THE EFFECTS OF CUSTOMER PERCEIVED VALUE ON LOYALTY; A CASE STUDY OF SAFARICOM SUBSCRIBERS IN MOMBASA COUNTY.

BY

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The effects of customer

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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DEDICATION

This research project is dedicated to my beloved mother for her love and kind support she bestowed upon me during the whole research proposal process and in my entire academic challenges.
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ABSTRACT

The business market is more infiltrated by services and technological communication is a business under rapid change. The traditional use of fixed-line to communicate has been over taken by the new mobile phone services. These new mobile telephone services have created unanticipated value by meeting the customer needs in an unexpected way. Mobile phone service providers like Safaricom have provided several services that have enhanced the customer value. This study focused on determining the customer perceived value of the Safaricom services use, and investigated its effects on their loyalty in the Mombasa County.

The research design used was a descriptive survey and data was collected through the use of questionnaires. A total of 119 pre-paid Safaricom subscribers were surveyed within the island of the Mombasa County. The questionnaire was used to determine two customers’ perceived values; the service quality and value for money. The effects of these two value drivers on customer loyalty were also analyzed in the questionnaire. Perceived value was measured through questions on its overall quality reliability and price and the extent to which it met the customer needs. A 5-item likert-scale was used to measure the customer’s perceived value and loyalty. The questionnaire mainly adopted structured-type questions.

The results from the questionnaire were first summarized in a data preparation process and results were analyzed using the descriptive analysis and use of graphical techniques. Tables, graphs and charts were used to show percentages and trends in the data. In order to measure the spread of the data over the sample population, mean scores and standard deviations were calculated using the SPSS package.

The study revealed that the Safaricom subscribers in Mombasa County have very high usage of most of the services. The customer perception on service quality aspects was generally good. The value for money perception had mixed results. Findings on customer loyalty revealed that most respondents were neutral as to whether they would recommend others to use Safaricom’s services or even commit themselves to continue using the services in future.
OPERATIONAL DEFINITION OF TERMS

Perceived Value – It is the difference between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives.
( Kotler, 2003)

Customer Loyalty - Customers’ sustained commitment to a company as demonstrated by repeat purchases, increased wallet share, and positive word-of-mouth referrals.
(Reichheld, 1996)

Safaricom subscribers – Customers who are connected to Safaricom for their mobile telecommunication services.

Prepaid – Safaricom subscribers who pay for the service before using the services.

Safaricom Services – Include all the services given to the prepaid Safaricom subscribers e.g. Data and Messaging services, Information services, Top up services, Roaming services, Money services, Network coverage, Promotions and different types of tariffs. (www.safaricom.co.ke)
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CHAPTER ONE: INTRODUCTION

1.0 : Overview

This chapter starts with the background of the study in the research area and begins with describing the formation of Safaricom and its current financial achievements. The background outlines the importance of Customer perception in achieving customer loyalty. The chapter then discusses the statement of the problem, purpose and objective of the study, research questions and significance of the study. Finally, it concludes with the limitations and delimitations of the research project.

1.1: Background of the study

Safaricom Limited is among the leading providers of communication services in Kenya, offering cellular network access and business solutions. Safaricom Limited was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In May 2000, Vodafone group Plc acquired a stake and management responsibility for the company. The company has since emerged as one of the fastest growing companies in Kenya. Just recently, Safaricom announced its pre-tax profits for its financial year ending March 31, 2011, of Shs18.4 billion from a revenue base of Sh94.8 billion compared to Sh20.9 billion it posted in the previous year (2010), once again bringing into focus its profit margin. Hence Safaricom can be described as a mega company with mega profits. On the subscriber base, Safaricom recorded 8.8% increase to close the year ending March 31, 2011 at around 17.18 million active subscribers, still keeping it ahead of competition in the industry (www.nation.co.ke/business/news, May 19, 2011).

Even with this remarkable success, Safaricom does not seem to be ready to sit on its laurels knowing that competition is getting stiffer in the sector. The Company is still aggressively expanding the market network throughout the country and developing strategic business relationships with leading global telecommunication players which help in ensuring that Safaricom has access to the world's latest technology to maintain its market leadership. Safaricom also focuses on providing new and quality services to its
customers in order to deliver value promised and meet their satisfaction demands. To facilitate the expansion, the company also continuously engages itself in the use of marketing mix elements, such as advertising and sales promotions, to communicate and enhance perceived value in customers’ minds.

Perceived value, a strategic imperative for producers and service providers in any competitive environment, is of continuing importance to Safaricom in its effort of establishing itself as a Market leader in mobile service industry in Kenya. Different customers perceive value differently in their minds and often companies like Safaricom may have to segment customers into several groups with similar perceptions. The goal will be to increase value relative to customers’ alternatives so that their products are preferred and their customers are motivated to choose their offerings. The greater the perceived value by customer, the greater the force the company creates.

Customer perceived value can be looked at as the difference between total perceived benefits and total perceived sacrifice (Mooroe 1991, Kotler 2000). Customer perceived value is made up of several elements, such as the buyer’s image of the product performance, the channel deliverables, the warranty quality, customer support, and softer attributes such as the supplier’s reputation, trustworthiness, and esteem (Kotler, 2003). Customers will often buy from and obtain satisfaction from the company that they perceive offers the highest customer perceived value to meet their demands and solve their problems.

Customer perceptions are critical in assisting companies in providing product that meet the expectations of their customers. A product may meet objective performance, but a company will only get credit, if the customers perceive that the product delivers the benefit. Each potential customer places different weights on different elements of the product being offered to them. Zeithaml (1988) argued that some consumers perceive value when there is a low price; others perceive value when there is a balance between quality and price. Thus, for different consumers, the components of perceived value might be differently weighted.
Hence companies, like Safaricom, must be aware of their clients’ expectations in order to design marketing strategies that will enable them meet the expectations.

If Safaricom provides services that do not meet the expectations of their customers, the result will be customer perceived worthlessness. This may force their customers to switch to other service providers who may meet their expectations. On the other hand, if their services meet their customer’s expectations, the result will be customer perceived value. These customers will continue to use the services and eventually become loyal customers.

Customer loyalty is a customer’s sustained commitment to a company as demonstrated by repeat purchases and positive word-of-mouth referrals (Reichheld, 1996). Customer loyalty can be created only when customers perceive fairness, equity, and transparency in their relationship with the service provider. It is in the interest of the service provider to convert more numbers of customers into loyal customers because loyal customers are the biggest engines of growth. They generate profits; help the firm retain its high-performing employees and the investors who continue to invest it (Saxena, 2006).

With the increasing competition in the telecommunication market, customer loyalty has become a decisive factor in the long-term business profits. High customer loyalty is the high enter-barriers for the competitor to enter the market. More loyal customers mean high profits. Loyal customers will continue to purchase or receive the product or service from the same enterprises, and willing to pay the higher prices for the quality products and first-class services, thereby increasing sales revenue and total. Also, as the mobile telecommunication is getting saturated by each day, the growth rate won’t be higher than some time ago. This situation makes mobile telecommunication companies not only to promote their service quality, but also change their core strategy to holding their existing customers by enhancing and optimizing the customer loyalty. (Long-Yi et al. 2004)
Thus with customer loyalty, Safaricom may be able to sustain a competitive advantage over other mobile service providers for a longer period, especially in the current competitive telecommunication industry. Its loyal customers will be ready to use more of its services, may be ready to pay higher prices, and they may help expand the customer base by giving positive referrals. Safaricom will also ensure a barrier for its customers to switch to other mobile service providers. The focus of this study was to determine customer perceived value of the Safaricom service use by subscribers in Mombasa County and its effects on their loyalty.

1.2: Statement of the problem

Safaricom limited, is a leading provider of telecommunications services in Kenya, holding a bigger market share in mobile services as compared to its competitors. According to the Communications Commission of Kenya (CCK) in its first quarter report released early this year, Safaricom had its market share dropped to 75.9% by September 2010 from 80.7% in June 2010. The report, however, found that Safaricom is still the market leader and still way ahead of the pack, with 16.7 Million subscribers as of September 2010 (CCK, Quarterly Sector Report, Q1 July - September 2010/2011). As seen in the CCK report, the Kenyan mobile market has dramatically become more competitive, with Safaricom competitors (Airtel, Orange Kenya and Econet Wireless) leading in price wars, inventing different tariffs and offering various airtime promotions.

This increased competition may further reduce Safaricom market share and revenue in the coming years if Safaricom does not increase its competitiveness in the market and converts most of its customers into loyal customers. But, to secure greater customer loyalty, Safaricom must deliver value effectively by identifying the parameters of value as perceived by its customers. Failure to identify these values may make Safaricom assume erroneously that all its customers have the same perception of value or may invest in an inappropriate product or service. This may not only make Safaricom waste its resources but may end up losing its customers to other mobile service providers.
In this vein and in its effort to remain the market leader, Safaricom must therefore have an in-depth understanding of how its customers view its services relative to their needs and use situation and how loyal they will remain in respect to the services being offered. In doing so, Safaricom will offer its customers quality services that its customers perceive as valuable, are willing to pay for, use frequently and, hopefully, promote by spreading positive word-of-mouth to their peers.

To address these issues, this study aimed at determining customer perceived value on the use of various Safaricom products and services by Safaricom subscribers in Mombasa County and investigates its effects on their Loyalty.

1.3: Objectives of the study

1.3.1: General Objective

To determine customer's perceived value on the use of Safaricom services and its effects on loyalty in Mombasa County.

1.3.2: Specific Objectives

a) To determine Safaricom subscribers' perception towards the quality of various services and products offered by Safaricom.

b) To establish Safaricom subscribers' perception towards value for money on the use of various services and products offered by Safaricom.

c) To investigate the effects of Safaricom subscribers' perceptions on their loyalty.
1.4: Research Questions

a) How do Safaricom subscribers in Mombasa County perceive the quality of its services and products?

b) How do Safaricom subscribers in Mombasa County perceive the value for money on the use of various Safaricom services and products?

c) How does the Safaricom subscribers' perception on Safaricom services affecting their loyalty to Safaricom?

