

**FACTORS INFLUENCING CUSTOMER SATISFACTION AT KENYA
AIRWAYS CARGO SERVICE**

BY:

LISECHE ASHITIVA NICHOLAS: D61/63298/2011

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DECLARATION

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

Signature..... Date.....

Liseche Ashitiva Nicholas

Reg No: D61/63298/2011

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

Signature Date.....

Kariuki C. Ngugi,

Lecturer, Department of Management Science,

DEDICATION

I am proud to dedicate this study to my wife Imeldah and two children Elvis and Lucy. To Imeldah for her leadership, agreement and encouragement, To Elvis and Lucy for their love and bubbling spirit. Without their love, support and encouragement my studies would have been an impossible task to undertake.

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ABSTRACT

Competition, saturation of markets, and development of information technology have enhanced customer awareness. Depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration of customers. KQ faces major competition, especially from Middle Eastern and European and as a result has in a great way, affected its numbers. To withstand this stiff competition, high quality standards are demanded which starts with ensuring customer satisfaction.

The main objective of this study was to determine the factors influencing cargo customer satisfaction at Kenya Airways Cargo. The research design employed as descriptive survey design. The study adopted a stratified sampling. The study collected primary data. A positive relationship between customer satisfaction and promotion, price fairness, service quality and brand was observed.

From the findings the study concluded that promotion affect customers' satisfaction levels at Kenya Airways Cargo mainly through advertisement that satisfies customers through radio and television. It also concludes that the service quality of cargo services improved customer satisfaction at Kenya Airways Cargo. The study further concludes that brand had impact on customer satisfaction although it influenced to a certain percentage. Finally the study concludes that price fairness determines customer satisfaction at Kenya airways cargo.

The study recommended improvement of quality of service and use of wider means of promotion in an effort to get more clients and compete with the growing market. The study also recommended use of fairer prices in an effort to warranty customer satisfaction. The study is deemed to be significant to Kenya Airways and other key players in the aviation industry as they will gain a better understanding of passengers and their expectations in terms of customer satisfaction in relation to cargo handling.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Recent years have shown a growing interest in customer satisfaction. The globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities. Instead, companies build their success on a long-term customer relationship. According to former studies, it can cost as much as six times more to win a new customer than it does to keep an existing one (Shoemaker & Lewis, 1999). Depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration of customers by 5% (Chaudhuri, 1995). Hence we can see that the increase and retention of loyal customers has become a key factor for long-term success of the companies.

Trustworthiness of the partner is a factor that has certain impact on the establishment of satisfaction – nobody expects a long-term relation with a partner that cannot be trusted. Trustworthiness is one criterion for measuring the value of the partner (Dwyer et al. 2007). The main emphasis in marketing has shifted from winning new customers to the retention of existing ones. Traditionally there are two approaches to treat customer satisfaction. The first approach to treat customer satisfaction is through the nature of different levels of satisfaction; the other approach is through exploring the influence of individual factors on satisfaction. Hofmeyr and Rice (2000) point out that the more important the relationship is to a person, the more willing that person is to tolerate dissatisfaction in favour of trying to fix it. By contrast, when a relationship doesn't matter, then even the perfectly satisfied consumer can switch on a whim (Sachs, 2013).

KQ faces major competition, especially from Middle Eastern and European carriers examples of Emirates, Etihad, Saudi Arabian, Turkish and British airways among others. This as a result has in a great way, affected its numbers in West Africa and the whole of continent of which Africa is the key market for KQ Cargo and remains an area of huge trading potential. To withstand this stiff competition, high quality standards are demanded

which starts with ensuring customer satisfaction thus emphasizing on the need to study the factors influencing customer satisfaction at KQ.

1.1.1 Customer satisfaction

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business and is part of the four perspectives of a Balanced Scorecard. Customer satisfaction can be defined as extent to which a product's perceived performance matches a buyer's expectations (Sachs, 2013). Customer satisfaction depends on the product's perceived performance relative to a customer's expectations. If the product or service performance falls short of expectations, the customer is dissatisfied. On the other hand, if performance matches expectation, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied which is referred to as customer delight (Hutt and Speh, 2004).

Customer satisfaction is critical for organizations, as it has an impact on profits (Levesque and McDougall, 1996). However, as business leaders try to implement the concept of customer satisfaction and/or retention in their companies, employees working with customers may come to regard customer satisfaction as in them, the goal of business. Regardless to what business leaders may be trying to implement in their companies, any employee interacting with customers is in a position either to increase customer satisfaction, or put it at a risk. Employees in such positions should therefore have the skills to respond effectively and efficiently to customer needs.

Customer satisfaction brings many benefits. Satisfied customers are not price sensitive, buy additional products, are less influenced by competitors and stay longer (Zineldin, 2000). Although customer satisfaction is important, it is not equally important to the company. There are many customers whose satisfaction is less important, such as those a company cannot serve or who are unprofitable; on the other hand, there are customers whose satisfaction is crucial to a company's survival, and the goal should always be to satisfy those customers. Ovenden (1995) argues that organizations must be aware of how well or badly its customers are treated. Customers rarely complain, and when someone does, it might be

too late to retain that customer. One important component in the concept of satisfaction is complaint management. Nyer (2000) found that encouraging customers to complain increased their satisfaction, and this was especially the case for the most dissatisfied customers. Johnston (2001) claims that complaint management not only results in customer satisfaction, but also leads operational improvement and improved financial performance.

1.1.2 Factors that influence customer satisfaction

Many researchers agree that there is a positive correlation between quality and customer satisfaction. Satisfied customers are bound to come back if they were impressed by the product and service the first time round. In fact they are bound to spread the word round by telling their friends and relatives about the particular product or service that impressed them thus realization of accumulation of many customers and in the long run customer satisfaction. For this reason, more organizations are spending more resources to nurture and sustain customer loyalty by increasing their number of satisfied customers. Lovelock (2001) says; whether or not your customers remain depend on your effectiveness in combating the major threat to business success-consumer promiscuity. This is not a matter of morals but of common sense. If customers are not satisfied, they will find another place that will satisfy their needs, and what satisfy a customer is quality products and services. Therefore, an organization has to develop a relationship with all its customers to ensure that they feel their needs are important to the organization and are being met. After all, a satisfied customer becomes a loyal customer.

Customer satisfaction has been deemed to directly affect customer retention and companies' market share. Service quality, service features, and customer-complaint handling determine customer satisfaction in the service industry. Service offerings, such as extended hours of operation and competitive interest rates also play a role in determining satisfaction. Satisfaction is an "overall customer attitude towards a service provider" (Levesque and McDougall, 1996), or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire. A similar definition is provided by Gerpott et al. (2001) who propose that satisfaction is based

on customer's estimated experience of the extent to which a provider's services fulfill his or her expectations.

Promotion and price fairness are the other cornerstone factors that influence customer satisfaction. Fair prices will at long run meet customer's demand thus satisfying his/her feelings thus promoting customer's satisfaction. On the other hand, discounts, after sales service and any other promotion mechanisms will tend to have a positive link to customer's satisfaction.

1.1.3 Concept of Perceived Value

The concept of 'perceived value' emerged as the defining business issue of the 1990s, and has continued to receive extensive research interest in the present century. Organizations are increasingly recognizing that perceived value is a key factor in strategic management (Mizik and Jacobson, 2003; Spiteri and Dion, 2004). Indeed, Slater (1997) has observed that 'the creation of customer value must be the reason for the firm's existence and certainly for its success'. As these words indicate, the creation of customer value has become a strategic imperative in building and sustaining a competitive advantage (Wang et al., 2004). It has been established that loyalty and profits are strongly linked to the value that is created for customers (Khalifa, 2004), and the concept of 'consumer value' has become the fundamental issue to be addressed in every marketing activity (Holbrook, 1994, 1999).

Various definitions of 'perceived value' have been offered in the marketing literature, including those of Holbrook (1999), Woodruff (1997), and Zeithaml (1988). Of these, one of the more commonly cited definitions is that supplied by Zeithaml (1988), who defined 'value' as 'the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given'. This view posits 'perceived value' as a unidimensional construct that can be measured simply by asking respondents to rate the value that they received in making their purchases. However, other authors have suggested that this conceptualization of 'value' (as simply a trade-off between benefit and sacrifice) represents a narrow approach to the concept. These authors have argued that 'perceived value' is a multidimensional construct in which a variety of notions (such as perceived

price, quality, benefits, and sacrifice) are all embedded (Babin et al., 1994; Holbrook, 1994, 1999; Mathwick et al., 2001, 2002; Sinha and DeSarbo, 1998; Sweeney and Soutar, 2001).

1.1.4 Kenya airways Cargo

The Kenya Airways Limited is the largest airline in Kenya. The airline has been in operation for over three decades having been founded in 1977. The airline is a public private partnership company with KLM being the largest shareholder (26%), followed by the Kenyan government which has a holding of 23%. The rest of the shares are held by the public through the Nairobi stock exchange. The airline operates a total of 30 planes of which 25 are Boeing models, while 5 are Embraer models. The airline flies to a total of 53 destinations, 43 of them in Africa and the rest to Europe and Asia (Kenya airways website 2011).

Kenya Airways Cargo (KAC) was formally launched on 18th May 2004 as a division in the commercial department of Kenya Airways in a move that was part of the airline's corporate re-organization strategy. It is responsible for optimizing the cargo belly capacity on Kenya Airways passenger aircrafts and developing a dedicated freighter network. Kenya Airways Cargo was formerly known as Kencargo Airlines International Ltd and was a subsidiary of Kenya Airways. The change of identity and consequent launch of Kenya Airways Cargo followed Kenya Airways' full acquisition of the subsidiary that was jointly owned by Martinair and KLM – Royal Dutch Airlines (Kenya airways website 2011).

