

**INFLUENCE OF THE PERCEPTION OF SERVICE QUALITY
ON CUSTOMER SATISFACTION: THE CASE OF MOBILE
NETWORK SERVICE PROVIDERS IN KENYA**

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Requirement of Masters of Business Administration, School of
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DECLARATION

I, the undersigned, hereby declare that this paper is original work and has not been presented in any other college, institution or university for any award.

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Date.....

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D61/70838/2008

I declare that this work has been presented with my approval as approved university supervisor

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DEDICATION

The project is dedicated to my late parents Mr. and Mrs. Augustine and Alice Okollo of Nyakach District, Nyanza province.

“I now come home having completed the leg of the journey that you consigned me to.” To me, your demise at a time when I needed you dearly, gave me a weapon to face life without fear. I am persuaded to fulfil the desire you had for me while you were a life in the hope that you are only a sleep but spiritually a live to guide me through the vagaries of this world. Glory be to God the almighty.

ACKNOWLEDGEMENT

It is my pleasure now on this page to pass a vote of thanks to all those people who in one way or another have been unswerving source of inspiration and support to me throughout this study. Yet this space is not specious enough to allow me to enumerate them all and their individual contributions. Therefore in acknowledging one, I acknowledge all others who I am unable to mention here by name.

Special thanks go to my brother Mr. Bernard Okollo my wife Mrs. Winnie Okollokwach and to my children Kevin, Beryl, Eric and Emanuel whose collective and individual contributions and sacrifices enabled me to achieve my goal.

I am greatly indebted to my brother Bernard, who upon the death of my father took the responsibilities of my upkeep and schooling right from Std 4. To you, may God reward you in His special way as I may not personally be able to offer such rewards to the extent of my desires in this regard? Bernard you are my true mentor.

To my wife and children I must admit that it requires great sacrifice and commitment to bear the challenges of long hours of being away and dwindling financial capabilities brought about by abrupt changes in the family as a result of my schooling. Your love, Patience, inspiration, co-operation and support gave me strength and morale to successfully complete my course work and now this project. I am indebted immensely to all of you and I do hereby express my sincere gratitude and praise to you all. May the name of the Lord Almighty be praised?

ABSTRACT

This report is an outcome of a research to establish the influence of the perception of service quality on customer satisfaction in relation to network service providers in Kenya. It was meant to demonstrate how specific service quality attributes influence customer's perceptions on mobile phone services as well as establishing whether the mentioned attributes can be improved without attracting new service charges and eventually how such improvements on quality can be used to increase customer's satisfaction.

Literature review was conducted on related past studies that touched on Service Quality; Customer Satisfaction and the relation between service quality and customer satisfaction. Customer satisfaction has been found to be the most important aspect of marketing. It is the company's Key Performance Indicator (KIP).

Service Quality on the other hand, consists of technical and functional quality. Technical quality is what consumers get as a result of interacting with the service provider, while functional quality has to do with how the service is delivered. The relationship between service quality and customer satisfaction was also extensively reviewed. Eventually, conceptual framework on how service quality attributes results in customer's satisfaction was analyzed in the review as indicated in figure 2.1.

Chapter three highlights the methodology used for the study. Chapter four contained a summary of data analysis and interpretation. The main findings can be summarized as follows : Customer expectation and perception; Factors determinants in the choice of mobile service provider which were found to rotate a round Call Quality, Call drop rate, Network coverage, distribution of customers according to preferred Network and Network service performance.

The study established that Network service performance is usually associated with Call performance, Network coverage, Network reliability, Customer service, service plan options, Availability of credit offer and cheap tariff, customer satisfaction in mobile service provider and the spill over effects of product quality on partners. All the factors have been positively established to be major influences of the perception of service quality on customer satisfaction.

The research has also established that service providers are constantly investing on new technologies aimed at enhancing service qualities that would attract and retain existing customers. Even as the research was being concluded, new evidences are

emerging to the effect that Safaricom is about to launch a new service to be named M-Shwari which will virtually act as a mobile bank that will offer customers a chance to save and earn interest on the savings the same way traditional Banks operate.

In conclusion, some of the service quality attributes discovered in the study have direct bearing on customer's perception and if applied well by the service providers, could enhance customer's satisfaction.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The mobile phone industry is highly competitive and the networks service providers are competing to attract and retain their customers. Organizations and companies succeed, or fail, based on the quality and effectiveness of the services they offer to their customers. Managing services is becoming one of the biggest challenges in the twenty first century. Unlike goods, many services have characteristics that make them very special. Most services cannot be counted, measured or verified. The world has shifted from a purely goods driven economy into services driven economy and, this trend is evolving all over the world. Mobile telecommunications is one of them and Kenya being a myriad of different sector, has one of the highest mobile telecommunications user penetration rates in Africa.

One important service in any economy is telecommunication. The telecommunication industry's role in an economy cannot be underemphasized. This is because it is the means through which all activities are undertaken. It aids in decision making, organizing, influencing, activating, instructing, providing feedback, promoting interpersonal and business relationships as well as exchange of information. Due to the importance of telecommunication as underlined above, the network service providers have a big role to play in ensuring quality of the services they provide to their customers.

The industry has gone through technological changes that as seen it moves from fixed line phones to mobile phones. In Kenya the mobile phones entered the economy in the late 1990s. Safaricom was the first to be licensed to offer the network services as a sole provider. Kencel now Airtel become the second network service provider. Latter YU and Orange network service providers were registered and competition opened up. However before the entry of mobile phones, telecommunication network services were only offered by Kenya Post and telecommunication which due to its monopoly offered Kenyans poor and substandard services. The new players or firms in the

industry has introduced service quality at reasonable price and created social responsibility as one of their business.

The effect of deregulation policy of the telecom industry has aided in the current level of satisfaction being enjoyed by customers today. The deregulation, competition and advancement in information communications technology seems to be exerting pressure on managers of this industry to demonstrate customer-focused and continuous service improvement than before, as a way of ensuring customer satisfaction, brand supremacy and finally customer loyalty.

In service industry, globally, the subject of service quality remains a critical and a competitive tool as business organizations strive to maintain a competitive advantage in the marketplace. Since services, particularly those offered in the telecommunication sector, compete in the marketplace with generally undifferentiated products, the challenge facing the business firms in the industry is to excel in quality in order to attain business excellence and gain competitive advantage. This means that they will have to offer services that meet or exceeds customer's expectations.

Mobile phone as communication tool is fast gaining ground in developing countries. Started in developed countries, subscribers in developing countries, however, now represent the majority of 2.4 billion mobile phone users worldwide. Africa, with Kenya at its forefront, is currently the fastest growing mobile phone market in the world. Over the first five years the continent's cell phone use has increased at an annual rate of 65% twice the global average. Africa far outpaces the rest of the world in average annual growth of cell phone subscriptions. According to international Telecommunication Union, from 1999-2004, Africa signed up for cell phones at a far greater rate than Asians and nearly three times as fast as American.

As the number of phone use increases, awareness about the quality of services also increases and cell phone network service providers are called upon to improve on service quality. Kenya currently has four network service providers' registered by the communication commission of Kenya (CCK). The four are: Safaricom, Airtel, YU,

and Orange. Of the four, Safaricom is the largest by subscription base, followed by Airtel.

Before the privatization of the telecom industry in Kenya, such services were only being provided by Telecom Kenya, which was relying on landline phones. However, the services were poor in quality and not readily available. The sector was privatized in 1990s paving way to the registration of the private network service providers mentioned above. The entry of private suppliers improved the service as competition became severe.

Kenya aims to be among the leading top ten in the industry globally. However, for this to be attained, it will involve addressing constraints facing the industry and implement strategic projects to improve the quality. Kenya can and must do better. However, instead of putting more emphasis on improvement, the sector players are engaging themselves in unnecessary price wars coupled with promotions aimed at luring the consumers to their side. For example, YU to YU calls are free from 6am-6pm, for Airtel to Airtel it is free from 10pm to 10am. Such moves only confuse the would be customer even more and for the price sensitive ones, they are likely to go for the lower call rates instead of quality.

1.1.1 Perception of Service Quality

Customer's perception of service quality is a complex undertaking that a customer has to face when intending to make a purchase decision. In service industry, such a decision is even more complex due to the homogeneity of the services being offered. The service quality construct evolved out of the quality literature in manufacturing. Quality initiatives can be traced back to 1920's when manufacturers began to focus on controlling the physical production of goods and internal measurements of the production process (Kendampully, 2002). The Total Quality Movement (TQM) within the manufacturing slowly faded and has given way to a new paradigm focused upon the service sector and the customer/producer relationship.

Customers judge the service in terms of service quality. Traditional service industry, which has been around for quite some time, can provide valuable insight into customer perception of service quality. In developing quality service: Balancing customer perceptions and expectations is quite necessary (Valerie, A., et al, 1990).

