

**CUSTOMER SERVICE AS A BASIS FOR COMPETITIVE ADVANTAGE IN THE
MOBILE TELEPHONY INDUSTRY IN KENYA**

By

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DECLARATION

This project is my original work and has not been submitted to any other examination body. No part of this research should be reproduced without my consent or that of the University of Nairobi.

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This research project has been submitted for examination with my approval as a university supervisor.

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DEDICATION

This project is dedicated to my partner Nicholas Karuri and my mother Jedidah Gichuhi for their unwavering support and love. To the Almighty God, for His continued care and strength.

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First and foremost, I am most grateful for the grace of God that has enabled me to successfully complete my MBA and this research paper. Secondly, I will always be indebted to my family for their unconditional support and finally many thanks to my supervisor for his guidance and patience during the research study.

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ABBREVIATIONS AND ACRONYMS

CCK: Communications Commission of Kenya

GPS: Global Positioning System

MNP: Mobile Number Portability

ICT: Information and Communications Technology

CPQ: Consumer Perceived Quality

SOPS: Standard Operating Procedures

TQM: Total Quality Management

SPSS: Statistical Product & Services Solution

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ABSTRACT

Global competition and technological developments have dramatically increased product knowledge and available alternatives to customers. Armed with information, customers have become more sophisticated and demanding. Customers, as a result, have rising expectations of firms and its products. Further due to proliferation of the market by a number of providers offering the same service, delivering superior customer value and satisfaction are crucial to the competitive edge of a firm. The Kenyan telecommunication landscape is painted by four key mobile telephony service providers competing in offering service to customers in the telephony industry. Over the past decade the information and telecommunications (ICT) sector has been among the major drivers of economic growth for Sub-Saharan Africa. It is expected that the sector will still be the driving force of fundamental economic change within the continent thus intensifying competition in the industry even further. Evidence suggests that the recent interest in competitive strategy and competitive positioning, while good in itself has resulted in the management of many firms placing too much emphasis on competitive performance and too little emphasis on customer expectations. This study seeks to determine latent effects of customer service quality dimensions as relevant to mobile telephony service industry in Kenya an area that so far attracted very little research interest. A descriptive survey study was designed targeting the entire mobile telephony industry clients in Mombasa to establish whether a provider's quality of customer service was a competitive strategy that affected competitive advantage of the mobile telephony industry in Kenya. Stratified random sampling was used to sample the respondents at an outlet shop of each of the major service providers. Primary data was obtained from the respondents using structured questionnaire with closed end questions, administered at customer service contact points. Data analysis and report of findings was done using descriptive statistics in the form of tables, frequencies and percentages. For analyses of the relationships between independent and dependent variables regression analysis was used. The results showed that customer choice of a mobile service provider is greatly influenced by the quality of customer service that a provider gives to its customers. Specifically, the findings showed that effective standards and procedures, good customer experience and ambience are important components of an organizations' ability to gain competitive advantage. It is therefore recommended that the management of the mobile service providers consider putting in place the recommended steps seen as probable ways of ensuring that their customer service are improved to sharpen their competitiveness.

CHAPTER ONE: INTRODUCTION

1.1 Background of Study

Global competition and technological developments have dramatically increased product knowledge and available alternatives to customers (Wagner & Hansen, 2004). Armed with information, customers have become more sophisticated and demanding. Customers, as a result, have rising expectations of firms and its products. Delivering superior customer value and satisfaction are crucial to the competitive edge of a firm (Kotler& Armstrong, 2000; Weitz& Jap, 1995). Undoubtedly, service quality and customer satisfaction are principal drivers of financial performance. Therefore, improving customer satisfaction is a critical issue for business managers in today's competitive global marketplace. With this goal in mind, numerous business managers are continually attempting to identify critical service attributes that generate customer satisfaction and loyalty in order to stay abreast of competitors.

Levitt (1983) recognizes that the purpose of business is to find and keep customers and to get existing buyers to continue doing business with you rather than your competitors. The relative role of customer service can vary widely across industries, organizations and customer segments. However, the core of its definition is that customer service is defined by the customer who receives it. Along this line, Smith (1998) defines customer service as meeting the needs and expectations of the customer, as defined by the customer. The customer is the judge of quality customer service, based on the expectations he or she has for the service.

The telecommunications industry is competitive with consumers having a large choice of mobile and fixed line operators from which to select services. Due to aggressive competition mobile

operators are forced to revisit their strategies to maintain or improve their competitive advantage. The mobile operators must identify and understand brings about customer loyalty since customer loyalty ensures higher profit through enhanced revenues, reduced costs to acquire customers (Sharp & Sharp, 1997). High quality service helps to generate customer satisfaction and loyalty, increase market share, and improve productivity and financial performance (Anderson, Fornell, & Lehmann, 1994; Lewis, 1993).

1.1.1 Customer Service

Customer service is important in an organization's quest to keep customers. The core of its definition is that customer service is defined by the customer who receives it. Along this line, Smith (1998) defines customer service as meeting the needs and expectations of the customer, as defined by the customer. The customer is the judge of quality customer service, based on the expectations he or she has for the service. The relative role of customer service, however, can vary widely across industries, organizations and customer segments. Customer service is the interaction between the customer and a representative of the organization and is not limited to a single function or job type within the organization.

To marketers, Consumer satisfaction is important because of its potential impact on loyalty, word-of-mouth, repeat-purchase behavior, and profit (Albrecht and Zemke, 1985; Bearden and Teel, 1983; Zemke and Shaaf, 1989). Research indicates that consumers currently demand higher quality service and often perceive existing levels to fall short of expectations (Otten, 1988; Rosenstein, 1988). It is thought that as consumers perceive a widening gap between expected and desired levels of service, feelings of dissatisfaction increasingly develop (Oliver, 1980). Taken in conjunction with reports which estimate that the cost of obtaining a new customer is five times

greater than servicing an existing one, the importance of providing quality service cannot be over emphasized (Szabo, 1989). However, consumer satisfaction can be restored and maintained with the appropriate managerial action and used as a competitive strategy to differentiate the firm in homogeneous markets (Rose, 1991). Positive evaluations of customer complaint encounters have been shown to be viewed as second order satisfaction and help to build customer loyalty and higher levels of repurchase intention (Etzel and Silverman, 1981; Gilly, 1987; Westbrook, 1987).

1.1.2 Competitive Advantage

Competitive advantage can be defined as the asymmetry or differential in any firm attribute or factor that allows one firm to better serve the customers than others and hence create better customer value and achieve superior performance. Along any attributes, the higher a firm scores vis-a-vis its rivals, the greater its competitive advantage. A firm's competitive advantage often arises from one or more of the following three sources: ownership-based; proficiency-based; and access-based. That is, a firm can gain advantage by ownership or possession of certain valuable assets or factors, e.g. strong market position (Porter, 1980), unique resource endowment (Barney, 1991), or reputation (Hall, 1992); by opportunity or rights to gain superior access to inputs and markets (Lieberman and Montgomery, 1988), e.g. exclusive relationship with supplier or distribution channel; by superior knowledge, competence, or capabilities in conducting and managing its business processes (Nonaka, 1991; Prahalad and Hamel, 1990; Teece et al., 1997): producing quality products at lower costs and delivering the right products and/ or service to its customers in the right place at the right price and time through the right channels.

