with much appreciation the crucial role played by my supervisors, DrMary Kinoti, for her invaluable support and guidance at University of Nairobi.

Further, my gratitude and appreciation go to all those individuals and organisations whose contributions facilitated completion of this research work. I am sincerely grateful for those who shared their truthful and illuminating views on a number of issues related to the paper in a bid to improve the document.

Finally, I would like to appreciate the guidance given by the panelist especially in my research presentation that has improved my presentation skills and the quality of my document. God bless you all.

ABSTRACT

Globalization, technological change and the ever-rising customer demands have had a huge effect on the modern business environment, which exhibits huge competition. The high competition and rising levels of uncertainty has posed as a major challenge for organizations' management. To be able to survive the competition, organizations require formulating effective strategies all aimed at reducing costs and improving performance. This is majorly achieved through constant observing and analysis of the companies supply chains. Consumer brand loyalty is regarded as an important strategy that has been adopted by companies. ² Brand loyalty is important due to its core element status in ² company strategy, management, and ² financial significance in quantifying intangible assets. The main objective of this study was to investigate the factors that influence brand ¹ loyalty among mobile phone service subscribers and ¹ what are the barriers to customer loyalty and retention among subscribers of mobile telephone services in Kenya. Cross sectional survey design was employed in the study with data being collected from the mobile subscribers in Eldoret Sub County. The findings were that money transfer services, availability of values added services such as payment of utility bills various tariff arrangements within/across networks, efficiency of customer care staff, and Network clarity/coverage affected customer loyalty. Others included reward points, effective promotional campaigns, and internet connectivity. The study revealed that most of the subscribers would recommend Safaricom and Airtel mobile service providers to their friends. The recommendations of the study were that mobile telephone providers could remain competitive when they are able to meet their customers. The services should be affordable. There should also be more emphasis on mobile transfer service.

This study's finding would ² finding of this study has implications for managers in the mobile telephony industry while developing their customer loyalty programs. With the strong effect of the mobile phone ² communication in the Kenyan economy, it is important to ensure that customers maintain a high level of loyalty to their service providers in the mobile telephony industry by continued use of such services as money transfer services, the internet and payment of utility bills.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

According to Frempong (2009), mobile telephony is amongst the leading areas in Information & Communication Technology (ICT) services. According to International Telecommunications Union (ITU), the number of mobile service subscribers in the world totaled almost 6 billion by the end of 2012, with the Americas, Asia, Europe and Africa having 1.08 billion, 3.5 billion, 790 million and 545 million respectively (ITU, 2012).

The liberalization of the telecommunication sector in Kenya in the 1990's created an oligopolistic market often characterized by intense competition for market share. This has seen the number of Kenyan mobile phone subscribers grow from 180,000 in the year 2000 to 7.5 million in the year 2003 and 30.6 million by June 2013, this represents 77.3% of the total market penetration (CA, 2013). Though the market is liberalized, Communication Authority of Kenya is mandated to regulate the sector through the implementation of policies geared towards promoting growth in the mobile sector and regulating of competition and ensure subscribers rights protection so as to enable the country achieve Universal access anchored on the country's vision 2030.

Currently, there are three major mobile phone service providers in the market namely; Safaricom Ltd, Airtel Networks and Telkom Kenya each commanding 69.9%, 15.2% and 8% of the market share respectively (CA, 2013). Competition is strong and dynamic in most markets, therefore it is essential for firms to keep developing new products as well

as modifying its current products to meet changing customer needs and competitors' actions.

1.1.1 Concept of Brand Loyalty

Competition is one of the major characteristic of the modern business environments. In a means to survive the competition, companies have to enact innovative strategies to improve performance. Brand loyalty is at the epicenter of the company's strategy management, and financial significance in quantifying intangible assets.

In a highly volatile marketing environment, the concept of brand loyalty helps a firm to gain competitive advantage because of its ability to promise a stable and a potential market for existing and new brands; reduced marketing costs of doing business through acquisitions, maintenance and retention of customers and providing trade leverage since strong loyalty will enable a brand command a premium.

According to Krugman (1998) loyalty is the act of an individual re-buying and re-patronizes a product despite the situational influences that try to make them switch behaviour. Customer loyalty is not about the product or service but rather about the customer's satisfaction or ⁴ feelings and perceptions about the business enterprise (Krell, 2006). According to Kotler (2003) the cost of bringing a new customer is 16 times profitability than the lost customer hence it is important to retain a customer than to attract them. Therefore, the concept of brand loyalty helps a firm to gain competitive advantage.

1.1.2 Organization Performance

Increased globalization and liberalization has increased industry economic turbulence hence a greater need for firms to establish sustainable competitive advantage by offering products/services which subscribers perceive to be of superior value (good quality at a low price) or better quality that are worth a premium price.

Kenyan mobile industry has experienced a rapid growth with it growing from the duopoly in 2013 to oligopoly. As of the first quarter of 2012/2013, the industry had 30.4 million subscribers. The growth has been realized due to the improvement in the wireless technology leading to fast enrollment of mobile networks (Zhen & Rossotto, 2009). Government policies led to the privatization and liberation of the mobile telephony industry (Sewe, 2010). Liberation of the industry led to increased innovation and competition, which stimulated efficiency and growth of the mobile sector (GoK, 2010).

The strength of a brand in the market however, whether service based or tangible, is dependent on a strong supply of loyal customers. It is becoming more and more evident that a firms' chosen marketing strategy should be based on competitive advantage to achieve sustained business success. During the 2012/13, the Kenyan mobile phone subscribers totaled 30.6 million by June 2013. This represents 77.3% of the total market penetration (CA, 2013). According to Communications Authority of Kenya (CA), Safaricom had registered 20.8 million, Airtel 5.5 million, Essar 2.8 million and Telkom 2.2 million of the mobile subscriptions. Safaricom Ltd, Airtel Networks and Telkom Kenya each commanding 69.9%, 15.2% and 8% of the market share respectively (CA, 2013).

1.1.3 Telecommunication Sector in Kenya

The Kenyan telecommunication sector has come of age since its liberalization in the 1990's. The sector comprises of fixed line and mobile phone usage, the internet, the bandwidth and mails (letters). According to Communication Authority of Kenya (CA), Kenya has a mobile phone subscription base of over 36 million and the demand for fixed lines is at a declining trend currently standing at 216,469 subscribers. Internet usage and international bandwidth connectivity now stands at 10.2 million subscriptions and 20,209.56Mbps respectively.

1.1.4 Mobile Phone Service Providers in Eldoret Sub County

Currently there are three active mobile service providers in Kenya namely; Safaricom Ltd, Airtel Networks Kenya Ltd and Telkom Kenya Ltd (Orange). According to Communications Authority of Kenya (CA), Safaricom accounted for 20.8 million, Airtel 5.5 million, Essar 2.8 million and Telkom 2.2 million of the mobile subscriptions. Kenya's mobile penetration had reached 79.2 percent by June 2014. Data indicated that Kenyan subscribers stood at 32.2 million by end of June 2014 representing over 73 % of the population accessing the service, compared to 7.5 million subscriptions in the 2003 (CA, 2014). This is as a result of an increase in demand for smart phones, reduction in the value of calling rates, increase in network coverage, the Government's initiative of zero-rating mobile handsets and the drop in the price of SIM cards (CA, 2012/2013).