Kenya Airways through its cargo arm, KQ Cargo, entered into a joint venture with KLM Cargo to operate the freighter which is owned by Martinair, a subsidiary of the Air France KLM Group. The service connects China's key industrial zone in Guangdong with the Kenya capital Nairobi thus offering access to all key African markets through KQ passenger service. The freighter dubbed 'Safari Connection' denotes its trans-continental (Africa-Asia-Europe) operations and the partnership between Kenya Airways and KLM; it bears the slogan "Hunting for Business" in Chinese Mandarin. The cargo freighter has a capacity to carry 120 tonnes which is over five times the belly capacity of the Boeing 777, the largest aircraft in the airline's fleet (Kenya airways website 2011).

The wide-body cargo freighter operates the Amsterdam-Guangzhou-Nairobi-Lagos-Nairobi-Amsterdam circuit. The aircraft makes stopovers in Sharjah in the United Arab Emirates on its way from Guangzhou to Nairobi. Kenya Airways also introduced twelve freighters into its growing fleet, some wholly owned and others leased. This improves the airline's overall cargo carrying capability and reduces over-dependence on the passenger fleet whose belly capacity is limited. The airline carried over 56,000 metric tonnes of cargo in 2010/11 and this is expected to grow following the launch of the freighter line (Kenya airways website 2011).

Customer satisfaction has been deemed to directly affect customer retention and companies' market share. Service quality, service features, and customer-complaint handling maintained by KAC determine customer satisfaction in the service industry and thereby expanding their market share by securing its brand loyalty. KAC ought to have Service offerings, such as extended hours of operation and competitive interest rates which will be crucial in determining satisfaction. KAC should be driven by customer attitude towards ensuring that it fully satisfies its customers. Levesque and McDougall, (1996), put satisfaction as an "overall customer attitude towards a service provider" or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire.

1.2 Statement of the Problem

Customer satisfaction is one of the most important issues concerning business organizations of all types, which is justified by the customer oriented philosophy and the principles of continuous improvement in modern enterprise. For this reason, customer satisfaction should be measured and translated into number of measurable parameters. Customer satisfaction air travel sector particularly cargo can be achieved by improving service quality. Ciavolino & Dahlgaard (2007) contend that service quality is the measure of service levels based on the attributes of the core product. Satisfaction according to Hokanson (1995) is affected by many factors which include friendly employees, courteous employees, knowledgeable

employees, and helpful employees, accuracy of billing, competitive pricing, service quality, good value and quick service.

Organizations that offer excellent service improve their profitability margin because it results in more new customers, more business with existing customers, fewer lost customers, and less mistakes committed by the service providers (Albrecht et al, 1985). Customers are important stakeholders in organizations and their satisfaction is a priority to management. Customer satisfaction has been a subject of great concern to organizations and researchers alike in the recent past where the quality of service has become an aspect of customer satisfaction (Blumberg et. al.2005). Companies traditionally operating in local business environments must shift their paradigms to new trends in globalization, competition and the ever-changing customer expectations if they are to survive. Customer focus is emerging as the key to sustained competitive advantage in both the production and service industry (Porter and Kramer, 2011).

Some researchers assert that satisfaction is most likely to influence repurchase intention through positive word of mouth whereas dissatisfaction encourages negative word of mouth and serves as reason for discontinuation of purchase and customer defection. Satisfied customers are likely to recommend to five or six people while dissatisfied ones have tendency to share their experiences to other ten people (Hoyer & MacInns 2001; La Barbera & Mazursky 1983). Similarly, Anton (1996) cited in Singh (2006) asserts that, satisfaction is positively associated with repurchase intentions which is linked to increasing ones likelihood of recommending a product or service, loyalty and profitability”. Aaker (1995) suggests that one of the strategic aspects for organizational success is through customer satisfaction and loyalty. Customer satisfaction once achieved leads to loyalty and retention of customers. Zairi (2000) cited in Singh (2006) suggests that “Customers are the purpose of what we do and rather than depending on us, we very much depend on them. The customer is not the source of a problem; we shouldn’t perhaps make that customer „should go away“ because our future and our security will be put in jeopardy”. That is the main reason why organizations today are focusing on customer satisfaction, loyalty and retention.

Locally, various Scholars have reviewed the concept of customer satisfaction in different contexts; Muturi (2004) researched on factors that determine customer loyalty to a mobile phone service provider the case of mobile phone users in Nairobi and found out that the major factor is service quality, price indifference and perceived value. Tanui (2007) conducted a survey of customer loyalty programs applied by petrol stations in Nairobi and found that the main factors that contributed to customer loyalty to their products were attractiveness of the brand personality and perceived quality. Mungai (2008) studied the factors that determine customer loyalty, the case of the port of Mombasa and found out that Customer Satisfaction, perceived quality and brand loyalty were the main determinant.

Thus, no such study to the knowledge of the researcher has been done on factors influencing cargo customer satisfaction in Kenya airways cargo. A study in the cargo sector would enhance the body of knowledge. This study aims at answering the following question; what factors influence cargo customer satisfaction in Kenya Airways Cargo?

1.3 Objectives of the study

The main objective of this study was to determine the factors influencing cargo customer satisfaction taking a case of Kenya Airways Cargo with specific objectives as:

Specific objectives

- i. To establish the factors influencing customer satisfaction at Kenya Airways Cargo.
- ii. To determine the relationship between customer satisfaction and customers perceived value
- iii. To develop a predicting equation for customer satisfaction with reference to customer satisfaction factors.

1.4 Importance of the study

It is envisaged that Kenya Airways and other key players in the aviation industry will gain a better understanding of passengers and their expectations in terms of customer satisfaction in relation to cargo handling. This will lead to the appreciation of the role of various factors in increasing customer satisfaction and loyalty.

The study findings will be relevant in equipping policy makers and regulators in the aviation industry with information that will empower them to be in a position to integrate industry stakeholders' in areas relating to customer satisfaction considerations in policy formulation. It is intended that the findings from this study will generate knowledge for the academic community. The gaps that will be identified from the study will create room for further research in customer satisfaction in the airline industry.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature review on customer satisfaction; specifically the literature review focuses on theoretical foundation of customer satisfaction as well as various factors affecting customer satisfaction, which includes promotion, service quality, and brand and price fairness. The review of literature focuses on the effect of the above variables on customer satisfaction.

2.1 Theoretical Foundation of Customer Satisfaction

A theoretical basis that explains the relationship between customer loyalty and service quality, as well as customer satisfaction and value is drawn from the Social Exchange Theory (Homans, 1958). The theory attempts to explain the nature of the relationships between service quality, perceived value, satisfaction and loyalty. The theoretical model adopted for this study is derived from the Social Exchange Theory, which posits that all human relationships are formed by the use of cost-benefit analysis and comparisons of alternatives. Homans suggested that when an individual perceives the cost of a relationship outweighs the perceived benefits, then the person will choose to leave the relationship.

The theory further states that persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. The social exchange relationships between two parties develop through a series of mutual exchanges that yield a pattern of reciprocal obligations to each party. Social exchange theory indicates that individuals are willing to maintain relationships because of the expectation that to do so will be rewarding. Individuals voluntarily sacrifice their self- benefits and contribute these benefits to other individuals with the expectation for more future gains. Thibaut and Kelly (1959) propose that whether an individual retains a relationship with another one depends on the comparison of current relationship, past experience and potential alternatives. The constant comparison of social and economic outcomes between a series of interactions with current partners and available alternatives determines the degree of an individual's commitment to the current relationship.

The theory is appropriate for this study because service encounters can be viewed as social exchanges with the interaction between service provider and customer being a crucial component of satisfaction and providing a strong reason for continuing a relationship (Barnes, 2007). Social exchange theory attempts to account for the development, growth and even dissolution of social as well as business relationships. In other words, people (or business firms) evaluate their reward - cost ratio when deciding whether or not to maintain a relationship. Rewards and costs have been defined in terms of interpersonal (e.g. liking, familiarity, influence), personal (gratification linked to self esteem, ego, personality) and situational factors (aspects of the psychological environment such as a relationship formed to accomplish some task). In a services context, considering the level of interpersonal contact needed to produce services, there is a range of psychological, relational and financial considerations that might act as a disincentive for a hypothetical change of service providers (Barnes, 2007).

2.2 Factors Influencing Customer Satisfaction

In the contemporary environment the only constant is change. Therefore, businesses have to develop different strategies in order to survive in the long run. One of the best strategies is about satisfying the customers that ensure a long-term growth of business. The various factors affecting customer satisfaction explored under this chapter are; promotion, service quality, brand and price fairness.

2.2.1 Promotion.

Promotion is a form of cooperate communication that uses various methods to reach a targeted audience with certain message in order to achieve specific organization object. It will depend on services and products price offers, distribution system and promotion programmed (Onwuchuruba 2002).

Services of the airline firms that satisfy consumers require crucial decisions, such as; the features and introduction of new service products; service product life cycle; modification or deletion of existing and unprofitable service products; and the elongation of the life span of

service products. On promotional strategy, current and potential consumers need be encouraged to obtain, utilize and benefit maximally from services provisions. Many researchers have hinted at a feelings-based route through which promotions may impact consumer's satisfaction. Scott (1976) was the first to suggest that the effectiveness of a deal might be explainable by the affect generated by that promotional offer. Regret (Inman and McAlister, 1994) and hedonic enjoyment of a deal (Chandon et al., 2000) have also appeared in promotion research. Promotions are shown to reduce feelings of guilt associated with consumption of certain products that can result to customer satisfaction (Strahilevitz and Myers, 1998), and the outcome of promotional purchases is predicted to result in specific pride related responses such feeling like a "smart shopper" (Schindler, 1989).

2.2.2 Service Quality

Service quality literature indicated that perceptions of high service quality and high service satisfaction resulted in a very high level of purchase intentions (Boulding, Kalra, Staelin, & Zeithaml, 1993). Coner and Gungor (2002) claimed that customer loyalty was affected by product quality, service quality, and retailer image. They also suggested that "quality [of product and service] is directly related to customer satisfaction, and leads to the loyalty of the customer". Customer satisfaction literature showed that the relationship between customer satisfaction and customer loyalty depended on the type of satisfaction. The positive impact of manifest satisfaction on customer loyalty was stronger than that of latent satisfaction on customer loyalty (Bloemer & Kasper, 1995; Bloemer & Ruyter, 1998).