The researchers came up with the five dimensions of service quality referred to as: Reliability-the ability to perform the promised service dependably and accurately; Responsiveness- the willingness to help customers and provide prompt services; Assurance- the knowledge and courtesy of employees and their ability to inspire trust and confidence; Empathy- the caring and individualized attention; and lastly, Tangibility- the physical facilities, equipments and appearance of personnel. If the result of the above study is interpreted in the context of S+ S/saas, reliability of the service (which reflects technical quality) is most important but can get us only to one thirds the way to delivering quality service to the customer. The rest, two thirds (which is process quality) journey of delivering quality service to customer is all about supporting the delivery of the service (“how” to deliver as opposed to “what to deliver”)!!! This finding matches with another service industry finding that only 30% of incidents that prompt customers to switch service providers are related to “core service failure” or technical reasons. 70% incidents are related to service encounter failures which are related to how companies interact with the customers

1.1.2 Concept of Customer Satisfaction

Customer satisfaction is well known and established concept in several areas like marketing, consumer research, economic psychology, welfare-economics, and economics. The most common interpretations obtained from various authors reflect the notion that satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Armstrong and kottler, 1996). Bitner and Zeithaml (2003) stated that satisfaction is the customers’ evaluation of a product or a service in terms of whether that product or service has met their needs and expectations. According to Boselie et al (2002) satisfaction is a positive, affective state resulting from appraisal of all aspects of a party’s working relationship with another.

The blurred distinction between the contribution of network operators and handsets towards good performance may cause the spill over effect from satisfaction to loyalty. For example, when a user is satisfied with the web surfing function on mobile phone acquired for reasonable cost, he or she is likely to be loyal to the network operator as he or she also attributes the good performance of the web-surfing on the handset due

to the combine quality of the handset and the network operator. Similarly, if customers are satisfied with the high speed download of images or videos on his mobile phone, not only will they be loyal to the handset because of the performance might be seen as a result of good combination between network and handset.

1.2 Problem Statement

The number of mobile phone subscribers has risen to more than 25million according to the Communication Commission of Kenya (CCK) latest statistics (2011). Indeed this is a thriving industry with potentials for further growth. This however has occasioned the four network providers to compete for clients. One area where this war is fought is calling rates (or price war) kicked off by Airtel Kenya last year October 2010. As the price war continues to dominate the industry one area where subscribers are likely to suffer is the quality of service being offered by the operators.

The importance of providing a customer with the quality of services in order to satisfy them and encourage future purchases is well documented in literature (Mohammed and Noorjahan, 2006; Zeithaml, et al., 1990; Sureshchanndra, et al., 2003; Chadhuri and Holbrook, 2001; Kettinger and Lee, 1994). Despite some of these recent studies in customer satisfaction and service quality, similar investigation on cell phone network service providers has remain limited. Internal customer satisfaction with regard to cell phone network service providers in Kenya has gone virtually untouched. In Africa, with the exception of Petzer and Meyer (2006) which dwelt on age differences in a more general perspective in South Africa, there has been no attempt to investigate this area thereby creating a knowledge gap that this study aims to bridge.

The study attempts to answer the following research questions:

- i. What service quality attributes can influence customer's perceptions on mobile phone service providers?
- ii. How can these attributes be improved within the current raging price war among network providers?
- iii. Does improvement on service quality increase the level of customer satisfaction?

1.3 Research Objectives

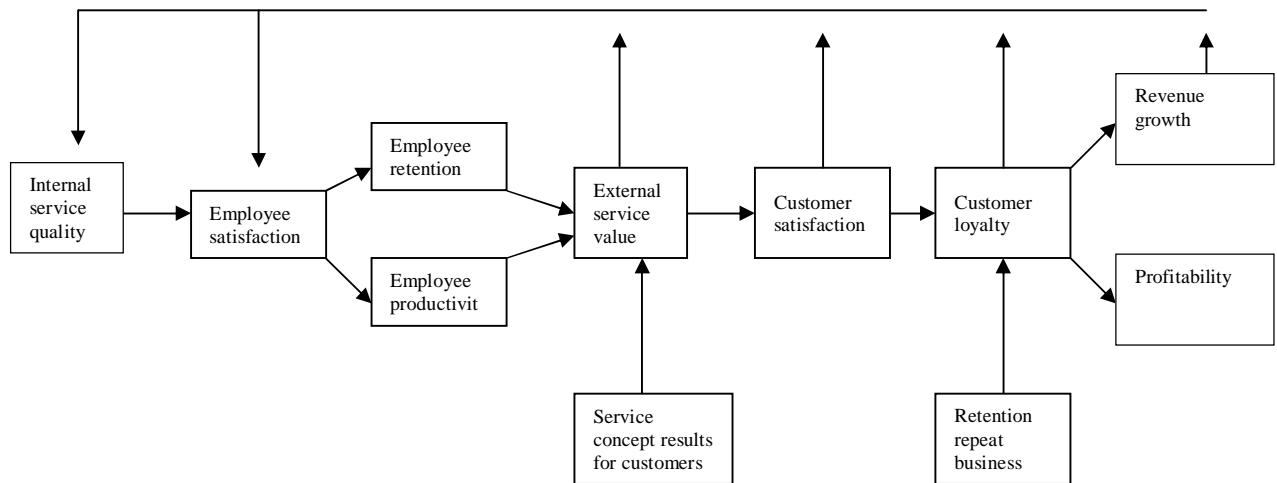
The study was guided by the following objectives:

- i. To identify specific service quality attributes that can influence customer's perceptions that influence customer's perceptions on mobile phone services
- ii. To establish whether the attributes can be improved without increasing or worsening service charges on customers.
- iii. To determine how such improvements on service quality can be used to increase customer's satisfaction.

1.4 Value of the Study

Findings from this study will lead to a better understanding of the influencing level of the attributes on customer satisfaction. The result of this study will contribute to the awareness of the relationship between the variables, but it will also direct managers in areas for improvement to increase customer satisfaction. Through statistical analysis, a conclusion on the existence of a relationship between qualities attributes of suppliers and consumers will be known. In turn this will lead to agreement or disagreement creating further research in this area. The study conforms to the existing theory of the customer profit chain as shown in figure 1.1.

Figure1.1 The Customer Service Profit Chain



Source: Dr. Paul Sudnik. <http://www.ewisft-e-commerce.com/2008>

This concept or model is based on customer satisfaction theory which includes all that is needed in exploring how customer satisfaction, leads to customer loyalty and how the two are linked to the quality of customer service and ultimately the firms own profitability. Current study therefore conforms or contributes to the concept and practices of the theory.

However, in general, this study is important to scholars who may be interested in service quality and its application to marketing as a field of study. It is also important to the industry in general as it might inspire R&D department to come up with new technologies that can improve their services further. It is also important to the government in ensuing that consumers are not offered poor quality services in the name of competition.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature discussed in this section is in the context of the influence on the relationship between customer perceptions of service quality and satisfaction in the mobile network service providers. It take a world view i.e. any research that has been conducted in the related area forms the basis of the literature to be reviewed herein. It will mainly consider those in the service industry.

Highlighted in this chapter includes service quality which is reviewed in details that encompasses both technical and functional aspect of the quality of service. The five distinct dimensions of mobile service quality are reviewed and their effects on economic values and how satisfaction is achieved through such parameters.

Customer satisfaction is used in marketing to measure how products and services supplied by a company meet or surpass customer expectation (Berry and Parasuman, 1991). In nearly 200 senior marketing managers interviewed 71% responded that they found customer satisfaction metric very useful in managing and monitoring their business (Westbrook, 1980).

Relationship between service quality and customer's satisfaction is noted in literature as one of the important aspect in marketing of services. The two marketing terms are key in influencing customer to a particular service offered for sale.

2.2 Service Quality

Managing service quality is concerned with understanding what is meant by service quality, what its determinants are and how they may be measured, and identifying the potential shortfalls in service quality and how they can be recovered. Responsibility for quality service lies with operations, marketing, human resources and other management-working within an organization.

Services are characterized as being different from products along a number of dimensions that have implications for quality of service provided to customers. Services are intangible that is, Production and consumption of many services are simultaneous, the service may not be separated from the person of the seller, and the

customer may be involved in the service performance, for example, legal advice. Heterogeneity, that is, variability often exists in service as a function of labour inputs and non-standardization of delivery, and so the use of quality standards in the conventional sense is more difficult. Finally, many services cannot be stored to meet fluctuations in demand for example, doctor's time, so companies need to develop systems to manage supply demand (Dale, 2006)

Service quality has been divided in two dimensions that is technical and functional quality (Groonnoos, 1984) Technical quality is what consumers get as an outcome of an interaction with a service provider, while functional has to do with how the service is delivered .In service industry, technical quality is difficult to differentiate among competitors, functional attributes of service are potentially more important in customer satisfaction (Gronoos, 1984). Gronoos (1988) argues that perceived is a function of expected quality (generated from market communication, image, word of mouth, and customers needs) and experienced quality and functional quality).