The mobile phone service providers realizing that previously employed strategies such as the basic services of voice calls and SMS and other promotional strategies could easily be copied by the competition had to find means to retain their customers. For instance, Safaricom's dominance in the mobile money transfer service (M-Pesa) untransferable

data bundles have given the company a competitive edge. The entry of Bharti Airtel, which pioneered the low cost model in 2010, saw the reduction in both on net and off- net voice rates is another notable development.

However, the most current and perhaps the most significant development is the laying of fiber infrastructure by the National Optic Fiber Infrastructure (NOFBI) countrywide. The current interest by Equity Bank to enter into the mobile money transfer service via the Thin SIM Technology is not only aimed at challenging Safaricom's dominance in the mobile money transfer service via Mpesa but will also offer mobile subscribers an alternative at a lower cost.

The Thin SIM Card can work alongside all mobile phone operators in Kenya- Safaricom, AirTel, yuMobile and Orange. In spite of the above developments, the industry has experienced various challenges such as high government licensing fees, government interference in the elimination of call termination rates (CTR)), high tax rates, cheap and counterfeit handsets flooding the market, market dominance by some players in the sub sector, cable vandalism and sabotage to mention but a few.

1.2 Research Problem

Globalization, technological change and the ever-rising customer demands have had a huge effect on the modern ² business environment, which is characterized by huge competition. The high competition and rising levels of uncertainty has posed as a major challenge for organizations' management. To be able to survive the competition, organizations require formulating effective strategies all aimed at reducing costs and improving performance (Black et. al, 2000). Consumer brand loyalty is one of the strategies that is being used by most organizations. The concept of brand loyalty provides trade leverage to a firm since strong loyalty toward brands will enable a brand command a premium price and ensure preferred shelf space; more so brand loyalty leads to the ease of attracting meeting the needs of new customers providing the customer base which helps in building the image brand.

The mobile telephony market in Kenya has undergone major developments. Safaricom's Mpesa in 2007 pioneered M-payments. This was to be copied later on by other players in the sector who developed similar products. Using the same platform, partnerships have been formed between mobile telephone providers and commercial institutions. For example, several M Banking products have been developed such as KCB Connect, M-Karo and Co-op M banking by the Co-operative bank, Hello Money by Barclays bank, Sim-ple banking by National bank, MKesho by Equity bank among others.

Several studies on brand loyalty on goods and services have been done both locally and internationally. ¹ Brodie and Cretu (2007) dwelt on brand, image and reputation on

customers' perception of product and service quality, customer value, and customer loyalty. Oyieko (2011) explored factors affecting brand loyalty in the private security industry in Kenya. Mwanika (2009) studied factors affecting brand loyalty of toilet soaps in Kenya. Murugu (2008) studied the level of customer satisfaction and its impact on loyalty in Zain now Airtel. Similarly, in his study, Gichuru (2003) investigated brand switching in the mobile telephony business in Kenya. Awour (2012) on the other hand sought to find out consumer's brand loyalty in the mobile telephony sector in three major towns in Kenya namely Nairobi, Mombasa, Kisumu and Nakuru.

Despite several studies that have been done in the area of brand loyalty, no known study to the researcher has been done on influence of brand Loyalty strategies on performance of mobile service providers. Therefore, a gap of knowledge exists. The researcher will attempt to fill this gap by answering the following research question; what factors influence consumer brand loyalty towards mobile phone service provision in Eldoret Sub County.

1.3 Research Objective

To investigate the factors influencing brand loyalty among mobile phone service subscribers and what are the barriers to customer loyalty and retention among subscribers of mobile telephone services in Eldoret Sub County.

1.4 Value of the Study

It is hoped that the study will be used as practicing managers as the decision makers to improve on mobile phone policies as well as improve on the current weaknesses in the

sub-sector. By identifying the major reasons as to why some mobile phone service providers retain high market shares despite their higher calling rates.

This study will assist market followers to find out why the strategies so far employed may not be working as expected and chart the way forward to change the trend. It also is envisaged that the study will not only help all players identify potential marketing strategies in brand management but also help them take advantage and focus more on those factors that are more valuable to customers, thus able to increase their market share, growth and profitability. Further, the result of this study could serve as a decision making tool to the organizations in the telephony and service industries maximize the value of their brands.

The government will be able to formulate and implement policies geared towards promoting innovation and competition, which will help in growth of mobile telephony sector as the country, strives to achieve Universal access anchored on the country's vision 2030.

To the academic institutions, the study aims to add knowledge base to existing literature on consumer brand loyalty. To the academicians and other researchers wishing to carry out further research, the research will contribute to the existing literature in brand management. Further, the study will also be a source of reference material for future researchers on other related topics or other academicians who will undertake the same topic in their studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explores what other scholars have researched on or written regarding influence of brand loyalty strategies on the performance of mobile service providers among their subscribers. It will also try to find out the inherent value of brand loyalty to the telecommunication industry and the possible factors that determine mobile subscribers' loyalty.

2.2 The Concept of a Brand

According to Keller (1994), Aaker (1991) and Kotler (2003) a brand is defined as a name, symbol, item, sign or design, or a combination of them all, intended to identify the goods and services of a seller or a group of sellers and differentiate them from those of competitors. Aaker states that a brand reassures the customer of the source and quality of the product. The major factor to creating a successful brand is thus to choose a name, symbol, package, design, or other attributes that identifies a product or service and differentiates it from those of would be competitors. These are what are called brand elements (Aaker, 1991).

Masters (2005) defines a brand as a promise of benefits; it is a combination of perceptions in a customer's mind about their association with the brand and what value the brand brings to the customer. On the other hand Omune (2008) regards a brand as being the experiences and association an individual has attached to an organization, product or service. Further Randall (2000) states that a brand is characterized by unique name, identity, differentiation, quality, and guarantee.

2.2.1 Brand Loyalty

Brand loyalty is defined as an individual's commitment to a certain product or service. Other market forces do not always affect this commitment. According to Krugman (1998) loyalty is a strong commitment to a product that leads to an individual re-buying and re-patronizing without considering the market situation. Such individual do not switch their behavior when it comes to choosing the product.

Shoemaker and Lewis (1999) state that brand loyalty can be achieved when the customer needs in terms of the product and services are met. According to Novo (2002), loyalty to a customer is the tendency to choose one business or a product over another. Further, Jacoby and Kyner (1999) defined brand loyalty in terms of the behavioural response and psychological process. Brand loyalty can be conceptualized as a cognitive, attitudinal, or behavioral phenomenon. All the three approaches (cognitive, attitudinal, and behavioral) have their merits and interact with each other (Evans 1997). Schiffman (2000) argues that a more favorable attitude towards a brand, service or store compared to potential alternatives together with repeat patronage, are all seen as the requisite components of customer loyalty.

