RELATIONSHIP MARKETING STRATEGIES AND CUSTOMER LOYALTY: A CASE OF THE MOBILE TELECOMMUNICATION INDUSTRY IN KENYA

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted for award of any degree in any university for academic credit.

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DEDICATION

This work is dedicated to my husband, Joshua Kowuoche and our daughter Arianna Kowuoche for their remarkable perseverance, sacrifice and patience during the trying moments that marked my undertaking the MBA degree course. Thank you for bearing it all with love. To my parents Dominic and Mary Omenye, thank you for your unwavering support, encouragement and strength. You both are the foundation on which I stand and grow tall.

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ABSTRACT

Due to the increasing competition in today's business world, many companies are required to build long-term profitable relationship with customers and to achieve customer loyalty. Therefore, relationship marketing has become more and more important since the last decade of 20th century, especially in service industry. There are many different relationship marketing tactics implemented for retaining customers. However, some of those tactics did not affect customer loyalty effectively, and switching behaviors frequently occur among most of targeted customers. The study was aimed at assessing the impact of relationship marketing tactics on customer loyalty in the Kenyan mobile industry where deregulation has led to intense competition and scramble for market share. A self-completion questionnaire with a total of 40 closed questions was developed to gather field data. All of the items were measured by using a five-point Likert scales, defined with 5 as strongly agree and 1 as strongly disagrees. The research involved collecting data from subscribers who visit the mobile service providers' customer retail outlet shops in both Mombasa and Nairobi. Descriptive statistics was used to test the impact of the four key relationship marketing tactics; namely, service quality, value offered, price and brand image on customer loyalty. The study found that all four relationship marketing tactics have a significant and positive effect on customer loyalty in the telecommunication in Kenya. The study provides insight and significant feedback from mobile phone users to the telecommunication operators. As the competitive environment increasingly becomes fierce, the voice and preferences of the customers are also becoming the priority. This finding is expected to serve as a guide and help telecommunication managers in making informed judgment about the relationship marketing mix relevant to the present customers' needs that yields increase in revenue and profit.

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ABBREVIATIONS & ACRONYMS

KP&TC – Kenya Posts and Telecommunications Corporation

CCK – Communications Commission of Kenya

SMS – Short Message Service

ETAS – Extended Total Access Communication System

GSM – Global Standard for Mobile Communication

LLO – Local Loop Operators

CDMA – Code Division Multiple Access

SPSS – Statistical Package for the Social Sciences

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

As the competitive environment increasingly becomes fierce, the most important issue the sellers face is no longer to provide excellent, good quality products or services, but also to keep loyal customers who will contribute long-term profit to organizations (Tseng, 2007). To compete in such an overcrowded and interactive marketplace, marketers are forced to look beyond the traditional four P's (Product, Price, Place and Promotion) of marketing strategy, which are no longer enough to be implemented for achieving competitive advantage. Therefore, relationship marketing has become an alternative means for organizations to build strong, ongoing associations with their customers. As part of the marketing strategy, relationship marketing seeks to acquire and retain customers by providing good quality customer service, and therefore has become one of the keys to success in acquiring strong competitiveness in the present markets, because of its implications for access to markets, generation of repeat purchase, creation of exit barriers and the view that it benefits all parties.

This study was guided by the relationship marketing theory advanced by Berry (1983). This theory emerged from a shift to a market oriented business climate that took a long-term focus internally on employees and externally on customers. The theory postulates that two broad categories of relationship marketing theory exist; namely, network-based and market-based. This study was modeled on the four constructs of relationship marketing theory as they provide unique advantages and have the potential of leading to a sustained competitive advantage for the company

(Peng and Wang, 2006). In the context of this study, the theory holds that marketing was no longer simply about product or service development, selling and delivering. By creating relationships, companies were broadening their views into different market needs and wants and as a result, achieve deeper understanding to service these markets better and ultimately, retain them.

The telecommunication industry is becoming one of the fastest growing industries worldwide and marketers in the Kenyan mobile telecommunications industry are employing a variety of customer-oriented relationship marketing strategies to acquire customers, keep customers and maximize customer profitability. The Kenyan telecommunication industry had been virtually monopolized by a single national operator until 1998/1999 when the Government of Kenya embarked on a comprehensive restructuring and liberalization of the industry. Deregulation and reduced entry barriers into the industry, has led to intense competition as the number of operators swell-up to contend for market shares. In the area of domestic market liberalization, the government has taken reforms to ease restrictions on business entry and operations while putting in place appropriate safeguards against anti-competitive behavior (The policy framework paper, Feb. 1996). The result has been serious challenges for companies or businesses that have long enjoyed monopolistic benefits, especially those in private sector (Owiye, 1999).

Since the introduction of liberalization in Kenya (Government of Kenya, 1986), firms in almost all the sectors of the economy are faced with competition. This calls for the need to devise strategies for effective competition so as to achieve profitability and growth. Marketers today have to care about retaining their existing customers instead of conquering new markets segments. Achieving high customer loyalty is seen as an important goal in relationship marketing. Traditionally, marketing has overemphasized the attraction of new customers. However, currently, well-managed organizations work hard to retain their existing customers and increase the amount that existing customers spend with them (Mc Ilroy and Barnet, 2000). On average, it costs a firm five to six times as much to attract a new customer as it does to implement retention strategies to hold onto existing ones. In addition to improving profitability, relationship marketing is aimed at developing long-term, cost–effective links between an organization and its customers. This aim implies that companies have to learn about their customers' needs and expectations, which are ever changing and often unpredictable.

1.1.1 Relationship Marketing

Berry (1983) defined relationship marketing as "attracting, maintaining, and in multi-service organizations, enhancing customer relationships," acknowledging the idea that attracting new customers is seen only as an intermediate step in the marketing processes. Several authors such as Grönroos, (1994); Gummesson, (1994); Morgan & Hunt (1994), have built on this definition. Bennett (1996), argued that relationship marketing aims to establish long-term, committed, trusting, and cooperative relationships, characterized by openness, genuine customer suggestions, fair dealing, and a willingness to sacrifice short-term advantage for long-term advantage.

Scholars (Bejou, 1997; Kim & Cha, 2002; Sheth & Parvatiyar, 2000; Zeithaml, Berry, & Parasuraman, 1996; Zineldin, 2006) have postulated organizational benefits for relationship marketing such as loyalty to the service provider and provision of strong word-of-mouth endorsements by customers. According to Zineldin (2006), referrals are a vital source of new customers, and customers who show up on the strength of a personal recommendation tend to stay longer. Research has shown that when a service provider engages in long-term relationships with a group of profitable customers, customer spending will also increase over time (Grönroos, 1994). This is because when consumers get to know a firm and are satisfied with the quality of its services relative to that of its competitors, they will tend to give more of their business to the firm (Sheth & Parvatiyar, 2000).