Five distinct dimensions of mobile service quality and their direct and indirect effects on economic value, emotional value on loyalty intention through satisfaction has been identified (Lim, et al, 2006) these are pricing, network, data billing and customer services. Mobile Telecommunications market can be divided by the type of services provided and by the telecommunications network used. It can be in terms of sales, sales revenues and number of customers' involved (Gerport et al., 2001). The same man noted that the mobile cellular telephony is by far the most important sub-market for mobile telecommunications. Due to the special characteristics of services, in general, and mobile services in particular, the consumer cannot be certain the service provider will always provide the promised service quality (Gerport et al 2001);and quality itself can only be measured by the customer (Parasuraman et al.,1985)

Past research indicates that there is growing evidence that customer perception of service quality affects their behaviour intentions (Johnsons and Sir Kit, 2002).If a customer prefers one company to the detrimental of another, based on the perception of service quality, this customer might engage in a repurchasing cycle and most likely would recommend peers to that specific company.

Without any doubt, service quality is very important component in any business related activity. This is especially so, to market a customer's evaluation of service quality and the resulting level of satisfaction. Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zrihml et al, 1993); which consumer think the service provider should offer (Parasuram, et al., 1988). To some service quality should also be defined as the difference between customer's expectations for the service encountered and the perceptions of service received. According to service quality theory (Oliver, 1980), it is predicted that customers will judge that quality as 'low' if performance does not meet their expectations. Closing this gap may require toning down the expectations or heightening the perception of what has actually been received by the customer (Parasuraman et al., 1985). For the purpose of this study service quality is viewed as one of the core influence on customer perception.

In a competitive business market, many firms are focusing on their efforts on maintain a loyal customer base. Most of the Network service providers set their strategies towards increasing satisfaction and loyalty of the customer through the quality of the service they offer. Devlin (2001) pointed out that "customers perceive very little differences and any new offering are quickly matched by competitors".

In conclusion, many researchers are of the opinion that service quality offers the most competitive tool in marketing of services.

2.3 Customer Satisfaction

In service marketing to date, extensive research has been done in service quality more than in any other unit in the area (Berry and Parasuman, 1991; Turel and Alexander, 2006; Westbrook, 1980 and Kessler, 2003). Fisk et al., (1993) noted that the interest in service quality parallels the focus on quality, total quality management and satisfaction in business. Academics and practitioners have demonstrated interest in issues that surround the measurement of service quality and consumer satisfaction (Fisk et al., 1993). Bateson (1995) states that quality is generally conceptualized as attitude, the consumer's comprehensive evaluation of the service offered. It is build up from a series of satisfaction. Satisfaction is the outcome of the evaluation a consumer makes of any specific transaction.

Fisk et al., (1993) notes that service satisfaction and disservice quality are clearly related. Researchers do not share common definitions of the terms involved, nor is there a clear understanding expressed in the literature on how the terms relate. Oliver (1980) defines “satisfaction as a summary psychological state resulting when the emotions surrounding disconfirmed expectations are coupled with the consumer’s prior feelings about consumption experience,” perceived quality is therefore global judgment, or attitude, relating to superiority of the service, whereas satisfaction is related to specific transaction (Parasuraman et al, 1988), even though some researchers argue that service quality is an antecedent of consumer satisfaction and consumer satisfaction exerts a strong influence on purchase intentions than does service quality (Cronin and Taylor, 1992.).

Service quality has been described as form of attitude but not related to satisfaction, which results from the comparison of expectations with performance (Bolton and Drew, 1991; Parasuraman, et al., 1988). Though researchers admit that current measurement of consumers’ perceptions of service quality closely conforms to the disconfirmation paradigm (Bitner 1990; Bolton and Drew 1991a, 1991b; Parasuraman et al., 1988), for other service quality is form of attitude, a consumer judgment of the overall excellence or superiority of service (Bolton and Drew, 1991; Parasuraman et al., 1988), while satisfaction is transaction – specific measure (Bitner,1990;Bolton and Drew;1991a Parasuraman et al.,1988).The quest now lies where to draw the difference. Parasuraman et al, (1988) suggested that the difference lies in the way disconfirmation is operationalized. They further state that in measuring perceived service quality, the level of comparison is what a consumer would expect. On the other hand woodruff, Cadotte and Jenkins (1983) suggest that expectations should be based on experience norms what customers would expect from a given service provider given their experience with that specific type of service organization.

The theories on relationship between service quality and customer satisfaction tend to be mixed, if somewhat not completely distinct from school of thoughts to another. In lieu of the above, Cronin and Taylor (1992) conclude that ‘the service literature has left confusion as to relationship between consumer satisfaction and service quality.

The service quality as perceived by the customer depending on the environment, if not the culture itself. While in a setting like Japan where the customer is 'the King' definitely the customer's expectations are extremely high and the service provider would do its utmost to please that the specific customer at the highest possible standard. Indeed the theories are somewhat disjointed, but there is enough evidence that quality leads to customer satisfaction, irrespective of the constructs.

Customer satisfaction is actually a term mostly used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customers' expectations. To some, this may be seen as the company's Key Performance Indicator (KPI). In competitive market where businesses compete for customers, customer satisfaction is seen as key differentiator and increasingly has become a key element of business strategy. There is a substantial body of literature that establishes the benefits of customer satisfaction for firms. It is well established that satisfied customers are key to long-term business success (Christensen, et al., 1992; Zeithaml et al., 1996; McColl, Kennedy and Scheinder, 2000). It is also defined as a global issue that affects all organizations, regardless of its size, whether profit or non-profit, local or multinationals.

Companies that have a more satisfied customer base also experience high economic returns (Aker and Jacobson, 1994; Bolton, 1998; Young et al, 2002). Consequently, higher customer satisfaction leads to greater customer loyalty (Yi, 1991; Anderson and Sullivan, 1993; Boulding et al., 1993) which in turn leads to high future revenue (Fornell, 1992; Bolton, 1998). For that matter, many market leaders are found to be highly superior-customer-service oriented. They have been rewarded with high revenue and customer retention as well. Hence, organizations in the same market sector are compelled to assess the quality of the services that they offer or provide in order to attract and retain their customers.

Apparently, many researchers conceptualize customer satisfaction as an individual's feeling of pleasure (Oliver, 1981; Brandy and Robertson, 2001). There are two general conceptualizations of satisfaction here, namely the transaction-specific satisfaction (Boulding et al., 1993; Jones and Suh, 2000; Yi and La, 2004). Transaction-specific satisfaction is the customer's very own evaluation of his or her

experience and reaction towards a particular service encounter (Cronii and Taylor, 1992; Boshoff and Gray, 2004). This reaction is expressed by the customer who experiences a product or service for the first time. Meanwhile, cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to date (Johnson, Anderson and Fornell, 1995). It is from this accumulation that customers establish a personal standard which is used to gauge service quality. However, it is agreed that customer satisfaction measurement is a post-consumption assessment by the user, about products or services gained (Churchill and Surprenant, 1982; Yuksel and Rimmington, 1988).

2.4 The Relationship between Service Quality and Customer Satisfaction

The definition of service quality revolves around the idea that it is the result of the comparison that customers make between their expectations of a service and their perception of the way the service has been performed (Zethaml et al.1988)Service quality is founded on a comparison between what the customer feels should be offered and what is provided (Parasuraman et al.,1985)If the customer's expectations are met or exceeded, then the company is perceived to be offering higher service quality. But if on the other hand, the expectations of the customers are not met, the company is on its way only to face displeased and hostile customers, which in turn leads to defection to competitors.

The actual quality of service is difficult to define (Garvin, 1983, Brown and Swartz, 1989) but researchers have reached a consensus that service quality should be defined and measured from the customer's perspective (Tam, 2004)

2.5 Conceptual Framework

Based on the literature review, a research model is developed to find out the relationship between service quality, customer satisfaction and customer loyalty in the mobile telecommunication sector in Kenya. The research model is as follows:

Fig 2:1 Service Quality Attributes

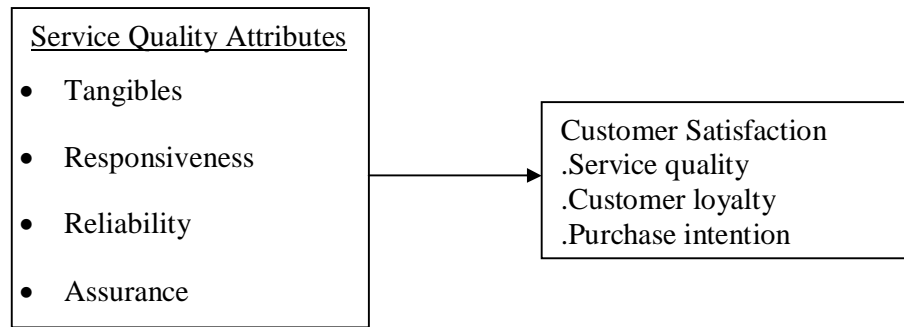


Figure 2:1 demonstrates the hypothesized relationship between the constructs i.e. service quality and customer satisfaction. McQuilken (2005) found that customer satisfaction and customer loyalty are related to each other, furthermore, they pointed out that satisfied customers are not always loyal customers.