To achieve any advantage in business, a firm has to look deeply and systematically into what it has, what it knows and does, and what it can get. As advantage comes from the differential in

any firm attributes, be it ownership, access, or knowledge based, that allows one firm to better provide customer value than others can, any factor that contributes to the existence and/or enlargement of such a differential could serve as a source of firm advantage. That is, to gain advantage, a firm could focus on raising the playing level of or it could also proactively constrain or belittle rivals. The former approach exploits the above three sources of advantages by positively enhancing a focal firm's ability to create value better than others can.

In the 21st century business landscape, firms must compete in a complex and challenging context that is being transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies (DeNisi, Hitt and Jackson, 2003). Therefore, achieving a competitive advantage is a major pre-occupation of senior managers in the competitive and slow growth markets, which characterize many businesses today and the sources of competitive advantage have been a major concern for scholars and practitioners for the last two decades (Henderson, 1983; Porter, 1985; Coyne, 1986; Prahalad and Hamel, 1990; Barney, 1991; Grant, 1991; Peteraf, 1993).

The importance of competitive advantage and distinctive competences as determinants of a firm's success and growth has increased tremendously in the last decade. This increase in importance is as a result of the belief that fundamental basis of above-average performance in the long run is sustainable competitive advantage (Porter, 1985). Thus, it is understood that across sectors most firms should recognize that attaining competitive advantages is the most challenging issue facing firms in the 21st century. According to Barney (1991) a firm is said to have a sustainable competitive advantage when it is implementing a value creating strategy not

simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy.

Thus sustained competitive advantage exists only after efforts to replicate that advantage have failed. In order for a firm to attain a "sustainable" competitive advantage, its generic strategy must be grounded in an attribute that meets four criteria. It must be: Valuable—it is of value to consumers, Rare—it is not commonplace or easily obtained, Inimitable—it cannot be easily imitated or copied by competitors and Non-substitutable—consumers cannot or will not substitute another product or attribute for the one providing the firm with competitive advantage.

1.1.3 Mobile Industry in Kenya

The Kenyan telecommunication landscape is painted by four key mobile telephony service providers namely Safaricom, Airtel, Yu and Telkom Orange. According to the Communications Commission of Kenya (CCK), by the end of 2010 there were 22 million registered mobile cell phone subscribers with a projected growth rate of 9.5% per annum. The penetration rate of mobile phones in Kenya is 63%. With all these statistics it is no wonder that it has generated a lot of attention from the public and private sectors. Since 1999, Kenya has seen a tremendous leap in technology. Independent mobile operators came and changed telephony with the huge push to spread mobile telecommunication across the country (CCK Report, 2010/11)

Nearly 13 years later and 70% of the population have access to a mobile handset device. With it comes access and services that could only be dreamed of before, from mobile money distribution and banking services, to social networking, email and GPS mapping software applications. During the period under review (Quarter 2 of the Financial Year 2012/2013), the total number of mobile subscribers rose to 30.7 million up from 30.4 million recorded in the previous quarter.

This represents an increase of 1.0 percent during the period and 13.9 percent compared to the same period of the previous year. However, as observed during the previous period, the rate of growth has slowed down as the market appears saturated and tending towards maturity Kenya now boasts a mobile penetration of 77.2 per cent (Sector Statistics Report Q2, 2012/13)

Such a competitive environment is usually to the benefit of the consumer in the sense that there is an opportunity to evaluate the perceived benefits of the services offered by the different business entities before deciding to purchase a particular product. Cost chargeable on usage, the lost opportunity to use other offering, potential switching costs etc are among other factors that would influence a customers' choice of service and hence a service provider. Therefore an understanding of a consumers' idea of value in regard to deliverable service becomes cardinal in so far as satisfactory service delivery is concerned.

The introduction of Mobile Number Portability (MNP) established a fresh frontier of competition among the players in the telecommunication industry. Succinctly put, MNP is the process that allows a subscriber to transfer or port a number from their current Mobile Service Provider (Donor operator) to another Mobile Service Provider (Recipient Operator).It makes it possible for one to maintain an existing mobile phone number when switching from one mobile network operator to another mobile network operator. MNP was intended to introduce further flexibility in the mobile phone market, as a result of which mobile network operators have supposedly been subjected to heightened competition.

1.2 Research Problem

The need for business entities to focus on improving service quality in order to sustain competition and influence customer behavior has been recognized in a number of literatures.

Zeithaml (2000) presents an excellent overview of findings of research on aspects of the relationship between customer satisfaction and organizational performance. Positive evidence on the direct relationship between customer satisfaction and organizational performance is found by e.g. Koska (1990) and Nelson et al (1992) in hospital settings with higher profitability; Aaker& Jacobson (1994) found better stock return linked to improved quality perceptions; Anderson, Fornell& Lehmann (1994) found a significant association between customer satisfaction and accounting return on assets; Ittner&Larckner (1996) found that shareholder value is highly elastic with respect to customer satisfaction. Customer's satisfaction holds the potential for increasing an organization's customer base, increase the use of more volatile customer mix and increase the firm's reputation (Fornell, 1992, Levesque and McDaugall, 1999). One path to achieving customers' satisfaction is through customers' service.

The last 15 or so years have seen very drastic changes in telecommunication, a revolution that has been dubbed as greater than the wheel revolution. Over the past decade the information and telecommunications (ICT) sector has been among the major drivers of economic growth for Sub-Saharan Africa. Hence, it is expected that the sector will be the driving force of fundamental economic change within the continent. Evidence suggests that the recent interest in competitive strategy and competitive positioning, while good in itself has resulted in the management of many firms placing too much emphasis on competitive performance and too little emphasis on customer expectations.

Numerous empirical studies point out the profitability of good customer service as shown in studies conducted by Cronin & Taylor (1992) in service sectors such as: banking, pest control,

dry cleaning, and fast food; found that customer satisfaction has a significant effect on purchase intentions in all four sectors. Similarly, in the health-care sector, McAlexander et al. (1994) found that patient satisfaction and service quality have a significant effect on future purchase intentions (Kandampully&Suhartanto, 2000).While existing literature on customer service for mobile telephony in emerging economies context is limited, those that exist are country specific. This study therefore seeks to determine latent effects of customer service quality dimensions as relevant to mobile telephony service industry in Kenya. This study will be guided by the following question does customer service determine a company's competitive edge in mobile telephony market in Kenya?

1.3 Research Objectives

The following objectives were built to achieve the goals of this study:

- i. To establish the extent to which customer service influence customers' decision toward choosing their mobile service provider.
- ii. To determine the extent to which customer service has affected competitive advantage of mobile telephony industry in Kenya.

1.4 Value of the Study

Customer service varies by product, industry and customer. It however, assumes important dimension in service delivery and sales of product. Several theories hold customer service as important as far business dynamics are concerned. Originating from Grönroos' (1982) Consumer Perceived Quality (CPQ), there have been different concepts by many authors and this has

inspired the proliferation of many models of service quality, each of which is context specific with unique features (NitinDeshmukh&Vrat 2005).

While existing literature on service quality for mobile telephony in emerging economies context is limited, those that exist are country specific. This study therefore seeks to determine latent effects of customer service quality vis-a- vis competitive edge dimensions as relevant to mobile telephony service industry in Kenya.