Relationship marketing is a broadly recognized, widely-implemented strategy for managing and nurturing a company's interactions with clients and sales prospects. It also involves using technology to organize, synchronize business processes and automate marketing. Unlike transactional marketing, which focuses on single transactions with customers, relationship marketing has its conceptual roots anchored on building and sustaining long-term relationships with customers. Grönroos (2000), stressed the need for businesses to retain customers as an important issue in today's global marketplace, and suggested that businesses must forge loyal and long-term relationships with profitable customers. Relationship marketing not only enhances a firm's competitive advantage in terms of being able to offer customer value but also, simultaneously augments the firm's market opportunity and helps firms achieve high customer-retention rates. Customer satisfaction and loyalty are prerequisites for customer retention to be achieved and unless a customer is satisfied or delighted, they are likely to defect or unfavorably alter the pattern of purchases and loyalty.

1.1.2 Customer Loyalty

The building and maintaining of customer loyalty based on relationship marketing has become an important business strategy especially in the telecommunications industry. At a general level, loyalty has been described as something that consumers may exhibit to brands, services, stores, and product categories (Uncles, Dowling, & Hammond, 2003). A number of scholars have also stressed that loyalty is an experience that is related to long-term relationships (Sheth & Parvatiyar, 1995). This makes loyalty an important aspect of relationship marketing.

Jacoby and Kyner (1973), described customer loyalty as “the biased behavioral response (i.e., purchase), expressed over time by some decision-making units, with respect to one or more alternative brands out of a set of such brands and is a function of psychological processes’. Oliver (1999) also defined customer loyalty as “a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, causing same brand or same brand-set purchasing, despite situational influences and marketing efforts.” Reichheld and Sasser (1990) argued that loyal customers are less likely to switch because of price and make more purchases than non-loyal customers. They claim that loyal customers also serve as a fantastic marketing force by providing recommendations and spreading positive word-of-mouth, increase sales by purchasing a wider variety of products, make more frequent purchases and cost less to serve, in part, because they know the product and require less attention. The link between customer relationship, customer loyalty and profitability has been established and increased profit from loyalty comes from reduced marketing costs, increased sales and reduced operational costs.

Customer loyalty has been generally divided into attitudinal loyalty and behavioral loyalty (Aydin and Ozer, 2005). Attitudinal loyalty describes customer's attitude toward loyalty by measuring customer preference, buying intention, supplier prioritization and recommendation willingness, while behavioral loyalty relates to shares of purchase and purchasing frequency. Many researchers view loyalty primarily as an attitude-based phenomenon. Such views argue that in order for true customer loyalty to exist, there must be strong "attitudinal commitment" (Jacoby & Chestnut, 1978; Reichheld, 1996; Uncles et al., 2003). This form of commitment emerges from consistently favorable set of stated beliefs towards the brand purchased. This attitude may be measured by finding out from customers how much they like the brand, feel committed towards it, how much they are willing to recommend it to others and whether they have positive beliefs and feelings about it. Palmatier, Dant, Grewal, and Evans (2006), viewed customer loyalty as combining intentions, attitudes, and seller performance indicators. They argued that customers with weak relational bonds and little loyalty may continue dealing with their service provider due to perceptions of high switching costs or insufficient time to evaluate alternatives.

Some authors also view customer loyalty from a behavioral perspective (Too et al., 2001). This can be seen in the study of De Wulf, Odekerken- Schröder, and Iacobucci (2001), who view customer loyalty as a measure based on a consumer's purchasing frequency and amount spent at a retailer compared with the amount spent at other retailers from which the consumer buys. They have built up their definition of loyalty based on the idea suggested by Sharp and Sharp (1997) that the effectiveness of relationship marketing tactics should be evaluated through the behavioral changes they create.

1.1.3 Mobile Telecommunication Industry in Kenya

An industry can be defined as a group of firms producing products that are close substitutes for each other. The mobile phone service providers are those organizations that are involved in the provision of voice or data service to mobile users. In Kenya today, a mobile phone is not just a rich man's fashion accessory. It is transforming the way millions of people do business in a country where even fixed telephone lines were a luxury a decade ago. Across the country, people with low income are now adopting mobile phones as tools for enhancing their business. The Kenyan mobile telecommunication market is clearly exhibiting signs of an abrupt industry paradigm change and symptoms of a market in transition, bolstered by rapid development of ICT and high demand from customers. The development of a large-scale telecommunications infrastructure in Kenya, capable of delivering efficient and affordable info-communications services, is recognized as a critical prerequisite for the country's economic growth.

The mobile telecommunications service in Kenya started in 1992 with the analog system that was widely known as the Extended Total Access Communication System (ETACS), which was commercially launched in 1993. During this entry period, the services were so expensive that only a few within the upper echelon of the society could afford them. The enactment of the Kenya Communications Act, 1998 led to the introduction of competition in the mobile telecommunications industry. The Communications Commission of Kenya (CCK), licensed the newly privatized Safaricom Limited and a new market entrant, KenCell Communications, which changed its name to Celtel Kenya following a 60% shares buy out by Celtel

International and subsequently to Zain and then to Airtel Kenya. This has witnessed a phenomenal growth in the number of subscribers, as well as the geographic expansion of the mobile telecommunications service in the country. The number of licensed mobile operators in the country has increased to four with the licensing of two additional mobile operators – Telkom Kenya (trading as Orange Mobile) and Essar Telkom Kenya Limited (ETKL) operating under the brand name 'Yu'.

Table 1.1 Mobile Operators Market Share

Mobile Subscriber Base			
Mobile Operator	**Net Additions**	**Growth Rate (%)**	**Market Share (%)**
Safaricom	736,777	4.4	69.9
Airtel Kenya	814,708	27.4	15.2
Orange Mobile	972,928	83.8	8.5
Essar Telecom (Yu)	125,868	8.6	6.4
Total	2,650,281	12.0	

Source: CCK, Operators Compliance Return Forms (2012)

According to the latest statistics from Kenya's Communication Commission (CCK), the country's mobile subscriber base grew by 4%, which translates into one million new mobile phone subscribers in the first three months of 2012. Kenya now has a total of 29.2-million mobile subscriptions, compared to only 28.08-million in December 2011. However, while mobile use in Kenya is on the rise, fixed land lines have not been as fortunate. The growth in subscribers has also intensified rivalry among the operators, who have in turn resorted to investing heavily on the expansion of the network, so as to cater for the increasing number of subscribers. Since the range of services offered by the mobile operators is quite standard, the competition has been forced to consider new avenues of competing such as relationship marketing strategies. For an organization to survive in a competitive environment like the one prevalent in the Kenyan mobile industry described above, it is crucial to focus on alternative means than the traditional marketing strategies.

1.2 Research Problem

Customer loyalty is critical in the success of any business hence one of the key challenges of this industry is to build brand loyalty and retain their customers whilst maintaining service quality which holds a significant importance to customer loyalty and their perceived performance. With the changing business environment, firms are finding it increasingly difficult to find an industry environment in which there are good enough conditions that allow a rate of return above the competitive level. Marketers in the Kenyan mobile telecommunications industry are employing variety of customer-oriented relationship marketing strategies so as to acquire customers, keep customers and maximize customer profitability.