1.5: Significance of the study

The study intended to determine how Safaricom subscribers perceive the various services and products offered by Safaricom. This will help Safaricom determine if it’s marketing mix and promotions are appropriate and effective. The study can be used to enhance customer satisfaction and promote customer loyalty. The management of Safaricom may use the findings to better understand what kind of value its customers perceive while consuming its different services. This will help Safaricom create value for its customers in different situations, position its services relative to its competitor’s services, and communicate the appropriate value proposition to potential customers.

In addition the study will also help other mobile service providers, like Airtel/Yu, understand the strengths and weaknesses of its competitors, in terms of customer perception, and tries to develop marketing strategies that will be effective in winning the market. The study will help any potential entrant in the mobile service industry get to know the market and how Safaricom has established itself in the minds of its customers. This will enable the new entrant in planning its marketing strategies.

With Safaricom now listed at the Nairobi Stock Exchange, most investors will wish to know how Safaricom is perceived by their customers and how popular it is in the mind of their customers. This study will provide them with data to use in making their decisions.
1.6: Limitations of the study

There were many limitations to the study. Measuring the exact level of customer perception was a difficult task. The study had to use estimates to obtain the levels of customer perceptions. Also, the study only looked at customer perception on service quality and value for money, and investigated its effects on loyalty. However, there were other variables which had direct or indirect effect on the customer loyalty.

Moreover, the researcher was not able to get access to all Safaricom subscribers in Mombasa due to their big numbers. This made it hard for the study to generalize customer perception and its effect on loyalty. Further, not all those who were approached to give information understood the language used in the questionnaire. As a result the researcher was required to translate the information. Lastly, not all respondents were ready to share their feelings about the Safaricom services.

1.8: Delimitations of the study

To determine the customer perceived value, the study was limited mainly to prepaid Safaricom subscribers in Mombasa Island. Only commonly used Safaricom services like Data and Messaging services, Information services, Top up services, Roaming services, Money services, Network coverage, Promotions and different types of tariffs were used in the questionnaires to check for customer perception. In determining the customer perceived value, only the quality of the service and value for money was investigated.
2.0: Introduction

Mobile phones have become intrinsic part of our lives that someone wonders how they are able to cope without them. The way many people find it hard to stay without them, it is easy to forget that these phones were only a preserve of the rich in our country before the year 2000. Thanks mainly to the mobile service providers (Safaricom and Airtel), today almost every corner of the country is now accessible by cell phones.

Safaricom, being one of the mobile service providers, has expended its resources in rolling out communication services to all Kenyans whenever they are including those found in remote corners of the country.

2.1: Safaricom Services

Safaricom has been the market leader in telecommunication sector ever since it launched its operations. It has always been the aim of Safaricom to remain the leading mobile network operator in Kenya. In order to achieve this, a strong focus has been placed on quality of service to our customers (Former Chief executive officer, Michael Joseph, May/June 2007). The result of this will ensure a superior quality of service that is customer focused and that will benefit every subscriber.

With subscriber base of about 17.2 million, Safaricom is one of the most successfully run companies in Kenya. One striking testimony that the company is a market leader is the billions in profits it has been raking in. Recently, the company recorded a large pre-tax profit of 18.4 Billion.

This huge profit helps Safaricom in its expansion and innovative plans which are geared towards serving the clients better. With stiff competition from Airtel, Orange and YU, Safaricom is not relaxing in its effort to constantly innovate and keep the company afloat.
Safaricom always think of ways to improve services in order to serve clients better thereby remaining the market leader in telecommunication. Just as an example, Safaricom showed its determination to remain holding on to the coveted position of the market leader in Kenya in the field of telecommunication, Safaricom removed the roaming charges for its subscribers in East Africa, introduced a cash transfer service dubbed M-Pesa and investing in data services, principally 3G, fibre and Wimax. (www.safaricom.co.ke)

Safaricom teamed up with Tanzania’s Vodacom and Uganda’s MTN to unveil the regional network, dubbed ‘Kama Kawaida’ that has greatly reduced the charges for the customers who constantly travel within the region. With ‘Kama Kawaida’, Subscribers of Safaricom, MTN and Vodafone will roam with their own home rates. Safaricom has now also introduced a pre pay roaming top up service with these leading networks in East Africa. The top up solution allows subscribers to top up with partner networks scratch cards, when travelling within the region. (Ratio Magazine: www.wap.ratio-magazine.com)

But of all the products that Safaricom has designed, what promises to shake the earth is the cash transfer service M-Pesa. M-Pesa denotes two words, that is, M for mobile, Pesa is a Swahili word meaning money. In what has been described as a world’s first, Safaricom subscribers are able to send cash to other phone users by SMS. With M-Pesa, customers can deposit and withdraw money, pay bills, deposit money into ones bank account, transfer money to other users and non-users and buy airtime. (Munyoki, 2010)

In addition to that, in the last seven years, Safaricom has come up with a wide range of products and services which are briefly discussed below:
2.1.1: Data and Messaging Services

SMS – Short Message Services: is a service that allows you to send and receive text messages from other mobile user like Safaricom subscriber. It is fast, fun and easy to use and very useful when in need of privacy.

FlashBack 130: Instead of flashing, Safaricom subscribers can send a polite request to friends and family to call them whenever they lack sufficient credit or are in distress. Flash back is a free service that enables any Safaricom subscriber to send up to 5 free messages a day to another subscriber to call them back. It is the polite and free of charge way to get someone to call you.

2.1.2: Top Up Services

Sambaza is an airtime sharing service that enables Safaricom prepaid Subscribers to share airtime with their family and friends. Safaricom subscribers can send any amount between KShs.5 and KShs.10,000. (www.Safaricom.co.ke)

Okoa Jahazi is an emergency top-up service that allows prepay subscribers with credit balance of less than Kshs. 5 to get an emergency credit and later repay the same within a specified period of time. Only Kshs. 50 will be given to a subscriber who requests for the facility. (www.nation.co.ke/business/news April 2009)

Multiple Top up is a convenient and secure way to send airtime directly to employees’ phones on a specified date every month. It automatically top up their prepaid lines – saving the company time in purchasing and distributing airtime. This is an ideal service for businesses with staff that may receive airtime as a benefit or use their phone as a company tool. (www.Safaricom.co.ke)
2.1.3: Prepaid Roaming

Safaricom prepaid subscribers can use their cell phone and SIM card while traveling to a number of international destinations including South Africa, UK, Italy, Spain and all other countries which have signed roaming agreements with Safaricom. Prepaid Roaming allows Subscribers to make and receive calls and SMS on their numbers while traveling to the destinations under the roaming agreement. Safaricom continues to increase its roaming partners worldwide in order to enable its subscribers to communicate conveniently, wherever they may be, using the clearest networks in the world. (www.Safaricom.co.ke)

2.2: Customer Value and Loyalty

With intensive competition and growing clan of informed and discerning customers, firms find that they need to focus on strategies and programs that will enhance customer loyalty. Not only this, firms also need to design products and services in accordance to customer value perspective. Most often when this does not happen, conflict between the firm's offer and customer value occurs leading to customer dissatisfaction, frustration, and even rage (Saxena, 2006).

The development of the customer value literature can be understood from a variety of perspectives, although all of them tend to verge on either the customer or firm's perspective. In all these perspectives, the emphasis is on how to create and deliver value to the customer (Saxena, 2006).

2.2.1: Customer Value from customer's perspective

The basic requirement of good customer service should be the delivery of customer value that is clearly connected to the satisfaction of customer needs or the solution of a specific customer problem (Ronald et al. 1996). Woodall (2003,[1]) suggests the term “Value” in the marketing literature is used as a property “that is perceived/derived/experienced by a
customer" in connection with the use of a product or service. He further states, "Customers make repatronage decisions on the basis of their predictions concerning the value of a future product or service..." Delivering customer value through service quality has a direct effect on customer satisfaction and consumer shopping behavior....(Oh, 1999; Cronin et al, 2000)

Customer expectations are among the most important elements in understanding customer perceptions of service quality. Many researchers suggest that service quality as perceived by customers is based on the ability of the service to conform to customers' expectations (Parasuraman, 2004). Customer quality perceptions are related to the firms "giving promises" (service quality expected) and "keeping promises" (quality service experienced). This giving of promises forms customer expectations through market communications, the firms projected image, word-of-mouth and the promise to satisfy customer needs. Parasuraman (2004) suggests that customers' expectations of service quality are formed by word-of-mouth, personal needs, past experience and external communication to customers. He further asserts that a customer does not have a single "ideal" level of expectations, but his/her service expectations are outlined by an interval – a "zone of tolerance" (see Figure 2.1). The customer zone of tolerance is out-bounded on the top level by the "desired service" situation, which "customers believe can and should be delivered", and the bottom-level by "adequate service", which is the lowest acceptable customer service level.

![Zone of Tolerance Diagram]

Figure 2.1- zone of tolerance for customer perception
Zone of tolerance may vary among customers and depend on the customers’ demographics, background and previous service experience, as well as how the service is communicated and marketed. For example, over-promising a service can be dangerous because it creates customer expectations that are too high, and consequently they can be difficult or impossible to meet, and, therefore, can cause a negative perception of the service received. The context or occasions in which the service is received can influence the customer zone of tolerance (Parasuraman 2004).