Al-wugayan and Pleshko (20010) and Pleshko (2009) pointed out that there is no relationship between customer satisfaction and customer loyalty. Al-wugayan and Pleshko (2010) mentioned that their findings contrast with most of other researchers findings. They further stated that their findings are only applicable to Banks which are in mutual funds business. Based on their findings and those of other researcher's findings, the development of the hypothesis (customer satisfaction – customer loyalty) can be as follows:

H1: There is a positive correlation between service quality attribute and customer satisfaction variables

H2: There is no correlation between service quality and customer satisfaction

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter highlights the methodology used in study, that is say ,the research design, the population of the study, study sample and sampling techniques, data collection methods and data analysis techniques. However, survey research design was adopted in this particular study. Population of the study included all registered subscribers, regardless of the Network Service providers, within Nairobi Province.

The sample size followed Roscoe (1975) which proposed a rule of thumb that a minimum of 30units of the relevant population is usually appropriate for studies. Using as a point of reference, a sample of forty subscribers was sufficient enough. However, to avoid biasness each subscriber was allocated ten individuals to participate in the study.

Primary data was collected using questionnaires. The data analysis was both qualitative and quantitative. However, regression analysis was used where appropriate.

3.2 Research Design

This study adopted survey research method. Nesbary (2000) defines survey research as “the process of collecting sample data from a large population and using a sample to infer attributes of the population”. The main purpose of a survey was to estimate, with precision, the percentage of the population that has specific attribute by collecting data from a small portion of the total population.

Cell phone subscribers in Kenya today are over 2 million but a small sample of Nairobi subscribers was used in the study. The other advantage of survey research design is that it is suited to the study of individuals’ attitude (Leedy, 1980). Since this study involve perceptions towards the use service quality as medium of personal

satisfaction and the use of personal interview to gauge their influence on the same, survey method was considered here to be appropriate research design to use.

3.3 Population of the Study

The population of this study involved all registered cell phone subscribers in Nairobi and the four registered network service providers. At the time of the research registered subscribers were 25 Million according to the Communication Commission of Kenya.

3.4 Study Sample and Sampling Techniques

The sample size used in this study comprised 40 cell phone users from all the network providers residing within Nairobi province. A sample of 40 respondents, 10 from Safaricom, 10 from Airtel, 10 from YU and 10 from Orange was purposively selected. This was done in order to avoid biasness as each service provider was given equal representation in sample size. However, in cases where it was not possible to reach the target, subscribers with more than one line was relied upon to supply the necessary data.

3.5 Data Collection Methods

The semi-structured interview guide constituted the research instrument used to gather data. The open-ended questionnaires were used to collect qualitative data from both subscribers and service providers. Semi structured questionnaires were used to gather quantitative data from both subscribers and subscribers. The information obtained from the field were then analysed using both qualitative and quantitative methods.

3.5 Data Analysis Techniques

Data was analyzed using both quantitative and qualitative techniques. In both cases descriptive statistics was applied. The information once gathered, was categorized into themes based on objective and interpreted both qualitatively and quantitatively. Descriptive statistics tools were used where and when necessary are: median, range, standard deviation, frequency polygon bar charts pie charts and chi-square.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

Analysis of data was done using both qualitative and quantitative techniques. The qualitative data followed a thematic approach in its description and interpretation. The quantitative data complemented the qualitative analysis, which addressed the research questions and set objectives.

Major findings from the study were mainly centred on customer expectations and perception; Factor determinants in the choice of mobile service provider that resulted in different variables, dimensions, abstraction and behaviour as illustrated in Fig 3.1. Others worth noting in the same line were Customer satisfaction in Mobile cell phone service providers and the spill over effects of product quality.

4.2 Customer Expectations and Perceptions

If a customer is satisfied that means that a product or service has met his expectations and that he was not dissatisfied with it. Customer satisfaction is doubtlessly very important. However, an unsatisfied customer will always fail to make a repurchase of the product or service and he or she is likely to talk badly about the company, thereby waging a negative campaign about the company and its products or services.

When the customer makes his buying decision, he evaluates the benefits he perceives from a particular product or service and compares them with the costs. The value a customer perceives when buying and using a product or service go beyond usability. There is a set of emotional values as well, such as social status, exclusivity, friendliness or the degree to which personal expectations and preferences are met. Similarly, the costs perceived by the customer, normally comprise more than actual price. They also include costs of usage, the lost opportunity to use another offering, potential switching costs etc. Hence, the customer establishes an equation between perceived benefits and perceived costs of one product and compares this to similar equations of other products.

The responses from mobile phone users indicates that, while evaluating services offered by a network service provider, customers compare perceived quality of service with the expected quality of service. 75% of respondents compare perceived quality of services with expected quality of service. However, respondent's perception is widely varied in accordance with the communication quality, call service, facilities, price, customer care and service provider's attributes.

The research found out that customers or mobile phone users are not only concerned with communication but are also concern with various services provided by the Network service providers. Services they seek mainly depend on some factors or attributes which they perceive to fulfil their expectations and desires to the fullest. However, customers mentioned their expectations are quite wide and some of those expectations are not yet offered in Kenya. About 35% of the respondents are people who at one time stayed in developed countries for some times and some of their expectations are foreign. Hence, their expectations from the network service providers are based on information from prior experiences with the service provider and are considered as a function of all prior transaction and information. This finding seems to be in line with the findings of Parasuraman et al (2000). However, the consumer wants and expectations are altering all the time, this directs to a condition where customers create ever higher benchmarks.

4.3 Factors Determinants- The Choice of Mobile Service Provider

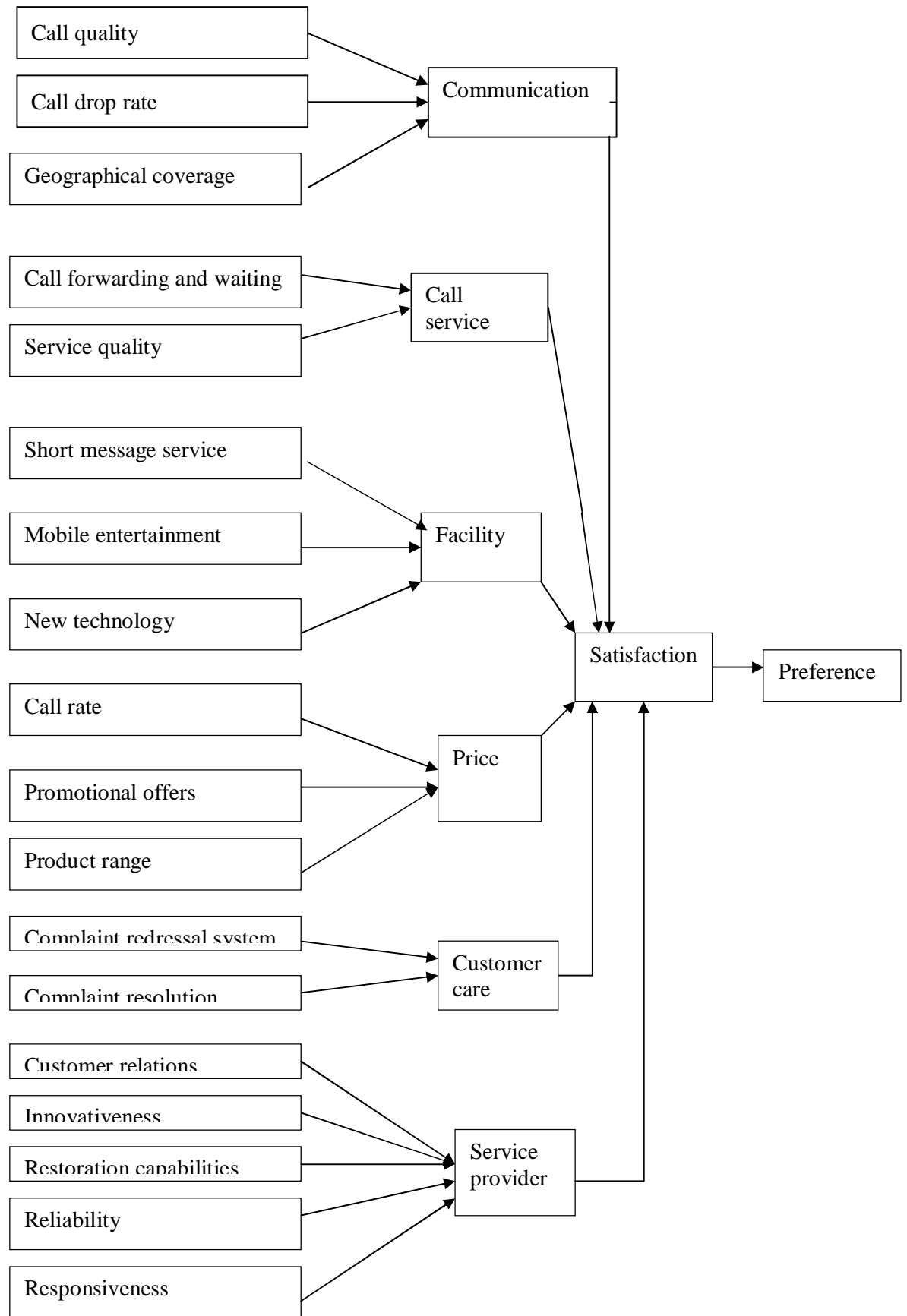
The choice of a mobile phone service provider by a customer is influenced by several related factors such as communication; call service, facilities, price and customer care. However, such factors are perceived differently by different customers and in many instances act to influence their choice of network service provider.