The importance of the mobile telecommunications service industry cannot be underscored. In Kenya, it has been a catalyst to many businesses since many cannot do without communication. The industry has also provided employment opportunities to many people in the country. Money transfer services like M-pesa and Airtel Money have enabled the unbanked population to be able to send and receive money fast and reliably. At the same time, the mobile phone industry is a major source of revenue for the government. The liberalization and privatization in telecommunication industry in Kenya has resulted in rapid growth of mobile telecommunication services as fixed lines continue to perform poorly. The intensive rivalry and threat of new entrants into the market are increasing, thus sustaining growth and market leadership are becoming increasingly challenging. Studies have shown that the telecommunication industry/market faces many challenges. These include poor interconnection between the operators in the country, poor network coverage, concentration of cellular phones in the urban areas and expensive mobile services. There is also lack of clear effective policy on the part of the telecommunication firms to check the misuse of the telecommunications facilities (Olunga, 2007)

Studies done in the mobile telecommunication industry have focused on different aspects. For instance, Ngobia (2004) focused on the basis of competition in the mobile phone industry in Kenya. Ochako (2007) carried out a study on the strategic issue management practices by mobile telephony companies in Kenya: a case of Safaricom Limited and Munyoki (2007) carried out a case study of Safaricom on the structural and competitive analysis of the mobile telephony industry in Kenya: an application of Porter's five forces model. Whereas Ngobia (2004) and Nyale (2007), studied the mobile phone industry in Kenya. The researcher did not find any study that focused on relationship marketing strategies. The current study therefore sought to bridge this knowledge gap by focusing on relationship marketing strategies employed by the mobile telecommunication industry in Kenya and how it affects customer loyalty. As the competitive environment significantly becomes fierce and consumer preferences become a priority, the proposed study was able to provide insight and significant feedback from mobile phone users to the mobile telecommunication operators. This study was guided by the following question; what is the contribution of customer relationship strategies and customer loyalty in the Kenyan mobile industry?

1.3 Research Objectives

The overall objective of this study was to examine the effect of customer relationship strategies and customer loyalty in the Kenyan mobile industry.

The specific objectives were to:-

i. Determine the relationship between service quality and customer loyalty in the Kenyan mobile telecommunication industry
ii. Establish the relationship between price perception and customer loyalty in the Kenyan mobile telecommunication industry
iii. Determine the relationship between value additions/offers and customer loyalty in the Kenyan mobile telecommunication industry
iv. Establish the relationship between brand image and customer loyalty in the Kenyan mobile telecommunication industry

1.4 Value of the Study

The research study has provided mobile operators with an enhanced understanding about their customers' response to the variety of relationship marketing strategies being deployed as it is helpful for marketers to understand the effectiveness of relationship marketing tactics from consumer's perspective. Marketers may also take clues from this and improve their customer retention strategies according to the dominant factors emerging from the study.

This study has also proved relevant to the Communications Commission of Kenya (CCK) as it provides the authority insight and basis for enforcing consumer protection policies and regulations. CCK is the independent regulatory authority for the communications sector in Kenya. The society is also expected to benefit from the output of this research study since this will serve as an information base which adds up to the existing body of knowledge and data on customer behavior in the Kenyan mobile industry.

Further, the academic world also benefits from this study as the research forms a platform for more research in this area (looking into other Relationship Marketing tactics and the Consumer), the telecom sector, as well as the rest of the service sectors.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter embodies the review of literature relevant to the research theme and is categorized into four thematic areas; the concept of relationship marketing, relationship marketing strategies and customer loyalty.

2.2 Theoretical Underpinnings of the Study

Relationship marketing theory is divided into two broad categories; network-based relationship marketing and market-based relationship marketing.

2.2.1 Market-Based Relationship Marketing

Market-based relationship marketing can be characterized as the management of the firm's customer base, where the major challenge is to treat large numbers of customers individually and still profitably (Moller and Halinen, 2000). The key managerial tasks concern first and foremost the internal procedures of the company, such as planning marketing activities for regular customers, mastering customer portfolio analyses, using databases and new information technology to manage the customer interface, and restructuring the marketing organization according to Relationship Marketing thinking.

2.2.2 Network-Based Relationship Marketing

Network-based relationship marketing, in contrast is the management of interdependencies between business actors (Moller and Halinen, 2000). It mainly consists of two basic points; first, the macro which recognizes that marketing on a wide range impacts on a number of areas, including customer market, labor market, supply markets and the market stakeholders; at the micro, the understanding of the relationship between the enterprise and customers, changes the core of marketing to remain focused on long-term relationship.

In network-based relationship marketing, the tasks and challenges of management involve broader and deeper interaction with external partners, both customers and other stakeholders. The key questions concern how to coordinate activities with different actors and how to mobilize and control critical resources through relationships with them. Customer relationships are treated more individually, and are also more complex than in the case of Market-based Relationship Marketing.

2.3 Relationship Marketing

Relationship marketing involves an understanding of customers' needs and wants through their lifecycle and providing a range of products or services accordingly (Reichheld, 1996). In today’s sophisticated consumer environment, the focus is on customers and relationships rather than markets and products. It can help retain customers for the long term; help people identify good after-sales service and customer care with the product and increases trust, which people have in the company selling the product. It also helps show the customer that the company cares for its existing customers as much as the new ones and that satisfaction of the customers over the long run are of critical importance.

As a practice, relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages. With the growth of the internet and mobile platforms, relationship marketing has continued to evolve and move forward as technology opens more collaborative and social communication channels. This includes tools for managing relationships with customers that go beyond simple demographic and customer service data. The overall goals are to find, attract and win new clients; nurture and retain those the company already has; entice former clients back into the fold; and reduce the costs of marketing and client service. The overall purpose of relationship marketing is to gain the maximal value of a customer; customer loyalty should be emphasized to achieve this goal. The benefits of relationship marketing are derived from the continuing patronage of loyal customers who as a partnership are not sensitive to price cut over time (Bowen and Shoemaker, 2003).

Most studies on relationship marketing have sought to relate the outcome to customer loyalty (Evans & Laskin, 1994; Ndubisi & Wah, 2007). Even though relationship marketing has attracted research attention over the past two decades, most of the studies were conducted in the financial services industry (Leverin & Liljander, 2006; Ndubisi & Wah, 2007). The service industry is very competitive with most managers finding it very difficult to meet the challenges associated with it, especially in establishing and maintaining a positive relationship with customers.

2.4 Relationship Marketing Strategies

Relationship marketing tactics can be said to be a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage (Gary and Kotler, 1983). Relationship marketing strategies are conscious actions taken by a company or person which are designed to cause people to want to buy their goods or services. They often involve psychological aspects geared towards making you think you should buy their product or service.

Marketers have implemented relationship tactics in various ways which have had impact on customer retention and loyalty. Bansal *et al*. (2005) suggested that relationship marketing tactics can be executed through service quality, price perception, value offered, alternative attractiveness and so on. Peng and Wang (2006) also examined the application of relationship strategies in service quality, reputation (brand), price perception and value offers.

2.4.1 Service Quality

A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, takes place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems (Grönroos, 2000). In order to retain loyal customers who will bring long-term profit to the firm, the key issue for a service provider is to make use of this relationship in the way it manages customers by offering what customers' need and want.