2.2.2: Firm’s perspective of customer value

From the perspective of a firm, customer value is often understood as the value of a single customer to a firm’s profit and market share. Research has today shown that firms gain more through their retained customers and hence they (firms) need to focus on enhancing the life of a customer in their customer portfolio. (Saxena, 2006)

Inherent in this statement is the need to prevent leakage in the basket of customers. It also implies understanding the profit potential of a target customer and hence the need to link the customer pyramids to the firm’s profit pyramid. Here the 20:80 rules also apply. This rule means that 20 percent customers generate 80 percent of profit. Firms need to focus on enhancing the life of these customers through different value maximization strategies. (Saxena, 2006)

2.2.3: Customer – Perceived Value

There are three aspects in modeling customer perceived value (DeSarbo, 2001). First, value is dependent on lower level physical attributes of service. The functional form is the second aspect in describing and modeling customer perceived value. The third aspect concerns the heterogeneity of the customer in terms of differences in value perceptions (Parasuraman, 1997).
Value creation has been a popular research issue in consumer and industrial marketing research and the interest is equally extensive in academia and in the industry (Parasuraman, 1997). Academic research has built on defining the construct as well as on linking the value construct to other construct such as loyalty, satisfaction and repurchase behaviour. Value has been given many definitions in the marketing literature (e.g. Holbrook 1994, Zeithaml 1988) and touches upon many related concepts, such as quality, utility, benefits, relationships, satisfaction, and loyalty (Liljander et al. 1993; Parasuraman et al. 2000; Woodruff et al. 1996).

One of the traditional definitions of customer perceived value is as follows:

"Perceived value is the consumer’s overall assessment of the utility of a product based on perception on what is received and what is given" (Zeithaml, 1988)

Zeithaml (1988) summarized perceived value with four perspectives; Value as a low price, Value as whatever I want in a product, Value as the quality I get for the price I pay and Value as what I get for what I give. These different perspectives indicate varying levels of detail ranging concrete abstracts such as price, or quality attributes, and the trade-off between quality and price to the trade-off between benefit and sacrifice.

Value can be seen as what is received in exchange for what is given (Zeithaml, 1988). More specifically, customer perceived value has been defined as the trade-off between a benefit such as quality and a sacrifice usually defined as price (Monroe, 1990). It was later conceptualized with additional benefit and sacrifice components. Benefits involve some combination of physical attributes, service attributes, and technical support (Monroe, 1990). Other benefits may include performance, monetary savings or perceived benefits such as quality increase, convenience, or expansive benefits. Sacrifice, on the other hand, involves tangible costs related to the service, such as perceived costs such as risk of failure or poor performance (Monroe, 1990). Value in this case, has been modeled as emerging from attributes related to intangible benefits such as perceptions and experience.
A general model of the functional form of customer perceived value can be illustrated as illustrated in below:

\[ Value = f(\text{benefit}, \text{sacrifice}) \]

Cronin et al. (1997) tested the importance of service value in consumer decision-making processes and determined many conceptualizations and measurements of service value. The results of their study showed that customers integrate the benefit and sacrifice associated with the service in an additive manner. Similar findings have been reported in other studies (DeSarbo et al. 2001).

Customer heterogeneity results in differences in value perceptions. Contrary to the utility perspective, value is something subjective and perceived, not objective. The relation of benefit and sacrifice must be perceived as more than reasonable in order for the service to be valuable. As such, the benefits of a service must exceed the sacrifice, otherwise the value of the service is negative (Zeithaml, 1988). The service is perceived as valuable where the benefits are higher than expected or where the sacrifice is less than expectations. A service is valuable also when both the benefits are higher and the sacrifice is lower than expected. Value is related to some reference point that is perceived as important by the individual. The reference point differs depending on the individual and the usage situation (Zeithaml, 1988).

Woodruff et al. (1996) also studied approaches to customer value satisfaction and they defined customer perceived value in the following way:

"Customer value is the customers' perception of what they want to happen in a specific use situation, with the help of a product and service offering, in order to accomplish a desired purpose or goal." (Woodruff et al. 1996)

Woodruff et al. (1996) also described customer value as particular elements in a product or service and/or the outcome of its use, something that is desired by customers. Woodruff (1997) later defined value as follows:
"Customer value is a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations.” (Woodruff, 1997)

In other words, this definition entails the influence of desired and perceived perceptions, preferences and evaluations, and is linked to use situations and consequences of use.

2.2.4: Customer Satisfaction and Loyalty

Customer loyalty can be defined as customers’ sustained commitment to a company as demonstrated by repeat purchases, increased wallet share, and positive word-of-mouth referrals (Reichheld, 1996). Research indicates that when a company can command such loyalty, the benefits include, but go considerably beyond, incremental revenue. In pioneering Harvard Business Review study, Frederick et al. found that loyal customers purchase more, they will pay higher prices, they are easier to service (thus reducing operating costs) and they help expand the customer base by giving positive referrals. Loyal customers were also found to become more evangelistic about their relationship over time, thus helping the company expand in its market presence by personal referrals. (Saxena, 2006)

The key to customer loyalty is customer satisfaction. Customer satisfaction begins with providing customers with superior service, but it cannot stop there. Studies of the factors that lead to customer satisfaction point in nearly all the cases to one basic finding: customer loyalty comes from satisfying not just customers themselves, but also from satisfying the employees and partners who interact with them. It is only by effectively managing these three critical relationships that the benefits of customer loyalty can be achieved. (Saxena, 2006)

In addition, companies also earn customer loyalty by delivering value. But what value? To deliver value effectively and thus secure greater customer loyalty, businesses must begin by identifying the parameters of value as they are perceived by customers. Failure to identify these values, often make companies to fall prey to one of two miscalculations.
Either they treat all customers the same, assuming erroneously that all customers have the same perception of value; or they invest in an inappropriate product or service development, throwing capital at features or other offerings that customers don’t want. This not only wastes corporate resources – it looses customers. (Saxena, 2006)

2.2.5: Past Related Studies

Since the beginning of service marketing research, one of the main research topics to emerge was service quality. Interest in service quality has grown steadily since then. Recent research in service marketing highlights quality of service as one of the most important priorities for current and future research (Svensson, 2001; Parasuraman, 2002; Parasuraman, 2004). Today’s fixation on service quality in industries is also probably due to the switch towards consumer power, which grew substantially because of increased competition and market saturation.

Parasuraman (1988), state that the quality of services is becoming an “increasingly important differentiator between competing businesses”.

Quality is strongly related to customer satisfaction, retention and loyalty. It is therefore, expected to be a determinant of success not only in a traditional environment, but in online market place as well (Wolfinbarger et al. 2003). With the introduction of the new technologies and the mobile commerce in the marketing practices of firms, service quality delivery to customers becomes one of the most important issues for marketers in the service sector (Zeithaml, 2002). Mobile service provider by Safaricom as a particular service industry strives constantly towards delivering quality service to its customers.

Much of past research on service quality and customer perceived value has focused on identifying elements that influences the perceived quality of service. This section will look at some of the researches on service quality and other determinants that have been argued to influence perceived value.
Laukannen et al. (2005) studied customer value creation in mobile banking services. The exploratory study was conducted on experienced electronic banking customers by using a qualitative in-depth interviewing method. The study explored several customer-perceived value drivers and value creation on the basis of attributes of mobile services and customer-perceived disadvantages of mobile phones in electronic banking context. The findings increased customer perceived value in which the practitioners used to improve their services and marketing strategies. However, the study only explored the customer perceived value in relation to the banking industry and did not analyzed the effects of customer perceived value on customer loyalty.

Minna Pura (2005) studied the link between perceived value and loyalty in location-based mobile services. In her study, Minna Pura analysed the direct effect of perceived value dimensions (monetary, convenience, social, emotional, conditional and epistemic value) on attitudinal and behavioral components of loyalty, Commitment and behavioral intentions to use location-based mobile services. The study was conducted on an online survey for users of a mobile location-based directory service.

The results found that the behavioral intentions were most influenced by conditional value; the context, in which the service is used. It was followed closely by commitment and to some extent monetary value. The study also found that the influence of social and epistemic value was not significant. The study however, did not investigate the relative importance of the value dimensions’ influence on loyalty in mobile service providers.

Kleijnen et al. (2006) assessed value creation in mobile service delivery and the moderating role of time consciousness. The study focused on the utilitarian value of the mobile service. The authors developed a framework that incorporated three mode-specific benefits – time convenience, user control, and service compatibility – as well as two costs – perceived risk and cognitive effort – as antecedents of perceived value. Because of the pervasiveness of time criticality as value-added characteristic of the mobile channel, they also investigated the moderating influence of consumers’ time
consciousness. They empirically investigated the model using mobile brokerage services as an illustrative application.

The results revealed that the identified antecedents, with the exception of service compatibility, had a strong impact on mobile channel value perception, which in turn influenced behavioral intentions. The study also found that time consciousness moderates the aforementioned relationships. The study however, lacked to analyze the effects of the perceived value on customer loyalty.

Marianna (2006) studied Mass Customization implementation models customer value in mobile phone services in Greece. Marianna analyzed the mass customization strategies (MC) developed by mobile phone operators and identified the types of customer value perceived by mobile phone users that customize services to their profiles.

The methodology of the design involved a customer-centered approach adopted for analyzing Mass Customization strategies (MC) that enhanced both extrinsic and intrinsic customer value. A convenience sample was surveyed for gathering data regarding the customer value dimensions perceived by users of customized mobile phone services in Greece.

The findings revealed that Mass Customization strategies that are customer centered are vital as users of customized mobile services perceive both “give” and “get” customer value dimensions. The research did not however investigate the effects of the customer perceived value on the customer loyalty.

Eriksson et al. (2002) studied customer perceived value in a case study of how industrial customers value new mobile telephone services. The study used both secondary data and a case study. The empirical data were collected by conducting five depth interviews with industrial customers.
The questions asked during the interviews were in line with the theories presented in the frame of reference regarding the value-related concepts perceived value, unanticipated value, benefits, sacrifices, and added value. In that manner, the researchers gained an understanding of how new mobile telephone services could create value.

The results from the empirical study showed that industrial customers valued new mobile telephone services highly. This was because the new mobile telephone services created unanticipated value both by meeting the customers’ needs in an unexpected way and by meeting the latent needs of industrial customers. According to industrial customers, new mobile telephone services brought more benefits than sacrifices, which had a positive impact on the overall perceived value. The identified benefits were characterized as relieving, enabling or both. Money was the most prominent sacrifice that industrial customers perceived that they had to give it up in order to use new mobile telephone service.