Quality appears to be only one of the service factors contributing to the customer's satisfaction judgments (Cronin and Taylor, 1992). Spreng and Mackoy (1996), who tested a modified version of a model proposed by Oliver (1998) that sought to integrate the satisfaction and service quality literature, also provide support for service quality as being an antecedent to satisfaction. This relationship has also been confirmed from a study in a health-care setting by Deruyter et al. (1997), who also show that service quality should be treated as an antecedent of service satisfaction.

2.2.3 Brand

Brand satisfaction can be defined as the outcome of the subjective evaluation that the chosen alternative (the brand) meets or exceeds the expectation. This definition is in line with the May definition of satisfaction based on the disconfirmation paradigm (Oliver, 1980) found in the literature. The notion that stands out in almost every definition of satisfaction is the notion of a comparison between experiences and (brand) performance. Image of brand or supplier is one of the most complex factors. It affects loyalty at least in two ways.

Firstly, customer may use his preferences to present his own image. That may occur both in conscious and subconscious level. According to the Belk's theory of extended self, people define themselves by the possessions they have, manage or create (Belk, 1988). Aaker has shown how consumers prefer brands with personality traits that are congruent with the personality traits that constitute their (malleable) self schemas (Aaker, 1999). Kim, Han and Park (2001) have researched the link between brand personality and loyalty. They did get positive support to hypothesis that the attractiveness of the brand personality indirectly affects brand loyalty (Kim et al. 2001). Tidwell and Horgan (1993) have showed that people use products to enhance self-image.

Secondly, according to social identity theory, people tend to classify themselves into different social categories. That leads to evaluation of objectives and values in various groups and organizations in comparison with the customer's own values and objectives. They prefer partners who share similar objectives and values (Ashforth et al., 2001). Fournier (1998) states that consumer-brand relationships are more a matter of perceived goal compatibility. Brands cohere into systems that consumers create not only to aid living but also to give meanings to their lives. Oliver (1999) argues that for fully bonded loyalty the consumable must be part of the consumer's self-identity and his or her social-identity.

2.2.4 Price Fairness

According to Kotler and Armstrong (2010) price is the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of

having or using the product or service. Stanton, Michael and Bruce (1994) defined price as the amount of money or goods needed to acquire some combination of another goods and its accompanying services. But the marketing literature showed researchers' inclination towards price fairness in relation with customer satisfaction (Hermann et al., 2007).

Price fairness refers to consumers' assessments of whether a seller's price is reasonable, acceptable or justifiable (Xia et al., 2004). Price fairness is a very important issue that leads toward satisfaction. Charging fair price helps to develop customer satisfaction and loyalty. Research has shown that customer's decision to accept particular price has a direct bearing at satisfaction level and loyalty indirectly (Martin-Consuegra, Molina and Esteban, 2007). In another study of Herrmann et al., (2007), it was concluded that customer satisfaction is directly influenced by price perceptions and indirectly through the perception of price fairness. The price fairness itself and the way it is fixed and offered have a great impact on satisfaction.

2.2.5 Perceived Value

Perceived value has its root in equity theory, which considers the ratio of the consumer's outcome/input to that of the service provider's outcome/input (Oliver & DeSarbo, 1988). The equity concept refers to customer evaluation of what is fair, right, or deserved for the perceived cost of the offering (Bolton & Lemon, 1999). Perceived costs include monetary payments and nonmonetary sacrifices such as time consumption, energy consumption, and stress experienced by consumers. In turn, customer-perceived value results from an evaluation of the relative rewards and sacrifices associated with the offering. Customers are inclined to feel equitably treated if they perceive that the ratio of their outcome to inputs is comparable to the ratio of outcome to inputs experienced by the company (Oliver & DeSarbo, 1988). And customers often measure a company's ratio of outcome to inputs by making comparisons with its competitors' offerings.

Thus, customer value regulates "behavioral intentions of loyalty toward the service provider as long as such relational exchanges provide superior value" (Sirdeshmukh et al., 2002). Prior empirical research has identified perceived value as a major determinant of customer

loyalty in such settings as telephone services (Bolton& Drew, 1991), airline travel, and retailing services (Sirdeshmukh et al.,2002). Chang and Wildt (1994) report that customer-perceived value has been found to be a major contributor to purchase intention.

2.3 Summary and Conceptual Framework

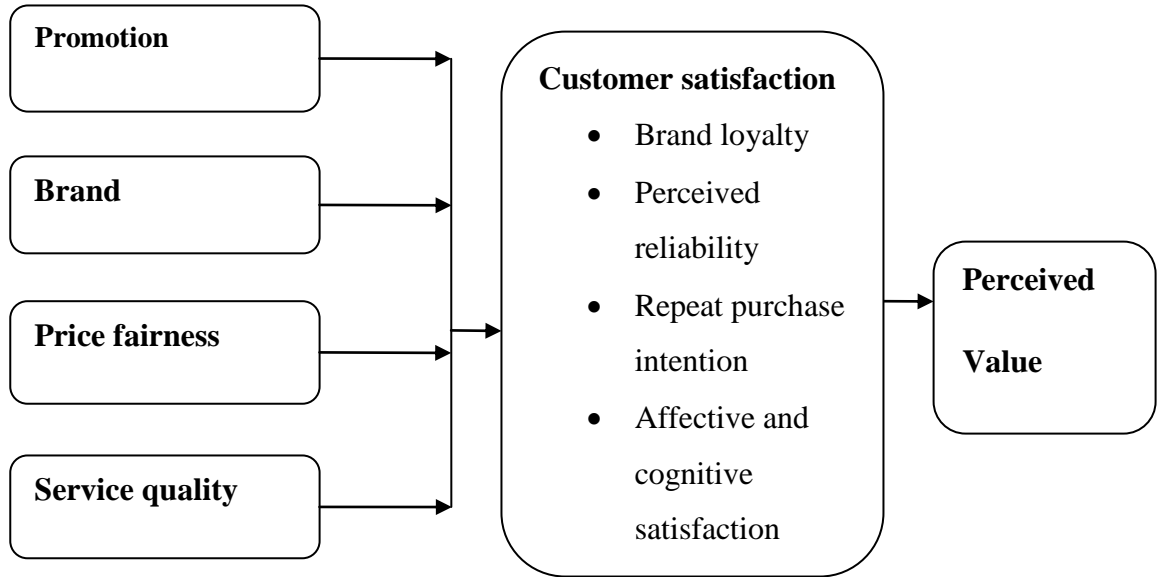
Customer satisfaction in KAC seems to be one of its key interests in its undertaking. This can be said to be so due to the obvious reasons that will be as a result of effective customer satisfaction. For instance, satisfaction of customers will mean that customers will be retained thereby ensuring brand loyalty which will in long-run led to wide market share. There stands out several mechanism of realizing customer satisfaction, perceived value being the cornerstone of the strategic customer satisfaction. (Xia et al., 2004) posit that perceived value helps to develop customer satisfaction as well as brand loyalty.

A conceptual framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate this (Bogdan and Biklen, 2003). The independent variables in this study are promotion, service quality, brand and price fairness. The intervening variable is perceived value. A dependent variable is what is measured in the experiment and what is affected during the experiment. The dependent variable responds to the independent variable (Everitt, 2002). The dependent variable in this study is customer satisfaction.

Figure 2.1: Conceptual Framework

Factors of customer satisfaction

Customer satisfaction indicators



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study adopted descriptive survey research design. This study design was selected because it helped the researcher describe data and characteristics about the population and phenomenon under study. Quantitative and qualitative data was collected using this study design and the data presented using frequencies and percentages. This design was therefore suitable in providing information on the factors influencing cargo customer satisfaction taking a case of Kenya Airways Cargo.

3.2 Target Population

The target population was customers/clients of Kenya Airways Cargo who are classified according to 3 main regular channels as per Kenya airways database; comprising of freight forwarding agents, courier companies and postal corporations. The number of customers in each channel is indicated in Table 3.1:

Table 3.1: Target population

Category	Population	Percentage
Freight Forwarding Agents	69	31.4
Courier Companies	88	40.0
Postal Corporations	63	28.6
Grand Total	220	100.0

Source: (Author, 2014)

3.3 Sampling and Sample Size

Proportional Stratified sampling was used to select the sample. Mugenda (2003) Proportional Stratified sampling technique was applied so as to obtain a representative sample when the population did not constitute a homogeneous group. The population was made up of strata of different customers. The size of each stratum was determined using the Mugenda (2003) formula. Customers' database was used to generate a list of numbers corresponding to each channel of the customers.

From Normal distribution the sample size can be estimated to be:

$$n = \frac{Z^2 PQ}{\alpha^2}$$

Where:

Z is the Z – value = 1.96

P Population proportion 0.50

Q = 1-P

$\alpha = \text{level of significance} = 5\%$ (Quine, 1993)

$$n = \frac{1.96 \times 1.96 \times 0.5 \times 0.5}{0.05 \times 0.05}$$

$n = 384$

Adjusted sample size

$$n' = 384 / [1 + (384/220)]$$

$n = 140$

The sample was distributed in the strata as shown in Table 3.2.

Table 3.2: Sample size

Category	Population	Ratio	Sample size
Freight Forwarding Agents	69	0.63	44
Courier Companies	88	0.63	56
Postal Corporations	63	0.63	40
Grand Total	220	0.63	140

Source: Kenya Airways Cargo Customer Database

3.4 Data Collection

The study used both primary and secondary data. Primary data was appropriate since it was originally obtained from the customers, in regard to various factors that affect their satisfaction with KAC. The study mainly collected primary data using structured questionnaires. According to Mugenda and Mugenda (2008), primary data is data the researcher collects from respondents while secondary data refers to data from other sources.