This study aims to bring the voice of the customer directly to the decision-makers, giving them the necessary data to make the decisions that will impact customers in the most positive manner. A strong customer service policy can make a huge difference in the success of a business. By implementing and maintaining policies and procedures that encourage strong ties with clients while still protecting the interests of the company, the process of keeping customer defection to a minimum while continuing to expand the client base is simplified.

Practically the study aims to allow committed consumers provide inputs for the company to solve the problems when they have an option of simply walking away (Czepiel and Gilmore 1987).In addition to providing feedback on the firm's performance, committed individuals are likely to disclose more information about their preference and other personal issues (Huston and Burgess, 1979). Disclosure of information is done not only in the hope that the firm will understand consumers and serve them better but also out of the fact consumers feel more comfortable to share their personal information with the firm. Besides self-disclosure information, committed consumers are likely to bring in information regarding the offerings and

performance of the firm's competitors. Such information may be brought up because consumers want the firm to match up with the competition.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter contains literature review on customer service theory, competition theory, customer service as a basis of competitive advantage, effective standards and procedures and an organizations' competitive advantage, good customer experience and its influence on companies competitive advantage, and its possible role in enhancing an organization's competitive advantage and empirical relationship between customer service and business performance.

2.2 Customer Service Theory

The theory of customer service is based on identifying and satisfying your customers' needs and exceeding their expectations. A company must be totally committed to delivering consistently high standards of service to gain and retain customer loyalty. Customer satisfaction and loyalty are inextricably linked to the quality of customer service and, ultimately, to the company's profitability. Cooperating with customers and offering what they expect are emphasized rather than dictating what they receive (Wagenheim&Reurink, 1991). Implementation of the customer service model involves six key ingredients: customer needs employee attitude, administrative commitment, training and resources, recognition, and evaluation (Congram& Friedman, 1991; Schneider, 1990).

Quality customer service is more than offering a smile, a handshake, and "have a nice day." It is an interaction between customer and provider in which the performance of the provider meets or exceeds the customer's expectations. The provider's attitude and performance shape customers' perceptions of service and their intention of continued patronage. In essence the customer purchases a service and an experience simultaneously, and this exchange has social as well as economic implications. Heskett (1986) affirms that the provider is "as much of the product in the consumer's mind as any other attribute of that service" (p. 94). The outcome of service is important, but as important in quality customer service is the process of service delivery. Both the product and process are significant in attracting and retaining customers.

2.3 Competitive Theory

The nature of competition and its consequences on key economic variables, such as prices, profits, and growth, have always been important for theoretical and empirical investigation. The neoclassical theory of competition prevails often giving the impression of being the only theory of competition. In addition to the neoclassical theory, there are two other major alternatives, the post-Keynesian and the classical. In recent years, these two alternatives have developed a growing literature on the micro foundations of economics (Shaikh, 1980; Eichner, 1985; Semmler, 1984, 1990; Ochoa and Glick, 1992).

In neoclassical economics, the notion of competition is static meaning that competition is understood as a state (rather than as a process) that would prevail if there were free entry and exit of firms. In this static context firms are mainly seen as passive that is with given the consumers' preferences and the technological opportunities they merely react to parametrically given prices. In the writings of classical economists Adam Smith (1776), David Ricardo (1817), and Karl

Marx (1894), competition is identified as a process characterized by free mobility of capital and labor, and with the concomitant tangential inter-industry equalization of the rate of profit, as well as of supply and demand.

The post-Keynesian microeconomic literature focuses its efforts to analyze the behavior of the megacorp, which dominates the manufacturing sector of the economy. This kind of new corporate organizations is managed and owned by entirely different groups of people. Managers and owners are viewed as differently motivated. Managers are mainly concerned with the expansion of the firm because their reward is tied to the company's size. The owners of the firm, of course, are concerned with profits, and their maximization. However, the decisions are made by the managers; as a consequence, the primary goal of these large corporations becomes the maximization of the growth of sales, which can be achieved by maintaining at least a constant market share.

2.4 Customer Service as Basis of Competitive Advantage

Langlois and Tocquer (1998) defined customer service as a process that creates service quality for customers in two dimensions: technical quality and relational quality. Technical quality relates to the benefits offered to customers like interest rate on a home loan, the length and security of the loan. Relational quality describes the nature of the interaction between customer and the company like the relationship between the customer and the loans officer. During the past few decades service quality has become a major area of attention to practitioners, managers and researchers owing to its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Leonard and Sasser, 1982; Cronin and Taylor, 1992; Gammie, 1992; Hallowell, 1996; Chang and Chen, 1998; Gummesson, 1998; Lasser et al., 2000; Silvestro and Cross, 2000; Newman, 2001; Sureshchander et al., 2002; Guru, 2003 etc.)

For an organization to gain competitive advantage it must gather information on market demands and exchange it between organizations for the purpose of enhancing the service quality. Researchers and managers thrive for learning details about components of service quality in their organization of obvious reasons of customer satisfaction, increased profitability etc.

2.4.1 Standards and Procedures; an Organizations' Competitive Advantage Approach

Standards and procedures document describes in detail the way an operator should perform a given operation. According to Edelson and Bennett (1998,), Standard Operation Procedures (SOPs) include the purpose of the operation, the equipment and materials required, how to perform the set-up and operations required for the process, how to perform the maintenance and shut down operations carried out by the worker, a description of safety issues, trouble-shooting, illustrations, and checklists. The SOP is one of several process documents required for consistent operation of a given process, with other documents including process flow charts, material specifications, and so forth (Edelson& Bennett, 1998; Suzaki, 1993).

It is generally agreeable that use of Standard Operating Procedures (SOPS) – which play an integral role in Total Quality Management (TQM) – can improve the output consistency, efficiency, and learning rate of a given process (Edelson& Bennett, 1998; Imai, 1986; Monden, 1983; Suzaki, 1993). Even champions of exploration, Levinthal& March (1993) acknowledged the ability of SOPs to facilitate the accumulation and transfer of knowledge acquisition, leading to variability reduction and organizational effectiveness.

According to Taylorism theory (Taylor, 1911/1998), management has the responsibility to design operating procedures. However, Best practice SOP development, in contrast to Taylorism, calls for the active involvement of workers in development and refining of SOPs (Adler, 1993a, 1993b, 1996, 1999; Edelson& Bennett, 1998; Imai, 1986; Monden, 1983; Suzaki, 1993). The objective of SOPs under Taylorism was to have industrial engineers determine ‘scientifically’ the ‘optimal’ way to perform a given process. The objective of SOPs today is to ensure that all workers are performing tasks in the same way, which is a necessary condition to obtain consistent output from the process. When all workers perform their tasks consistently, it becomes possible to run controlled experiments to test the impact of changing various process parameters. When a process change is shown to improve process performance, SOPs are updated and workers are trained to the new procedures. Throughout the process, it is desirable to include workers in SOP development and to encourage worker ideas.

According to Kaizen philosophy on continuous organizational improvement, established procedures need to be continuously enhanced, thus requiring ideas from those individuals using those procedures. Ideas are not creative simply because they deviate from established knowledge; ideas are creative when they are novel and appropriate to the task at hand (Amabile, 1997; Sternberg, 2001). Workers may have many ideas; however, what they choose to do with their ideas, whether the course of action taken is constructive or not, will depend on various organizational and individual-difference factors. For example, if work conditions are such that creative actions are encouraged, that knowledge is available to all, and that individuals feel motivated and efficacious in performing a given task, then the probability that a constructive course of action emerges is high which ultimately spurs quality service delivery.