Creating strong customer-focused relationships requires understanding the needs of specific customers and the firm's success in meeting those needs. Delivering more effective service quality than others is one of the ways that a firm can be successful in today's business environment. Customer perceived service quality has been given increased attention due to its specific contribution to business competitiveness. SERVQUAL, a model developed by Parasuraman *et al.*, (1988), is the most prominent and widely used model for measuring service quality. In the SERVQUAL scale, Parasuraman et al., (1988) identified five determinants; tangibles, reliability, responsiveness, assurance and empathy as part of the 22-item SERVQUAL scale for measuring service quality.

In the ever-growing global communications industry, service quality has become increasingly important as telecommunications firms try hard to protect their subscriber bases. To enhance their competitive position, mobile communications companies may choose to improve service quality so as to differentiate their services from those of their competitors. Customers might be satisfied when a firm provides better services than their pre-purchase expectations. Customer trusts also emerge when customers perceive positive service quality from a firm and believe the service firm would bring preferable outcomes for them.

In the mobile telecommunication industry which belongs to service industry, service quality is an important indicator to assess a service provider's performance. Offering a high quality service is considered to be a visible way to create customers trust and satisfaction, as well as obtaining competitive advantages and building a long-term relationship with customers.

2.4.2 Price Perception

Price is the monetary cost for a customer to buy products or services. It is the critical determinant that influences customer buying decision. Customers usually select their service providers strongly relying on perceived price. How much consumers are willing to pay differs due to their different needs and wants. Thus, the price perceptions to the same service or product may differ among individuals. Higher pricing perceived by consumers might negatively influence their purchase probabilities (Peng and Wang, 2006). Oliver (1997) suggested that consumers often judge price relating to service quality and accordingly generate satisfaction or dissatisfaction, depending on the equity principle. Consumers are likely to be attracted by perceived high-quality services at perceived competitive prices during the searching process.

Based on previous studies, Cheng et al. (2008) proposed that price perception can be measured by two dimensions: one is reasonableness of prices, which reflects the way price is perceived by customers comparing to that of competitors. The second is value for money, which implies the relative status of the service provider in terms of price. In general, high-quality services are considered to cost more than low-quality equivalents (Chitty *et al*., 2007). Oliver, (1999), Peng and Wang (2006), Cheng *et al.* (2008), Kim *et al.* (2008) are some of the numerous researchers who have pointed out that price perception influences customer satisfaction and trust. Customers often switch mainly due to pricing related issues such as perceived high prices, unfair or deceptive pricing practices. Therefore, in order to increase customer loyalty, it is essential for service firms to actively manage their customers' price perceptions. Last August, Airtel cut the price of calls from Kshs 6 to Kshs 3, prompting Safaricom and the other service providers to respond with price cuts of its own so as not to lose their customers to the competition. Airtel claimed to have gained two million subscribers and boosted call volumes significantly from the price cuts.

2.4.3 Brand Image

Brand image is a consequence of how a customer perceives the relationship with a brand over time (Grönroos, 2000). The concept of relationship marketing within services displays the importance of one-to-one relationships between businesses and customers as well as relationships between consumers and the brands (Gary and Kotler, 1983).

The development of a brand relationship with customers is based on a series of brand contacts experienced by customers (Grönroos, 2000). Customer's perception and experience during every brand contact is of great importance for firms to realize. Furthermore, customers are likely to form brand image in mind from inexperience ways, such as word of mouth from other consumers, a company's reputation in public, marketing communication and so on. The more customers consider a brand valuable, the more sales can be expected to be achieved. Therefore, a positive brand image is supposed to meet customer's expectation and offer more benefits to customer. A neutral or unfamiliar image may not cause any damage, but it does not increase the effectiveness of communication and word of mouth. A negative image reduces sales, communication effectiveness and trust. Gary and Kotler (1983).

2.4.4 Value Offers

Value offers to a customer means adding something to the core product that the customer perceives important, beneficial and of unique value (Wilson and Jantrania, 1995). In the telecommunication sector, it is essential for operators to offer something valuable to customers in service interaction process, such as reward and promotional offers, in order to gain customer satisfaction and trust, which are expected to enhance customer loyalty. As noted by Zeithaml (1988), customers will judge the value of consumption after contrasting benefits gained from products and services with their costs. This is seen in loyalty programs which are basically a marketing strategy based on offering an incentive with the aim of securing customer loyalty to the service provider.

Loyalty reward schemes have become popular among mobile service providers in Kenya; Safaricom's bonga point has seen customers redeem mobile phones, laptops, free airtime and data bundles depending on points gained. For each Kshs 10 used, customers are rewarded with 1 bonga point. Airtel and Orange Telkom have also both unveiled their own reward schemes namely; zawadi points and orange ziada respectively, to reward their customers for everything they do on the network ranging from voice calls, short messaging (sms) and data.

2.5 Customer Loyalty

Oliver (1997) defined customer loyalty as a "deeply held commitment to rebury or re-patronize preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts have the potential to cause switching behavior". Customers are the driving force for profitable growth and customer loyalty can lead to profitability (Hayes, 2008). Loyal customers are less likely to switch to a competitor solely because of price and they even make more purchases than non-loyal customers (Bowen and Shoemaker, 2003). Loyal customers are also considered to be the most important assets of a company and it is thus essential for vendors to keep loyal customers who will contribute long-term profit to the business organizations (Tseng, 2007). Furthermore, organization's financial growth is dependent on a company's ability to retain existing customers at a faster rate than it acquires new ones. By identifying the antecedents of customer loyalty and understanding their impact on it, a service provider can strategize to enhance the relationship organizations develop with their customers, potentially developing a higher level of customer loyalty.

2.6 Empirical Studies

Numerous empirical studies point out that it's more profitable to retain customers than to acquire new ones. Nguyen and Leblanc (2001) discovered that corporate image relates positively with customer loyalty in three sectors (telecommunication, retailing and education). Zins (2001) postulates that service quality and customer satisfaction of a service provider are powerful and expressive components for explaining future customer loyalty and motivating them to spend more and getting them to recommend products and services to the other people. Reichheld and Sasser, (1990) showed that a 5 percent improvement of customer retention can cause a profitability increase that ranges between 25 and 85 percent. Moreover, loyal customers are less likely to change service provider because of price.

Empirical evidence also suggests that loyal customers will also tell service providers about problems with their products and services enabling the firm to improve on them. One other benefit of relationship marketing is its ability to retain employees (Zeithaml et al., 1996). This is because most employees love to work for firms whose customers are delighted or satisfied, and loyal. Research also shows that customers in many ways benefit from relationship marketing. These benefits comprise feelings of trust or confidence in the provider along with a sense of reduced anxiety and comfort in knowing what to expect (Reichheld, 1996). Relationship marketing provides customers some amount of security and some sense of trust and commitment from the service providers (Grönroos, 1994).

In some long-term, customer-firm relationships, a service provider may actually become part of the consumer’s social support system (Zeithaml et al., 1996). The social support benefits resulting from these relationships are important to the consumer’s quality of life both above and beyond the technical benefits of the service provided. Relationship marketing also leads to a reduced cost of the service to the customer (Bejou, 1997; Grönroos, 1994). Thus, with packages such as loyalty programs, discounts, and value offers, a customer is able to make a lot of savings as a result of the relationship built between themselves and service providers.