Questionnaires gave the researcher comprehensive data on a wide range of factors. Both open-ended and closed-ended questions were used. The respondents were issued with questionnaires to fill by themselves which is divided into five major parts namely: section A

on respondents' general information; Section B on effects of promotion on customer satisfaction; section C on effects of quality of service on customer satisfaction; section D on effects of brand on customer satisfaction; section E on effects of price fairness on customer satisfaction while section F will be on customer satisfaction variable. The questionnaires were administered using drop and pick method since the customers are knowledgeable and were able to fill without assistance.

In addition, secondary data was collected which involved past data that had been previously collected and tabulated through use of graphs, charts and reports. This type of data was collected from reference materials, which have key information that helped this study. Collection of secondary data was obtained through desk research, which is either from internal or external sources. The external source included publications, marketing research agency, press, newspapers, libraries and various research related organizations. The need for quantitative data was to evaluate the significance of a particular variable, measured in terms of frequency, percentage or mean score, while qualitative data provided a descriptive theoretical aspect of certain variable as depicted from the response in unstructured manner (uncontrolled)

3.5 Data Analysis

Once the data was collected it was checked for completeness to ensure it was ready for analysis. With a help of SPSS (Statistical Package for Social Science) quantitative data collected using questionnaires was analyzed using percentages, frequencies, means and standard deviation. Factor analysis was used to determine the prominent factor. Factor analysis brings inter-correlated variables together under more general, underlying variables. A frequency distribution expressed the result of the grouping of the responses with respect to a single quantitative characteristic. Percentages were used conjointly with frequencies to express the proportion ranging from 0- 100, on the same responses.

Mean score and standard deviation was used in Likert scale data. In this case, Likert scale questions allowed the respondents to indicate their levels of agreement with statements referring to the factors affecting customer satisfaction. The mean ranged from 1-5 based on

the Likert scale. A mean of above 3 was regarded to indicate that the factor is strong in influencing customer satisfaction. Standard deviation was used to indicate the variation or "dispersion" from the "average" (mean). A low standard deviation indicated that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data was spread out over a large range of values.

A multiple regression analysis to examine the effect of various factors influencing customer satisfaction at Kenya Airways Cargo was conducted. The regression equation was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon:$$

Where Y = Customer Satisfaction

B_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Regression Coefficients

X_1 = Promotion

X_2 = Price Fairness

X_3 = Service Quality

X_4 = Brand

ε = Error term

The regression analysis was used because the study seeks to find out how the factors individually impact customer satisfaction at Kenya Airways Cargo correlation analysis was conducted to test the relationship between perceived value and customer satisfaction.

CHAPTER FOUR: DATA ANALYSIS, AND FINDINGS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results were presented on the factors influencing cargo customer satisfaction taking a case of Kenya Airways Cargo. The study targeted a total of 140 respondents out of which 102 responded and returned their questionnaires contributing to 72.9% response rate. This response rate was excellent and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The chapter covers the demographic information; customer satisfaction; the effect of promotion, service quality, brand and price fairness on customer satisfaction; and relationship between customer satisfaction and customer perceived value.

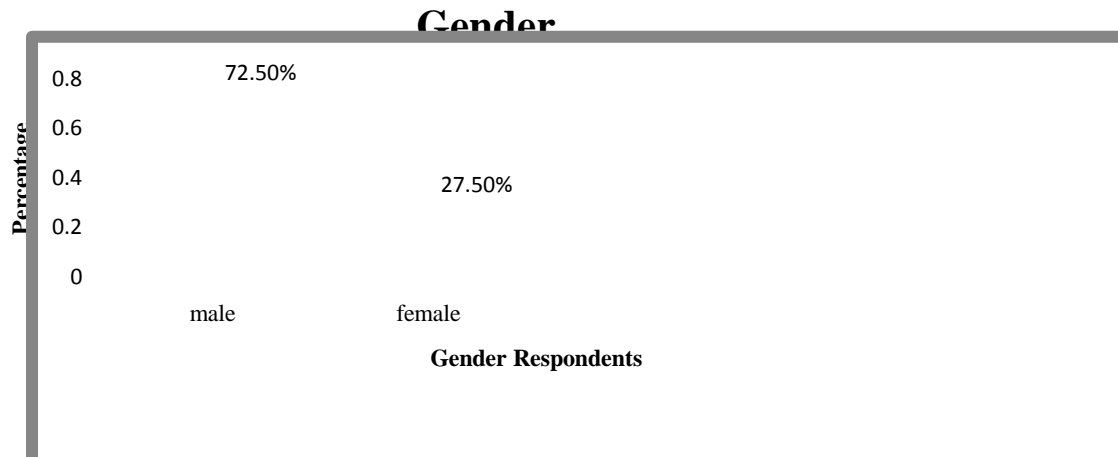
4.2 Demographic Information

The study sought to ascertain the background information of the respondents involved in the study. The background information points at the respondents' suitability in answering the questions on the factors influencing cargo customer satisfaction taking a case of Kenya Airways Cargo.

4.2.1 Gender Composition

The study sought to establish the respondents' gender. From the findings, the study established that the majority of respondents were males who were 73.4%, while females were 26.5%. This means that the customer satisfaction levels are gender sensitive as the company has both male and female customers. The gender corporation is indicated in Figure 4.2.

Figure 4.2: Gender of the respondents

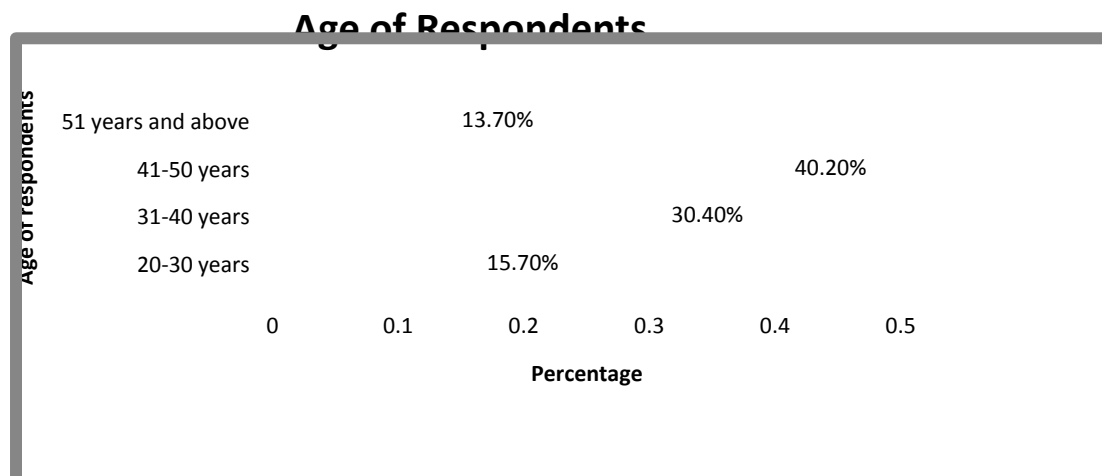


Source: Research Data

4.2.2 Age of the Respondents

The study, shown in figure 4.3, found out that 13.7% of the respondents were over 50 years; 40.2% were between 41-50 years; 30.4% were aged between 31-40 years while 15.7% were between 20-30 years. This shows that Kenya customers were well distributed in terms of age and could therefore give reliable information on customer satisfaction as different generations are affected by the various factors differently.

Figure 4.3: Age of the respondents

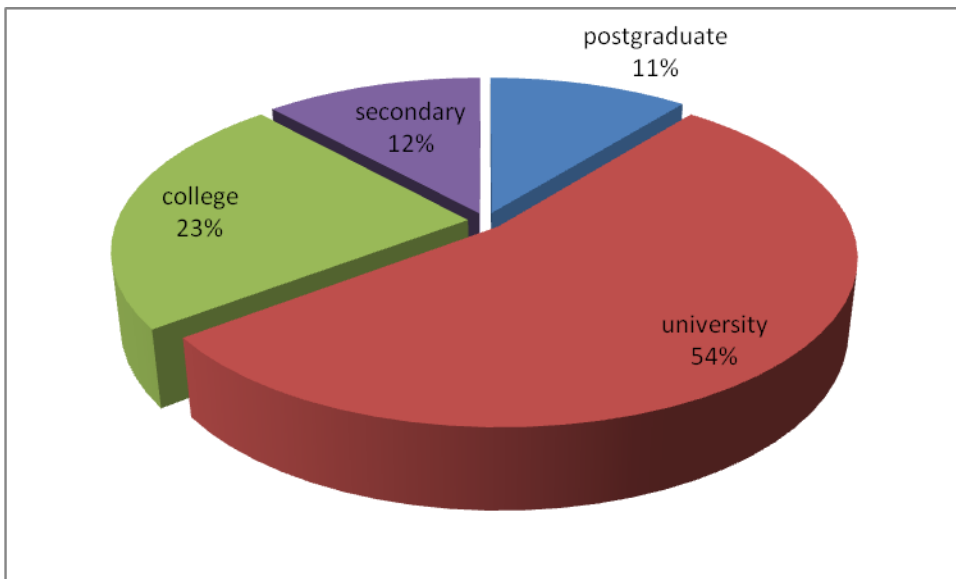


Source: Research Data

4.2.3 Level of Education

The findings as shown in Figure 4.4 indicate that 10.8% of the respondents had a postgraduate as their highest level of education; 53.9% had a university education; 23.5% had a college education; while the other respondents, 11.8%, had a secondary level of education. This information indicates that the respondents were knowledgeable enough and could give valid and reliable information.