Quality standards and procedures have equally attracted substantial attention (since 1970s) among researchers and practitioners (Gronroos, 2001). Quality standard is a form of attitude representing a long-run, overall, evaluation, which is different from customer satisfaction, a more short term, transaction specific judgment. The level of customer satisfaction is a result of the customer's comparison of the quality standard expected in a given service encounter with perceived service quality. This implies that satisfaction assessments require customer experiences while quality does not (Caruana, Money and Berthon, 2000).

Quality of a particular service is whatever the customer perceives it to be. Service quality as perceived by the customer may differ from the quality of the service actually delivered. Services are subjectively experienced processes where production and consumption activities take place simultaneously. Interactions, including a series of moments of truth between the customer and the service provider occur. Such buyer-seller interactions or service encounters have a critical impact on the perceived service. What customers receive in their interaction with a firm is clearly important to them and their quality evaluation. This is one quality dimension, the Technical Quality of the outcome of the service production process.

However, as there are numerous interactions between the service provider and customers, including various series of moments of truth, the technical quality dimension will not count for the total quality which the customer perceives he has received. Thus, the consumer is also influenced by how he receives the service and how he experiences the simultaneous production and consumption process which results in an image. An organization's image is an important variable that positively or negatively influences marketing activities. Image is considered to have

the ability to influence customers' perception of the goods and services offered (Zeithaml and Bitner, 1996). Therefore, image will have an impact on customers' buying behaviour. Image is considered to influence customers' minds through the combined effects of advertising, public relations, physical image, word-of-mouth, and their actual experiences with the goods and services (Normann, 1991). Similarly, Grönroos (1983), using numerous researches on service organizations, found that service quality was the single most important determinant of image.

Thus, a customer's experience with the products and services is considered to be the most important factor that influences his mind in regard to image. For instance, if the service provider shares a positive or favorable image in the minds of the customers, minor mistakes will probably be overlooked or forgiven. However, if the image is negative, the impact of any mistake will often be considerably greater than it otherwise would be. This entire combination shall lead to total quality.

2.4.2 Customer Experience & Competitive Advantage

Customer satisfaction or good customer experience has been the subject of considerable research and has been defined and measured in various ways (Oliver, 1997). Customer satisfaction may be defined as the customer's fulfillment response to a consumption experience, or some part of it. Customer satisfaction is a pleasurable fulfillment response while dissatisfaction is an unpleasurable one (Buttle, 2004). Satisfaction and dissatisfaction are two ends of a continuum, where the location is defined by a comparison between expectations and outcome. Customers would be satisfied if the outcome of the service meets expectations. When the service quality exceeds the expectations, the service provider has won a delighted customer. Dissatisfaction will occur when the perceived overall service quality does not meet expectations (Looy,

Gemmel&Dierdonck, 2003). Sometimes customer's expectations are met, yet the customer is not satisfied. This occurs when the expectations are low (Buttle, 2005). For example, the customer expects to take long in a queue and ends up taking more time in a queue.

Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm. The obvious need for satisfying the firm's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability (Barsky, 1992). Creation of a superior customer experience seems to be one of the central concerns in today's retailing environments. Business entities around the globe have embraced the concept of customer experience management, with many incorporating the notion into their mission statements. For instance, Dell computers focuses on delivering the best customer experience in the markets the firm serves, while Toyota's mission statement is to sustain profitable growth by providing the best customer experience and dealer support.

It's also been argued that the success of Starbucks is based on creating a distinctive customer experience for their customers (Michelli, 2007). In addition, a recent IBM report identifies customer experience as a key factor for companies to use in building loyalty to brands, channels and services (Badgett, Boyce, & Kleinberger, 2007). However, despite the recognition of the importance of customer experience by practitioners, it is yet to receive due scholarly attention and therefore publications on customer experience are mainly found in practitioner-oriented journals or management books (e.g., Berry, Carbone, & Haeckel, 2002; Meyer & Schwager, 2007; Shaw & Ivens, 2005). Pine and Gilmore (1999) argued that creating a distinctive customer

experience can provide enormous economic value for firms, and Frow and Payne (2007) derived managerial implications, such as the careful management of customer ‘touch points’, based on qualitative case studies. Much closer to the point, Gentile, Spiller, and Noci (2007) empirically investigated the specific role of different experiential features in the success achieved by some well-known products.

Worth noting is the work by Holbrook and Hirschmann (1982) who theorized that consumption has experiential aspects (Babin et al. 1994). Schmitt (1999) has explored how companies create experiential marketing by having customers sense, feel, think, act and relate to a company and its brands. Berry, Carbone, and Haeckel (2002) on the other hand suggest that in order for organizations to compete by providing customers with satisfactory experience, they must orchestrate all the “clues” that people detect in the buying process.

Borrowing from these insights, some of the recent definitions of customer experience include: “the customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual)” (Gentile, Spiller, and Noci, 2007). A second and almost similar definition is that “Customer Experience is the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company’s products, service

or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews and so forth.” (Meyer and Schwager, 2007).

Past literature has identified three critical variables that are inextricably linked to the creation of loyalty - quality, value and satisfaction (Cronin et al., 2000; Payne et al., 2000; Loveman and Heskett, 1999; Reichheld and Sasser, 1990). Although a number of studies have found these variables to have significant impact on loyalty, several researchers have argued that these variables only provide partial insight into building customer loyalty and that alternative new variables should be brought into the loyalty building dynamic (Cronin et al., 2000; Dube and Renaghan, 2000). According to Donnelly et al, (2008) the major undoing of the loyalty research is the fact that the customer experience variable has been excluded from consideration. Smith and Wheeler (2002) appropriately point out that we are now living in the age of experiences and firms must deliver to consumers a “branded customer experience”. Both customer relationship management literature and brand literature indicate that building loyalty is found in the customer’s experience with the product/service.

The rationale for customer experience is that it improves business performance by enhancing customer satisfaction. Satisfaction increases because customer insight allows companies to understand their customers better, and create improved customer value propositions. As customer satisfaction rises, so does customer repurchase intention (Anderson, 1994). This in turn influences actual purchasing behavior, which has a significant impact on business performance, hence leading to a greater competitive edge.

2.4.3 Ambience and an Organization's Competitive Advantage

An organization's image is an important variable that positively or negatively influences marketing activities. Physical image is considered to have the ability to influence customers' perception of the goods and services offered (Zeithaml and Bitner, 1996). Thus, physical image will have an impact on customers' buying behavior. Physical image is considered to influence customers' minds through the combined effects of both the retail interior and exterior ambience (Normann, 1991).

One of the most important recent advances in business thinking is the recognition that people, in their purchase decision-making, respond to more than simply the tangible product or service being offered. Buyers respond to the total product that includes the services, warranties, packaging, advertising, financing, pleasantries, images, and other features that accompany the product (Kotler and Hall, 1971). One of the most significant features of total product is the place where it is bought or consumed. In some cases, the place, more specifically the atmosphere of the place, is more influential than the product itself in the purchase decision. Atmospherics describes the effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability.