What influences the service quality in communications are call quality, call drop rate and geographical coverage. In call quality, the customer is interested in clarity of both call receivership and call makes.

Figure 3.1 below shows factors and determinants of choice of mobile phone provider

Figure 3.1 Factor Determinants.

As indicated on page 19 below. **Source: Researcher's personal configuration.**



In Kenya, network service providers are trying to attract customers by offering aggressive price promotions which at times may be counter-productive in profit driven industry. As competition is increasing among the companies, it is necessary for them to know about the customers' perception about the customers' perception, about the price, promotion, product and the other important factors that are playing vital role to choose the telecommunication service providers.

Table 4.1: Shows Percentage Rate of Factors and Determinants for Selecting Mobile Phone Provider

Determinants	Number of Respondents	Response rate %
Communication	14	35
Call Service	12	30
Facilities	4	10
Price/Call retes	4	10
Customer Care	6	15
TOTAL	40	100

From table 4.1, customers prefer to use cell phones for communication purposes and also attach great significant to call service or call performance. Hence service provider who is able to provide quality services in the two areas will preferred. It is also clear from the above table that most customers attach great importance to customer care. Facilities and call rates does not influence the choice of mobile provider in any meaningful or significant manner

4.3.1 Call Quality

Many respondents consider call quality to be an important factor that influences their preference on what cell phone model is ideal. Their perception of product quality is always an important aspect of a purchasing decision.

However, respondents had different views when asked what their main reasons are of preferring one network service provider to another? The respondents attributed quality to branded products on the basis of past performance of such brands. Such performances are based on different and varied reasons. Geographical coverage, Net work reception, Clarity, and sound adjustment.

In conclusion, Safaricom remain the most preferred Network in Kenya. This is despite, scoring poorly in network congestion. It was also rated as the most expensive Network service provider that was only tamed by Air Tel aggressive price war that forced the provider to drastically reduce its charges in order to retain its market share dominance of the market. However, in the course of data collection of this project, Safaricom had proposed an increase of its services by 15%, only time will tell whether the other competitors will follow suit. While announcing the proposed increases, the Chief Executive Officer of the Network cited running costs that has been occasioned by falling Kenya Shillings in the international money market.

4.3.2 Call Drop Rate

Call drop rate is more to do with price competition, which has become cutthroat in Cell phone mobile competition in Kenya. Airtel led in price war by drastically dropping its call rates to its customers that left other players in the industry with little options but to follow suit by dropping their call rates. This bold but drastic move, led to the subscriber acquiring more customers, thereby substantially increasing their subscribers' base margin. This move created panic in the industry that led to more and more price wars, where some subscribers offered even free call services when making calls from the same Network, while others introduced free calls from given times during certain hours when making calls within the same Network services as other introduced free short message service. Many respondents attributed their decision to acquire Airtel as their second line to this fact.

Although many respondents view this negatively, claiming it is likely to lead to poor quality of service as the network providers' fight to make profit at lower rates. For the price sensitive consumers, this was good news that was most welcome. To such group, Safaricom had exploited the customers for too long and it was time to tame the network service provider.

4.3.3 Network Coverage

Each of the four offer network coverage. Hence, buying a cell phone is more than a matter of choosing a handset—you also have to pick a service provider, or carrier, as well. Each carrier in Kenya offers different selection of technologies and services, so it is important to think about your needs when making a choice. In Kenya, according

to records received from Communication Commission of Kenya, the two most common wireless phone technologies e.g. GSM (Global System for mobile Communication) and CDMA (Code Division Multiple Access) are in use in Kenya. 73% of the global market uses GSM technology, while 14% uses CDMA.

GSM refers to second-generation wireless telecommunications standard for digital cellular services. GSM uses three frequency bands: 900MHz, 1800 MHz and 1900 MHz Dual-band phones operate on two out of three frequencies, while tri-band operates on all the three. It has the advantages that make it preferable to CDMA. GSM network. First, GSM networks enjoy wide international coverage. The use of a SIM (Subscriber Identity Module) card makes it easy to switch between different handsets and allow for quick and easy import of data such as contacts and text messages. The amount of battery-supported 'talk time' is generally higher on GSM phones.

CDMA (Code Division Multiple Access) digital wireless technology employs a special coding scheme (whereby each transmitter is assigned a code), which allows multiple users to share common access to the network. Using 'spread spectrum' technology, a signal is spread across a broad spectrum of radio frequencies, allowing for a signal with wider bandwidth and increased resistance to interference. CDMA provides wider coverage than GSM and allows for a larger cell area. CDMA-enabled calls can be placed in low signal strength conditions, thus CDMA offers better reception/ coverage in rural areas.

However, 3G technology is the newest and most innovative technology available today. 3G mobile -phones and networks offer high data rates, wide bandwidth and increased capacity, all of which are required to support the new range of mobile-phone services. These include: internet access, multimedia applications, global roaming and access to services as: sports news, the latest films, video messages, and online gaming.

Although the last technology is the current, the first two are the ones commonly used in Kenya. Even though, GSM is sold as the latest technology in several countries including Kenya, this technology is older than CDMA. In the beginning, GSM was in

fact superior to CDMA, this believe is no longer true. It had more services and allowed more data transfer, but CDMA, facing the advantages of the competitor standard, soon delivered the same features found on GSM. Nowadays, it is not possible to say that GSM services are better than CDMA, multimedia messages, video, high- speed internet access, digital camera and even PDA functions are found in both technologies.

Even the GSM SIM card advantage, that allows you to change your cell phone and keep your phone list, is being supplied by some CDMA operators with a service that allows you to recover your phone book even if your cell phone is stolen (which is not possible with GSM, since if your cell phone is stolen, your SIM card will be stolen together). However, this study discovered that Safaricom has the best network coverage but at the same time has the lowest quality network. Airtel has the best overall performance on key indicators set out by the Communication Commission of Kenya.

This is according to an audit report on the quality of voice services in Nairobi GSM networks conducted in October 2009 by Finland based telecommunications consultants, Omnitele, commissioned by local ICT firm, Musimba Investments, this report is available at the Communication Commission of Kenya.

Table 4.2: Speech Quality Rating by Users

Operator or Service Provider	Respondents	Percentage
Safaricom	10	87
Airtel	10	94.9
Orange	10	95
Yu	10	93

As indicated in table 4.2 Safaricom has poor quality speech reception rating, scoring 87% while Orange leads in this category by 95%. However, all the network service providers rating in speech quality have scored above 87% which translates to high performance standards. According to CCK requirement in this regard, any subscriber rated 95% and above offers quality service.

The report noted, however, all networks need attention, especially Safaricom, which needs immediate planning and optimization to offer satisfactory customer experience, due to large size and number of subscriber traffic. Mobile phone users have also been waiting for their calls to be connected for longer periods of time than they should, as none of the networks met the call set up time. Although the stipulated is 4 seconds, the report indicated that Safaricom calls were delayed for an average of 5.206 seconds, Yu at 4.201 seconds, Airtel at 4.39 seconds and orange at 4.074 seconds.

4.4 Distribution of Customers According to Preferred Network

Safaricom is the most preferred network in Kenya. 85% of cell phone subscribers prefer and only 15% of the respondents are loyal to Airtel. Yu and Orange scored 0% in terms of being the most preferred network service providers, as contained in table 4.3.

Table 4.3: Distribution Respondents According to most Preferred Network

Network	No. of Respondents	Percentages
Safaricom	34	85
Airtel	6	15
Orange	0	0
Yu	0	0
TOTAL	40	100

From table 4.3 it is clear that Safaricom still remained the most preferred network despite being the lowest in terms of quality of services it offer as regards voice quality and call disconnection during conversations and long call set up times as revealed by the research Finland based telecommunications consultants in 2009.

Safaricom has the best service plans which range from Online banking to internet services. According to the CEO Mr. Bob Collymore, the affordable internet service is as a result of major price reduction for Kenyan market. The reduction is also based on increasing the data volume for every bundle by up to 150%. For example, a subscriber who pays around \$12 for 600 MB of data will now get 1500 MB, indicating a more double increase in data volumes. The move to put the customer needs at the centre of

all the company's action only help to create loyalty to the services being offered to the consumers. According to the field survey conducted for this particular study, the company is continuously reviewing its value proposition to ensure that customers enjoy unrivalled communication services at the most affordable rate without compromising on the quality of services on offer while expanding the options available in the industry.