Different authors have presented different perceptual and cognitive factors that influence repeat purchases resulting to brand loyalty. According to Aaker (1991) and (Kotler and Keller, 2003), brand awareness, brand associations and perceived product/service quality form the major components of brand loyalty.

Oliver, (2005) in his research categories customer loyalty into three categories; behavioral approach which studies the customers purchase trends and determines the customer loyalty through measure of frequency and possibility of purchase. Secondly, the attitudinal approach which mainly uses the customers psychological involves Attitudinal favoritism and a sense of good will towards a particular product or service and thirdly, integrated approach, which takes account of both the two approaches in order to create its' own concept of brand loyalty. One can conclusively say that for brand loyalty to exist consumers exhibit certain behavior towards the brand. This behavior reflects some degree of attachment to the brand, repeat purchase, possible attitude towards the brand and some level of commitment towards the brand (Aakar, 1991).

According to Duffy (2003) brand loyalty is built based on several factors all aimed at keeping customers. Some of the foundations of brand loyalty include customer relationship management, customer retention, and one-to-one marketing. These factors also have direct impact on corporate profit. Randall (2000) argues that for consumers to be loyal to a brand, it should be clear and outstands the other products in the market, and show buyers how it is unique and must offer more than the generic product. According to Fornell (2002) loyalty manifests itself in a variety of behaviors such as recommending a service provider to other customers and repeatedly patronizing the service provider.

Customer loyalty is based on the customer's feelings about the product or service. It, therefore means that the physical factors and price are not the key factors to establishing brand loyalty (Krell, 2006).

2.2.2 Brand Loyalty and Brand Equity Concept

Brand assets and liabilities constitute brand equity. The assets and liabilities are things that add or subtract the values of a product (Aaker, 1991). Brand Equity comprises of Brand Loyalty, Name Awareness, Perceived quality, Brand Associations and Other proprietary Brand Assets.

The relationship and value of brand equity to a name or symbol provides value to customers by enhancing customer's interpretation / processing of information, enhance confidence in the purchase decision, and use satisfaction. On the other hand, brand equity provides value of a firm by enhancing efficiency and effectiveness of marketing in setting up of prices and when considering brand extensions.

The inclusion of brand loyalty as part of brand equity is important for two reasons. First, the customer loyalty commands create brands value to a firm. Second, is with the loyalty being considered as an asset, it helps in the creating and enhancing brand equity (Aaker, 1996).

2.2.3 Levels of Brand Loyalty

There exist different levels of brand loyalty and as such a greater challenge to marketers. Aaker (1991) classifies brand loyalty into five levels thus; *Switchers/Price sensitive (non-brand loyal)* who are completely indifferent to the brand. Each brand is perceived to be adequate and the brand name plays little role in their purchase decision; *Satisfied/Habitual Buyer (no reason to change)* who are satisfied with the product and at

least no degree of dissatisfaction sufficient to necessitate any switching; *Satisfied buyers with switching cost* i.e. customers who are satisfied but cautious of time, money or performance risk associated with switching.

Those who *Like the brand (consider it a friend)*. They truly like the brand and their preference may be based on associations such as symbols, a set of user experiences, or high perceived quality and finally, *committed Buyers*. They are at the top level and have pride of discovering and/or being users of the brand. The brand is very important and defines who they are. Their confidence is such that they will recommend the brand to others.

2.3 Factors influencing Brand Loyalty

Mobile phone industry in Kenya is very dynamic. To survive, firms have to come up with effective strategies that will enable them to remain at the top of their competitors.

Farrell and Klemperer (2004) notes that the leading service providers always remain at the top of their competitors due to their ability to provide quality service which includes, good network coverage, customer service packaging and pricing because they are able to retain their high-value mobile users who contribute to the significant bulk of their overall mobile revenue.

Porter's economic theory hypothesis establishes that there exists a strong relationship between customer loyalty and economic pricing (Porter's, 1985). However, perception could affect this view since perceived quality; image and brand loyalty could make the customer to accept the premium price. According to Best (2009), what is perceived to be an acceptable price may not be attractive to customer due to switching of costs and

loyalty a competitor's brand. It therefore means satisfaction and customer loyalty remains Porter (1985) in his study on competition forwarded a five forces theory model and concluded that two elements shape the industry; industry structure and value creation through a firms' competitive strategies.

Porter emphasizes that if firms are to produce sustainable profits, they must also establish and sustain a 'healthy' industry to capitalize on the benefits of value creation. He argues that the threat of new entrants and substitute products influence competition as do the bargaining power of suppliers and customers. For instance, the entry of Bharti Airtel, which pioneered the low cost model in 2010, saw the reduction in both on-net and off-net voice rates from as high as KES 50 per minute to a low of KES 1.00 for calls within the same and KES 3.00 when calling other mobile networks respectively.

Porters' third force- Bargaining Power of Suppliers has been demonstrated by Safaricom's dominance in the mobile money transfer service via M-Pesa and other data bundles have given the company a competitive edge. However, this competitive advantage may be challenged soon owing to the current interest by Equity Bank to enter into the mobile money transfer service via the Thin SIM Technology which is not only aimed at upsetting Safaricom's dominance in the mobile money transfer service via Mpesa but will also offer mobile subscribers an alternative at a lower cost, hence more customer bargaining power due to a variety of more affordable options from different suppliers of this service.

Porter (1985) further identified two more competitive strategies that firms can employ to gain competitive advantage namely; cost leadership, differentiation and Focus. Cost

leadership is where there exists only one lowest cost operator. ³ Cost leadership requires that a firm be the cost leader, and not one of several firms claiming the same position ³ otherwise it is a difficult strategy to pursue. Differentiation strategy on the other hand is ³ creating value by enhancing the competitive advantage to the buyer (Porter 1985). Focus being another competitive ³ strategy exists when cost leadership or differentiation is applied to a market segment/niche.

Technological innovation as another strategy could be more advantageous and invisible hand price competition. This has been proven by safaricom's M-Pesamobile money transfer service that has seen it dominate the market and given the firm a competitive edge and provides firms with the incentive necessary to ⁴ develop new products and processes. Innovation phenomena therefore must be at work in service firms (Gallouj, 1994).

Dicke (1992) in his study on the other hand opined that service provides secure local distribution of their products through franchising. Their main objective for franchising is to achieve uniformity and reduction in costs without them distorting brand identity. ¹ Zeithaml et al. (1996) further proposed that when service quality is improved, it increases the favourable behavioural intentions of customers while decreasing the unfavourable behavioural intentions.

Corporate brand image and reputation have been found to be the driving forces behind ¹ customer loyalty and profitability. This is because brand image has important influence on product/service quality, and service positioning, marketing, and profitability in the service industry (Best, 2009). Customer's perception of value is hugely influenced by the

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firm's reputation in providing value. Again, these benefits extend to flanker brands though to a limit (Sheinin and Schmitt, 1994).

According to Gronroos (1984) technical and functional quality are perspectives which consumer view services. The technical quality serves to determine customers' expectations and meet them. The functional quality serves to measure service delivery.