Atmospherics is more relevant to retailers especially in the case where the organization has a lot of competition thus is under much pressure to invest in atmospherics a chief tool for attempting to attract and hold a specific segment. It's especially important in industries where product or price differences are small. While, there is a consensus amongst practitioners and academics that customer satisfaction and service quality are prerequisites of loyalty (Gremler and Brown, 1997;

Cronin and Taylor, 1992), those technical, economical and psychological factors that influence customers to switch suppliers are considered to be additional prerequisites of loyalty (Selnes, 1993; Gremler and Brown, 1997). Recent studies also indicate that the firm's image may influence customer enthusiasm: value, delight, and loyalty (Bhote, 1996). (Kandampully and Suhartanto, 2000)

2.5 Empirical Relationship between Customer Service and Business Performance

The relationship between customer satisfaction (as a result of service quality) and business performance is not always very clear. The link between customer satisfaction and profits is neither straightforward nor simple (Zeithaml, 2000). Three major problems in measuring the relationship are the timelag between measuring customer satisfaction and measuring profit improvements, the number of other variables influencing company profits like price, distribution, competition etc and the fact that other variables (e.g. behavioral issues) should be included in the relationship because they explain the causality between satisfaction and results.

Other research (Buzzell and Gale (1987); Jacobson and Aaker (1987); Gale (1992); Hallowell (1996); Fornell (1992)) show that higher customer satisfaction translates into higher than normal market share growth, the ability to charge a higher price, improved customer loyalty with a strong link to improved profitability, and lower transaction costs. Customer satisfaction is also found to be strongly correlated with repurchase intentions, the willingness to recommend the company, and to improved cross-buying (Reichheld (1996b); Cronin and Taylor (1992); Parasuraman, Zeithaml and Berry (1988); Zeithaml, Berry and Parasuraman (1996); Anderson and Sullivan (1993); Verhoef, Franses and Hoekstra (1999)).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology employed in conducting the study. It provides an overview of the research design, target population, sample size, instruments, data collection and data analysis.

3.2 Research Design

According to Parahoo (2006) the design selected for research should be the one most suited so as to achieve an answer to the proposed research question. For the purpose of the proposed research, the researcher choose to carry out a descriptive survey in the hope to explore customer' perceptions and experiences. Descriptive design aims to describe the essential findings in a rigorous way that is free from distortion and bias (Brabury-Jones et al. 2010). Descriptive studies help discover new meaning, describe what currently exists, verify the rate at which something occurs, and categorize the information. Thus the researcher chose this design for the study as it facilitates the precise actions the researcher aims to achieve such as identifying any issues with current practice or justifying current practice.

3.3 Population of Study

The target population was all the clients of all Safaricom, Airtel and Orange outlets in Mombasa County as informed by the average daily tallies from the customer care centers. YU has no retail outlet and therefore were not specifically targeted in the study.

3.4 Sampling method

The study adopted a probability sampling conducted by drawing a stratified random sample from each outlet. Application of stratified random sampling ensured that each individual had an equal chances of being selected thereby eliminating the biases associated with research. The study took a more scientific and objective design thus the need for statistical approach to research. A total of 10 subscribers from each customer care Centre were interviewed picking every 10th person to minimize biasness.

3.5 Data Collection

The researcher used primary data in order to realize the objectives of this study. Primary data helped establish whether a provider's quality of customer service was a competitive strategy that affected competitive advantage of the mobile telephony industry in Kenya. The data collection procedure followed a sequence in which exploration was followed by measurement, which in turn was followed by a quantitative analytical phase. The study was carried out by performing interviews with selected individuals and data was collected through structured questionnaire with closed end questions, administered at customer service contact points of sampled mobile service providers. The questionnaire was administered in all the retail centers at the same time frames mornings 8 AM to 10AM and afternoons 2PM and 4pm. The data collection exercise was intended to last a period of thirty days.

3.6 Data analysis

The study used primary data which were collected in the field through questionnaire. Data were analyzed using Statistical Package for Social Sciences (SPSS) version 17. The data collected was edited for accuracy, consistency and completeness and arranged to enable coding and tabulation before final analysis. The data was then be analyzed to generate descriptive statistics such as percentages, means and standard deviations. The data was presented using frequency distribution tables.

3.7 Data Validity and Reliability

Data validity refers to how well the result of a research can give the right answer to the research question (Remenyi et al, 1998). To ensure validity, information from previous studies and different literatures which cover all the areas of the study were used. The theoretical framework

being a reflection of these previous studies, the questionnaire was based on the theoretical framework in order to arrive at the right answer to the research problem. A pilot test was conducted to test validity of the research instruments with regard to effects of quality of customer service on a provider's competitive strategy.

For data reliability, the researcher designed the questionnaire using an elaborate procedure of reviewing relevant literature. In order to measure internal consistency, the researcher used Cronbach's alpha method.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter is focused on presentation of research findings obtained from the customers of the mobile telephony industry in Kenya through questionnaires which were formulated to assist in the collection of quantitative data and attendant discussion. The study was aimed at understanding the concept of customer service as a basis of competitive advantage in the mobile telephony industry in Kenya. After collection, the data was edited, classified, coded and tabulated. Analysis done was based on the research objectives and presented using statistical tools such as frequency tables, percentages, mean and standard deviation. Presentation of the data was done using tables, pie charts and bar graphs.

4.2 Profiles of Respondents

The process of data analysis began with an analysis of respondents' background information which included the response rate, respondent's professions, their age distribution and alternative subscriber besides the one in whose facility they were found. An initial sample population of 60 respondents had been anticipated and provided with research questionnaire. Out of 60 questionnaires distributed to be filled 50 were returned fully answered which represent 83% while 10 questionnaires which represent 17% were not returned. This response was an indication that customers appreciate companies' commitment in getting feedback on their products and services.

4.2.1 Respondents' Professions

Every company, large or small, does things that make it easier for some customers to do business with it and harder for others. Selecting the right customers is critical, especially if resources are

constrained and the brand is little known. A customer ultimately represents a stream of orders for the seller. That order stream, in turn, has a domino effect on the company's business. Businesses need to be commercially awarean interest in business and an understanding of the wider environment in which it operates .An organization'scustomers' professions enable it know its customers and anticipate their understanding of its products and services. Someone's profession defines to a large extent their priority and qualities in an organization they deem important thus ability to answer the researcher's questions variedly.

An inquiry was also made on the respondents' professions. The results were as is summarized in Table 4.1.

Table 4.1 Professions of Respondents

Profession	Frequency	Percentage
Medical	5	10
Business	19	38
Students	12	24
Banking	10	20
Education	4	8
Total	50	100

From the table 4.2 which contain the results of professions of the respondents show that a majority of the respondents were in business represented by 48.3% while 20% were students and 16.7% were from the banking sector. Further, the results showed that 8.3% of the respondents were medical professionals and the remaining 6.7% were from the education sector. All these individuals come from an assortment of professions thus will have a totally different outlook on

service and its significance to them enabling the study sampled capture an array of responses thus strengthening the significance of the findings.

4.2.2 Respondents' Age

Age is a demographic element that impacts businesses. A company's products and services are more likely to appeal to certain age groups. Age is unquestionably an important factor in consumer identity, since consumption patterns and financial situation change significantly throughout an individual's lifetime. Broadly speaking, three groups have traditionally described the population's age structure: children (0–14 years of age), working-age adults (15–64) and seniors (age 65 and older). Further, the respondents were requested to indicate their age. Table 4.2 presents a summary of their responses.