2.7 Summary

The importance of a product based approach seems to have vanished and instead, a customer based approach has become more important, creating a new era with customer satisfaction (Oliver, 1997). Relationship marketing tactics have suggested that organizations are in need of aligning the different strategies properly in order to increase organizational effectiveness and competitive advantage (Peng and Wang, 2006). While recognizing that high satisfaction leads to high customer loyalty, many organizations today are aiming for total customer satisfaction. For such organizations, customer satisfaction is both a goal and a marketing tool.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter highlights the research design that was adopted, population of the study, data collection methods and data analysis technique that was employed to analyze the data.

3.1 The Research Design

This study adopted a descriptive survey design. The descriptive survey design enabled the researcher to obtain results about variable relationships, description of events and examination of cause and effect relationships while also giving room for the use of both qualitative and quantitative data analysis techniques. This method was appropriate as it enabled the researcher derive meaning out of the relationship between the data and the variables involved.

3.2 The Population of Study

The population of study consisted of all the mobile subscribers in Kenya. The study targeted subscribers who visited the mobile service providers' customer retail outlet shops of Safaricom, Airtel, Orange and Yu in both Mombasa and Nairobi.

3.3 Sampling Design

The study adopted probability sampling conducted by drawing a simple random sampling from each outlet. This sampling procedure was used to identify the respondents of the study and ensured equal chance of every item in the population to be chosen for research. This method also enabled samples to be obtained that are representative of the population and eliminate any bias associated with research. A total of twenty subscribers were picked from each customer retail outlet shop, picking every twentieth person to reduce any bias.

3.4 Sample Size

As informed by the average daily tallies from the customer care centers, Mombasa County has an estimated population of 1 million and a mobile penetration rate of 15%. Thus the subscriber base is about 150,000. The population was drawn from the average number of customers who visited these shops, estimated to be 2,350 per day. Nairobi County on the other hand, has an estimated population of 3 million and a mobile penetration rate of 69%. Thus the subscriber base is about 2,000,000. The study took a sample of sixty as its unit of study. The population was sampled in the ratio of 1:2:9 (Orange, Airtel, Safaricom). The researcher and research assistants personally administered questionnaires to all participants and received 651 valid responses out of 700 questionnaires.

3.5 Data Collection

Primary data was used for this study because of the nature of responses required by the topic under study. Data was collected using a structured questionnaire with closed questions drafted in line with the research objectives and was divided into two parts with a total of 29 statements (Appendix II). According to Bryman and Bell (2003), closed questions enable the easy processing of answers, and make it easier to show the relationship between variables. The first part of the questionnaire was about individual characteristics with four questions asking respondents' gender, age, occupation and the name of the mobile telecom operator they are currently using. The second part contained all four constructs as suggested by Peng and Wang (2006). All of the items were measured by using a five-point Likert –type response scales, anchored at 5 strongly agree and 1 strongly disagrees.

The questionnaire was administered to individuals and the purpose of the research was explained. If consent was obtained from the individual, the respondent was given a questionnaire and was requested to complete the questionnaire. Twenty questionnaires were pretested on a small sample of 20 respondents in order to eliminate any ambiguities and improve clarity in all questions. These individuals were drawn at random and involved selecting, approaching and interviewing a small segment in the same manner that was followed in the full scale operation.

3.6 Reliability Testing

Reliability tests were carried out to ascertain whether question items under each construct were strongly related and were good indicators for the construct. Pretesting was used as a valuable indicator to find out the effectiveness of the questionnaire. A total of 670 responses were received, 19 were detected to be incomplete or with errors. Correct and defect free responses summed up to 651 and formed the basis for this analysis. The respondents for the study first and foremost were people who were subscribers of at least one of the telecommunication service providers in the country. In addition, they were of the ages not less than 18 years and could appreciate the demand of the questions. In administering the questionnaire, particular attention was paid to the respondents' responses with the objective of minimizing the missing values, the practices where people refuse to respond to questions because they do not understand a phrase or the intention of a question.

3.7 Data Analysis

The data collected was edited for completeness, uniformity, accuracy and consistency. The demographic and numerical information obtained in the initial part of the questionnaire, facilitated the description of the sample group with regard to gender, age and occupation. It was further coded to classify responses into meaningful categories of emerging patterns to enable data to be analyzed.

Descriptive statistics was used to summarize and organize data in an effective and meaningful way. Section A of the questionnaire was analyzed using frequency distribution and percentages to determine the distribution of responses by gender, occupation, age and the mobile telecommunication service provider. The median as a measure of central tendency was also used to provide an organized and summarized view for the data in section B. The median served as a valuable alternative to the mean especially for ordinal data and represented the entire set of data for each construct because it is defined by direction and ordered sequence as in the ordinal scale (Jamieson, 2004). Descriptive statistics such as frequencies and percentages were also used in order to examine the pattern of responses to each of the variables under description.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

Data analysis involved various ways through which information gathered from the field and other sources were put together in a meaningful way for easy comprehension. This included reliability testing of question items in questionnaires, editing, coding, tabulation and statistical analysis of responses received from the field. This was greatly achieved as the results suggest that there was less incidence of missing values. The results revealed that the sample included both genders and captured users of all the four telecommunication operators in Kenya.

4.1 Demographic Characteristics

4.1.1 Gender Analysis

Frequency statistics carried out on gender showed that majority of the 651 respondents were male, 486 giving 75% of the total, while female respondents were 165 giving 25%.

4.1.2 Occupational Analysis

The research sample created consisted of members with diverse occupational background. This was necessary to avoid bias in the answers to the questionnaire.

4.2 Results and Discussions for Constructs

4.2.1 Descriptive Statistics

The median as a measure of central tendency was widely used in this research analysis to provide an organized and summarized view for the field data. Tables 4.1, 4.2, 4.3, 4.4 and 4.5 clearly show that it was used to determine the single value that identifies the center of the distribution and best represents the entire set of data for each construct.

The median was used because it serves as a valuable alternative to the mean especially for ordinal data. Methodological and statistical tests are clear that for ordinal data, one should employ the median or mode as the measure of central tendency (Jamieson, 2004). This is because the arithmetical manipulations required calculating the mean (and standard deviation) are appropriate for ordinal data where the numbers generally represent verbal statements. As argued by Kuzon *et al.* (1996), the average of fair and good is not fair-and-a-half; this is true even when on assigns integers to represent fair and good. Median is appropriate for ordinal scale because it's defined by direction and ordered sequence as in ordinal scale.

The respondents were asked to rate statements based on the four key constructs; service quality, brand image, price perception and value offered, using a five-point Likert Scale defined with 5 as strongly agree and 1 as strongly disagrees. Respondents were required to tick the answer that best described their opinion to the statements. This is captured in Table 4.1, 4.2, 4.3, 4.4 and 4.5 for the various constructs and table 4.6 for customer loyalty.