Parasuraman et al., (1985), Berry and Zeithaml (1988), used SERVQUAL Model as strategy to measure customer loyalty. They viewed service quality as what the customer perceived to be that they actually received

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Parasuraman et al., (1988) collapsed the original 10 dimensions of service quality into 5 thus: *Reliability*: the capability to complete a certain task dependently and accurately. *Responsiveness*: the will to help or provide support to customers. *Assurance*: the ability to build trust and confidence among customers. *Empathy*: ability to care and remain attentive to customer demands. 1
Tangibles: appearance of physical facilities, equipment, personnel, and written materials.

2.4 Benefits of Brand Loyalty

Brand Loyalty of existing customers is considered to be very valuable asset that needs to be well managed and exploited to maximize its value (Aaker 1991). Brand loyalty provides value through reduced marketing costs because customers are willing to search for that brand they are accustomed to and hence less advertising frequency, resulting to lower costs in awareness and distribution campaigns (Kyner, 2003). Also brand loyalty helps to create a trade leverage since a well-known brand will ensure preferred shelf space in stores as they are likely to be bought.

Brand loyalty to a firm means its ability to promise a stable and potential market for existing and new brands the company may introduce since strong loyalty towards brands will enable a brand command a premium price and ensure preferred shelf space as distributors know that customers know and trust such brands (Rowley, 2005). Smith and Park (2002) alludes that brand loyalty enables a firm attract new customers easily. They continue to claim that large satisfied customer base depicts a good brand image. A good brand image makes product successful and increases market share. Smith further argues that brands with greater market share have demonstrated greater levels of repeat purchase habits among buyers of certain brands.

According to Shoemaker and Lewis (1999), a true loyalty and strong brand image is difficult to be established without the incorporation of attitudinal parameter. This observation is supported by Dick and Basu (1994) who stated that customer loyalty can be attained by observing the positive and negative attitudes of the customers towards an object. They also observed that the customers' behavior of being loyal depends on their satisfaction with the service. A satisfied customer will always recommend the product to other customers influencing their decision to purchase the product.

A stream of loyal customers contributes to a firm's gaining greater share of the market. ¹ According to Best (2009), gaining market share is reflected in a firm's marketing mix such as promotion strategies, product positioning, pricing strategies and service strategies all aimed at providing satisfied services to its customers.

2.5 Measuring Brand Loyalty

To be able to understand brand loyalty and its management, it is important for marketers to consider approaches to its measurement. Measures of loyalty can be divided into two. *Behavioral measures* which consider actual purchase patterns in terms of repurchase rates, percentage of purchases of certain brands and number of brands purchased. The higher the repurchase rate and percentage of purchases for a certain brand the higher the loyalty of that customer towards the brand. On the other hand, analysis of *switching costs* can provide insight into the extent to which switching cost provides a basis for brand loyalty. If it very expensive and risky for a consumer to switch service providers then the attribution rate of customers will be lower. Other approaches are based upon the loyalty constructs of switching costs, liking and commitment (Aaker, 1991).

Measuring satisfaction enables one to ascertain the level of customer loyalty. It is prudent for a marketer to gauge the existence and degree of customer irritation, problems, switching as well as their sources and possible ways to mitigate them to avoid switching. *Liking of the brand* involves establishing if customers like the firm, its brands, the feeling of friendship, trust or respect towards the firm or the brand as well as the warm feeling towards the brand or firm. More so, the strongest brand, the one with extremely high quality, will have the highest number of committed customers; this amounts to the measure of commitment.

2.6 Factors that determine or affect level of brand loyalty

After marketing' activity is a necessity and of importance in building a lasting relationship with customers to extend their life time. Keller (1998) offers examples of specific activities to nurture loyalty and build relationships thus; establishing and maintaining a customer information file, 'blueprinting' customer feedback, conducting

customer satisfaction survey, formulating and managing communications programs, hosting special customer events or programs, identifying and reclaiming lost customers.

Aaker (1991) supports the argument of enhancing loyalty as follows: First, treat the customer right, Secondly, stay close to the customer by encouraging customer contact to make them feel valued. Thirdly, measure/manage customer satisfaction. He advises marketers to conduct regular surveys of customer satisfaction (dissatisfaction) to understand how customers feel towards their products. Fourthly, create switching cost. This can be done by solving customer's problem, which could involve redefining customers business. Finally, provide extras. Provision of a few extra unexpected services changes a customer's attitude from tolerance to enthusiasm.

Kotler (2000) reiterates that the brand should develop deep relationships with the customer group where the brand becomes meaningful part of the customer's life. When this occurs the customer will be highly loyal. Sufficient knowledge on the determinants of brand loyalty such as availability of the brand (Asanel, 1998), Image of brand versus the customer self-image (Aaker, 1991); the image of the firm and the level of satisfaction and/or dissatisfaction must be addressed.

3.1 Introduction

This chapter outlined the overall methodology that was used to obtain, analyse and present data. Specifically, it included research design, population of study, sample size and sampling design, data collection procedures, data analysis and data analysis technique.

3.2 Research Design

The study adopted a descriptive cross sectional survey method to determine consumer brand loyalty in the mobile telephony in Kenya. According to Kothari (2003) there is a flexibility in design making allowing for a different view of the problem and allows the researcher to consider many different aspects of a problem and seeks to describe the phenomenon or characteristics associated with the subjects, i.e seeks to find out who, what, where, when or how of a phenomenon, Cooper and Schindler (2006), hence helping the researcher to gain new insights and ideas about a problem.

3.3 Population of study

The population of interest was residents of Eldoret Sub County with a population of 289,380 (According to Kenya Bureau of Statistics, census 2009) and as sample was drawn from the total population as indicated on 3.4 below.

3.4 Sampling Size and Sample Design

A representative sample of 300 subscribers was selected for the study and was divided into four strata (locations) namely Eldoret East, Eldoret West, Eldoret Central (CBD) and Eldoret West. Each stratum was further subdivided into three categories based on their socio-economic class depending on their income levels (Low income, Middle income and High income classes) and was proportionally represented to ensure that the sample cuts across all mobile phone users in the town as depicted in the Table 3.1. This allowed for generalizations of the results as stated by Mugenda and Mugenda (1999)

Table 3.1: Sample size

Residential Area	Social Class			Total
	Low Income	Middle Income	High Income	
Eldoret East	25	25	25	75
Eldoret West	25	25	25	75
Eldoret CBD	25	25	25	75
Eldoret South	25	25	25	75
Total	100	100	100	300

Source: (Author, 2016)

3.5 Data Collection Methods

Primary data was used for this study. The data was collected using semi-structured questionnaires which included both closed and open ended questions. The open-ended questions allowed collection of specific data relevant to the study that may have been omitted during the questionnaire design stage. The questionnaire had four parts; “Part A” background information, “Part B” Factors influencing brand loyalty “Part C” levels of brand loyalty and “Part D” Influence of brand loyalty strategies on the performance of Mobile Phone service providers. The Questionnaire was administered through drop and pick method to avoid influencing the respondents hence ensuring objectivity in the study findings.