Table 4.3 Respondents Age Distribution

Age Bracket	Frequency	Percentage
18 and Below	3	6
18 - 30 years	23	46
31 - 40 years	10	20
41 - 50 years	7	14
51 - 60 years	6	12
61 and above	1	2
Total	50	100

From Table 4.2 which contains information on respondents' age distribution indicate that majority of the respondents, 46% were between the age of 18 and 30 years also categorized as the Generation Y (individuals ages 14–31 in 2008) who in the marketplace are said to constitute

the age group with the numbers and the purchasing power to have an unprecedented impact on mobile telephony industry. The 18-30 age group is the subject of much attention today with increased level of marketplace interest in them being more strongly related to their financial influence. Part of the financial power of members of this generation comes from what they buy with their own income and also their increasingly high influence on family purchases decisions. The other remaining 54% of the respondents show a diverse clientele of below 18 years (6%), 31- 40 years (20%)comprising a small group that is interesting to watch from a general marketplace perspective, since a majority of its members have moved into prime working-age years. They are increasingly active consumers, facing a number of the most significant decisions that individuals make in their lives, 41-50 years (14%), and 51-60 years (12%) and above 61 years (2%).

4.2.3Subscription to other Service providers’ Analysis

On whether or not the respondents sought the services of an alternative service provider besides the in whose facility they were found, the findings were as is summarized in Table 4.3.

Table 4.3Subscription to other Service providers’ Analysis

Subscribed	Frequency	Percentage
Yes	30	60
No	20	40
Total	50	100

The table 4.3 illustrates the respondents’ affiliation to alternative mobile telephony service providers. It shows that 60% of the customers were subscribed to more than one mobile telephony service provider with the remaining 40% being subscribed to only one service

provider which is a clear indication of the diversity and competitiveness of the industry. On further probing, 60% of the respondents indicated identity of the alternative subscriber to be Safaricom, 30% to be Airtel, 6% to be Orange and 4% to be Yu.

4.3 Customer Service and Customers' Choice.

The first objective required an analysis of the extent to which a mobile service provider's quality of customer service influenced customer choice of a provider from the perspective of the customers. A 5-point Likert scale was used to rate the respondents' perception of the extent of effect with 1 point being accorded to strongly disagree, 2 points to disagree, 3 points to undecided, 4 points to agree and 5 points to strongly agree. The respondents' perception of the extent of influence of quality of customer service on their choice of a provider was then arrived at based on the respondents' percentage score and mean ranking of each of the elements. The results were as is shown in Table 4.4.

Table 4.4 Effect of Customer Service on Choice of a Provider

Statement	SD		D		U		A		SA		Total		Mean	STD
	f	%	f	%	F	%	f	%	f	%	f	%		
Firm's staff attributes like professionalism, politeness affects customer choice of mobile service provider	0	0.0	1	2.0	6	12.0	22	44.0	21	42.0	50	100	4.26	0.751
Firm's ability to resolve a customer's problem effectively the first time or offer alternative affects choice of mobile service provider	0	0.0	0	0.0	6	12.0	24	48.0	20	40.0	50	100	4.28	0.671
Firm's ability to offer effective service at the quickest time possible affect choice of mobile service provider	0	0.0	0	0.0	5	10.0	22	44.0	23	46.0	50	100	4.36	0.663
Firm's agents ability to give customer ample time to explain their issue affect customer choice of mobile service provider	1	2.0	1	2.0	6	12.0	28	56.0	14	28.0	50	100	4.06	0.818
Firm's agents knowledge of their products and services affect choice of mobile service provider	0	0.0	2	4.0	6	12.0	22	44.0	20	40.0	50	100	4.20	0.808
Grand Mean													4.23	0.742

The findings as contained in Table 4.4 shows that according to a majority of the respondents, 43 (86%) a firm's staff attributes like professionalism and politeness affects customer choice of mobile service provider's ability to offer effective service at the quickest time possible compared to those who thought otherwise. Similarly, 44 (88%) respondents were persuaded that a firm's ability to resolve a customer's problem effectively the first time or offer an alternative affects customer's choice of a mobile service provider, 45 (90%) considered a firm's ability to offer effective service at the quickest time possible to affect choice of mobile service provider, 42 (84%) considered the influence of a firm's agents ability to give customer ample time to explain their issue and a similar number of respondents indicating the effect of the firm's agents knowledge of their products and services. Consequently, the overall effect of customer service on their choice was found to be clearly evident as is manifested by its overall weighted mean of 4.23. This means that according to the respondents, customer choice of a mobile service provider is greatly influenced by the quality of customer service that a provider gives to its customers. Thus it implies that a provider with better customer service would attract more customers.

4.4 Customer Service and Competitive Advantage

An analysis of the effect of customer service on a company's competitive advantage was undertaken based on the respondents' perception of issues related to standards and procedure employed by a company, customer experience and the mobile telephone companies' image. Respondents were provided with an array of statements assessing their conception of the effects of each of the factors. Their responses were as is documented and discussed under each factor.

4.4.1 Effective Standard and Procedures and an Organization's competitive advantage

The relevance of standards and procedures as set out by a mobile company in determining a company's competitive advantage was determined using a set of statement given out to the respondents. Their responses were as is summarized in Table 4.5.

Table 4.5 Effects of Standard and Procedures

Statement	SD		D		U		A		SA		Total		Mean	STD
	f	%	f	%	f	%	f	%	f	%	f	%		
A company's standards and procedures of operation are a must for everyone in the mobile telephony industry due to stiff competition	2	4.0	2	4.0	4	8.0	19	38.0	23	46.0	50	100	4.18	1.024
Standards & procedures enable output consistency in service quality and efficiency in service delivery	1	2.0	3	6.0	3	6.0	24	48.0	19	38.0	50	100	4.14	0.926
Customer service personnel and clients should be involved in formulating a company's service level standards & procedures	0	0.0	2	4.0	4	8.0	22	44.0	22	44.0	50	100	4.28	0.784
Standards & procedures need to be continuously enhanced	0	0.0	1	2.0	3	6.0	13	26.0	33	66.0	50	100	4.56	0.705
Standards & procedures are often not adhered to by personnel leading to inefficiency in service delivery and hence client dissatisfaction	1	2.0	0	0.0	7	14.0	13	26.0	29	58.0	50	100	4.38	0.878
Grand Mean													4.31	0.863

Results of the analyzed data on the respondents' views relative to the effects of standards and procedures contained in Table 4.5 shows that its rating is clearly defined (mean of 4.31). Thus it could be presumed that a majority of the respondents consider effective standards and procedures as important in organizations' ability to gain competitive advantage. Specifically, the results pointed it out that to the customers, a company's standards and procedures of operation are a must for everyone in the mobile telephony industry due to stiff competition as is advanced by 42 (84%), standards and procedures enable output consistency in service quality and efficiency in service delivery as is postulated by 43 (86%) respondents with 44 (88%) respondents suggesting

that customer service personnel and clients should be involved in formulating a company's service level standards and procedures.