The empirical findings also showed that new mobile telephone services brought positive added value to the core value of mobile communication. The study however, did not extensively analyzed how the industrial customers perceived the services of the mobile service provider. It also did not investigate how perceived value was linked to their loyalty.

Komulainen et al. (2004) explored customer perceived value in a Technology Intensive Service Innovation. The purpose of the study was to examine what kind of value advertisers derive from a mobile advertising service. The research design followed a grounded theory approach and the empirical data were gathered through in-depth interviews among sixteen retailers who used a mobile advertising service for the first time. The five customers perceived value drivers that emerged from the data were: service quality, service support, service providers’ know-how, interaction and Pioneer status. In addition, different types of mobile advertisers were identified according to their depth of involvement in the service production.
The study showed that customers of technology intensive services differ according to their willingness and ability to change their activities and thinking. However, because the research was an exploratory research, a more qualitative research on technology intensive innovation services was needed in order to further elaborate the elements of customer perceived value in this and other contexts and more quantitative research needed to test the emerging theory.

Laukkanen (2006) explored customer-perceived value of e-financial services: a means-end approach. The study explored the customer-perceived value of two e-financial services, namely electronic fund transfer service and internet brokerage service. This was done by using a means-end approach. It was a qualitative in-depth interviewing method that was used for explaining how product or service attributes facilitated consumers’ achievement of desired end-states of being. The results indicated how different electronic services value for customers in service consumption. It also indicated similarities and differences in the customer-perceived value between the services explored. However, the study was explorative in nature and consisted of a rather small number of interviews. Thus there is a need for a future research to quantitatively examine and verify this study and other areas like the mobile industry.

2.2.6: Summary of Literature Review

Summarizing the main points brought to our attention after the literature review, it can be clearly said that understanding customer value in a given good or service has long been recognized as an essential element of any customer-oriented organization’s strategy (DeSarbo et al. 2001). And as seen, a considerable research has been done in this area of customer perceived value.

However, much of the previous research has been conducted in the banking field, e-financial services or Technology service innovations, and those conducted on mobile services have focused mainly on identifying elements that influence the perceived quality of services. In addition, very few cases have focused on the link between customer
perceived value and customer loyalty in the mobile service delivery in a certain location. To fill this gap, the main focus of this study will be to determine the different types of mobile services offered by Safaricom and determine how its subscribers in Mombasa perceive value in them. The study will also investigate the effect of the subscribers’ perception on their loyalty.

The stiff competition witnessed today in the Kenyan telecommunication industry, has brought a need for Safaricom to rethink the concept of value creation to find out what its customers actually appreciate. Designing services that create value for customers has become very demanding especially in the current mobile markets, where product and service lifecycles are short and customer needs are hard to anticipate (Minna Pura et al. 2007). In this case, this study is needed to increase Safaricom understanding of how its subscribers’ in Mombasa perceive its services. The findings of this study may help the management of Safaricom to better understand how its mobile services create value for its customers in Mombasa, to position its services relative to its competitors’ services, and to communicate the appropriate value propositions to potential customers.

2.3: Conceptual Framework

This section summarizes the conceptual framework and demonstrates how this study when conducted will add to past research. Herein, the key theoretical concepts are defined and their interrelationships are identified based on literature review.

This study determined customer perceived value (dependent variable) in Safaricom mobile services in Mombasa and investigates its effect on Customer loyalty (Dependent Variable). Perceived value was determined as two individual dimensions (Service Quality (independent variable) and value for Money (independent value)). The key constructs are illustrated in the research model shown in Figure 2.
2.3.1: Customer Perceived Value

Customer perceived value is the value that customers perceive to receive or experience by using a service, and it steers purchase behavior (Bettman et al. 1998). Customer perceived value is usually defined in service marketing as: “the customers overall assessment of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988).

Traditionally, perceived value is based on customers’ experiences and seen as tradeoff between benefits and sacrifices (Flint et al. 2002; Gronroos 2000) or between quality and sacrifices (Monroe 1990; Ravald and Gronroos 1996), which can divided into monetary and psychological (Dodds and Monroe 1991).

This study considered the customer perceived value judgment to be based on service quality and value for money. This type of value judgment is in line with the definitions of Monroe (1990) and Ravald and Gronroos (1991). Service quality has been defined as a form of attitude – a long-run overall evaluation (Zeithaml, 1988, Parasuraman et al., 1988) while perceived service quality as a general, overall appraisal of service. In this study network quality, data quality, customer care services, nature of promotions and other general services have been highlighted as among the important service quality features that determines the overall perceived quality service. While on other hand, the cost of making calls, using the data and messaging services and usage of other general services is assessed to determine its worthiness compared to the service obtained or to other service providers. This will result in perceived value for money.

Hence, the framework created by Monroe (1990) was used as a foundation for the two value dimensions applied in this study, because his model analyses both the utilitarian benefit of the service delivery and the sacrifice made to achieve the utilitarian benefit.
2.3.2: Customer Loyalty

Perceived value has been acknowledged as a stable construct to predict buying behavior (Cronin et al. 2000). Furthermore, customers’ value perceptions have been found to decrease their search intention (Grewal et al. 2003). The important role of perceived customer value in predicting purchase intentions has also been confirmed in an online environment. Accordingly, it is expected to be important in mobile services (Anderson and Srinivasan 2003; Chen and Dubinsky 2003). Further research has been encouraged to explore the effect of perceived value on other constructs (Sweeney and Soutar 2001).

In marketing research, Customer Loyalty has been traditionally defined as a behavior, as a mental state or as a combination of both (Paavola 2006). Earlier views on loyalty focused solely on repeat purchase behavior, but current definitions of customer loyalty include both the attitudinal and behavioral components (Morgan et al., 1994; Oliver 1999). This study defines Customer loyalty as also including both repurchase intentions and positive word-of-mouth i.e. recommending others to use.

From the previous literature, little has been known about how use of mobile service from a service provider like Safaricom influences positive word-of-mouth and repurchases intentions to use the same service provider. Reichheld et al. (2000) argue that serving customers consistently over the same channel (mobile service) will result in lock-in effects that may influence the length of the customer relationship with the service provider and may therefore promote continuous use of the same channel.
2.4: Conceptual Framework

Figure 2.2 Conceptual framework
Source: Researcher 2011
CHAPTER THREE: RESEARCH METHODOLOGY

3.0: Introduction

This chapter presents the research design, the sample, sampling techniques, nature as well as sources of data collection techniques and data analysis to be employed for the study.

3.1: Study Design

The study adopted a descriptive research design. A descriptive research design describes the nature of a situation as it exists (Mugenda et al., 2003). The study used this research design to find out the subscribers’ perception about Safaricom service use and how their perceptions affect their loyalty towards Safaricom. A survey method was used to collect data from members of Safaricom subscribers in the Mombasa Island. Use of a survey method of data collection was chosen due to several advantages associated with it even though some disadvantages can be noted when using the method. However, the study tried to minimize the effects of these demerits while applying this data collection method.

Some of the advantages of using this descriptive research design in this study are that a lot of data can be obtained through this research design. Also data can be validated and its reliability proven. A survey research design is also an excellent vehicle for observing a subject in a completely natural environment. However, this research design even though its data description is factual, accurate and systematic, the research cannot describe what caused a situation.

But based on the fact that the objective of this study is to comprehensively determine customer perception, a descriptive research design was considered the best method especially due to the chance of targeting a population of safaricom subscribers in Mombasa Island who may generally represent the whole population.
3.2: Target Population

The target population for the study comprised of the subscribers of Safaricom mobile services in Mombasa Island. The pre-paid customers were the main target as they form the biggest number of the total subscribers of the Safaricom services. Approximately, Safaricom has around 300,000 subscribers in Mombasa Island at the time the study was carried out.

3.3: Sampling Design

This study adopted a non probability sampling design. Practically, due to the large number of unknown Safaricom subscribers in Mombasa Island, it was found to be impossible to obtain a list of all target respondents. Hence the use of probability sampling design was not feasible for this study.

The sampling method applied in this study was a convenience sampling. This sampling technique was reasonably chosen as it was found to reflect the theoretical population with respect to the variables in interest. Respondents to the self-administered survey comprised of different subscribers who were randomly chosen from the Safaricom’s customer care center in the Mombasa Island. The survey was conducted at various times and days over a four week period. Moreover, to ensure that all respondents had the same understanding of the questionnaire, the researcher provided a short introduction to the questionnaire and allowed the respondents ample time to fill in the questionnaire. All respondents were given full address of the researcher inclusive of the cell phone number so as to enable easy returns of the filled questionnaire in case a respondent needed more time to fill.

Among the obvious advantages of using the convenience sampling method was that it was convenient, fast, inexpensive, and the respondents were readily available. However, it had some disadvantages as the sample was not representative of the entire population and had some limitation in its generalization.
But in order to reduce the systematic bias and improve on its generalization, the questionnaire was distributed to randomly chosen respondents in the Safaricom’s customer care center in different days of the week.