3.6 Data Analysis

To establish the factors that influence brand loyalty of consumers to a mobile telephone service provider in Kenya and determine the levels of brand loyalty the data was edited, coded and then analyzed using descriptive statistics which enabled the researcher to draw conclusions and make recommendations. The researcher used both quantitative and qualitative data analysis techniques for this study because both approaches complement each other (Reinhardt and Cook, 1979). Quantitative data was analysed with the help of the Statistical Package for Social Sciences (SPSS) version 20.0. To start with, the data collected by use of the questionnaires was coded, assigned labels to variables' categories and fed into the computer. Frequency tables, percentages, and pie charts were used to present the information. For qualitative data, from open ended question, content analysis was used to present the findings. Here, common characteristics obtained and the data so collected will be clustered according to the themes in the research objectives.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the data analysis and interpretation on factors influencing brand loyalty among mobile phone service subscribers, the barriers to customer loyalty and retention among subscribers of mobile telephone services in Eldoret Sub County. The analysis has been presented based on research objectives.

4.2 Response Rate

	Frequency	Response rate (%)
Responded	233	78
Not responded	67	22
Total	300	100

A total of 300 questionnaires were distributed to respondents. Out of these, 233 respondents filled and returned their questionnaires yielding a response rate of 78%. Mugenda and Mugenda (2010) assert that a response rate of 70% and above is adequate for academic research. Therefore, the findings, discussions and conclusions are based on 78% response rate.

4.3 Demographic Information of the Respondents

The section below presents the demographic information of the respondents who participated in the study.

4.3.1 Gender of Respondents

The study wanted to establish the gender of the respondents.

Table 4.2: Gender of Respondents

	Frequency	Percentage
Male	127	57
Female	97	43
Total	224	100

According to the results in Table 4.2, 57% were male while 43% were female. This implies that the researcher tried as much as possible to avoid gender bias.

4.3.2 Age of Respondents

The researcher wanted to find out about the age bracket of the respondents. The results are as shown in the Table 4.3;

Table 4.3: Age Bracket of Respondents

Age Bracket	Frequency	Percentage (%)
Below 20 years	19	8
20 – 27 years	65	29
28 - 35 years	81	36
Over 35 years	59	26
Total	224	100

According to the findings, 36% of the respondents were aged between 28-35 years, 29% were aged between 20-27 years, 26% were aged over 35 years, while 8% of the respondents were aged below 20 years respectively. This implies that the researcher included opinions of all age categories, the young and the old.

4.3.3 Marital Status of the Respondents

The Table 4.4 presents the results on marital status of the respondents who participated in the study.

Table 4.4: Marital status

Marital status	Frequency	Percentage
Single	98	44
Married	126	56
Total	224	100

According to the findings, 56% of the respondents were married whereas 44% were not married. This was an implication that most of the subscribers who owned mobile simcards were married.

4.3.4 Respondents Highest level of Education

The Table 4.5 presents findings on respondents' highest level of education.

Table 4.5: Respondents highest level of Education

	Frequency	Percentage
Certificate	108	48
Diploma	74	33
Undergraduate Degree	26	12
Masters Degree	16	7
Total	224	100

According to the results, 48% of the respondents had primary school certificates, 33% had diploma certificates, 12% had undergraduate degree whereas 7% had Masters Degree. This is an indication that the researcher made every effort to ensure that the categories reached were well educated to understand the research questions in the study.

Further, it implies that majority of people in Eldoret sub-county are at certificate and diploma levels of education.

4.3.5 Employment status of the respondents

The Table 4.6 represents the employment status of the respondents and the researcher wanted to establish their employment status.

Table 4.6: Employment status of the respondents

	Frequency	Percentage
Employed	65	29
Self-employed	85	38
Unemployed	74	33
Total	224	100

According to the results, 38% of the respondents were self-employed, 33% were unemployed while only 29% were employed. This analysis was carried out to establish whether the form of employment a subscriber is engaged in influenced loyalty to a brand in any way.

4.3.6 Respondents' average monthly disposable income [KES]

The Table 4.7 presents the results on respondents' average monthly disposable income.

Table 4.7: Respondents' average monthly disposable income [KES]

	Frequency	Percentage
0 -5,000	26	12
5,001 – 10,000	68	30
10,001 – 25,000	91	41
25,001 – 50,000	33	15
50,001 – 100,000	5	2
100,001 – 150,000	1	0
Over 150,000	0	0
total	224	100

According to the figures presented, 41% earned between 10,001–25,000 KES, 30% of the respondents earned between 5,001–10,000 KES, 15% earned between 25,001–50,000

KES, 12% earned between 0-5,000 KES whereas 2% earned between 50,001–100,000 KES. This implied that the respondents included all middle, lower and higher income earners in an effort to find out whether socio-economic class a subscriber fell into influenced loyalty to a particular brand.

4.4 Factors Influencing Brand Loyalty

4.4.1 Mobile Telephone Network Connection

The study wanted to find out whether the respondents were currently subscribed to any mobile telephone network.

Table 4.8: Whether the respondent is currently subscribed to any mobile telephone network

	Frequency	Percentage
Yes	215	96
No	9	4
Total	224	100

According to the results depicted in the Table 4.8, 96% of those who participated in the study were currently subscribed to a mobile telephone network whereas only 4% claimed not to have subscribed to any mobile telephone network. This implies that the penetration of mobile telephony in Eldoret town is very high.

4.4.2 Mobile Network(s) the respondent is currently subscribed to

The Table 4.9 depicts findings on Mobile Network(s) the respondent is currently subscribed to.

Table 4.9: Mobile Network(s) the respondent is currently subscribed to

	Yes	%	No	%
Safaricom	187	83	37	17
Airtel	105	47	119	53
Orange	55	25	169	75
Yu	10	4	214	96

According to the results, 83% of the respondents were subscribed to Safaricom, 47% were subscribed to Airtel, 25% were subscribed to orange and 4% were subscribed to Yu Mobile. This is an implication that the most popular networks to which most residents of Eldoret town are subscribed to are Safaricom and Airtel in that order. This was attributed to factors such as value added services such as money transfer, payment of utility bills, network coverage, Network Clarity, Various tariff arrangement within the network. It is aimed at providing satisfied services to customers.

4.4.3 No of years customers have been subscribed to mobile networks

The study wanted to establish the Number of years customers have been subscribed to mobile networks. The findings are contained in Table 4.10

Table 4.10: Period of subscription

Period	Safaricom	Airtel	Orange	Yu	Total
Over 5 years	111	35	24	0	170
1-5 years	6	4	6	4	20
Below 1 year	3	3	2	2	10

Different players entered into the market in different periods hence, the period of subscription is dependent on the time of entry into the market and period they have been in the market. Safaricom registered the highest number of respondents, followed by Airtel, Orange and Yu in that order. This could be attributed to the service provider's competitive advantage as a first entrant in the market and its innovative technology such

as M-Pesa. Additionally some customer preferred to stick to a service provider due to switching costs associated with the service.

4.4.4 Number of mobile lines the respondent is currently subscribed to

The researcher wanted to know the number of lines the respondent is currently subscribed to.