Figure 4.4: Highest Education Level

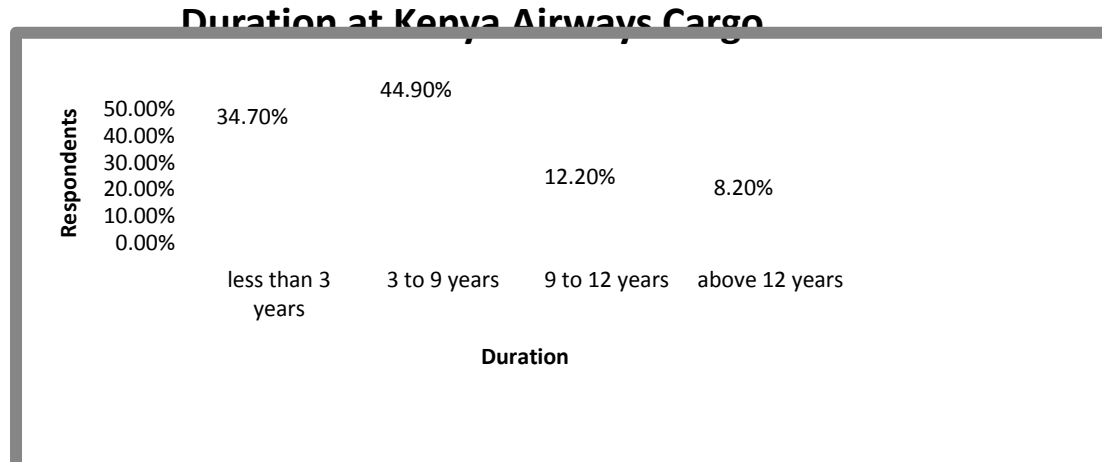


Source: Research Data

4.2.4 Duration that the respondents have dealt with/used Kenya Airways Cargo

The respondents were asked to state the duration that they have dealt with Kenya Airways Cargo. As shown in Figure 4.5 the responses show that 44.9% had dealt with/used Kenya airways cargo for a period of 3 to 9 years; 34.7% indicated less than 3 years; 12.2% for 9 to 12 years while 8.2% had used Kenya airways cargo for over 12 years. This results indicate that majority of the respondents had enough experience with the organization products to give credible information with regard to factors affecting customer satisfaction.

Figure 4.5: Duration at Kenya Airways Cargo

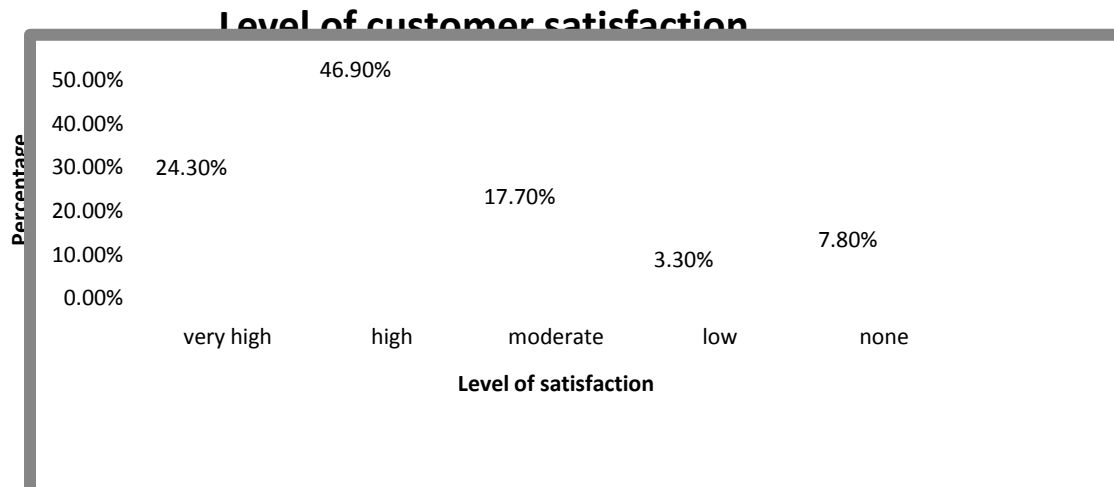


Source: Research Data

4.2.5 Respondents rating of KAC customer satisfaction

The study needed the respondents to indicate the level of satisfaction they derive from Kenya airways cargo. From the findings 46.9% received high satisfaction; 24.7% received very high satisfaction, 17.7% got moderate satisfaction, 7.8% received no satisfaction while (3.3%) got low satisfaction. The average of all this shows that the level of customer satisfaction is high at Kenya Airways Cargo.

Figure 4.6: Level of Customer Satisfaction

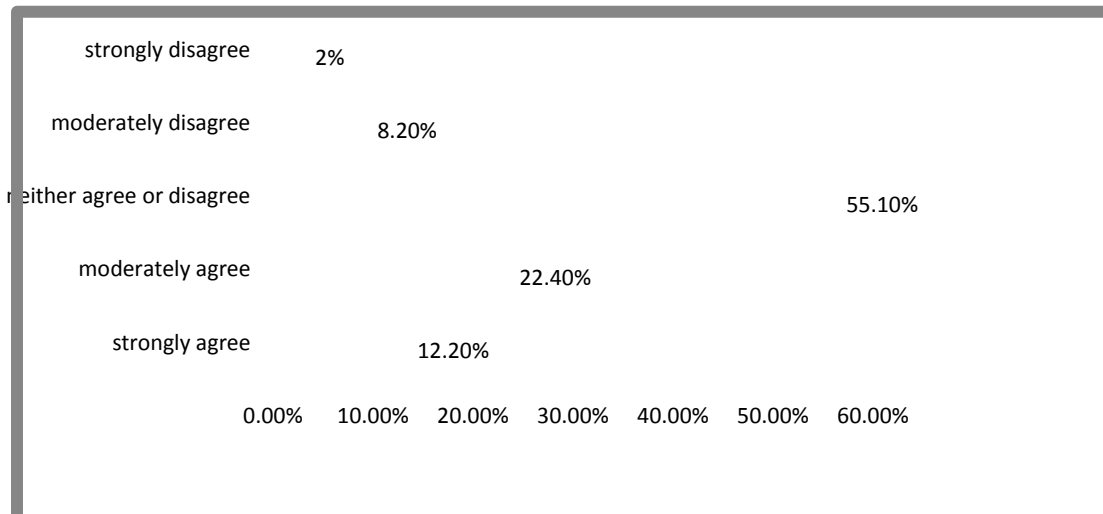


Source: Research Data

4.2.6 Respondents rating of Maintenance of Customer Satisfaction

The study sought to establish the respondents rating of maintenance of their satisfaction with Kenya Airways Cargo. As shown in Figure 4.7, 55.1% of the respondents neither agreed nor disagreed on maintenance of customer satisfaction at Kenya airways cargo, 22.4% moderately agreed that the satisfaction was maintained, 12.2% strongly agreed, 8.2% moderately disagreed while 2% strongly disagreed. Customers were not sure whether customer satisfaction was maintained at Kenya Airways Cargo.

Figure 4.7: Maintenance of Customer Satisfaction



Source: Research Data

4.3 Factors influencing Customer Satisfaction

The study sought to develop a predicting equation for customer satisfaction with reference promotion the findings are discussed in subsequent sections

4.3.1 Promotion and Customer Satisfaction

The respondents were required to indicate their extent of agreement on effect of level of promotion to their satisfaction. The findings are summarized in Table 4.3.

Table 4.3: Level of Promotion and Customer Satisfaction

Statements	Frequency	Percent
Strongly agree	27	26.6
Moderately agree	45	44.1
Neither agree or disagree	23	22.5
Moderately disagree	3	2.9
Strongly disagree	4	3.9
Total	102	100.0

Source: Research Data

The study required the respondents to indicate the extent at which promotion at Kenya airways cargo improved their satisfaction. The summary of the findings is as presented in Table 4.4.

Table 4.4: Extent of Promotion on Customer Satisfaction

Statements	Frequency	Percent
Very large extent	16	15.7
Large extent	53	51.9
Moderate extent	21	20.6
Less extent	5	4.9
No extent	7	6.9
Total	102	100.0

Source: Research Data

The highest number of respondents, 51.9%, indicated that promotion improved their satisfaction to a large extent; 20.6% indicated that promotion affected their satisfaction to a moderate extent, 15.7% indicated a very large extent, 6.9% indicated no extent while 4.9% indicated a less extent. The study concludes therefore that promotion improved customer satisfaction at KAC to a large extent.

The study required the respondents to indicate the extent of their agreement with the stated statements on the effects of promotion on their satisfaction at Kenya Airways Cargo. The statements were on a scale of 1-5 where 1=strongly disagree, 2-disagree, 3-neither agree nor disagree, 4=agree and 5=strongly agree. The findings are presented in Table 4.5.

Table 4.5: Effects of Promotion Customer Satisfaction

Statements	Mean	STD
Advertisement is very informative and influence my decision to use KAC	4.02	0.045
Personal Selling influence my decision with Kenya Airways Cargo	2.37	0.571
Launching Program impact my decision and interests me to order belly capacity and charter brokerage services	3.43	0.934
Radio and television Influence my decision to use KAC	4.54	0.107
Sales promotion make me deep understand and affect my decision to use KAC	3.93	0.802
Advertisement is very informative and influence my decision to use KAC	3.67	0.564

Source: Research Data

From the findings shown in Table 4.5 the respondents strongly agreed that radio and television influenced their decision to use Kenya airways cargo as indicated by a mean on 4.54. A further mean of 4.02 can be interpreted to mean that the respondents agreed that advertisement is very informative and influence their decision to use KAC. They also agreed that sales promotion a mean of make them deep understand and affected their decision in using KAC as shown by a mean of 3.93. With a further mean of 3.67 it meant that they agreed that advertisement was very informative and influenced their decision in using KAC. A mean of 3.43 indicated that they were undecided whether launching program impacted their decision or interested them to order belly capacity and charter brokerage services. They disagreed to Personal Selling influencing their decision with Kenya Airways Cargo as indicated by a mean of 2.37. From the above findings it is clear that promotion does have an effect on customer satisfaction with Kenya airways cargo. Advertisement is the main promotion that satisfies customers who agreed on being influenced by radio and television.