Airtel, the second mobile phone network by subscribers base has a wide geographical network and hosts hundreds of subscribers across the country. Most of the respondents interviewed rated it as a reliable network with a wide network coverage that covers nearly all rural areas in Kenya. It has most of the service option plans similar to those being offered by their rivals, Safaricom such as Airtel money.

Most respondents preferred by many again because of its service option plans such as M-Pesa services with wide number of agents across the country, please call me option, credit availability among others. These kind of infrastructural facilities like M-PESA agents are some of the perceptions that customers value highly. This means the Safaricom network are providing such facilities to customers and they are happy and satisfied with such infrastructure.

Resolving customers' grievances is an important service quality factor being managed under customer service. Although some of these services are automated, 56% of the respondents think that this service is not offered by the network to their satisfactory. It appears that customers' perception is rather low and the network should improve on this.

4.5 Network Service Performance

The following is the discussions on each of the parameters of the customers' perception on service quality of cell phone network service providers in Kenya.

4.5.1 Call Performance

Call performance is an important parameter in cell phone services that customers value so much. Quality of the call account for a large per cent age of what consumers consider to be important. However, quality of the call performance is enhanced by the

type of handset owned by the subscriber. The mean score of this parameter is 3.65 with standard deviation of 0.9797 and also coefficient of variance is 26.84 percent with Z-score 0.9997. The results are a clear indication that customers' perception is positive regarding service provided by the cell phone network service providers. However, in terms of ranking in the mean score, it stands at number one position (Table II). This is an indication call performance provided by the network service providers to the cell phone service users are excellent.

At individual company level, 30% of Safaricom subscribers' have rated call performance as excellent. Out of that percentage, 50% are those who own Safaricom as a single line. 65% of the respondents rated call performance as good and only 5% rated Safaricom call performance as fair. Airtel which is the second largest cell phone network service provider by subscribers' base, had the following responses: 44.4% of the respondents rated Airtel call performers as excellent, 50% rated the call performance of Airtel as good while only 3.6% rated Airtel call performance as fair. This in conclusion means, Airtel remains the best cell phone network service provider in terms of call performance. However, the margin by which Airtel is leading is quite narrow. The other two cell phone service providers had insignificance number of subscriber; hence rating them may not yield much.

4.5.2 Network Coverage

Network coverage is an important service in cell phone industry. Network coverage is generally rated well by the subscribers. Safaricom network service provider scored 25% excellent in this regard, 55% good and 20% fair. Airtel on the other hand scored 30% excellent, 60% good and 10% fair in the network coverage. This area where Airtel is doing slightly better than Safaricom. However, the mean score in this regard is 3.63 with standard deviation of 0.9457 and also Coefficient of variance is 26.05 percent with Z-score 0.9992. This is an indication of good network coverage support provided by the cell phone network service providers and it is ranked number second overall.

4.5.3 Network Reliability

Network reliability is one of the most cited reasons why individual subscribers own more than one line. In most cases congestion in the network causes delays and call

distortion leading to customers' dissatisfaction. Scores for Safaricom in this area are: Excellent 7.5%, Good 47.5%, Fair 42.5% and Poor 2.5%. Scores for Airtel are: Excellent 40%, Good 30% and Fair 30%. This summarized score indicates that in terms of network reliability, Airtel is rated above Safaricom. Network reliability is an important parameter as subscribers prefer a network that is reliable and efficient. The mean score is 3.57 and standard deviation of 0.8958 with coefficient of variance of 25.09. This means that customers have moderate confidence with this service.

4.5.4 Customer Service

Customer service is a major service in any given industry as the customers are the ones that sustain the company. In the mobile industry, the service is also quite important to the cell phone subscribers.

Safaricom subscribers, only 12.5% rated this service as excellent in the company, another 37.5% rated it as good, while 35% rated it as fair and another 15% rated it as poor. The Airtel subscribers responded almost in a similar way. 25% of Airtel subscribers rated the service as excellent and another 45% rated it as good while another 25% rated it as fair and only 5% rated the service as poor in the way it is being offered by Airtel cell phone subscriber. Airtel again lead Safaricom in this regard.

Customer service is an important service that requires keen and dedicated staff to handle. It is ranked fifth overall, most likely because part of it has been automated. Customers need to be provided with the information they may need promptly and their problems solved without much delay. Hence when the right service is given to the customer at the right time, public confidence and trust is enhanced. In this case the mean score is 3.54 and standard deviation of 0.8811 with coefficient of 24.89 and Z-test of 0.9758

4.5.5 Service Plan Options

Service plan options are those services being offered by the cell phone service providers apart from communication services. Such options include cell phone mobile banking or money transfer service such as M-PESA service, Credit facilities among many others.

Under this parameter, Safaricom scored slightly higher than Airtel. 22.5% rated Safaricom as excellent, another 55% rated the service as offered by Safaricom as good yet another 20% rated it as fair and only 2.5% felt that Safaricom does not offer this service satisfactorily. Airtel subscribers on the other hand responded this way: 10% rated the service as excellent, 40% rated it as good and 50% felt that the service as offered by the network service provider is fair.

Service plans are fast gaining ground in cell phone mobile industry and it is ranked third. It has a mean score of 3.62 with standard deviation of 0.8929 and coefficient of 24.67 and Z-test of 0.9988.

4.5.6 Availability of Credit Offer

Availability of credit offer implies that, the credit extension being offered to subscribers when they cannot afford to buy airtime and then they pay later at a given interest rate as determined by the cell phone subscribers.

In credit availability, Safaricom is rated highly than Airtel. 37.5% of the respondents from Safaricom rated this service as excellent and 42.5% rated it as good while another 7.5% of the respondents rated it as fair, yet another 12.5% rated it as poor. Airtel subscribers, only 5% rated the service as excellent and 50% think the service is good as oppose to 35% who rated the service as fair as another 10% think such services are poorly offered by Airtel.

The mean score is 3.45 with standard deviation of 0.7427 and coefficient of 21.53 and Z-test at 0.7750. It is ranked seventh in the overall scores making it last in the ranking.

4.5.7 Cheap Tariff

In terms of cheap tariff, Safaricom is rated as the most expensive network to operate. None of the respondents rated Safaricom as excellent in terms of expenses involved in operating the network, however, 22.5% rated the network as good while another 32.5% rated it as fair and majority i.e. 45% rated it as poor. Regarding this parameter,

Airtel is rated as cheap when compared to Safaricom as 40% rated it as excellent in terms of operating expenses and 45% concurred it is good, however, another 10% think the network is fair and only 5% think it is poor.

However, cheap tariff is ranked number six. In cell phone telecommunication, call rates attract quite a number of subscribers to the services of cell phone network service providers. Airtel reduced its call rates drastically two years ago forcing its bitter rival in the industry, Safaricom to follow suit. Cell phone subscribers tend to seek cheap but reliable networks.

The mean score is 3.45 with standard deviation of 0.8193 and coefficient of 23.68 with Z-test of 0.8193. It is clear from this fact that customers' perception in this case is better than availability of credit.

Table 4.4 Descriptive Statistics of Customer Perception Responses

No. Parameter	Mean Score	SD	Coefficient of variance	Z-test
Call performance	3.65	0.9797	26.8	0.9997
Network Coverage	3.63	0.9457	26.05	0.9992
Service Plan option	3.62	0.8929	25.67	0.9988
Network Reliability	3.57	0.8958	25.09	0.9923
Customer Service	3.54	0.8811	24.89	0.9758
Cheap Tariff	3.46	0.8193	23.68	0.8135
Availability of Credit	3.45	0.7427	21.53	0.7750

In conclusion, assurance is leading in score, thus a call performance. Based on the findings, Assurance has positive relationship with Customer Satisfaction, but without significant effect Assurance is the feeling of being safe, the responses state that the customer do not feel assurance is being important as part of the service quality that should be included.

There are two possibilities; firstly the customer feels that the cell phone service providers have provided enough safety and confidence in their service. For example,

customers may feel that M-Pesa services provide them with enough internet banking service the same as those being offered by the retail banks and even more confidence and assurance. Most customers started to take it for granted that there are safety problems in making calls or any other service for that matter, as provided by cell phone network service providers. In this manner, those cell phone service providers should improve the security concern to the public, many cases had reported that security breach in call performance or phone banking, and most of the time is due to the customers' carelessness or recklessness. Secondly, the customers have given up since all cell phone service providers are not able to provide enough security in call making and call performance to the level expected.

The second most important one is the network coverage. This again falls under assurance. Most people buy mobile cell phone for the sole purpose of communication. The wider the network coverage the better the service. Other services other than communication are added advantages.

The third in rank is the service option plans that a cell phone service provider is able to provide. As stated above, the main purpose of acquiring the services of a cell phone service provider is to communicate. However, with current technological advancement, they are now able to provide many other services including internet banking services which were not there before.