Table 4.1: Descriptive statistics for service quality

Construct	Question	No of Respondents	Median	Mean	S.D.
Service Quality	This mobile telecom operator follows up in a timely manner to customer requests	651	4	3.6037	1.13256
	The customer care officials of this operator are always willing to help me	651	4	3.7174	1.10940
	The responses to consumers' complaints are always taken quickly	651	4	3.4946	1.11129
	This operator provides timely information when there are new services	651	4	3.8126	1.09343
	This operator is consistent in providing good quality service	651	4	3.5392	1.07971
	My calls, texts and internet services always go through, I hardly encounter network problems	651	4	3.3932	1.17102
	Overall Score	651	4	3.6897	0.99330

Field Data

Table 4.1 shows that a mean of approximately 4 was obtained for service quality with a range of 3.3932 to 3.8126. The standard deviation had an overall score of 0.99330. On a five point Likert scale, the median mark for service quality for all 651 respondents was 4. This indicates that customers' perception about service quality of the mobile telecommunication operators is good and quite high.

Table 4.2 on brand image, shows that the overall score was 3.7742 for the mean with a range of 3.6559 to 3.9048. The standard deviation had a range of 0.99025 to 1.04961 with the overall score as 0.99368. The median mark for brand image for all 651 respondents was 4 (denoting 'agree' in the Likert scale). This also implies that customers appreciate the social responsibility programs offered by these operators and enjoy association to their respective brands.

Table 4.2: Descriptive statistics for brand image

Construct	Question	No of Respondents	Median	Mean	S.D.
Brand Image	The brand of this operator is popular and well admired by many	651	4	3.9048	1.04961
	I appreciate the social responsibility programs offered by this operator	651	4	3.6559	1.10309
	People love to be associated with the brand of this operator	651	4	3.6974	0.99025
	Overall Score	651	4	3.7742	0.99368

Field Data

Table 4.3: Descriptive statistics for price perception

Construct	Question	No of Respondents	Median	Mean	S.D.
Price Perception	It is easy to know the pricing policies of products and services of this operator	651	4	3.5207	1.14117
	The pricing policies of products and services from this operator are attractive	651	4	3.5023	1.13052
	The calling rate offered by this operator is reasonable	651	4	3.5422	1.96414
	This operator offers flexible prices for various services that meet my needs	651	4	3.5161	1.10145
	I will continue to stay with this operator unless the price is significantly higher for the service	651	4	3.7005	2.30537
	Overall Score	651	4	3.5161	1.05435

Field Data

Table 4.3, shows that the overall score of standard deviation for price perception as rated by the respondents was 1.05435, with a range of 1.10145 to 2.30537. The median mark for price perception for all 651 respondents was 4 (denoting ‘agree’ in the Likert scale), indicating that customers gave affirmative responses and are happy about the pricing plans of the mobile telecommunication operators.

Table 4.4: Descriptive statistics for value offered

Construct	Question	No of Respondents	Median	Mean	S.D.
Value Offered	This operator offers very attractive and exciting promotions	651	4	3.7343	1.03703
	The promotional offers from this operator were worth the money	651	4	3.5346	1.01676
	It was easy to get benefits from the promotional offers	651	4	3.3963	1.57175
	I wish to always participate in promotions offered by this operator	651	4	3.2903	1.13417
	Overall Score	651	4	3.6114	0.96451

Field Data

Table 4.4 above on value offered, shows that a mean of 3.6114 was obtained for the overall score and the overall standard deviation score was 0.96451 with a range of 1.01676 to 1.57175. The median mark for value offered for all 651 respondents was 4 (denoting ‘agree’ in the Likert scale), suggesting that people agree to the kind of value offers being provided by Kenyan mobile telecom operators and agree that the values offered are very attractive and exciting.

Table 4.5 below on customer loyalty, shows an overall mean score of approximately 4 at 3.6390 and an overall standard deviation of 1.05405, ranging from 1.04912 to 1.15695. The median mark for customer loyalty for all 651 respondents was 4 (denoting ‘agree’ in the Likert scale), which suggests that customers are loyal to the mobile telecommunication service providers and are willing to stay connected to their network.

Table 4.5: Descriptive statistics for customer loyalty

Construct	Question	No of Respondents	Median	Mean	S.D.
Customer Loyalty	I intend to continue using mobile services from this operator for a long time	651	4	3.6283	1.15695
	If I want an additional telecom service, I am willing to continue selecting this operator	651	4	3.4101	1.20352
	Even if another operators price is lower, I go on using this provider	651	4	3.2519	1.30601
	I am willing to say positive things about this operator to other people	651	4	3.5714	1.04912
	I will encourage friends and relatives to use the services offered by this operator	651	4	3.5545	1.10301
	To me, this operator clearly is able to provide the best service	651	4	3.5231	1.13099
	Overall Score	651	4	3.6390	1.05405

Field Data

Other descriptive statistics that may be used to describe ordinal data include frequencies or percentages of response (Jamieson, 2004). The respondents were asked to rate statements based on the four key constructs, using the Likert Scale. Respondents were required to tick the answer that best described their opinion to the statement. Ratings varied from ‘strongly agree’ to ‘strongly disagree’. This is captured in Table 4.6, 4.7, 4.8, 4.9 and 4.10 for the various constructs.

Table 4.6: Service quality frequency response table

Service Quality	Frequency	(%)	Valid (%)	Cumulative (%)
Strongly disagree	13	2.00	2.00	2.00
Disagree	87	13.4	13.4	15.4
Neutral	114	17.5	17.5	32.9
Agree	312	47.9	47.9	80.8
Strongly agree	125	19.2	19.2	100.0
Total	651	100.0	100.0	

Field Data

As shown in table 4.6 above, 47.9% of the respondents had their response as 'agree'. This was followed by 19.2% of the respondents who 'strongly agreed', whilst, 17.5% felt 'neutral'. 13.4% and 2.0% 'disagreed' and 'strongly disagreed' respectively.

On the following page, table 4.7 on price perception, showed that a large proportion of 48.5% of the respondents had their responses to the questions as 'agree'. The ratings of 'neutral' and 'disagree', obtained almost similar responses at 16.7% and 16.6% respectively. This was followed by a slightly lower 14.0% of the respondents who 'strongly agreed', whilst, only a few 'strongly disagreed' at a mere 4.1%

Table 4.7: Price perception frequency response table

Price Perception	Frequency	(%)	Valid (%)	Cumulative (%)
Strongly disagree	27	4.10	4.10	4.10
Disagree	108	16.6	16.6	20.7
Neutral	109	16.7	16.7	37.5
Agree	316	48.5	48.5	86.0
Strongly agree	91	14.0	14.0	100.0
Total	651	100.0	100.0	

Field Data

Table 4.8 below on brand image, indicated that slightly less than fifty percent of the respondents were of the opinion 'agree' at 47.3%. Respondents who answered 'strongly agree' were 22.4%, whilst, 18.9% felt 'neutral' about their responses. 8.0% 'disagreed' with the remaining 3.4% 'strongly disagreeing'.