4.3.2 Quality of Service and Customer Satisfaction

The study sought to develop a predicting equation for customer satisfaction with reference to quality of service the findings are discussed in subsequent sections

The study aimed at determining whether quality of service at KAC has maintained the level of customer satisfaction. The respondents were required to indicate their level of agreement. The response are summarized in Table 4.6.

Table 4.6: Quality of service and level of satisfaction

Statements	Frequency	Percent
Strongly agree	54	55.1
Moderately agree	22	22.4
Neither agree or disagree	12	12.2
Moderately disagree	8	8.2
Strongly disagree	2	2
Total	102	100.0

Source: Research Data

As indicated in Table 4.6, the highest number of respondents (55.1%) strongly agreed, 22.4% moderately agreed, 12.2% neither agreed nor disagreed, 8.2% moderately disagreed while 2% strongly disagreed that quality service at the Kenya Airways Cargo had maintained the level of their satisfaction. As the findings indicate, the quality of service at KAC maintained the level of customer satisfaction. The service quality of cargo services was seen to have improved customer satisfaction at Kenya Airways Cargo.

The study required the respondents to indicate the extent to which service quality improved customer satisfaction at the Kenya Airways Cargo. The findings are as shown in Table 4.7

Table 4.7: Extent of Service Quality on Customer Satisfaction

Statements	Frequency	Percent
Very large extent	56	54.9
Large extent	27	26.5
Moderate extent	11	10.8
Less extent	6	5.8
No extent	2	2.0
Total	102	100.0

Source: Research Data

The findings show that 54.9% of respondents indicated that service quality improved customer satisfaction; 26.5% indicated a large extent; 10.8% moderate extent, 5.8% for less extent and 2% indicated a no extent. From the findings therefore, service quality improved satisfaction for customers at Kenya airways cargo.

The respondents were required to indicate their level of satisfaction on the effect of service quality on customer satisfaction at Kenya airways cargo. They were to indicate on a level of 1-5 with 1=very low satisfaction, 2=low satisfaction, 3=moderate satisfaction, 4=high satisfaction and 5=very high satisfaction. The results are indicated in Table 4.8

Table 4.8: Effects of Service Quality on Customer Satisfaction

Statements	Mean	STD
Kenya Airways Cargo facilities, equipment, personnel, and communication materials attract me in using KAC.	4.02	0.045
Knowledge and courtesy of employees and their ability to convey my trust and confidence in KAC	2.37	0.571
Kenya Airways Cargo employee willingness to help customers and provide prompt service which guarantee repeat business	3.43	0.934
The firm provides care and individualized attention to the customers than other handling companies.	3.44	0.107
Kenya Airways Cargo professionalism in dealing with you	3.93	0.802
Kenya Airways Cargo responsiveness in dealing with you	3.67	0.564

Source: Research Data

From the findings shown in Table 4.8, a mean of 4.02 indicated that the respondents were

highly satisfied that Kenya Airways Cargo facilities, equipment, personnel, and communication materials attracted them in using KAC. A mean of 3.93 indicated that the respondents were highly satisfied that with the way Kenya Airways Cargo professionalism in dealing with them. They were also highly satisfied with Kenya Airways Cargo responsiveness in dealing with them as indicated by a mean of 3.67. They were moderately satisfied with the firm providence of care and individualized attention to the customers as compared to other handling companies indicated by a mean of 3.44. A mean of 3.43 indicated that the respondents were moderately satisfied with Kenya Airways Cargo employee willingness to help customers and provide prompt service which guaranteed repeat business. They were however lowly satisfied with the knowledge and courtesy of employees and their ability to convey their trust and confidence in KAC as shown by a mean of 2.37. From the findings it can be seen that the facilities, equipment, personnel and communication at Kenya Airways Cargo determined the satisfaction by their customers.

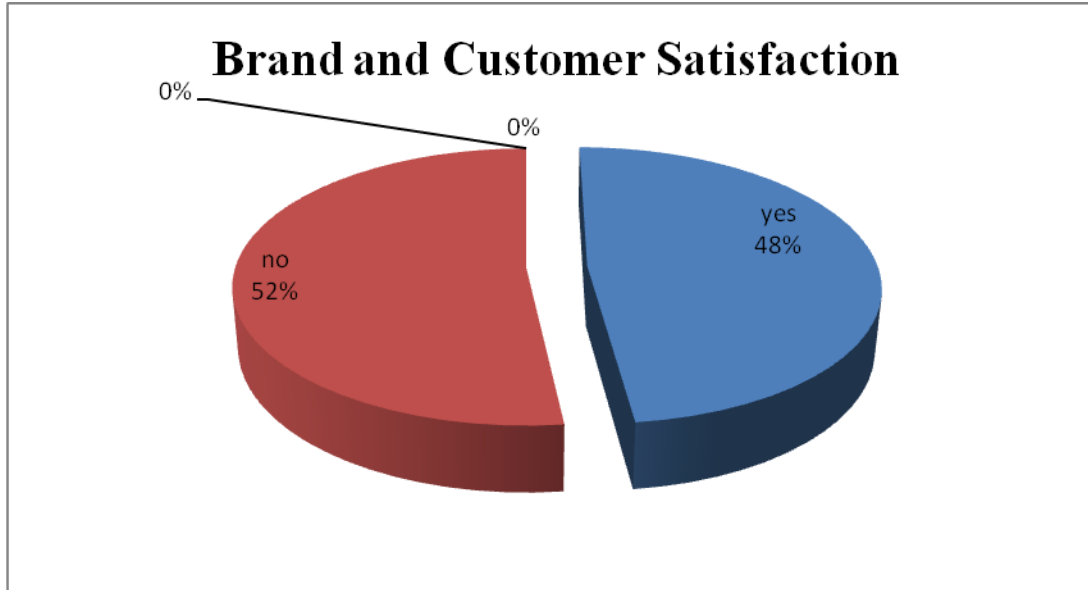
4.3.3 Brand and Customer Satisfaction

The study sought to develop a predicting equation for customer satisfaction with reference to brand the findings are discussed in subsequent sections.

The respondents were required to indicate whether or not Kenya airways cargo brand affected their satisfaction. The response is summarized in Figure 4.8.

From the findings, 48% of the respondents indicated yes while 52% indicated no on satisfaction by the Kenya airways cargo brand. It can be concluded therefore that brand has average impact on customer satisfaction although it influenced to a certain percentage.

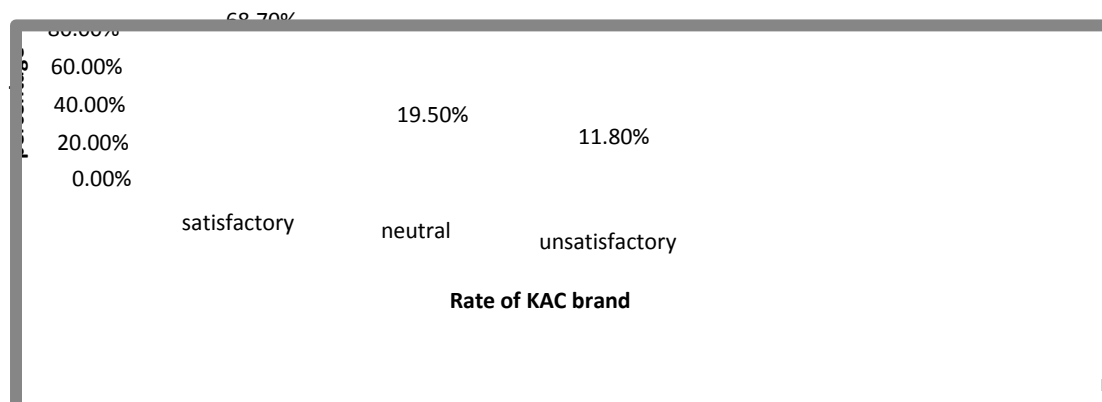
Figure 4.8: Brand and Customer Satisfaction



Source: Research Data

The respondents were asked to rate the Kenya airways cargo brand according to their satisfaction. They were to show their satisfaction on a scale of 1-3 where 1=satisfactory, 2=neutral, 3=unsatisfactory. The responses are summarized in Figure 4.9.

Figure 4.9: Rating Kenya Airways Cargo Brand



Source: Research Data

The study required the respondents to indicate the extent to which they stated strategies at

Kenya airways cargo improved their satisfaction. They were to indicate on a scale of 1-5 where 1=very low extent, 2=low extent, 3=moderate extent, 4=high extent and 5=very high extent. The results are summarized in Table 4.9.

Table 4.9: Strategies for improving customer satisfaction at KAC

Statements	Mean	STD
Sales promotion	4.02	0.045
Free gifts	1.37	0.571
Free samples	1.43	0.934
Advertising & direct marketing	4.54	0.107
Personal selling	4.33	0.802
Service support	2.47	0.564
Personal interaction	3.05	0.608

Source: Research Data

From the results in Table 4.9, advertising and direct marketing customer satisfaction to a very high extent as shown by a mean of 4.54. This was followed by a mean of 4.33 showing that personal selling improved customer satisfaction to a high extent. Sales promotion with a mean of 4.02 indicated that it influenced customer satisfaction to a high extent. Personal interaction influenced to a moderate extent as seen by a mean of 3.05 while service support with a mean of 2.47 influenced to a low extent. Free samples and free gifts influence customer satisfaction to a very low extent as indicated by a mean of 1.43 and 1.37 respectively. From the findings the strategies that highly affected customer satisfaction were advertising and direct marketing, personal selling and promotion.

The study required the respondents to indicate the extent of their agreement with the stated statements on the effects of brand on their satisfaction at Kenya Airways Cargo. The statements were on a scale of 1-5 where 1=strongly disagree, 2-disagree, 3-neither agree nor disagree, 4=agree and 5=strongly agree. The findings are presented in Table 4.10.