Table 4.11: Number of mobile lines the respondent is currently subscribed to

	Yes	%	No	%
One	225	97	8	3
Two	138	59	95	41
Three	45	19	188	81
More than three	10	4	223	96

According to the results displayed in Table 4.11, majority of the respondents (97%) were subscribed to one line (Mostly Safaricom), 59% were subscribed to two lines (Mostly Safaricom and Airtel) while only 45% and 10% were subscribed to three and more than three lines respectively.

4.4.5 Respondents' reasons for Multiple Lines Connections

The Table 4.12 depicts findings on respondents' reasons for subscribing to more than one line.

Table 4.12: Respondents' reasons for subscribing to more than one line

Reasons	Yes	%	No	%
Network clarity/fluctuations	203	87	30	13
Value added services	190	82	43	18
Business needs	187	80	46	20
Lower call rates	174	75	59	25
Organizational Policy	131	56	102	44
Prestige	121	52	112	48

According to the results, respondents' reasons for subscribing to more than one line were because of Network clarity/fluctuations as shown by 87%, Value added services (82%), Business needs (80%), Lower call rates (75%), Organizational Policy (56%) and prestige (52%) respectively.

4.4.6 Factors influencing Loyalty of the Respondents to a service provider

The study sought to find out the main factors on factors that influence customers' loyalty to their preferred network based on a 5 point likert scale where 5 = Strongly agree and 1 = Strongly disagree as depicted by Table 4.13

Table 4.13: Respondents level of agreement on factors that influence loyalty to the preferred network

Factor	Mean
Network coverage	4.92
Money transfer services such as M-Pesae.t.c.	4.84
Network Clarity	4.74
Value added services i.e Payment of utility bills	4.69
Internet connectivity and other data services	4.67
Various tariff arrangement within the network	4.37
Customer care efficiency	4.36
Ease of accessing customer care services	4.21
Calling costs within/ across networks	4.19
Availability of low denomination calling cards	4.15
Rewards schemes e.g. Bonga points, Ziada points e.t.c	4.15
Mobile banking services	4.15
Effective promotional campaigns i.e advertising, sales promotions	4.06
Fear of losing contacts of friends, family or business partners	3.86
Image/reputation of the firm	3.80
Certainty of the future of the organization	3.76
Reduction in cost of sim-cards	3.68
Corporate social responsibility e.g. relief services, sponsorships, donations, e.t.c.	3.45
Easy availability of recharge cards/vouchers	3.15
Ownership of sim-card/number series i.e 0722/0733	2.58

According to the mean score results presented by Table 4.13, all factors to a large extent influenced the respondent's loyalty to their preferred network. Nevertheless, most respondents strongly agreed that Network coverage (4.92), Money transfer services such as M-Pesae.t.c.(4.84) Network Clarity (4.74), Value added services i.e Payment of utility bills (4.69) and Internet connectivity and other data services (4.67)were the most influential factors towards customer loyalty. Majority of the respondents were in agreement that; various tariff arrangement within the networkas shown by a mean score of 4.37, customer care efficiencyas shown by a mean score of 4.36, ease of accessing customer care servicesas shown by a mean score of 4.21, calling costs within/ across networks as shown by a mean score of 4.19, availability of low denomination calling cardsas shown by a mean score of 4.15, rewards schemes e.g. Bonga points, Ziada points e.t.c.as shown by a mean score of 4.15, Mobile banking servicesas shown by a mean score of 4.15, effective promotional campaigns i.e advertising, sales promotions 4.06, fear of losing contacts of friends, family or business partners 3.86, Image/reputation of the firm3.80, certainty of the future of the organization 3.76 and reduction in cost of sim-cards 3.68were all other factors that influenced loyalty to the preferred network. On the same question, majority of the respondents moderately agreed that; corporate social responsibility e.g. relief services, sponsorships, donations, e.t.c. as shown by a mean score of 3.45 and that easy availability of recharge cards/vouchers 3.15were all factors that influenced loyalty to the preferred network. However, majority of the respondents disagreed that ownership of sim-card/number series i.e 0722/0733 was not a strong factoras to influence loyalty to their preferred network as shown by a mean score of 2.28.

4.5 Level of Brand Loyalty

4.5.1 Mobile service provider(s) the respondent is most loyal to

The study wanted to establish from individual respondents the mobile service provider they are most loyal to.

Table 4.14: Level of subscriber loyalty to a Service provider

Service Provider	No. Of Respondents
Safaricom	142
Airtel	88
Orange	3

On this question, most of the respondents said that they were loyal to Safaricom as a service provider (142) followed by Airtel (88) and Orange had the lowest loyalty level of (3) respondents. This could be attributed to factors such as Network coverage, Money transfer services such as M-Pesae.t.c. Network Clarity, Value added services i.e Payment of utility bills and switching costs associated to the service.

4.5.2 Ranking of providers according to the order of respondent's preference

The researcher wanted to find out the ranking of providers according to the order of respondent's preference as contained in Table 4.15

Table 4.15: Ranking of providers according to the order of respondent's preference

Network preference	Percentage %
Safaricom	61
Airtel	38
Others (Yu & Orange)	38

According to the responses received, Safaricom recorded the highest preference (61%) followed by Airtel (38%). However, Orange and YU were the lowest preferred networks as shown by 38% in Table 4.15.

4.5.3 Respondent's level of commitment to preferred network

The researcher wanted to find out the level of subscriber commitment and loyalty as depicted by Table 4.16

Table 4.16: Respondent's level of commitment to preferred network

Level of Commitment	Frequency	Percentage (%)
Highly Committed	81	41
Likes the Brand	57	29
Satisfied with Switching costs	43	22
Habitual buyer	16	8
Switcher	3	2

According to the data collected in terms of subscribers' perceived level of commitment to their preferred network, majority of respondents exhibited high levels of commitment and were proud of their network and would strongly recommend it to their friends were 41%, 29% liked the brand and considered it a friend, those that said they were satisfied with switching costs and had no reason to change network due to performance risk associated with switching unless compensated well were 22%, 8% were just habitual buyers and would change their preferred network if competitors provided better incentives, whereas 2% of subscribers considered all brand names for all mobile service providers the same and had no specific preference when deciding to move from one mobile provider to another.

4.5.4 Respondents level of agreement on statements that relate to brand loyalty

The study wanted to find out the respondents level of agreement on statements that related to brand loyalty as shown by Table 4.17.