Further, the results showed 46 (92%) respondents maintained that standards and procedures need to be continuously enhanced while 42 (84%) categorically stated that when standards and procedures are often not adhered to by personnel, inefficiency in service delivery and hence client dissatisfaction results. The findings asserts the respondents conception of the importance of service providers taking the lead role in always enhancing standards and procedures in service provision to their customers which must be adhered to by the stakeholders.

4.4.2 Influence of Good Customer Experience on a Companies' Competitive Advantage

The importance of organizations to offer good customer experience if they intend to remain competitively viable in the mobile telephony industry was also assessed using a set of statements the results of which is shown in Table 4.6.

Table 4.6 Influence of Good Customer Experience on a Companies' Competitive Advantage

Statement	SD		D		U		A		SA		Total		Mean	STD
	F	%	f	%	f	%	f	%	f	%	f	%		
Satisfaction is a measure of how much a service meets a client's expectation	1	2.0	1	2.0	4	8.0	19	38.0	25	50.0	50	100	4.32	0.868
Service satisfaction experience establishes strong purchase intentions which is good for the service provider	0	0.0	2	4.0	4	8.0	22	44.0	22	44.0	50	100	4.28	0.784
Good customer experience builds loyalty to brands and services	0	2.0	1	2.0	6	12.0	25	50.0	18	36.0	50	100	4.20	0.728
Distinctive customer experience can provide enormous economic value to a firm	0	0.0	1	2.0	5	10.0	28	56.0	16	32.0	50	100	4.18	0.691
Customer experience improves business performance by enhancing customer satisfaction and driving up customer loyalty	1	2.0	4	8.0	2	4.0	24	48.0	19	38.0	50	100	4.12	0.961
Grand Mean													4.22	0.806

Information contained in Table 4.6, shows that the respondents were in agreement about the importance of organizations offering good customer experience if they intended to remain competitively viable in the industry thus the variable obtained an overall mean rate of 4.22. A majority of the respondents were agreed on the significant contribution of most the issues raise relative this factor. For instance, 44 (88%) respondents were unanimous that satisfaction is a measure of how much a service meets a client's expectation and that service satisfaction experience establishes strong purchase intentions which are good for the service provider while 43 (86%) respondents maintained that good customer experience builds loyalty to brands and services. Similarly, 44 (88%) respondents acknowledged that distinctive customer experience can provide enormous economic value to a firm with 43 (86%) insisting that customer experience improves business performance by enhancing customer satisfaction and driving up customer loyalty.

4.4.3 Influence of Ambience on a firm's Competitive Advantage

Lastly for this objective, indicators of ambience were probed to determine their influence on a mobile telephony company's competitive advantage. Table 4.7 presents a summary of the research findings.

Table 4.7 Role of Ambience in enhancing a firm's Competitive Advantage

Statement	SD		D		U		A		SA		Total		Mean	STD
	F	%	f	%	f	%	f	%	f	%	f	%		
A firm's image influences customer's perception of service offered	0	0.0	2	4.0	2	4.0	27	54.0	19	38.0	50	100	4.26	0.723
The place and atmosphere from which a service is purchased influences purchase decision	1	2.0	1	2.0	5	10.0	25	50.0	18	36.0	50	100	4.16	0.842
Firm's image affects customer enthusiasm	0	0.0	3	6.0	6	12.0	12	24.0	29	58.0	50	100	4.34	0.917
The comfort accorded by the environment a service is sort influence customer repeat decision	1	2.0	1	2.0	2	4.0	19	38.0	27	54.0	50	100	4.40	0.833
The place and atmosphere from which a service is sort influences a feeling of security hence customer decision to purchase.	1	2.0	1	2.0	6	12.0	26	52.0	16	32.0	50	100	4.10	0.839
Grand Mean													4.25	0.831

From Table 4.7 which contains information on the respondents' perception of the influence of elements of ambience show that the role of ambience is highly prominent giving it a weighted mean of 4.25. A majority of the respondents, 46 (92%) maintained that a firm's image influences customer's perception of service offered, 43 (86%) held that the place and atmosphere from which a service is purchased influences purchase decision while 41 (82%) respondents insisted that a firm's image affects customer enthusiasm. Similarly, 46 (92%) respondents affirmed that the comfort accorded by the environment a service is sort influences a customer repeat decision while 42 (84%) confirmed that the place and atmosphere from which a service is sort influences a feeling of security hence customer decision to purchase. The finding implies that providers in an attempt to attract customers should focus on providing pleasant less intimidating background that would be appealing to a majority of them.

4.4.4 Extent of Influence of the variables

To ascertain the level of influence of each of the discussed parameters, the mean rankings of the effect of each of them on elements of customer service was obtained and the results were as is displayed in 4.8.

Table 4.8: Summary of results

Variable	Mean	Standard Deviation	Rank
Standards & procedures	4.31	0.863	1
Good Customer Experience	4.22	0.806	3
Ambiance	4.25	0.831	2
Grand Mean	4.261	0.833	

Results of an analysis of the effects of various factors on customer service shows that while the respondents acknowledged the overall significant effects of the factors with a weighted mean of 4.261, individually, standards and procedures was perceived to have the greatest effect (4.31) followed by ambience (4.252) and lastly customer experience (4.22) in decreasing order of effect. This means that according to a majority of the respondents, standards and procedures is the most important factor to be considered by a mobile service provider in enhancing its competitiveness followed by ambience and lastly customer experience. It could also be interpreted to mean that enhancement of a provider's standards and procedures as well as its projected image answers to customers experience demands on the provider.

4.5 Discussion of Findings

Based on the results of the study, a majority of the respondents were found to belong to the age set representative of the age with the highest purchasing power to have an unprecedented impact on this industry economy. The figures about identity of the respondents preferred mobile service

provider was also found to be representative of the market share the organizations have control over in the industry.

The results suggest that according to the respondents, customers in the mobile telephony industry strongly value appropriate standards and procedures, good customer experience and overall pleasant service environment. These factors seem to play a huge influence of making them to be satisfied rather than being dissatisfied and therefore should be enhanced to sharpen a company's competitiveness. A majority indicated that customers value effective standards and procedures that enable organizations have consistency in service delivery and ensure quality of service delivery. Customers require that these standard and procedures are continuously enhanced providing practicing organizations a competitive advantage in the industry.

Similarly, good customer experience was shown to be a major source of competitive advantage for any service provider especially due to the competitive nature of the industry. With the similarities and ability to substitute in products and services providers by the service providers good customer experience serves as a good basis for the organizations to differentiate themselves. Likewise, a firm's image could be said to influence customers' perception of a service provider. Thus, a firm's atmosphere and image influence purchase decision and the customers' enthusiasm.

The research findings are in agreement with numerous empirical studies which have pointed out the profitability of good customer service. Such studies include that conducted by Cronin & Taylor (1992) in service sectors such as: banking, pest control, dry cleaning, and fast food; which

found that customer satisfaction has a significant effect on purchase intentions in all four sectors. Similarly, in the health-care sector, McAlexander et al. (1994) found that patient satisfaction and service quality have a significant effect on future purchase intentions. Aaker& Jacobson (1994) on their part found that better stock return is linked to improved quality perceptions. Further, Anderson, Fornell& Lehmann (1994) found a significant association between customer satisfaction and accounting return on assets while Ittner&Larckner (1996) found that shareholder value is highly elastic with respect to customer satisfaction.