Table 4. 10 Effects of brand on customer satisfaction

Statements	Mean	STD
Good corporate image stimulates belly capacity and charter brokerage services from the company by simplifying my decision to use KAC	4.02	0.645
Brand offers extrinsic information cue for both existing and potential buyers	4.37	0.501
Kenya Airways Cargo brand is established and developed in the consumers' mind through communication and experience.	4.43	0.234
Brand under the current market conditions play an important role in both attracting and retaining me.	3.44	0.102
When I am satisfied with the services rendered, my attitude towards the company is improved. This attitude affect my satisfaction with the company	4.93	0.002
My decision to belly capacity and charter brokerage services at Kenya Airways Cargo depend on my knowledge of the brand being offered and affect my satisfaction	1.67	0.234
Brand Image play an important role in my decision to belly capacity and charter brokerage services	3.04	1.006

Source: Research Data

A mean of 4.93 indicated that the respondents strongly agreed that when they were satisfied with the services rendered, their attitude towards the company is improved and the attitude affected their satisfaction with the company. A mean of 4.43 meant that respondents agreed that Kenya Airways Cargo brand was established and developed in the consumers' mind through communication and experience. They also agreed that brand offers extrinsic information cue for both existing and potential buyers as indicated by a mean of 4.37. They agreed that good corporate image stimulated belly capacity and charter brokerage services from the company by simplifying their decision to use KAC as shown by a mean of 4.02. They were undecided whether brand under the current market conditions played an important role in either attracting or retaining them given by a mean of 3.44. Another mean of 3.04 indicated that they were also undecided on whether brand Image played an important role in their decision to belly capacity and charter brokerage services. They however disagreed that their decision to belly capacity and charter brokerage services at Kenya Airways Cargo depended on their knowledge of the brand being offered affecting

their satisfaction as was indicated by a mean of 1.67. From the findings, brand influenced customers' satisfaction although it does not affect their relationship and the transactions between the organization and the clients. The customers considered other factors other than the brand.

4.3.4 Price Fairness and Customer Satisfaction

The study sought to develop a predicting equation for customer satisfaction with reference to price fairness the findings are discussed in subsequent sections

The study aimed at finding out whether price fairness at the Kenya Airways Cargo had maintained the customers' level of satisfaction. The respondents indicated their level of agreement with the stated statement. Responses are summarized in Table 4.11.

Table 4.11 : Price Fairness and Level of Satisfaction

Statements	Frequency	Percent
Strongly agree	42	41.2
Moderately agree	17	16.7
Neither agree or disagree	31	30.4
Moderately disagree	5	4.9
Strongly disagree	7	6.9
Total	102	100.0

Source: Research Data

Table 4.11 shows that 41.2% strongly agreed, 30.4% neither agreed or disagreed, 16.7% moderately agreed, 6.9% strongly disagreed while 4.9% moderately disagreed that price fairness affected the level of satisfaction. It is clear therefore that price fairness determined customer satisfaction at Kenya airways cargo. The fairer the price is to the clients the higher the satisfaction and the reverse is also true.

The respondents indicated the extent at which price fairness improved their satisfaction with the Kenya Airways Cargo. The response is indicated in Table 4.12

Table 4.12: Extent of Price Fairness on Customer Satisfaction

Statements	Frequency	Percent
Very large extent	11	10.8
Large extent	48	47.1
Moderate extent	27	26.5
Less extent	6	5.8
No extent	10	9.8
Total	102	100.0

Source: Research Data

From the findings in Table 4.12, 47.1% of the respondents indicated that price fairness affected customer satisfaction to a large extent. This was followed by 26.5 % for respondents who indicated a moderate extent; 10.8% for very large extent; 9.8% for no extent while the remainder 5.8% indicated a less extent. The study concludes price fairness affected customer satisfaction.

The study aimed at finding out the effects of price fairness on customer satisfaction at Kenya Airways Cargo. The statements were on a scale of 1-5 where 1=strongly disagree, 2-disagree, 3-neither agree nor disagree, 4=agree and 5=strongly agree. The findings are summarized in Table 4.13.

Table 4.13: Effect of Price Fairness on Customer Satisfaction

Statements	Mean	STD
Price fairness impacts positively on my belly capacity and charter brokerage services at Kenya Airways Cargo	3.02	0.415
Price fairness is a very important issue that leads toward satisfaction	4.37	0.602
Charging fair price helps to develop my satisfaction and loyalty	4.09	0.341
My satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness	2.28	0.203
The price fairness itself and the way it is fixed and offered have a great impact on satisfaction	3.96	0.441

Source: Research Data

The findings presented in Table 4.13 indicate that the respondents agreed that price fairness was a very important issue that led toward satisfaction as given by a mean of 4.37. In addition a mean of 4.09 indicated that the respondents agreed that charging fair price helped develop their satisfaction and loyalty. They also agreed that the price fairness itself and the way it was fixed and offered had a great impact on satisfaction as shown by a mean of 3.96. They neither agreed nor disagreed on whether price fairness impacted positively on their belly capacity and charter brokerage services at Kenya Airways Cargo given by a mean of 3.02. They however disagreed that their satisfaction was directly influenced by price perceptions while indirectly through the perception of price fairness as indicated by a mean of 2.28. From the findings price fairness affected customer satisfaction at Kenya Airways Cargo.

4.4 Perceived value on KAC services

The third objective of the study sought to determine the relationship between customer satisfaction and customers perceived value and the findings are discussed in subsequent sections.

The respondents were asked to rate perceived value as offered by Kenya airways cargo. They were to indicate on a scale of 1-5 with 1=not at all 5=very great extent. The results are summarized in Table 4.14 below.

Table 4.14: Kenya Airways Cargo Services

Cargo Services	Mean	STD
Carrying delivery	4.42	0.760
Service levels	3.14	0.179
Value for money	3.41	0.322
Corporate image	3.46	0.057
Effective problem resolution process	2.43	1.003

Source: Research Data

The respondents perceived carrying delivery to a great extent (4.42), moderate extent for corporate image (3.46), value for money to a moderate extent (3.41), moderate extent in service levels (3.14) but low extent for effective problem resolution process (2.43). The overall perceived value at Kenya Airways Cargo can be said to be moderate.

The study required the respondents to rate the aspects of customer satisfaction at KAC. The statements were on a scale of 1-5 where 1=strongly disagree, 2-disagree, 3-neither agree nor disagree, 4=agree and 5=strongly agree. The results are summarized in Table 4.15.

Table 4.15: Aspects of customer satisfaction

Aspects	Mean	STD
My cargo arrives at final destination as per the booking provided	4.21	0.760
I am fully updated in every aspect of my freight journey	2.36	0.089
Charging fair price helps to develop my satisfaction and loyalty	2.14	0.179
My satisfaction is directly influenced by KAC loyalty	3.31	0.322
My satisfaction is directly influenced by KAC high quality service	4.46	0.057
Problem solving mechanisms utilized by KAC influences my satisfaction	2.43	0.671

Source: Research Data

From the findings a mean of 4.46 indicated that the respondents agreed that their perceived value was directly influenced by KAC high quality service. A mean of 4.21 meant that the respondents agreed that their cargo arrived at final destination as per the booking provided. They neither agreed nor disagreed whether their satisfaction was directly influenced by KAC loyalty as given by a mean of 3.31. A mean of 2.43 was interpreted to mean that the respondents disagreed that problem solving mechanisms utilized by KAC influenced their satisfaction. They also disagreed that they were fully updated in every aspect of freight journey and that charging fair price helped to develop their satisfaction and loyalty as given by a mean of 2.36 and 2.14 respectively.

4.5 Relationship between Perceived value and customer satisfaction

Pearson's product moment correlation analysis was used to assess the relationship between PV and customer satisfaction at Kenya Airways Cargo.

Pearson's correlations analysis was conducted at 95% confidence interval and 5% confidence level 2-tailed. Pearson's correlations analysis was used to assess the relationship between PV and CS at Kenya Airways Cargo

Table 4.16: Correlation Matrix

	Perceived value	Customer satisfaction
Relationship between PV and CS		
Perceived value (r) (p) Sig. (2 tailed)	1.000	
Customer satisfaction(r) (p) (2 tailed)	0.894 0.018	1.000

Source: Research Data

Table 4.16 indicates the correlation matrix between perceived value and customer satisfaction. According to the table, there is a positive relationship between customer satisfaction and perceived value of magnitude 0.894. The positive relationship indicates that there is a correlation between customer satisfaction and perceived value.

This notwithstanding, all the factors had a significant p-value ($p < 0.05$) at 95% confidence level. The significance values for relationship between customer satisfaction and promotion, price fairness, service quality and brand were 0.018, 0.031, 0.024 and 0.048 respectively.

4.6 Predicting Equation for Customer Satisfaction

The researcher conducted a multiple regression analysis so as to determine relationship between various factors and customer satisfaction. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the

independent variables or the percentage of variation in the dependent variable (customer satisfaction) that is explained by all the four independent variables (promotion, price fairness, service quality and brand).

The data used for the regression analysis is as shown in Table in summarized mean scores.

Table 4.17: Data used for the regression analysis

Customer satisfaction (Y)	Promotion (X ₁)	Price fairness (X ₂)	Service quality (X ₃)	Brand (X ₄)
3.151667	3.66	3.544	3.476667	3.03

Statistical package for social sciences (SPSS V 17.0) was used in coding, entering and computing the measurements of the multiple regressions for the study. The results from the package are summarized in Tables 4.19 and 4.20

As shown in Tables 4.19, the four independent variables that were studied explain 84.5% of the customer satisfaction as represented by the R². This therefore means that other factors not studied in this research contribute 15.5% of the customer satisfaction.

Therefore, further research should be conducted to investigate the other factors (15.5%) that affect customer satisfaction in Kenya Airways Cargo.

Table 4.18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.919	0.845	0.789	0.6273

Source: Research Data

As shown in Table 4.20 the significance value is 0.0179 which is less than 0.05 thus the model is statistically significant in predicting how promotion, price fairness, service quality and brand affect the customer satisfaction at Kenya Airways Cargo. The F critical at 5% level of significance was 3.23. Since F calculated (9.475) is greater than the F critical (value = 3.23), this shows that the overall model was significant.