Table 4.8: Brand Image frequency response table

Brand Image	Frequency	(%)	Valid (%)	Cumulative (%)
Strongly disagree	22	3.40	3.40	3.40
Disagree	52	8.00	8.00	11.4
Neutral	123	18.9	18.9	30.3
Agree	308	47.3	47.3	77.6
Strongly agree	146	22.4	22.4	100.0
Total	651	100.0	100.0	

Field Data

Table 4.9: Value offered frequency response table

Value Offered	Frequency	(%)	Valid (%)	Cumulative (%)
Strongly disagree	15	2.30	2.30	2.30
Disagree	78	12.0	12.0	14.3
Neutral	154	23.7	23.7	37.9
Agree	302	46.4	46.4	84.3
Strongly agree	102	15.7	15.7	100.0
Total	651	100.0	100.0	

Field Data

Based on table 4.9 above, a large proportion of 46.4% of the respondents were of the opinion 'agree', with 23.7% being 'neutral' about their responses. 15.7% 'strongly agreed' and a portion of the respondents answered 'disagree' at 12.0%. The ratings of 'strongly disagree' obtained a selection rate of 2.3%.

Table 4.10: Customer loyalty frequency response table

		Frequency	(%)	Valid (%)
Valid	Strongly disagree	21	3.20	3.20
	Disagree	89	13.7	13.7
	Neutral	128	19.7	19.7
	Agree	279	42.9	42.9
	Strongly agree	134	20.6	20.6
	Total	651	100.0	100.0

Field Data

Table 4.10 on customer loyalty, indicated that 42.9% of the respondents had the response 'agree'. The second most popular rating was 'strongly agree' with 20.6% of the respondents selected this rating, whilst 19.7% felt 'neutral' towards their responses on customer loyalty. The rating of 'disagree' was 13.7%. Only a handful of respondents answered 'strongly disagree' in their responses at 3.2%.

Table 4.11: Summary of research findings

Research question (Assess the relationship between the following under listed variables in the Kenyan mobile telecom industry)	Test Results	
	Significant Relationship	Positive Relationship
Service quality and customer loyalty	Yes	Yes
Perceived price and customer loyalty	Yes	Yes
Value offered and customer loyalty	Yes	Yes
Brand image and customer loyalty	Yes	Yes

Field Data

Based on table 4.11 above, by comparing the median scores of the five constructs and assuming the responses were provided by the same set of respondents, we can conclude that service quality, price perception, value offered and brand image, are linked to customer loyalty.

4.3 Discussion

The positive relationship between service quality and customer loyalty indicates that when service quality increases, customer loyalty increases and vice versa. This is consistent with the findings of Ruyter et al., (1998), Boulding et al., (1993) and Brady and Cronin (2001) who suggested that high degree of service quality translates into loyalty. Loyalty of customers is expected to increase when customers' service quality expectations are met.

The positive relationship between price perception and customer loyalty also suggests that, customers who are happy about price offers are likely to stay connected to respective mobile operators. Thus, when price plans are favorable to customers, they remain loyal. On the other hand, as concluded by Peng and Wang (2006), customers may switch or change service provider if price offers are perceived not to be reasonable.

Value offered found to be positively related to customer loyalty suggests that the promotional offers by service providers are worth the money and people wish to always participate in the promotions offered by these operators. In other words, customers who are happy about value offered are likely to stay connected to respective mobile operators. As noted by Zeithaml (1988), customers will judge the value of consumption after contrasting benefits gained from products and services with their costs.

The positive relationship between brand image and customer loyalty implies that the two variables changes in the same direction. Increase in brand image may lead to increase in customer loyalty and vice versa. This is consistent with Nguyen and Leblanc (2001) who demonstrated that corporate brand image relates positively with customer loyalty in three sectors (telecommunication, retailing and education).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter commences with a brief summary of the research, followed by the conclusions that were drawn from the various discussion points in chapter five. The third section deals with limitations and recommendations made, whereas the final section highlights the potential areas for further research.

5.1 Summary

In this research, the relationship between relationship marketing tactics and customer loyalty in the Kenyan mobile telecommunication industry was assessed. There exists a positive significant relationship between each of the four relationship marketing tactics (namely service quality, price, value offered and brand image). An increase in each of the tactics results in a subsequent increase of customer loyalty and vice versa. Thus, from customers’ perspective, variations in service quality may affect customer loyalty. The kind of pricing plan being employed by mobile operators may inform customer’s decision to either switch or remain connected to the operator. Further, attractive promotional activities and customer’s confidence in corporate brand image may also lead to customers to be loyal or not.

5.2 Conclusion

Achieving customer loyalty in business has become a central issue to both managers and researchers. Researchers have demonstrated that it costs more to attract new customers than to retain old ones. Reichheld (1996) even contends that achieving and sustaining customer loyalty is the future of the service industry. Retaining customers in the service industry has become a major objective of relationship marketing. Relationship marketing tactics are considered to be essential for building long-term relationships with customers in order to achieve mutual benefits for both parties. Although relationship marketing tactics have been widely implemented by service providers, customers still tend to switch to competitors.

This study is consistent and adds onto the findings of many researchers which have showed that relationship tactics have influence on customers' loyalty to a mobile telephone service provider. As examined and concluded by Peng and Wang (2006), this study also affirms that relationship marketing tactics consisting of service quality, price perception, value offers and brand image for the service industry have positive impact on customer loyalty. Ability of a company to retain and grow a number of loyal customers is considered as one of the most important assets of a company. This is essential because loyal customers contribute long-term profits to the business organizations (Tseng, 2007). It is therefore necessary for telecom marketers to regulate the four tactics discussed in this study, in an attempt to make both new and existing customers increase their purchases to strengthen the financial growth of a company (Hayes, 2008).

Service quality and corporate image were found to have positive relationship with customer loyalty. Thus, high degree of service quality and perceived good brand image translates into loyalty (Boulding et al., 1993; Brady and Cronin, 2001). Again, as many researchers have pointed out that price perception influences customer loyalty (Oliver, 1999; Peng and Wang, 2006; Cheng et al., 2008; Kim et al., 2008), this research study has also proven and established that price perception has a positive relation with loyalty of a customer. Customers often shift mainly due to some pricing issues, example, perceived high prices, unfair or deceptive pricing practices (Peng and Wang, 2006).

Furthermore, the research study has also added-on to the conclusion that, service firms provide superior value through enhanced offers that can improve and increase the customers' perceived benefits, thereby reducing the sacrifice so that customer retention is improved (Ravald and Gronroos, 1996).

Finally, the findings support the view points that: relationship marketing tactics can enhance the quality of a buyer-seller relationship and in turn increase customer loyalty.

5.3 Limitations

The following limitations were experienced in the study:

Slow or non-response from those given questionnaires. A big number of questionnaires given to potential respondents were never returned and this limited the variety of responses obtained.

Time limitation while conducting this research project cannot be ignored. The researcher needed to balance between her challenging work schedule and this study.

Despite these limitations, the study has provided key insights into relationship marketing strategies on customer loyalty within Kenyan telecommunication industry for managers and marketers, as well as made suggestions on how these strategies should be conducted for better results.

5.4 Recommendations

In light of the completed study, there remains a large scope for future research studies to be conducted within the Kenyan context, regarding customer loyalty within the telecommunication industry.

It is recommended that similar research be conducted with a substantially larger sample size, which is representative of the demographics. It is also recommended that the sample be randomly drawn, to increase validity and feasibility of results obtained. Such a sample would allow for more representative results to be obtained from the mobile telecommunication service industry.