This third important service falls under tangibles. This is the service plan options which have gained ground very first indeed in the mobile cell phone industry. It includes M-Pesa service among many others. Tangibles encompass the appearance of the company representatives, facilities, materials and equipment. This research shows that it has positive correlation and significant with the customer service. For example, conventional banking require visiting the banking facilities which includes ATM machine of face to face dealings with the bank staff which will require visiting the bank(S) which in most cases are located in towns. This has proved to be expensive and in most cases inconvenient. Cell phone mobile banking service has reduced this burden and most money transfers are now mostly conducted through cell phone mobile banking services. As a result, cell phone mobile money transfers are now prefer and are used to provide faster and better services to the public. This type of cell

phone mobile internet banking is operated and used 24/7 non-stop service, customers are able to settle many matters without leaving their homes or offices, including pay bills, check accounts balance, send money to loved ones, make cash deposits to their cell phone among many other services.

The fourth important parameter is the network reliability. Most cell phone owners would prefer to subscribe to a network that is reliable, but this is not a must. Reliability is about the accuracy and timeliness in the service provided. This research has proved that reliability does not have any significant impact on customer satisfaction, although important to the subscriber choice in the network to subscribe to. This is probably because, not all the cell phone service providers are perfect in all areas they are needed. The customer has the choice of owning two or more lines given the areas where one line is superior to the other one.

The fifth one which is the customer service falls under responsiveness. Responsiveness is about the timeliness in the service provided. This is the customer service. This research found out that, customer service has relationship but no significant effect on customer satisfaction. It is therefore safe to conclude that responsiveness is a need in providing quality service, but not a must. The research also established that the subscribers prefer to deal with machines rather than human beings. Machines are made to have a shorter response time compared to human being, and continually improving every day. While human responsiveness sometime can be affected by emotion, which can cause low productivity. Customers can understand that sometimes machines can breakdown, but they cannot accept if their requirement is not being responded to on time by the cell phone service provider's staff. These are the difference perception from customers between dealing with machines and human being. This matter came out clearly when customers were asked whether they have ever experienced any problem with the cell phone service providers and how the problem was solved.

Although most customers would prefer to use the automated services currently being provided by the cell phone service providers, there are still groups of people who still prefer a face-to-face service by the cell phone service providers staff.

By human nature, people still tend to expect empathy and respect from someone who they wish to deal with. Technology provides the platform to mitigate the problem of workloads and error, provide a more efficient and quicker problem solving solution. Yet, the mobile cell phone service providers should maintain and improve the empathy skill since personal contact is still very important in direct marketing. Cheap tariff seems to attract customers as well, indeed people who own more than one line argues that they don't want to miss the cheap tariffs offered by competitors. They prefer to keep their old number as a matter of fact.

Marketing managers in the cell phone service provider industry must ensure that all the components are strictly followed and implemented effectively. Assurance, Reliability, Empathy, Tangibles and customer satisfaction are all equally important. Marketing managers should not only focus on the industry's profits and gains, but must also look into the needs of the customers as well.

Undoubtedly, no business can exist without customers. The only value a company will ever create is the value that comes from customers-the ones a company have now and the ones it will have in future. Customer value is an asset to the organization. Hence, in order to maintain the customer, the organization needs to ensure that the right products and services, supported by the right promotion and making it available at the right time for the customers. While quality service and merchandise are essential in today's competitive market, it is equally important that customer experiences the "Wow Effect" that only superior customer service can deliver. A business that caters to their customers' needs will inevitably gain the loyalty of their customers, thus resulting in repeat business as well as potential referrals. Consequently, it is imperative that businesses get to know their customers. Establishing a professional relationship with the customers empowers the company with the knowledge of what its customers need.

When a business focuses on delivering what is of value to their customers, this will generate the potential for repeat business as well. The feedback from the survey is a testament to the customer satisfaction hypothesis most definitely; there exists a positive relationship between reliability with customer satisfaction. Similarly, the other attributes, such as; assurance, tangibles, empathy and responsiveness all have

positive relationship with the customer satisfaction. It is far more difficult to measure the level of performance and satisfaction when it comes to the intangible expectations. One of the ways to help obtain loyal customers is by having products and services that are so good that there is very little chance that the customer requirements will not be met. Of course, one of the difficulties in understanding the true customer requirements is that the customer can and will change them without notice or excuse. Having a good recovery process for any dissatisfied customer is a very important and necessary process for any service organization like mobile cell phone network service providers.

Table 4.5 Reliability Analysis

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Assurance	103.379	306.379	0.668	0.869
Reliability	103.2991	329.332	0.463	0.895
Tangibles	102.7265	269.787	0.779	0.845
Empathy	104.1880	269.895	0.871	0.835
Responsive	103.5214	277.993	0.882	0.837
Customer Satisfaction	85.6932	241.542	0.653	0.889

The table simply indicates that, though reliability of a Network is important in influencing a subscriber, it is least important when compared with other as illustrated in figure 4.5 above. For example, when you look at Cronbach's column Alpha if item is deleted it scores the highest at 0.895 meaning it can easily be substituted. Again when you look at scale variance if item is deleted it scores the highest at 329.332. However, a look at correlated item- total correlation, it scores the least at 0.463. This means a customer has a way of ignoring it or replacing it with other variances that when combined, leads to customer satisfaction

Model	R	Adjusted R/Square	Std Error of the Estimate	R/Square Change	F Change	df1	df2	Sig. F Change
1	.788	.621	3.7387	.621	36.404	5	111	.000

- a. Predictors: (Constant), responsiveness-1, reliability-1, tangibles-1, assurance-1, empathy-1
- b. Dependent Variable: customer-satisfaction-1
- c. $p < 0,01$

b. Dependent Variable: customer-satisfaction-1

c. $p < 0,01$

	Un standardized Coefficient		Standardized Coefficients		
Model	B	Std Error	Beta	t	Sig
(Constant)	15.798	2.164	-	7.300	.000
Assurance	.109	.195	.062	-559	.577
Reliability	-.206	.174	-.117	-1.182	.240
Tangible	.863	.167	.621	5.174	.000
Empathy	.140	.200	.093	.702	.484
Responsiveness	.179	.218	.109	.819	.415

a Dependent Variable: Customer-satisfaction-1

b. $p < 0.01$

4.6 Customer Satisfaction in Mobile Cell Phone Service Providers

Customer satisfaction and service quality are inter-related. The higher the service quality, the higher the customer satisfaction. Many respondents tend to agree that there are no recognized standard scales to measure the perceived quality of a cell phone service. This is mainly true because, measuring service quality seems to pose difficulties to both service providers and consumers alike, because of the unique characteristics of services: intangibility, heterogeneity and complexities. Because

of these complexities, various measuring models have been developed for measuring perceptions of service quality (Gro-nroos, 1983; 1990; Bahia and Nantel 2000; Parasuraman et al., 1985; 1988; 1991; Stafford, 1996 etc. However, this study has adopted the SERVQUAL model of Parasuraman et al of 1988 which proposes a five-dimension construct of perceived service quality: tangibles; reliability; responsiveness; assurance; and empathy -with items reflecting both expectations and perceived performance

SERVQUAL has been widely acknowledged and applied in various services setting for variety of industries in the past decades. Examples where it has been used include: health care setting, dental school patient clinic, business school placement centre tire store, actual care hospital, large chains, banking, pest control, dry cleaning, and fast food restaurants among many others. The researcher has therefore found it suitable for adoption or use in this particular study. The researcher believes that the SERQUAL model remain as the most complete attempt to conceptualize and measure service quality.

What has also come out clearly in this particular research is that, customer satisfaction does not only express a happy customer, but rather complex than that. In competitive market place or industry where businesses compete for customers, customer satisfaction is seen as a key differentiator and has become a key element of business strategy. While this fact is true, the study found out that it is quite difficult to satisfy all the customers with one set of product or service. Customers will always seek more and more improvements. One reason why mobile cell phone subscribers opt for more than one line.

Customer satisfaction can only be expressed by individual customers through a survey such as this particular study. Many service companies are now using suggestion boxes to gauge individual customer satisfaction or dissatisfaction. However, this particular gauge can only work well where feedback is possible. This study has establish that all the mobile cell phone service providers have set up suggestion boxes and complaint avenues such as automated voice mail services on 24-hour call services and similar online services to ask customers with complains.

While the majority of the respondents in this study have experience one or more problems with the particular service providers and have different responses on how those problem were handled, many have opted to maintain their particular service providers for purposes of continuity. They do not wish to loose contact with there friends or business associates. Currently, Safaricom is the most expensive network service provider in Kenya, but still most subscribers still remain loyal to it, not only for the purposes of continuity, but because of different service plan options it offers to its customers.