3.4: Sample Size

Due to the large size of the target population and limited availability of time and resources to survey the whole target population, a sample size was used to give results that reflected the target population as precisely as needed using the following formula: (Mugenda et al., 2003):

\[ n = \frac{Z^2 \cdot p \cdot q \cdot N}{e^2 \cdot (N-1) + Z^2 \cdot p \cdot q} \]

Where:
- \( n \) = Sample Size
- \( N \) = Size of the target population
- \( Z \) = The value of the standard variate at a given confidence level (as per normal curve area table)
- \( e \) = Acceptable error (precision)
- \( p \) = The proportion in the target population estimated to have characteristic being measured.
- \( q = 1 - p \)

In the case of this research study where:

- \( N \) : The target population was estimated to be around 300,000 Safaricom subscribers in Mombasa island.
- \( e \) : Acceptable error should be 9% or 0.09
- \( Z \) : a 95% confidence level is required and hence the standard variate at this confidence level is 1.96
- \( p \) : Because there is No estimate available of the proportion assumed to have the characteristic of interest, 50% or 0.5 should be used as recommended by Fisher et al.
- \( q = 1 - p = 0.5 \)
Hence; \[ \eta = (1.96)^2 \times 0.5 \times 0.5 \times 300,000 = 119 \text{ Subscribers} \]

\[ (0.09)^2 (300,000 - 1) + (1.96)^2 \times 0.5 \times 0.5 \]

3.5: Data Collection Procedure

The primary data was collected through a questionnaire dispatched to different Safaricom mobile subscribers to be found in the Safaricom customer center in the Mombasa Island Head office. To minimize the respondent drop-out rate thus increasing the response rate, the questionnaire was developed to minimum respondent time. The survey questionnaire was developed based on the modification of SERVQUAL instrument (Parasuraman et al., 1985). The questionnaire consisted of three major sections. Firstly, there were questions regarding the general information of the respondent. Secondly, customer perceived value was measured in terms of quality service and its value for money. In the quality service, items used were network coverage, data and messaging service, customer care service, sales and promotions and other general services. As for value for money, the cost of calling services, data and messaging services and other general services were measured for customer perception. All these items were measured using a 5-point likert scale in an appropriate manner. Thirdly, the perceived quality and value for money were used to determine the effect of perceived value on customer loyalty to Safaricom services. The questionnaire mainly employed structured-type of questions. The numerical scaling was used in this study to minimize the subjectivity and made it possible to use quantitative analysis.

The use of a questionnaire in this study had both merits and demerits. Among the merits is that, a questionnaire ensures a low cost of conducting the study considering the large size of the target population. Also, large samples can be made use of and thus the overall results can be made more dependable and reliable.
The demerits on the other hand include, low rate of respondents, respondent need to be educated and cooperating, and there was a possibility of ambiguous replies or omission of replies. However, the study tried to avoid the demerits by developing a questionnaire that minimized respondents’ time, use simple language and develop a follow-up system in obtaining the respondents’ view.

3.6: Reliability and Validity Tests

The research study developed a questionnaire that maximized the reliability and validity of the data collected. For this reliability and validity to exist in the data, the questionnaire yielded information that was not only relevant to the research study but also correct.

3.6.1: Reliability Tests

This is to measure the degree to which a research instrument yields consistent results or data after repeated trials (Olive M. Mugenda et al., 2003). In this study, the technique chosen to assess reliability in the data was the internal consistency technique. The rationale for internal consistency is that the individual items or indicators of the scale should be measuring the same constructs and thus be highly intercorrelated (Hair et al. 1998).

Under this technique, the questionnaire was administered to a pilot testing on one occasion to estimate reliability. In effect the researcher judged the reliability of the questionnaire by estimating how well the items that reflect the same construct yield similar results.

3.6.2: Validity Tests

Validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study (Olive M. Mugenda et al., 2003). The content validity of the questionnaire was used to provide an adequate coverage of the
investigative questions guiding the research. To determine the content validity of the measure, two experts (Lecturers) were picked to judge how well the questionnaire met the evaluation of the customer perception and its effects on customer loyalty. The experts then gave their independent judgment on how well the questionnaire met the objectives of the study.

3.7: Data Analysis

The unit of analysis for this research study comprised of the Safaricom subscribers in Mombasa who have experience in using the Safaricom mobile services.

The questionnaire responses formed the raw data for the analysis. Data was first summarized in a data preparation process. Data preparation included editing, coding, and data entry. The process ensured that the accuracy of the data and their conversion from raw form to reduced and classified forms that were more appropriate for analysis. The second step in the data analysis was to describe or summarize the prepared data using descriptive analysis. The purpose of this descriptive analysis was to enable the study to meaningfully describe a distribution of scores or measurements using a few indices or statistics. A statistical package for social science (SPSS) and Excel program were used to help in analyzing the data from the questionnaire. In the first part, the responses were analysed to identify the sample demographics and get a broader idea of the sample. The findings were then analysed to determine customer perceptions on service quality and value for money. Finally, the findings of the questionnaire were analysed to determine the effects of the perceived value on customer loyalty.

Among the main types of descriptive statistics employed were the three commonly used measures of tendency i.e. the mode, the mean and the median. The study also measured the variability in order to describe the distribution of the scores. Variability is the distribution of the scores around a particular central score or value. The study employed the standard deviation.
An exploratory data analysis approach was also employed to emphasize the visual representation and graphical techniques over the summary statistics. Graphical techniques were presented to show the trends of the distribution more easily. Among the techniques for displaying the data used included Histograms, Bar charts and Percentages.

3.8: Expected Output

The results of the study should provide an insight into how Safaricom subscribers in Mombasa perceive the various services they obtain and the respective effects on customer loyalty.
CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.0: Introduction
The main objective of this study was to determine customer’s perceived value on the use of Safaricom services and its effects on loyalty in Mombasa County. Out of the sample of 119 subscribers, 107 (90%) responded to the questionnaire. This was considered adequate for the objectives of this study.

In this chapter, the analyzed data is presented together with the relevant interpretations. Findings have been presented in four parts: General information on subscribers, usage of Safaricom services, customer perceived value and customer loyalty.

4.1: General Information on Subscribers
4.1.1: Gender of Respondents

Table 4.1: Gender of respondents

<table>
<thead>
<tr>
<th></th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>61</td>
<td>57</td>
</tr>
<tr>
<td>Female</td>
<td>46</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100</td>
</tr>
</tbody>
</table>

From the table it is evident that 61 out of 107 subscribers that participated in the study are male (57%) while 46 (43%) are female. This implies that the study was balanced on gender. This information is also presented on chart 4.1 below.
Chart 4.1: Gender of respondents

<table>
<thead>
<tr>
<th>Gender of respondents</th>
<th>M</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43%</td>
<td>57%</td>
</tr>
</tbody>
</table>

4.1.1: Age of Respondents:

Table 4.2: Age of respondents

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 20</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>20 – 35</td>
<td>76</td>
<td>71</td>
</tr>
<tr>
<td>36 – 51</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Above 51</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.2 shows that majority of the subscribers (71%) are aged between 20 – 35 year. Those aged less than 20 years are 11% and 36 – 51 are 13%. Only 5% are aged above 51. Chart 4.2 below also displays this information.
Chart 4.2: Age of respondents

<table>
<thead>
<tr>
<th>Age of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 20</td>
<td>11%</td>
</tr>
<tr>
<td>20 - 35</td>
<td>71%</td>
</tr>
<tr>
<td>36 - 51</td>
<td>13%</td>
</tr>
<tr>
<td>Above 51</td>
<td>5%</td>
</tr>
</tbody>
</table>

4.1.3: Education Level

Table 4.3: Education level

<table>
<thead>
<tr>
<th></th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Secondary</td>
<td>29</td>
<td>27</td>
</tr>
<tr>
<td>Graduate</td>
<td>45</td>
<td>42</td>
</tr>
<tr>
<td>Others</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100</td>
</tr>
</tbody>
</table>

The study also sought to establish the education level of the subscribers. The findings indicate that 45 out of 107 (42%) are graduates, while 30% chose others mainly tertiary and college level. 27% of the subscribers are secondary school leavers and only 1 subscriber was a primary school leaver.
Chart 4.3 below represents the education level of the subscribers.

Chart 4.3: Education level

<table>
<thead>
<tr>
<th>Education level</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>5</td>
</tr>
<tr>
<td>Secondary</td>
<td>20</td>
</tr>
<tr>
<td>Graduate</td>
<td>45</td>
</tr>
<tr>
<td>Others</td>
<td>15</td>
</tr>
</tbody>
</table>

4.1.4: Years of Mobile Phone Usage

Table 4.4: Years of mobile phone usage

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 2</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>2 - 5</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>More than 5</td>
<td>81</td>
<td>75</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100</td>
</tr>
</tbody>
</table>

Information on the years of mobile phone usage revealed that a majority of the respondents (75%) have used a mobile phone for more than 5 years. 20 respondents out
of 107 (19%) have used a mobile phone for 2-5 years while only 6% have used for less than 2 years. Chart 4.4 below displays this information.

Chart 4.4: Years of mobile phone usage

<table>
<thead>
<tr>
<th>Years of mobile phone usage</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 2</td>
<td>6%</td>
</tr>
<tr>
<td>2 - 5</td>
<td>19%</td>
</tr>
<tr>
<td>More than 5</td>
<td>75%</td>
</tr>
</tbody>
</table>

4.1.5: M-PESA Registration

Table 4.5: M-PESA registration

<table>
<thead>
<tr>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>98</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
</tr>
</tbody>
</table>

With regard to M-pesa registration the study showed that 98 out of 107 (92%) respondents are registered for M-pesa services and only 8% are not registered.
4.2: Usage of Safaricom Services

Table 4.6: Usage of Safaricom services

<table>
<thead>
<tr>
<th>Question</th>
<th>YES</th>
<th>NO</th>
<th>OTHERS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have you won any prize from bonga points promotions?</td>
<td>43</td>
<td>64</td>
<td>0</td>
<td>107</td>
</tr>
<tr>
<td>Have you won any other prize from any other Safaricom promotions?</td>
<td>22</td>
<td>85</td>
<td>79</td>
<td>107</td>
</tr>
<tr>
<td>Have you send or received money through M-Pesa?</td>
<td>100</td>
<td>7</td>
<td>7</td>
<td>107</td>
</tr>
<tr>
<td>Have you used the “FLASHBACK 130” service?</td>
<td>92</td>
<td>86</td>
<td>7</td>
<td>107</td>
</tr>
<tr>
<td>Have you enjoyed the ‘Kama Kawaida’ service while travelling in East African region?</td>
<td>31</td>
<td>44</td>
<td>41</td>
<td>107</td>
</tr>
<tr>
<td>Have you used the ‘SAMBAZA’ Safaricom service to share airtime?</td>
<td>106</td>
<td>1</td>
<td>0</td>
<td>107</td>
</tr>
<tr>
<td>Have you accessed Internet via your phone?</td>
<td>102</td>
<td>5</td>
<td>5</td>
<td>107</td>
</tr>
<tr>
<td>Have you called customer care service line '100' to get assistance?</td>
<td>101</td>
<td>6</td>
<td>6</td>
<td>107</td>
</tr>
<tr>
<td>Have you visited any Safaricom customer service office to seek assistance?</td>
<td>98</td>
<td>9</td>
<td>8</td>
<td>107</td>
</tr>
<tr>
<td>Do you normally participate in Safaricom promotions?</td>
<td>76</td>
<td>31</td>
<td>29</td>
<td>107</td>
</tr>
</tbody>
</table>

Usage of Safaricom’s services focused on ten key points and responses were simply ‘Yes’ or ‘No’ or others. The most popular services include: M-PESA (93%), Flashback (86%), Sambaza (99%), Internet (95%), Customer care line (94%), Customer service office (92%) and Safaricom promotions (71%). 60% of the respondents had never won any bonga points prize and 79% had never won any prize in the Safaricom promotions. Most of the respondents (71%) had no idea about the ‘kama kawaida’ East African service.