It is recommended that future research studies explore the extent of influence of relationship marketing tactics and customer loyalty within the Kenyan telecommunication service industry in other geographical areas within the country. This study was aimed at assessing the impact of relationship marketing tactics on customer loyalty within Kenya specifically Nairobi and Mombasa. Other studies, looking at similar variables, can be conducted within Kisumu or Nakuru regions for example. Researchers could explore if there are any significant differences in the four key constructs and customer loyalty of the different geographical areas.

This research study revealed that relationship tactics have influence on customer loyalty with regard to the four strategies that were adopted (service quality, price perception, brand image and value offered). A further research study could examine the influence of other relationship marketing tactics among subscribers such as trust and commitment on customer loyalty.

A study which examines the behavioral measures of loyalty, such as higher purchase volumes, can be conducted and compared across subscribers and non-subscribers, within the telecommunication industry. Such a study would provide empirical evidence on the effectiveness of relationship marketing tactics on customer loyalty within the telecommunication service industry. This information would be useful to organizations considering adopting relationship marketing tactics. Many of these studies have been conducted in other countries. However, consumer behavior is naturally likely to vary from country to country.

5.4.1 Recommendations with Policy Implication

The findings provide important evidence for managers who take charge of relationship marketing tactics and it is useful for marketers in the Kenyan mobile industry to appreciate the effectiveness of relationship marketing tactics from consumers' perspectives.

Further, this piece of study is purposely meant for all telecommunication managers, especially marketing officials who take decisions in organizations, propose, develop and design products. It is expected to serve as a guide and help them make informed judgment about the relationship marketing mix relevant to the present customer's needs. As the competitive market becomes increasingly fierce, the voice and preferences of the customers are also becoming the priority. This study provides insight and significant feedback from mobile phone users to telecom operators. The operators may benefit from these findings by being informed about customers feedback which could serve as an input to future reward or improvement plans for customers.

5.4.2 Recommendations for Further Study

In this research, the sample used was selected at random from two cities of Kenya, Mombasa and Nairobi due to resource constraints. Further research could expand the sample size by selecting sample units from all the major cities across Kenya in order to have a better representation of mobile phone users.

Bansal et al. (2005) also pointed out the impact of the relationship marketing tactics – 'push effects' (quality, satisfaction, value, trust, price perception, commitment), the 'pull effects' (alternative attractiveness) and the 'moor effects' (attitude towards switching, subjective norms, switching costs, prior switching experience, variety seeking) – on retaining customers. These and other tactics such as commitment and customer behavior, which could influence customer loyalty, have not been discussed in this study. Further research could investigate and analyze these other tactics in order to gain deeper insight.

There are others important tactics such as commitment and customer behavior, which could influence customer loyalty, have not been discussed in this study. Thus further research needs to contain more desirable tactics, in order to gain better insight.

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Appendix I – Letter of Introduction

{Date}

Dear Respondent,

RE: MBA RESEARCH PROJECT

I am a Master of Business Administration student at the University of Nairobi pursuing a post graduate degree in Marketing. As part of the fulfillment of the degree course, I am required to develop an academic thesis in an area of my choice.

I am interested in relationship marketing strategies that are employed in the mobile telecommunication industry as they strive to improve their market share and increase their profit margins. This study will focus on finding the relationship between relationship marketing strategies and customer loyalty. Research elsewhere suggests that there are divergent viewpoints regarding the outcome of these strategies, hence the motivation to circulate questionnaires regarding the same.

I believe as a consumer, you hold valuable information that will shed light to this study. This will be used in utmost confidence, to develop academic reference point for Kenyan organizations that wish to adopt these strategies and have not due to lack of information.

Thank you in advance.

Yours Faithfully,

Jacqueline Omenye

Student

Appendix II – Sample Questionnaire

Customer relationship marketing strategies and customer loyalty:

A case of the mobile telecommunication industry in Kenya: This questionnaire is designed to know your opinion related to your loyalty to the Kenyan Mobile service provider you subscribe. This survey is a part of my master's degree project and your kind support is crucial for the successful completion of this research. Your responses will be anonymous; data will be combined and analyzed as a whole. Please attempt to answer all the questions and check one appropriate box that best suits your perspective for each statement. Your participation in the study will be greatly appreciated. Thank you very much for your time and assistance.

SECTION A

Individual characteristics:

1. Gender Male [ ] Female [ ]

2. What is your age----------------?

3. What is your occupation ----------------------------------?

4. Which Mobile Telecommunication network are you connected to?

   [ ] Safaricom [ ] Airtel [ ] Orange [ ] Yu

SECTION B

Please indicate with a tick (√) the extent to which you agree with the following statements. Please note that 5 indicates Strongly Agree and 1 being Strongly Disagree

(a) Service Quality:

Description	5	4	3	2	1
i. This mobile telecom operator follows up in a timely manner to customer requests					
ii. The customer care officials of this operator are always willing to help.					
iii. The response to consumers' complaints is always taken quickly.					
iv. This operator provides timely information when there are new services.					
v. This operator is consistent in providing good quality service.					
vi. My calls, text messages and internet services always go through, I hardly encounter network problems.					

(b) Price

Description	5	4	3	2	1
i. It is easy to know and understand the pricing policies of products and services of this operator					
ii. The pricing policies of products and services from this operator are attractive.					
iii. The calling rate offered by this operator is reasonable					
iv. The calling rate offered by this operator is reasonable					
v. This operator offers flexible prices for various services that meet my needs					
vi. I will continue to stay with this operator unless the price is significantly higher for the same service.					

(c) Brand Image:

Description	5	4	3	2	1
i. The brand of this operator is popular and well admired by many.					
ii. I appreciate the social responsibility programs offered by this operator					
iii. People love to be associated with the brand of this operator.					

(d) Value Offered:

Description	5	4	3	2	1
i. This operator offers very attractive and exciting promotions					
ii. It is easy to get benefits from the promotional offers.					
iii. Loyalty reward schemes are the biggest motivating factor and influence my decision on loyalty.					
iv. The loyalty reward schemes allow customers to build long-term relationship with the mobile telecommunication operators					
v. I intend to continue using mobile services from this operator for a long time.					
vi. If I want an additional telecommunication service, I am willing to continue selecting this operator					
vii. Even if another operator’ price is lower; I will go on using this provider					
viii. I am willing to say positive things about this operator to other people.					
ix. I will encourage friends and relatives to use the services offered by this operator					
x. To me, this operator clearly is able to provide the best service					

(e) Customer Loyalty

Description	5	4	3	2	1
i. I intend to continue using mobile services from this operator for a long time					
ii. If I want an additional telecom service, I am willing to continue selecting this operator					
iii. Even if another operator' price is lower, I will go on using this provider					
iv. I am willing to say positive things about this operator to other people.					
v. I will encourage friends and relatives to use the services offered by this operator					
vi. To me, this operator clearly is able to provide the best service.					

THANK YOU!

I sincerely appreciate your time and cooperation. Please check to make sure that you have not skipped any questions inadvertently and please return the questionnaire to the research field worker.

Appendix III – List of Mobile Service Providers in Kenya

i. Safaricom

ii. Airtel Kenya

iii. Telkom Kenya (Orange Brand)

iv. Essar Telecom Kenya (Yu Brand)