CHAPTER FIVE:SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1Introduction

The main aim of the study was to evaluate whether customer service can be used as basis for competitive advantage in the mobile telephony industry in Kenya. This chapter summarizes the findings of the study, presents the research conclusion and recommendations in answers to the research questions. Suggestions for further studies are also presented.

5.2 Summary

From the prevailing observations, the research findings highlighted various issues. Out of the questionnaires distributed to be filled,83% were returned fully answered an indication of the respondents' appreciation of the companies' commitment in getting feedback on their products and services. Majority of the respondents were found to be of generation Y (individuals ages 14–31 in 2008) who in the marketplace are said to constitute the age group with the numbers and the purchasing power to have an unprecedented impact on mobile telephony industry.

The findings on the preliminaries also showed that a larger percentage (60%) of the respondents were subscribed to more than one mobile telephony service provider which is a clear reflection of the diversity and competitiveness of the industry. On further probing, 60% of the respondents indicated identity of the alternative subscriber to be Safaricom, 30% to be Airtel, 6% to be Orange and 4% to be Yu all these being consistent with the industry market share thus the credibility of the findings.

The first objective assessed the respondents' perception of the extent of influence of quality of customer service on their choice of a provider in the mobile telephony industry. All the respondents scored positively on the scale of influence of customer service on customer choice giving it an overall positive effect. This means that according to the respondents, customer choice of a mobile service provider is greatly influenced by the quality of customer service that a provider gives to its customers.

The assessment of the effect customer service on competitive advantage was based on respondents' perception of the standards and procedure employed by a company, customer experience and the mobile telephone companies' image relative to industry dynamics. The results showed that a majority of the respondents consider effective standards and procedures, good customer experience and ambience as important components of an organizations' ability to gain competitive advantage. Mean ranking of descriptive results showed that while the respondents generally acknowledged the overall significant effects of the factors, standards and procedures was perceived to have the greatest effect followed by ambience and lastly customer experience in decreasing order of effect.

5.3 Conclusion

It can therefore be concluded that customer choice of a mobile service provider is greatly influenced by the quality of customer service that a provider gives to its customers. Specifically, the findings showed that effective standards and procedures, good customer experience and ambience are important components of an organizations' ability to gain competitive advantage.

Further, mean ranking used to assess the significance of the relationship between customer service and competitive advantage of mobile telephony showed that the standards and procedures as set by the companies were had greatest influence on the company's competitiveness followed by ambience then good customer experience in decreasing order of influence.

5.4 Recommendation

It is therefore recommended that the management of the mobile service providers consider putting in place the recommended steps seen as probable ways of ensuring that their customer service are improved to sharpen their competitiveness. For instance since a majority of the respondents indicated that customers value effective standards and procedures that enable organizations have consistency in service delivery and ensure quality of service delivered, these standard and procedures should continuously be enhanced to provide practicing organizations competitive advantage in the industry.

Similarly, since good customers experience was shown to be a major source of competitive advantage for a service provider especially due to the competitive nature of the industry, such should be enhanced as a good basis for the organizations to differentiate themselves.

Lastly, a firm's image could be said to influence customers' perception of a service provider therefore should be enhanced to sharpen a company's competitiveness.

5.5 Limitation of the Study

Mobile telephony industry in Kenya is comprised of a number of players with high customer population numbering millions thus the intense competition by the market players to tap into this lucrative market. Only respondents a few customers, a cadre of stakeholder were involved in the study. Since the study involved only customers some with very little knowledge of the market dynamics in the industry, the sample may not be representative of all industry players in Mombasa. The results of the study may also be limited by time and financial constraints.

5.6 Suggestion for Further Study

The following areas are suggested for further study. To begin with, a study on the effect of customer service as a competitive strategy of Safaricom limited in the mobile telephony industry within the country should be undertaken to provide more insight on this important area of strategic management particularly to the industry players.

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INTRODUCTION LETTER

I am a master's student at Nairobi University pursuing a Master's Degree in Strategic management. As part of my partial fulfilment of this degree, I am carrying out a research on customer service as a basis of competitive advantage in the mobile telephony industry in Mombasa. Due to this need, you are kindly requested to spare a little of your time to complete the attached questionnaire to the best of your knowledge. All information you provide in this questionnaire will be kept confidential and only used for purposes of this research and therefore there is no need to fear. Your name or other identifying information are not required on this document and will not appear on any study report or documents thereafter.

Thank you in advance.

Yours faithfully

Maureen Njoki

QUESTIONNAIRE

Section A: Personal Information

1. Profession.....

2. What is your age bracket in years?

18 and below () 18-30 () 31-40 ()

41-50 () 51-60 () 60 and above ()

3. Are you subscribed to more than one mobile telephony service provider?

Yes () No ()

If “Yes”, kindly list the providers:

(i).....

(ii).....

(iii).....

(iv).....

Section B: Effective Standards and Procedures & an Organizations' Competitive Advantage.

1. To what extent would you agree/disagree with the following listed statements

Key: 5- Strongly Agrees 4-Agrees 3-Undecided 2-Disagree 1-Strongly Disagree

		Strongly agree	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
1.	A company's standards and procedures of operation are a must for everyone in the mobile telephony industry due to stiff competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Standards & procedures enable output consistency in service quality and efficiency in service delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Customer service personnel and clients should be involved in formulating a company's service level standards & procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Standards & procedures need to be continuously enhanced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Standards & procedures are often not adhered to by personnel leading to inefficiency in service delivery and hence client dissatisfaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section C: Good Customer Experience and it's Influence on Companies' Competitive Advantage

1. To what extent would you agree/disagree with the following listed statements

Key: 5- Strongly Agrees 4-Agrees 3-Undecided 2-Disagree 1-Strongly Disagree

		Strongly agree	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
1.	Satisfaction is a measure of how much a service meets a client's expectation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Service satisfaction experience establishes strong purchase intentions which is good for the service provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Good customer experience builds loyalty to brands and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Distinctive customer experience can provide enormous economic value to a firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Customer experience improves business performance by enhancing customer satisfaction and driving up customer loyalty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section D: Ambience and its Role in Enhancing a Firm's Competitive Advantage

1. To what extent would you agree/disagree with the following listed statements

Key: 5- Strongly Agrees 4-Agrees 3-Uncecided 2-Disagree 1-Strongly Disagree

		Strongly agree	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
1.	A firm's image influences customer's perception of service offered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	The place and atmosphere from which a service is purchased influences purchase decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	A firm's image affects a customer's enthusiasm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	The comfort accorded by the environment a service is sort influence customer repeat decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	The place and atmosphere from which a service is sort influences a feeling of security hence customer decision to purchase.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section E: Customer Service attributes that enhance choice of mobile telephony industry

1. To what extent would you agree/disagree with the following listed statements

Key: 5- Strongly Agrees 4-Agrees 3-Undecided 2-Disagree 1-Strongly Disagree

		Strongly agree	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
1.	Firm's staff attributes like professionalism, politeness affects customer choice of mobile service provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Firm's ability to resolve a customer's problem effectively the first time or offer alternative affects choice of mobile service provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Firm's ability to offer effective service at the quickest time possible affect choice of mobile service provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Firm's agents ability to give customer ample time to explain their issue affect customer choice of mobile service provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Firm's agents knowledge of their products and services affect choice of mobile service provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THANK YOU.