4.3: Customer Perceived Value

Customer perceived value was assessed in terms of service quality and value for money.

4.3.1: Service Quality:

Service quality aspects included: network coverage, data and messaging services, customer service, sales promotions, advertisements and promotions and other services.
Data was analyzed using mean scores and standard deviations. A mean score of <1.5 implies that the service was rated as very poor. A mean score of 1.5 – 2.5 poor, 2.5 – 3.5 neither and 3.5 – 4.5 good while a mean score of > 4.5 implies excellent. Standard deviation of <1 means that there were no significant variations in response while that >1 implies that there were significant variations in responses.

**Table 4.7: Service quality**

<table>
<thead>
<tr>
<th>1. NETWORK COVERAGE</th>
<th>MEAN</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Ability to access a wide Geographical Area of Safaricom Network</td>
<td>4.0</td>
<td>0.8</td>
</tr>
<tr>
<td>1.2 Clarity of the Network while making a call i.e. Strength of the Network</td>
<td>3.8</td>
<td>0.9</td>
</tr>
<tr>
<td>1.3 Ability to get instant connection when making a call i.e lack of congestion</td>
<td>3.7</td>
<td>1.0</td>
</tr>
<tr>
<td>1.4 Consistency in the strength of the network i.e. Ability to always have the same network strength</td>
<td>3.6</td>
<td>1.0</td>
</tr>
<tr>
<td>1.5 Your overall assessment of the Safaricom Network in terms of Network Coverage and Network Strength</td>
<td>3.8</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>3.8</strong></td>
<td><strong>0.9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. DATA AND MESSAGING SERVICES</th>
<th>MEAN</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Ability to easily send/receive SMS instantly without delay</td>
<td>4.2</td>
<td>1.0</td>
</tr>
<tr>
<td>2.2 Ability to easily access the Internet via the GPRS service</td>
<td>3.3</td>
<td>1.4</td>
</tr>
<tr>
<td>2.3 Ability to quickly and easily top-up your credit using the text form</td>
<td>4.3</td>
<td>0.8</td>
</tr>
<tr>
<td>2.4 Overall assessment of the consistency of the quality of the Data and Messaging Services</td>
<td>4.0</td>
<td>0.8</td>
</tr>
<tr>
<td>2.5 Overall assessment of the Quality of the Data and Messaging Service</td>
<td>4.1</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>4.0</strong></td>
<td><strong>1.0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. CUSTOMER SERVICE</th>
<th>MEAN</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Ability to easily get assistance from Safaricom whenever you are in problem in terms of service delivery</td>
<td>2.8</td>
<td>1.3</td>
</tr>
<tr>
<td>3.2 Ability to easily access the customer service by calling 100 and get assistance</td>
<td>2.3</td>
<td>1.2</td>
</tr>
<tr>
<td>3.3 Overall assessment of your nearest Safaricom Customer Service center in terms of service delivery and assistance</td>
<td>3.2</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>2.8</strong></td>
<td><strong>1.2</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. SALES PROMOTIONS, ADVERTISEMENTS &amp; INNOVATIONS</th>
<th>MEAN</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Overall assessment of the quality of Safaricom sales promotions in terms of its influence on increasing mobile usage (e.g., how Kwachua Milioni influenced you to make more sales so as to increase your chance of winning)</td>
<td>3.5</td>
<td>1.2</td>
</tr>
</tbody>
</table>
In terms of network coverage, all the aspects were rated as good as all mean scores were within the range of 3.5 – 4.5. Overall mean score was 3.8 indicating that network coverage of Safaricom is good. There were no significant variations in the responses as the standard variation was < 1.

Data and messaging services was also ranked good in most of the aspects with mean scores ranging from 4 to 4.3. Only access of internet through GPRS was rated as neither (3.3). The overall mean score was 4 indicating that this service was rated as good. The standard deviation was 1 indicating that there were no significant variations in the responses.

Customer service was rated partly poor and partly neither with mean scores ranging from 2.3 to 3.2. The overall mean score was 2.8 indicating that customer service was rated as neither poor nor good. There were significant variations in the responses as the standard deviation was > 1.

Sales promotions, advertisements and innovations were rated as good by most respondents as mean scores ranged from 3.5 to 4.2. An overall mean score of 3.8
indicated that Safaricom promotions, advertisements and innovations were rated as good. There were no significant variations in the responses as standard deviation was 1.

In terms of other services, the respondents rated most of them as good. The services included ‘kama kawaida’, M-Pesa, Bamba and Sambaza. Kama kawaida service was rated as neither with a mean score of 3.1. The others had scores ranging from 3.9 to 4.5. The overall mean score was 4 while standard deviation was 1 indicating that there were no significant variations in the responses.

4.3.2: Value for Money

Value for money aspects included: calling services, data and messaging services and other services.

Data was analyzed using mean scores and standard deviations. A mean score of <1.5 implies that the service was rated as very expensive. A mean score of 1.5 – 2.5, expensive, 2.5 – 3.5 neither and 3.5 – 4.5 cheap while a mean score of > 4.5 implies cheapest. Standard deviation of <1 means that there were no significant variations in response while that >1 implies that there were significant variations in responses.

Table 4.8: Value for money

<table>
<thead>
<tr>
<th>6. CALLING SERVICES</th>
<th>MEAN</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Overall assessment of the calling charges to another Safaricom line during peak/ Off peak hours in your Tariff</td>
<td>2.7</td>
<td>1.3</td>
</tr>
<tr>
<td>6.2 Overall assessment of the calling charges to another service provider like Airtel/Yu during Peak/off peak hours in your Tariff</td>
<td>2.0</td>
<td>1.1</td>
</tr>
<tr>
<td>6.3 Overall assessment of the calling charges to another service provider in the East African Region during both Peak and Off-Peak hours in your Tariff</td>
<td>1.9</td>
<td>1.2</td>
</tr>
<tr>
<td>6.4 Overall assessment of the calling charges in general, in relation to the value obtained in making a call during both Peak and Off-Peak in your Tariff</td>
<td>2.4</td>
<td>1.0</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>2.3</td>
<td>1.2</td>
</tr>
</tbody>
</table>

7. DATA AND MESSAGING SERVICES

| 7.1 Overall assessment of the cost of sending an SMS to another Safaricom line | 3.6 | 1.1 |
| 7.2 Overall assessment of the cost of sending an SMS to another Service provider like Airtel | 2.9 | 1.1 |
8. OTHER SERVICES

<table>
<thead>
<tr>
<th></th>
<th>AVERAGE</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>Overall assessment on using the local charges while travelling in the East African under the 'Kama Kawaida' service</td>
<td>3.2</td>
<td>1.2</td>
</tr>
<tr>
<td>8.2</td>
<td>Compared to value obtained, your overall assessment of the charges of making calls while travelling in the East African region under the 'Kama Kawaida' Service</td>
<td>2.4</td>
<td>1.1</td>
</tr>
<tr>
<td>8.3</td>
<td>Compared to value obtained, your overall assessment of the charges of sending or receiving money using the 'M-Pesa' Safaricom service</td>
<td>2.3</td>
<td>1.1</td>
</tr>
</tbody>
</table>

In terms of calling services, most of the aspects were rated as expensive with mean scores in the range of 1.5 - 2.5. Overall mean score was 2.3 indicating that calling services of Safaricom are expensive. There were significant variations in the responses as the standard variation was >1.

Data and messaging services were ranked as neither cheap nor expensive with mean scores ranging from 2.9 to 3.6. The overall mean score was 3.2 indicating that this service was rated as neither cheap nor expensive. The standard deviation was >1 indicating that there were significant variations in the responses.

As for other services the ‘kama kawaida’ service had a mean score of 2.3 and 2.4 while M-pesa service had a score of 3.3 (neither). The overall mean score was 2.7 indicating that other services were rated as neither expensive nor cheap. The standard deviation was >1 indicating that there were significant variations in the responses.

4.4: Customer Loyalty

Customer loyalty aspects included: service quality and value for money. Data was analyzed using mean scores and standard deviations. A mean score of <1.5 implies that the service was rated as not likely. A mean score of 1.5 – 2.5, may not be likely, 2.5 – 3.5 neither and 3.5 – 4.5 may be likely while a mean score of > 4.5 implies very likely.
Standard deviation of <1 means that there were no significant variations in response while that >1 implies that there were significant variations in responses.

Table 4.9: Customer loyalty

<table>
<thead>
<tr>
<th>9. SERVICE QUALITY</th>
<th>MEAN</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1 From your perception of the service Quality, how likely would you continue to remain a Safaricom subscriber.</td>
<td>3.5</td>
<td>1.1</td>
</tr>
<tr>
<td>9.2 From your perception of the Service Quality, How likely would you recommend someone who is searching for a mobile service provider to subscribe with Safaricom</td>
<td>3.4</td>
<td>1.3</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>3.4</td>
<td>1.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. VALUE FOR MONEY</th>
<th>MEAN</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 From your perception of the charges of various services in relation to value obtained, how likely would you continue to remain a Safaricom Subscriber</td>
<td>3.1</td>
<td>1.2</td>
</tr>
<tr>
<td>10.2 From your overall perception of the charges of various services in relation to value obtained, how likely would you recommend someone who is searching a mobile service provider to subscribe with Safaricom</td>
<td>2.9</td>
<td>1.4</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>3.0</td>
<td>1.3</td>
</tr>
</tbody>
</table>

In terms of service quality, the respondents indicated that they may likely continue to be Safaricom subscribers. The mean score was 3.5. As to whether they would recommend someone the respondents rated as neither (mean score 3.4). Overall mean score was 3.4 indicating that customer loyalty on Safaricom’s service quality was rated as neither. There were significant variations in the responses as the standard variation was >1.