The study also establishes that, customers usually conceptualize two types of satisfaction i.e the transaction-specification satisfaction and cumulative satisfaction. Transaction-specific satisfaction is the customer's very own evaluation of his or her experience and reaction towards a particular service encounter. This reaction is expressed by the customer who experiences a product or service for the first time. Those who started owning mobile cell phone using a particular line are likely to retain that number given his or her first experience with mobile cell phone. Meanwhile, cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to date, an own accumulation of contacts with services provided them from day-to-day. For example, Safaricom subscribers will find it hard to switch on to another subscriber when he or she considers the services she or him are used to. It is from this accumulation that customers establish a personal standard which is used to gauge service quality.

4.7 The Spill over Effects of Product Quality on Partners

From the interview conducted with the practitioners and mobile phone users, it is very clear that the simultaneous presence of good handsets as well as transmission networks is needed in order for the users to enjoy a good mobile communication. For example, the performance of handsets depends as much as the product quality (e.g. quality of the speaker) provided by the handset manufacturer as well as the network quality (e.g. signal strength) by the network operator. Given that many customers today acquire their mobile phones through bundle sale offered by network operators, where they sign a long term contract in return for obtaining a free handset, they might

put blame partly on the network operator for bundling talk plan with a low quality handset.

Some network operators are now resorting to releasing on market or giving free blocked handsets to their customers i.e. the customer can only use the handset when using their network. Although, people have come up with means of unlocking such cell phones, the main aim is for the subscribers not to be able to access network operators when they run into problems.

The other problem that this study has found out is the close dependence between the companies' operations (e.g. sales, maintenance services) may lead to confusion among customers on which party shall be responsible when they run into a problem. Consequently, an experience of poor service from a company maybe wrongly blamed on the partner company as the customer is not able to differentiate the scope of responsibilities of the companies involved. Take for example, a customer who sent her or his handset for repair to a network operator and later experienced a good after-service provided by the operator; this positive service quality may partly contribute to his or her satisfaction with the telecom company to which they sent the handset. In contrast, when a customer approaches the network operator store because of a handset problem, the poor service experienced by the customer (e.g. the delay in processing customer's request) may lead to customer dissatisfaction with the handset manufacturer.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

The study was set up to investigate the perceived relationship between quality of service and customers' satisfaction in cell phone service providers in the industry with special reference to mobile service providers in Kenya. Clear objectives were set out corresponding to the research question of the study as a basis of this particular investigation.

A review of related Literature was conducted on service quality, Customer Satisfaction, and the relationship between Service quality and Customer satisfaction. Finally a conceptual framework based on the literature review herein was constructed.

The study has clearly established some quality attributes that can influence Customer's perception in the choice of Mobile Service Providers. It has also established that service quality can be improved through application of appropriate technology. However, such services attract charges that must be passed over to final consumer. But in cases where such incremental charges are above the financial threshold of an ordinary person the service may lead to dissatisfaction.

5.2 Summary, Conclusion & Recommendations

The study was to determine the influence of the perception of service quality on Customer satisfaction with the Mobile Service providers in Kenya. It had three pre determined objectives much with the same no of research question. Questionnaires were used as main instruments of collecting data that targeted cell phone subscribers and Cell phone network service providers. The data was analyzed using both quantitative and qualitative techniques; descriptive statistics was applied in both cases.

It has established that there are certain specific service quality attributes known to influence customers perception on Mobile Service provider. This can be summarised as Communication clarity, Call Service, Facilities, Price and Customer care services as summarised in fig 3.1 on page 20. Communication clarity includes Call Quality,

Call Drop rate and Geographical coverage. Call Service includes Call forwarding and waiting as well as service quality. Facility includes short message service (SMS), Mobile Entertainment and new Technology such as M-Pesa Services. Price on the other hand includes promotional offers and product range. Customer care on the hand deals with complaint redress system and compliant resolution. In conclusion, all the above mention factors provide certain degree of satisfaction to an individual in different capacities that help him or her prefer one service provider to another.

However, quality of a service or product can only be achieved through Technological improvement. For example, in this particular study- the current 3G technology offers high data rates, wide band width and increased capacity all of which are required to support the range of Mobile Phone Services. This new technology is now widely used and has replaced older generations like GSM and CDMA.

It is worth noting that service or product improvement are meant to meet ever changing Customers perceptions or preferences as dictated by supply and forces in the market. Hence, for a service or product to improve new technology is a must. Such developments are meant to enhance Customers satisfaction at a cost. For example M-Pesa services or Mobile Banking is such new technology that has gained wide acceptance and has made the unbanked majority (Those who were unable to access financial services) to access financial services in a secure and stable environment.

5.3 Policy and Theory Recommendations

All organizations have committed themselves to providing quality services, be they in production of goods or services. Management is constantly reviewing quality policies and strategies to ensure continual sustainability. In order to achieve this they must be guided by firm laid down policies. The industry players are constantly reviewing their policies in order to meet the expectations and needs of their customers.

Balance theory is the best for this study. This theory is mostly used in service industry in the study of service quality. The theory explains how and why positive or negative relationship among parties in the triad is developed and the consequences of these

relationships on service quality, effective outcome and withdrawal behaviour (Carson, PP, et al 1997).

5.4 Limitations of the Study

A study of this nature requires resources, both financial and time. Kenya has over 2.5 million subscribers which is quite a large population. A large sample of this nature may require that sample size is purposively selected from a few counties out of the 47 existing ones. However due to financial and time constraints, it is not possible to gather the required sample size. But for the purposes of academic requirements, the sample used for the study is sufficient enough to yield the required result.

5.5 Recommendations for Further Studies

Arising from this study, further research should be conducted along these areas.

The Factors that facilitate the migration of cell phone subscribers' one service provider from one service provider to another.

The existence of loyal customers in the industry and their reactions to the cut throat competition that has characterized the sector of late. However, this area of study has attracted so many scholars that have investigated the industry with different objectives and getting different results. Hence, the two areas suggested above can only act as a guide and not a limitation.

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APPENDIX ONE: QUESTIONNAIRE: CELL PHONE SUBSCRIBERS

QUESTIONNAIRE “A”

SECTION “A”

This section is to be filled by subscribers owning only one line(In case of more than, use the preferred line)

1. Respondent Network service provider

- | | | | |
|---------------|-----|------------|-----|
| (a) Safaricom | () | (b) Airtel | () |
| (c) YU | () | (d) Orange | () |

2. For how long have you been using this particular network?

- | | | | |
|-------------------------|-----|------------------------|-----|
| (a) Less than 5 years | () | (b) Between 6-10 years | () |
| (c) Between 11-15 years | () | (d) Over 16 years | () |

3. Have you ever switched lines or acquired additional new line(s) to the one you bought originally?

- | | | | |
|---------|-----|--------|-----|
| (a) Yes | () | (b) No | () |
|---------|-----|--------|-----|

Briefly explain your answer as to why you opted for more line(s) in case your answer is yes

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.....

.....

.....

.....

4. Do you experience any problem(s) with your preferred network service provider?

- | | | | |
|---------|-----|--------|-----|
| (a) Yes | () | (b) No | () |
|---------|-----|--------|-----|

In case your answer is yes, state the nature of the problem(s).

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SECTION “B”

5. In the following section indicate your opinion by either Yes or No as appropriate.

(i) Have you ever experienced any problem with your favored network supplier?

.....

(ii) Did you report such problem(s) to the supplier?

.....

(iii) Was the problem solved to your utmost satisfaction?

.....

(iv) Was the problem serious enough to make you think of switching to another supplier?

.....

(v) Can you advice a friend or a family member to subscribe to the same supplier

(vi) Are the services your current supplier is offering, sufficient enough to make you a loyal customer?

6. How would you rate the following network service performances?

Excellent	Good	Fair	Poor
Call performance			
Network coverage			
Network reliability			
Customer service			
Service plan			
Availability of credit offer			
Cheap tariff			

SECTION “C”

(To be filled by subscribers owning more than one line)

9. Name the lines you own

.....

10. Briefly state the compelling reasons that made you own more than one line by analyzing the benefits of each of the lines against each other.

.....

END

SECTION "A"

.....

(c) Between 12-20 yrs () (d) Over 21 yrs ()

(a) Yes ☐ (b) No ☐

[illegible]

(a) Yes () (b) No ()

(a) Self-sponsorship ☐

(b) Partly-sponsored by the employer ☐

(c) Full-sponsorship By Employer ☐

(d) paid first, the refunded by employer Upon passing the exams ☐

.....

.....

.....

(a) Very comfortable () (b) Comfortable ()
(b) Fairly comfortable () (d) Very uncomfortable ()

SECTION “B”

10. What are the common problem that you usually receive from the subscribers?

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11. How do you solve such problems ?

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12. Do you ever make a follow-up as to whether the customer appreciated the way his/her problem was handle? Briefly explain your answer.

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13. How do you get to know problems that your customers experiences in the course of utilizing your services?

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.....
.....
.....
.....

14. Do your company still get new subscriber?

(a) Yes () (b) No () (c) I am not sure ()

15. In case your answer to question 14 above is yes, briefly quantify your answer i.e. how many on weekly or monthly basis

.....
.....
.....
.....
.....

END THANK YOU FOR PARTICIPATING IN THIS RESEARCH PROJECT