Table 4.17: Respondents level of agreement on statements that relate to brand loyalty

Statements	Strongly Agree (%)	Agree (%)	Neither Agree nor disagree (%)	Disagree (%)	Strongly Agree (%)	Mean scores
I can switch from my preferred network to another if competitors provide better incentives	1	76	23	0	0	4.08
I am satisfied with my network and have no reason to change due to switching costs associated with switching.	21	69	8	1	1	3.89
I am proud of my network and can strongly recommend it to others.	6	68	22	4	0	3.87
I like my network and consider it a friend.	13	66	19	1	1	3.78
I have no specific preference for any mobile phone service provider	11	65	24	0	0	3.76

The results of the analysis as displayed in Table 4.17 indicated that; majority of the respondents strongly agreed that they can switch from their preferred network to another if competitors provide better incentives (Mean score of 4.08), who said they were satisfied with their current networks and have no reason to change due to switching costs associated with switching (Mean Score 3.89), they that are proud of their network and can strongly recommend it to others (Mean Score 3.87), they that like their current network and consider it a friend (Mean score 3.78) and those that have no specific preference for any mobile phone service provider mean score of 3.76 respectively. Therefore to increase subscriber loyalty, service providers must conduct regular surveys

of customer satisfaction (dissatisfaction) to understand how customers feel towards their products and always innovate to initiate products/services that can retain customers.

4.5.5 Whether respondent has ever switched from one phone service provider to the other

The study wanted to find out whether a respondent has ever switched from one phone service provider to the other as shown by Table 4.18.

Table 4.18: Whether respondent has ever switched from one phone service provider to the other

Ever switched	Frequency	Percentage
Yes	203	87
No	30	13
Total	233	100

According to the findings displayed on Table 4.18, 87% of the respondents had ever switched from one phone service provider to the other whereas 13% had never switched from one phone service provider to the other. Respondents were required to give reasons as to why they changed from one service provider to the other. According to the responses given, most of the respondents cited Calling costs within/ across networks, network strength/coverage and availability, money transfer services such as M-Pesae.t.c., future strengths and weaknesses of the company and messaging fee as some of the reasons why they switched from one service provider to the other.

4.6 Discussion of Findings

4.6.1 Factors Influencing Brand Loyalty

The study found out that majority of those who participated in the study currently subscribed to mobile telephone network, an implication that mobile phone service penetration in Eldoret sub-county is very high.

Farrell and Klemperer (2004) in the literature reviewed notes that the leading service providers are often market leaders because of high service quality, network coverage and strength, customer service, packaging and pricing because they are able to retain their high-value mobile users who contribute to the significant bulk of their overall mobile revenue.

According to Best (2009), A stream of loyal customers contributes to a firm's gaining greater share of the market. Gaining market share is reflected in a firm's marketing mix such as promotion strategies, product positioning, pricing strategies and service strategies all aimed at providing satisfied services to its customers.

According to the results, respondents' reasons for subscribing to more than one line were because of business needs, lower call rates; value added services, organizational policy, network clarity/fluctuations and prestige. The results therefore shows that business needs alongside other factors make customers subscribe to more than one line. According to hypothesis by porter (1985) in economic theory, competitive pricing relates to customer loyalty.

4.7 Level of Brand Loyalty

On this question, most of the respondents said that they were most loyal to Safaricom, followed by Airtel, Orange and Yu in that order. According to the responses received, Safaricom recorded the highest preference due to its innovative strategies in meeting and satisfying the customer needs

According to the data collected in terms of subscribers' perceived level of commitment to their preferred network, most respondents exhibited high level of commitment. The results of the analysis shows the responses on the role of customer satisfaction as a factor considered when switching from one network to another or remaining loyal to a network .

Most of the respondents said that they would recommend Safaricom and Airtel mobile service providers to their friends due the providers' business certainty and their ability to meet the subscriber's current needs.

The study found out that ¹ the behavioural intention of being loyal is influenced by whether the customer is satisfied or dissatisfied with the service provided. Most of the respondents were in agreement that; they can switch from their preferred network to another if competitors provided better incentives. The results agree with the ¹ observation by Dick and Basu (1994) that sustained loyalty is attainable when customers exhibit both positive attitude toward the object, and repeat patronage behaviour. A satisfied customer will ¹ always recommend others to patronise the services of a customer's primary service provider through word-of-mouth, ¹ a consistent repeat purchase of a service provider's product and services.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations based on the study objective which were factors influencing brand loyalty among mobile phone service subscribers and ¹ what are the barriers to customer loyalty and retention among subscribers of mobile telephone services in Eldoret Sub County.

5.2 Summary of Findings

In summary, the research tried to address two main objectives of the study: Factors influencing brand loyalty among mobile phone service subscribers and ¹ what are the barriers to customer loyalty and retention among subscribers of mobile telephone services in Eldoret Sub County.

Although there exists three mobile service providers currently in Kenya namely Safaricom, Airtel and Orange, Safaricom has the largest market share which amounts to 61% of the total market share and emerged as the most subscribed to network in Eldoret sub-county. Using loyalty as a theoretical framework, the study found out that Money transfer services, availability of other services such as payment of utility bills, various tariff arrangements within/across networks, efficiency of customer care staff, and Network clarity/coverage were found to be the most influencing factors of brand loyalty. For the study to succeed, 300 questionnaires were issued and 224 were completed yielding a response rate of 78% which is adequate for any academic research.

Several factors were subjected to investigation in order to determine those factors were more important in influencing subscribers' loyalty. Contrary to the researchers' expectations, Network coverage, Money transfer services such as M-Pesae.t.c., Network Clarity, Value added services i.e Payment of utility bills, Internet connectivity and other data services, various tariff arrangements within the network, Customer care efficiency etc emerged as the most important factors influencing subscribers' loyalty to a mobile service provider.

Since the factors in question were many, there was need to collapse them into meaningful measurable items. Six distinct factors were extracted from the original list as follows; Network clarity/coverage, value-added services, business needs, lower call rates, Organizational Policy and Prestige.

It is worth noting that most customers' are looking for satisfaction from a product/ service. Those factors that were associated with customer satisfaction had greater influence on customers' loyalty to a mobile phone service provider since they are able to instil confidence and seemed to play a significant role in customer loyalty towards a service/ product.

Subscribers also exhibited positive attitude and aligned satisfaction on a service providers' ability to providing high service quality, good Image/reputation of the firm and certainty of the future of the organization and value added offerings such as i.e Money transfer services (M-Pesa or Airtel money)e.t.c. and payment of utility bills,

5.3 Conclusions

The study contributed significantly to customer brand loyalty in two ways; Firstly, the study was able to apply the concept of brand loyalty in the mobile telephony sector in

Eldoret Sub-County as there has never been a similar study. Further, the study has proved that brand loyalty plays an important role in company strategy is important due to its core element status in company strategy, management and financial significance in quantifying intangible assets. Secondly, since the main objective of the study was to investigate the factors that influence brand loyalty among mobile phone service subscribers, the following factors revealed to have greater influence in brand loyalty; Money transfer services, availability of value added services like payment of utility bills, various tariff arrangements within/across networks, efficiency of customer care staff, and Network clarity/coverage. Others included reward points, effective promotional campaigns and internet connectivity.

5.4 Recommendations

The findings of this study have implications on the various stakeholders in the industry thus; the study recommends that the market followers of the mobile service providers need to find out why strategies so far employed such as low prices on the services they offer do not have much impact on their market share. They need to be more technologically innovative as much as possible than the market leaders in order to bring or board more unique services and features that will add more value to customers in order for them to attract more stream of loyal customers.