Finally the value for money aspect of customer loyalty was rated as neither with an overall mean score of 3. The standard deviation was >1 indicating that there were significant variations in the responses.
CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0: Introduction
The mobile phone industry in Kenya is characterized by intense growth and expansion and has become very competitive. Safaricom Limited is among the leading providers of communication services in Kenya, offering cellular network access and business solutions. The company has recently emerged as one of the fastest growing companies in Kenya. Safaricom also focuses on providing new and quality services to its customers in order to deliver value promised and meet their satisfaction demands.

Perceived value, a strategic imperative for producers and service providers in any competitive environment, is of continuing importance to Safaricom in its effort of establishing itself as a market leader in mobile service industry in Kenya. Different customers perceive value differently in their minds and often companies like Safaricom may have to segment customers into several groups with similar perceptions.

Customers will often buy from and obtain satisfaction from the company that they perceive offers the highest customer perceived value to meet their demands and solve their problems. Customer perceptions are critical in assisting companies in providing product that meet the expectations of their customers.

In this regard, it is vital that as a company Safaricom should understand the value aspects of their services from the customer’s perception.

The objectives of this study were to determine customer’s perceived value on the use of Safaricom services and its effects on customer loyalty in Mombasa County. This chapter gives a summary of the discussions, conclusions and recommendations drawn after analyzing data.
5.1: Discussions

5.1.1: Service Quality

The first specific objective of the study was to determine Safaricom subscribers’ perception towards the quality of various services and products offered.

The study as far as usage of Safari.com services is concerned revealed that the most popular services were: M-PESA (93%), Flashback (86%), Sambaza (99%), Internet (95%), Customer care line (94%), Customer service office (92%) and Safaricom promotions (71%). 60% of the respondents had never won any bonga points prize and 79% had never won any prize in the Safaricom promotions. Most of the respondents (71%) had no idea about the ‘kama kawaida’ East African service.

With regard to customer perception on service quality, several aspects were investigated including network coverage, data and messaging services, customer service, sales promotions, advertisements and promotions and other services.

In terms of network coverage, all the aspects were rated as good as all mean scores were within the range of 3.5 – 4.5. Overall mean score was 3.8 indicating that network coverage of Safaricom is good. Most respondents therefore seem to agree that the network coverage of the company is satisfactory. There standard deviation showed that there were no significant variations in the responses.

Data and messaging services was also ranked good in most of the aspects with mean scores ranging from 4 to 4.3. Only access of internet through GPRS was rated as neither (3.3). The overall mean score was 4 indicating that this service was rated as good. The standard deviation indicated that there were no significant variations in the responses.

Customer service was rated partly poor and partly neither poor nor good. The mean scores ranged from 2.3 to 3.2. The overall mean score was 2.8 indicating that customer...
service was rated as neither poor nor good. There were significant variations in the responses as indicated by a standard deviation of 1.2.

Sales promotions, advertisements and innovations of the company were rated as good by most respondents with mean scores ranging from 3.5 to 4.2. An overall mean score of 3.8 indicated that Safaricom promotions, advertisements and innovations were rated as good. The standard deviation indicated that there were no significant variations in the responses.

In terms of other services, most of the respondents rated them as good. The services included ‘kama kawaida’, M-Pesa, Bamba and Sambaza. Kama kawaida service was rated as neither with a mean score of 3.1. Most respondents had not used this service. The other services were all rated as good with mean scores ranging from 3.9 to 4.5. The overall mean score of 4.0 confirmed that the respondents considered the other services as good. The standard deviation indicated that there were no significant variations in the responses.

5.1.2: Value for Money

The second specific objective was to establish Safaricom subscribers’ perception towards value for money on the use of various services and products offered by Safaricom. Value for money aspects assessed included calling services, data and messaging services and other services.

In terms of calling services, most of the aspects were rated as expensive with mean scores in the range of 1.5 - 2.5. Overall mean score was 2.3 indicating that calling services of Safaricom are expensive. There were significant variations in the responses as indicated by the standard deviation.

Data and messaging services were ranked as neither cheap nor expensive with mean scores ranging from 2.9 to 3.6. The overall mean score was 3.2 indicating that this
service was rated as neither cheap nor expensive. The standard deviation showed that there were significant variations in the responses.

As for other services the ‘kama kawaida’ service had a mean score of 2.3 and 2.4 while M-pesa service had a score of 3.3 (neither). The overall mean score was 2.7 indicating that other services were rated as neither expensive nor cheap. The respondents could not accurately determine whether the services were cheap or expensive. There were significant variations in the responses.

5.1.3: Effects on Customer Loyalty

The third objective was to investigate the effects of Safaricom subscribers’ perceptions on their loyalty. Customer loyalty aspects assessed were service quality and value for money.

In terms of service quality, the respondents indicated that they may likely continue to be Safaricom subscribers. The mean score was 3.5 on this aspect. As to whether they would recommend someone to use Safaricom services, the respondents rated as neither (mean score 3.4). The overall mean score of 3.4 indicated that customer loyalty on Safaricom’s service quality was rated as neither good nor poor. There were significant variations in the responses as indicated by the standard deviation.

The value for money aspect of customer loyalty was rated as neither with an overall mean score of 3. This indicates that the subscribers were not really satisfied with the services to the extent of recommending others to use them. The standard deviation indicated that there were significant variations in the responses.

5.2: CONCLUSIONS

Based on the findings, it can be concluded that the Safaricom subscribers in Mombasa County have very high usage of most of the services. The leading services being
‘sambaza’, internet and customer care. Other services in demand are Mpesa and flashback services. However, there is minimal usage of the ‘kama kawaida’ East African service as most respondents may not have travelled across the region or may not just be aware of the service. A considerable number of respondents did not even fill that part in the questionnaire.

The customer perception on service quality aspects is generally good. The network coverage is satisfactory according to most subscribers in Mombasa. Data and messaging is also good as majority of the respondents rated this service highly. On promotion and advertisements, most respondents also agree that Safaricom has done a good job. A few subscribers seemed to be unaware of the ‘kama kawaida’ service hence could not rate it. As for M-pesa, Bamba and Sambaza the respondents were unsure of their perception as to whether the quality was good or not.

The value of money perception had mixed results. Calling services were generally rated as expensive but data and messaging services were rated as neither. Other services were also rated as neither expensive nor cheap. Especially a service like M-pesa which is popular among the respondents, it may mean that the respondents do not think they are getting value for their money. Safaricom’s calling rates may also be seen to be expensive compared to their close rivals Airtel.

Findings on customer loyalty based their assessment on recommendations by the respondents based on service quality and value for money. These revealed that most respondent were neutral as to whether they would recommend others to use Safaricom’s services or even commit themselves to continue using the services in future. This means that although Safaricom’s services are popular with the subscribers, they do not feel they are getting value for their money hence may switch to other operators once an opportunity arises. The respondents also feel the services are expensive compared to value they get or other competing operators.
5.3: Recommendations

The study clearly revealed that the Safaricom subscribers in Mombasa County have high usage of the services but are not satisfied with service quality and value for money. As a result, the company could focus more on generating value to its customers rather than increasing the range of services. The subscribers seem to be on a wait-and-see situation especially for services which may not have a perfect substitute such as M-pesa. Considering the increased competition in the industry, it may be just a matter of time before the company experiences an exodus of some its subscribers to other operators. The hard economic times that Kenyans have been going through demand that companies also look for ways to maintain the customers while cashing in on volumes of transactions.

Calling rates need to be revised downwards to maximize on the increased calling time. Delays in accessing the customer care line and services need to be quickly addressed to improve service quality further. More reward systems and promotions that target most subscribers could also improve value.

Safaricom Mobile service can keep and increase its good preference by the following ways, use of advanced modern techniques to improve the phone call quality, increase of the network coverage especially in the rural areas and improve the quality of SMS service.

Increase the accuracy of inquiring results. Nowadays, customers can use SMS, phone call, internet service hall to inquire telephone fee, these multiple ways can meet the demand of customers in terms of means, but the results are sometimes wrong, and customers are unsatisfied with these mistakes.

Increase the quality of staff training, especially the ones for employees who are working in the service center. Their service attitude and work efficiency play an important role in the service quality of Safaricom Mobile. Apart from sponsoring recreational and sports activities the company should engage more in charity events to establish a good corporate
image. Safaricom should not only advertise its products but also advertise itself and add corporate culture into these commercials.

Besides the local phone fee, there are long distance fees and mobile roaming service charges which are much expensive than the local. Long distance fee is charged when the phone call is made outside a certain area; roaming charges occurred when the caller travel outside a certain local area and make phone call. Nowadays, people travel a lot, so long distance fee and mobile roaming service charges can make the phone fee much higher and then make the customers feel the rating price of given quality of Safaricom Mobile is high.

5.4: Limitations of the Study

The study was limited to the perceptions of Safaricom subscribers in Mombasa County only. Out of the sample of 119 subscribers 107 filled and returned the questionnaires. The response rate was therefore 90% with a none-response rate of 10%. Some respondents did not also fill in some of the key data that was essential in coming up with the findings and conclusions.

Measuring the exact level of customer perception was a difficult task. The study had to use estimates to obtain the levels of customer perceptions. Also, the study only looked at customer perception on service quality and value for money, and investigated its effects on loyalty. However, there were other variables which had direct or indirect effect on the customer loyalty.