According to the results on respondent's level of income, the results indicated that most respondents (41%) of the target population were low income earners. This implied that the subscribers were likely to be price sensitive. It is recommended that mobile phone service providers should considers the subscribers in this income bracket as they

formulate and implement their marketing strategies as a way of attracting, maintaining and retaining customer loyalty in all levels.

The results indicated that 83% of the respondents were subscribed to Safaricom, 47% were subscribed to Airtel, 25% were subscribed to Orange and 4% were subscribed to Yu mobile. This was attributed to factors such as value added services such as money transfer, payment of utility bills, network coverage, network clarity, various tariff arrangement within the network etc. it is recommended therefore that mobile service providers should continue placing more emphasis on the factors stated above in order to continue delighting their customers.

The results from the sampled population show that 78% of the population had subscribed to a mobile service provider. It is recommended that there is need for the service providers to reach out to the remaining 22% of the potential users and turn them into loyal customers.

Though most of the respondents (98%) owned one line, more than 50% of the respondents owned more than one line, an indication that the current services offered by individual firms were not satisfying enough to their subscribers. It is therefore recommended that service providers to enhance their service offerings in order to delight their customers.

From the findings, most residents of Eldoret Sub County (76%) agreed that they could switch from his or her preferred network to another if competitors providers better incentives. It is therefore recommended that service providers should watch on

competitor action and continually improve on the services and more so, offer better incentives to their subscribers in order for them to remain loyal.

5.5 Recommendations for Further Studies

It is worth to note that the data used in the study was limited and the results could not be generalized to other sectors. This study recommends that further study be done to establish other factors that more factors affecting mobile telephone industry in Kenya. This is because customer needs and preferences as well as new technological innovations emerge every time. The use of diverse data and the inclusion of many mobile service providers would yield better results for the same study. This study therefore recommends the inclusion of other mobile service providers in East Africa for example the MTN in Uganda and Vodacom and Zantel in Tanzania respectively to find out if the same results on factors affecting brand loyalty would be the same. The study finally recommends the computation of inferential statistics in future studies to find out the extent to which the various factors or barriers influence brand loyalty in the mobile services provision in Kenya.

Prior studies indicate that loyalty has a significant impact on market share, pricing and profit. The researcher recommends that service providers in the telephony industry may conduct further studies to find out the relationship and influence that brand loyalty has on these items since they were not included in the study.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Dear Sir/Madam

RE: MBA RESEARCH

I am a Master of Business Administration (MBA) student at the University of Nairobi undertaking a research project on “*Factors influencing brand loyalty among mobile service subscribers in Eldoret Sub-County*” in partial fulfillment for the requirements for the award of the degree. You have been selected to form part of the study as a respondent and I hereby humbly request your assistance in responding to the questions listed on this questionnaire. All respondents are assured that the information provided will be treated with utmost confidentiality and should one request for the findings of this research upon completion of this project may be availed to him/her.

Your assistance and cooperation will be highly appreciated.

Arusei Sheila

UoN MBA STUDENT

Dr.MaryKinoti

SUPERVISOR

APPENDIX II: QUESTIONNAIRE

Part A: Background Information.

Please answer the following questions by putting a tick where appropriate.

1. Gender

(i) Male

(ii) Female

2. Age bracket

Below 20 years 20 – 27 years 28 - 35 years Over 35 years

3. Marital status

Single Married

4. Kindly indicate your highest level of Education

Certificate Diploma Undergraduate Degree Masters Degree

5. Employment status

Employed Self-employed Unemployed Other
.....

6. Kindly indicate your average monthly disposable income [KES]

0 -5,000

5,001 – 10,000

10,001 – 25,000

25,001 – 50,000

50,001 – 100,000

100,001 – 150,000

Over 150,000

Part B: Factors Influencing Brand Loyalty.

1. a) Are you currently subscribed to any mobile telephone network(8s)?

i) Yes

ii) No

b) Tick the mobile network(s) you are currently subscribed to?

- i) Safaricom []
ii) Airtel []
iii) Orange []
iv) Yu []

c) Indicate by way of a tick (✓) for how long you have been subscribed to any of the mobile networks listed below;

<u>Period</u>	<u>Safaricom</u>	<u>Airtel</u>	<u>Orange</u>
<u>Yu</u>			
i) Below one (1) year []	[]	[]	[]
ii) 1 – 5 years []	[]	[]	[]
iii) Over 5 years []	[]	[]	[]

2. How many lines are you currently subscribed to?

One [] Two [] Three [] More than three []

3. What are your reasons for subscribing to more than one line?

Business needs [] Lower call rates [] Value added services []
Organizational Policy [] Network clarity/fluctuations [] Prestige []

4. Please indicate the number that best describes your level of agreement about the following strategic factors that influence your loyalty to your preferred network using the following keys to indicate your response.

1 = Strongly disagree 2 = Disagree 3 = Neither agree nor disagree
 4 = Agree 5 = Strongly agree

Factors	Level of agreement				
	1	2	3	4	5
Network Clarity					
Fear of losing contact of friends, family or business partners					
Calling costs within/across networks					
Influence by peers or friends					
Availability of low denomination calling cards					
Internet connectivity and other data services					
Money transfer services such as M-Pesa, e.t.c.					
Reduction in cost of sim-cards					
Rewards schemes e.g. Bonga points, Ziada points e.t.c					
Mobile banking services					
Value added services i.e Payment of utility bills					
Network coverage					
Ease of accessing customer care services					
Ownership of sim-card/ number series i.e 0722/0733 etc					
Customer care efficiency					
Certainty of the future of the organization					
Easy availability of recharge cards/vouchers					
Image/reputation of the firm					
Various tariff arrangements within the network					
Corporate social responsibility e.g. relief					

services, sponsorships, donations, e.t.c					
Effective Promotional campaigns i.e advertising, sales promotions					

b). Please state any other:

Part C: Level of Brand Loyalty.

1. Which mobile service provider(s) are you most loyal to?

2. Please rank the following providers according to the order of your preference

Provider	Preference (4 = Most preferred, 1 = Least preferred)
Orange	
Airtel	
Yu	
Safaricom	

3. Using a scale of 1-5 as indicated below, how do you gauge your level of commitment to your preferred network?

- 5. Highly committed []
- 4. Likes the brand. []
- 3. Satisfied with switching cost []
- 2. Habitual buyer. []
- 1. Switcher. []

4. Which Mobile phone service provider would you recommend to your friends?

5. a) To what extent do you agree or disagree to each one of these statements.
Please tick (✓) in the appropriate column.

Statement	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I have no specific preference for any mobile phone service provider.					
I can switch from my preferred network to another if competitors provide better incentives					
I am satisfied with my network and have no reason to change due to switching costs associated with switching.					
I like my network and consider it a friend.					
I am proud of my network and can strongly recommend it to others.					

b) Have you ever switched from one phone service provider to the other?

Yes [] No []

c) If yes above, please give specific reason(s) for switching the service provider(s)

.....

THANK YOU FOR YOUR PARTICIPATION

FACTORS INFLUENCING BRAND LOYALTY AMONG MOBILE SERVICE SUBSCRIBERS IN ELDORET SUB - COUNTY, KENYA

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