Moreover, the researcher was not able to get access to all Safaricom subscribers in Mombasa due to their big numbers. This made it hard for the study to generalize customer perception and its effect on loyalty. Furthermore, not all those who were approached to give information understood the language used in the questionnaire. As a result the researcher was required to translate the information. Lastly, not all respondents were ready to share their feelings about the Safaricom services.
5.5: Suggestions for further research

The study was conducted on Safaricom subscribers in Mombasa County only. The findings can be verified by conducting the same study on other Counties in Kenya as well. A study can also be conducted on other mobile operators too. The study findings are according to the subscriber's point of view. The study can be conducted to find out the company's point of view.
REFERENCES


Munyoki Justus (2010), “Study of customers perception of M-pesa services provided by Small and medium businesses in Kitengela and Athi River township in Kenya”


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Dear Respondent:

I am currently a postgraduate student pursuing a Master of Business Administration in the Department of Business Administration at Kenyatta University, Mombasa Campus. In partial fulfillment of the course requirements, am expected to undertake a research study. My study focuses on the effects of customer perceived value of Safaricom Service use on customer loyalty, a case study of Safaricom subscribers in Mombasa County.

By way of a questionnaire, I wish to get information from you to enable me obtain data for my study.

Kindly spare some time and respond to the items in the questionnaire as accurately and honesty as possible. The information provided will be used for the intended purpose only and will be treated with utmost respect and confidentiality.

I hope the study findings and recommendations made thereof will be found useful in addressing Customer Perceived Value in the Safaricom Mobile Services within Mombasa area for improved performance.

Thanking you in advance for your co-operation in the exercise.

Sincerely,

Hamid Mohamed Athman
APPENDIX II

QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

Personal Details (Optional)

Name: .................................................................

E-mail: .................................................................

SECTION i: INSTRUCTIONS:
Please, answer the questions below. Indicate your choice by marking (X) in the appropriate answer alternative

1. Gender
   Male ☐ Female ☐

2. Age
   Less than 20 ☐ 20 – 35 ☐ 36 – 51 ☐ Above 51 ☐

3. Educational Level
   Primary Level ☐ Secondary level ☐ Graduate ☐ Others ☐

4. Number of Years you started using mobile phone
   0 – 2 years ☐ 2 – 5 years ☐ More than 5 years ☐

5. Are you M-Pesa Registered?
   Yes ☐ No ☐

SECTION ii: INSTRUCTIONS:
Please, answer the questions below. Indicate your choice of the Safaricom services that you have used by marking (X) in the appropriate answer alternative

1. Have you won any prize from bonga points promotions? Yes ☐ No ☐

2. Have you won any other prize from any other Safaricom promotions? Yes ☐ No ☐

3. Have you send or received money through M-Pesa? Yes ☐ No ☐
4. Have you used the “FLASHBACK 130” service? Yes □ No □ Unaware of this □

5. Have you enjoyed the ‘Kama Kawaida’ service while travelling in East African region?  
   Yes □ No □ I have not been out of Kenya □

6. Have you used the ‘SAMBAZA’ Safaricom service to share airtime?  
   AIRTIME?  
   Yes □ No □

7. Have you accessed Internet via your phone? Yes □ No □

8. Have you called customer care service line’100’ to get assistance? Yes □ No □

9. Have you visited any Safaricom customer service office to seek assistance?  
   Yes □ No □

10. Do you normally participate in Safaricom promotions?  
    Yes, I frequently participate □ Yes, occasionally I participate □  
    No, I never participate □
SECTION B – CUSTOMER PERCEIVED VALUE

INSTRUCTIONS: Please, indicate your opinion by marking on the appropriate box, (X), on the 5-point scale, where (1) equals ‘VERY POOR’ and (5) equals ‘EXCELLENT’ and the Ratings as follows:

<table>
<thead>
<tr>
<th>Poor</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

1. NETWORK COVERAGE

1.1. Ability to access a wide Geographical Area of Safaricom Network

1.2. Clarity of the Network while making a call i.e. Strength of the Network

1.3. Ability to get instant connection when making a call i.e. lack of Congestion

1.4. Consistency in the strength of the network i.e. Ability to always have the same network strength

1.5. Your overall assessment of the Safaricom Network in terms of Network Coverage and Network Strength

2. DATA AND MESSAGING SERVICES

2.1. Ability to easily send/receive SMS instantly without delay

2.2. Ability to easily access the Internet via the GPRS service

2.3. Ability to quickly and easily top-up your credit using the text form

2.4. Overall assessment of the consistency of the quality of the Data and Messaging Services

2.5. Overall assessment of the Quality of the Data and Messaging Service

3. CUSTOMER SERVICE

3.1. Ability to easily get assistance from Safaricom whenever you are in problem in terms of service delivery

3.2. Ability to easily access the customer service by calling 100 and get assistance

3.3. Overall assessment of your nearest Safaricom Customer Service center in terms of service delivery and assistance

4. SALES PROMOTIONS, ADVERTISEMENTS & INNOVATIONS

4.1. Overall assessment of the quality of Safaricom sales promotions in terms of its influence on increasing mobile usage (e.g., how Kwachua Milioni influenced you to make more sales so as to increase your chance of winning)

4.2. Overall assessment of the quality of Safaricom advertisements in terms of its presentation and effectiveness

4.3. Ability of Safaricom to constantly innovate new products or services e.g. introduction of M-Pesa services

5. OTHER SERVICES

5.1. Overall assessment of the ‘Kama Kawaida’ service in terms of its quality and its effectiveness to enable subscriber to make call easily in the Uganda, Tanzania and Rwanda regions

5.2. Overall assessment of the ‘M-Pesa’ service in terms of its effectiveness and reliability to send and receive money

5.3. Easy accessibility of all the denominations of credit cards e.g. the Bamba 50, 20, 10, 5

5.4. Overall assessment of the ability to share Air time using the Sambaza’ Services.
**INSTRUCTIONS:** Please, indicate your opinion by marking on the appropriate box, with (X), on the 5-point scale, Where (1) equals ‘VERY EXPENSIVE’ and (5) equals to ‘CHEAPEST’

Read the Ratings s Follows:
(1) Very Expensive  (2) Expensive  (3) Neither  (4) Cheap  (5) Cheapest

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tr>
<td>V</td>
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<tr>
<td>6. CALLING SERVICES</td>
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<tr>
<td>6.1 Overall assessment of the calling charges to another Safaricom line during peak/ Off peak hours in your Tariff</td>
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<tr>
<td>6.2 Overall assessment of the calling charges to another service provider like Airtel/Yu during Peak/off peak hour in your Tariff</td>
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<tr>
<td>6.3 Overall assessment of the calling charges to another service provider in the East African Region during both Peak and Off-Peak hours in your Tariff</td>
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<td>6.4 Overall assessment of the calling charges in general, in relation to the value obtained in making a call during both Peak and Off-Peak in your Tariff</td>
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<tr>
<td>7. DATA AND MESSAGING SERVICES</td>
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<tr>
<td>7.1 Overall assessment of the cost of sending an SMS to another Safaricom Line</td>
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<tr>
<td>7.2. Overall assessment of the cost of sending an SMS to another Service provider like Airtel</td>
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<tr>
<td>8. OTHER SERVICES</td>
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<tr>
<td>8.1 Overall assessment on using the local charges while travelling in the East African under the 'Kama Kawaida' service</td>
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<tr>
<td>8.2. Compared to value obtained, your overall assessment of the charges of making calls while travelling in the East African region under the 'Kama Kawaida' Service</td>
<td></td>
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<tr>
<td>8.3. Compared to value obtained, your overall assessment of the charges of sending or receiving money using the 'M- Pesa' Safaricom service</td>
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</tr>
</tbody>
</table>

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### SECTION C – CUSTOMER LOYALTY

**INSTRUCTIONS:** Please indicate your opinion by marking the appropriate box on the 5 - Point scale, where (1) Not likely (2) May be not likely (3) Neither (4) May be likely and (5) Very likely, with (X).

<table>
<thead>
<tr>
<th>9.0 SERVICE QUALITY</th>
<th>Not Likely</th>
<th>Very Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1 From your perception of the service Quality, How likely would you continue to remain a Safaricom subscriber.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>9.2 From your perception of the Service Quality, How likely would you recommend someone who is searching for a mobile service provider to subscribe with Safaricom</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate your opinion by marking the appropriate box on the 5 - Point scale, where (1) Not Likely (2) May be not likely (3) Neither (4) May be likely and (5) Very likely, with (X).

<table>
<thead>
<tr>
<th>10.0 VALUE FOR MONEY</th>
<th>Not Likely</th>
<th>Very Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 From your perception of the charges of various services in relation to value obtained, how likely would you continue to remain a Safaricom Subscriber</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>10.2 From your overall perception of the charges of various services in relation to value obtained, how likely would you recommend someone who is searching a mobile service provider to subscribe with Safaricom</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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APPENDIX III: WORK PLAN

The time plan of the study will be as follows:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Week 1 – Week 4</th>
<th>Week 5 – Week 8</th>
<th>Week 9 – Week 10</th>
<th>Week 11 – Week 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaire</td>
<td>XXXX</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Field Work</td>
<td></td>
<td>XXXX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Analysis</td>
<td></td>
<td></td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>Report Writing, Dissemination of the Project with supervision and Submission</td>
<td></td>
<td></td>
<td>XXXX</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX IV: BUDGET

The proposed budget for conducting the research will be as follows:-

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT (KShs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Secretarial services</td>
<td>21,000.00</td>
</tr>
<tr>
<td>2. Hiring of clerical assistant</td>
<td>3,000.00</td>
</tr>
<tr>
<td>3. Stationery costs</td>
<td>5,000.00</td>
</tr>
<tr>
<td>4. Telephone costs</td>
<td>2,000.00</td>
</tr>
<tr>
<td>5. Transport Costs</td>
<td>3,000.00</td>
</tr>
<tr>
<td>6. Miscellaneous Expenses</td>
<td>2,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36,000.00</strong></td>
</tr>
</tbody>
</table>