Table 4.19: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2.534	2	1.267	9.475	.0179 ^a
Residual	9.307	40	2.327		
Total	3.465	42			

Source: Research Data

Multiple regression analysis was conducted as to determine the relationship between customer satisfaction and the four variables. As per the SPSS generated Table 4.20, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes:

$$Y = 1.147 + 0.752X_1 + 0.487X_2 + 0.545X_3 + 0.439X_4$$

According to the regression equation, taking all factors (promotion, price fairness, service quality and brand) at zero, customer satisfaction will be 1.147. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in promotion will lead to a 0.752 increase in customer satisfaction; a unit increase in price fairness will lead to a 0.487 increase in customer satisfaction, a unit increase in service quality will lead to a 0.545 increase in customer satisfaction and a unit increase in brand will lead to a 0.439 increase in customer satisfaction. This infers that promotion contribute most to the customer satisfaction followed by service quality. At 5% level of significance and 95% level of confidence all the factors are significant. Promotion had a 0.0192 level of significance, price fairness showed a 0.0269 level of significance, service quality showed a 0.0251 level of significance, and brand showed a 0.0454 level of significance hence the most significant factor is promotion.

Table 4.20: Significant of the Factors

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.147	1.2235		1.615	0.179
Promotion	0.752	0.1032	0.152	4.223	.0192
Price fairness	0.487	0.3425	0.054	3.724	.0269
Service quality	0.545	0.2178	0.116	3.936	.0251
Brand	0.439	0.1937	0.263	3.247	.0454

Source: Research Data

4.7 Discussion of Results

From the findings, it was established that most of the customers were satisfied with the Kenya Airways Cargo services. Customers were not sure whether customer satisfaction was maintained at Kenya Airways Cargo. The study found out that the level of promotion at Kenya Airways Cargo enhanced satisfaction as it improved customer satisfaction at KAC to a large extent. It also found out that promotion does have an effect on customer satisfaction at Kenya airways cargo. Advertisement is the main promotion that satisfies customers through radio and television. This is in line with Strahilevitz and Myers, (1998), who argues that promotions are shown to reduce feelings of guilt associated with consumption of certain products that can result to customer satisfaction. Schindler, (1989) suggested that the outcome of promotional purchases is predicted to result in specific pride related responses such feeling like a “smart shopper”. With regard to the service quality of cargo services the study found out that it improved customer satisfaction at Kenya Airways Cargo. The facilities, equipment, personnel and communication at Kenya Airways Cargo determined the satisfaction by their customers.

The study established that that brand had little impact on customer satisfaction although it influenced to a certain percentage. From the findings, strategies that highly affected customer satisfaction were advertising and direct marketing, personal selling and promotion.

From the findings, brand influenced customers' satisfaction although it does not affect their relationship and the transactions between the organization and the clients. The customers considered other factors other than the brand. This is in agreement with (Boulding, Kalra, Staelin, & Zeithaml, (1993) who suggested that perceptions of high service quality and high service satisfaction resulted in a very high level of purchase intentions. The facilities, equipment, personnel and communication at Kenya Airways Cargo determined the satisfaction by their customers. This is in line with Coner and Gungor, (2002) that quality of service is directly related to customer satisfaction, and leads to the loyalty of the customer. Zikman (2002) was also of the idea that service recovery literature has shown that resolving customer problems has a strong impact on customer satisfaction and loyalty.

The study further concludes that brand had impact on customer satisfaction although it influenced to a certain percentage. This is in line with Tidwell and Horgan (1993) who resolved that people use products to enhance self-image. It also concludes that the strategies that highly affected customer satisfaction were advertising and direct marketing, personal selling and promotion. This development is in line with Lovelock (1984) who claims that a growing number of service companies have embarked on a journey of positioning through the communication channel (i.e. advertising and personal selling), with the objective of building strong brand in order to create relative attractiveness. From the findings, brand influenced customers' satisfaction although it does not affect their relationship and the transactions between the organization and the clients. The customers considered other factors other than the brand.

The study further found out that price fairness determined customer satisfaction at Kenya airways cargo. It established that the fairer the price is to the clients the higher the satisfaction and the reverse is also true. In addition the study found out that price fairness was influential and improved customer satisfaction. The study also concludes that the fairer the price is to the clients the higher the satisfaction and the reverse is also true. The study therefore concludes that the fairness was influential and improved customer satisfaction. This study corresponds with Martin-Consuegra, Molina and Esteban, (2007) who argued that charging fair price helps to develop customer satisfaction and loyalty. Research has

shown that customer's decision to accept particular price has a direct bearing at satisfaction level and loyalty indirectly.

The study also established that there is a correlation between the factors and the customer satisfaction with promotion having the highest value and price fairness having the lowest correlation value. From the regression analysis the following regression equation was formulated; $Y = 1.147 + 0.752X_1 + 0.487X_2 + 0.545X_3 + 0.439X_4$

From the above regression equation, it can be deduced that promotion contributes most to the customer satisfaction followed by service quality. At 5% level of significance and 95% level of confidence, the most significant factor is promotion.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of factors influencing customer satisfaction at Kenya Airways Cargo service. The conclusions and recommendations are drawn there to. The chapter is therefore structured into summary of findings, conclusions, recommendations and area for further research. The conclusions and recommendations drawn focus on the purpose of the study.

5.2 Conclusions

From the findings the study concludes that promotion affect customers' satisfaction levels at Kenya Airways Cargo mainly through advertisement that satisfies customers through radio and television. It also concludes that the service quality of cargo services improved customer satisfaction at Kenya Airways Cargo. The study further concludes that brand had impact on customer satisfaction although it influenced to a certain percentage. It also concludes that the strategies that highly affected customer satisfaction were advertising and direct marketing, personal selling and promotion. From the findings, brand influenced customers' satisfaction although it does not affect their relationship and the transactions between the organization and the clients. The customers considered other factors other than the brand.

The study also study concludes that price fairness determines customer satisfaction at Kenya airways cargo. The study also concludes that the fairer the price is to the clients the higher the satisfaction and the reverse is also true. The study therefore concludes that the fairness was influential and improved customer satisfaction.

Finally, the study concludes that all the predicting factors are significant to customer satisfaction, with promotion being the most significant factor followed by service quality.

5.3 Recommendations

Promotion seems to be catchy to the customers. They suggested use of radio and television as the source of information. The study recommends use of wider means of promotion in an effort to get more clients and compete with the growing market. The Kenya airways cargo should work on its brand to ensure that it fully influenced the level of customer satisfaction.

The study further recommends improvement of quality of service as it mattered to the clients and therefore influenced their level of satisfaction. Kenya airways should further improve their quality of service as a guarantee to the customers' satisfaction. The study also recommends use of fairer prices in an effort to warranty customer satisfaction so as to retain them.

5.4 Limitations of the study

Getting of information was a major problem faced by the researcher because the respondents feared victimization because of release of the information. Furthermore, it was very difficult for researchers to get information from senior managers due lack of cooperation and some senior managers refused to give the researcher time to gather the information from them. Some staff was not willing to give sensitive information because they feared being harassed by their seniors

5.5 Suggestion for Further Studies

Further studies should be done on the factors affecting customer satisfaction in other cargo airliner service since different airlines have different strategic approaches. Other studies should work to determine other factors influential on customer satisfaction other than those appearing in this study.

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APPENDICES

APPENDIX I: LETTER TO THE RESPONDENTS



**UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME**

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE.....18/8/2014

TO WHOM IT MAY CONCERN

The bearer of this letter.....NICHOLAS ASHITIVA LISECHE

Registration No.....061/63298/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

**PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS**



APPENDIX II: QUESTIONNAIRE

FACTORS INFLUENCING CARGO CUSTOMER SATISFACTION FOR KENYA AIRWAYS CARGO

This questionnaire aims at collecting information and data for academic use by the researcher. Your kind participation will go along way in providing useful information required to complete this research. The information provided will be treated in confidence. You need not indicate your name. Please answer the questions precisely and objectively; the information will be treated confidentially

Section A: Respondents General information

1. Gender

Male [] Female []

2. Indicate your age bracket

20-30 yrs []

31-40 yrs []

41-50 yrs []

51 and above []

3. State your highest level of education

Secondary level []

College []

University []

Postgraduate []

4. For how long have you dealt with /used Kenya Airways Cargo?

Less than 3 years []

3 to 9 years []

9 to 12 years []

Above 12 years []

5. What is your designation in your Company?.....

6. Rank the level of customer satisfaction you derive from Kenya Airways Cargo

- Very High []
- High []
- Moderate []
- Low []
- None []

7. What is your opinion on the following statement: Kenya Airways Cargo has been able to maintain customer satisfaction.

- Strongly agree []
- Moderately agree []
- Neither agree nor disagree []
- Moderately disagree []
- Strongly disagree []

Section B: The Effects of Promotion on Customer Satisfaction of Clients of Kenya Airways Cargo

8. The level of promotion at the Kenya Airways Cargo has enhanced our level satisfaction

- Strongly agree []
- Moderately agree []
- Neither agree nor disagree []
- Moderately disagree []
- Strongly disagree []

9. How has promotion of cargo services improved your satisfaction with Kenya Airways Cargo services?

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

10. To what extent does promotion improve your satisfaction at the Kenya Airways Cargo?

- Very large extent []
- Large extent []
- Moderate extent []
- Less extent []
- No extent []

11. Rate the effects of promotion on your satisfaction with Kenya Airways Cargo on a scale of 1-5 with Very low satisfaction =1, Low satisfaction =2, Moderate satisfaction = 3, High satisfaction = 4, Very high satisfaction=5.

Indicators	1	2	3	4	5
Advertisement is very informative and influence my decision to use KAC					
Personal Selling influence my decision with Kenya Airways Cargo					
Launching Program impact my decision and interests me to order belly capacity and charter brokerage					
Radio and television Influence my decision to use KAC					
Sales promotion make me deep understand and affect my decision to use KAC					

Section C: The Effects of Quality of Service on Customer Satisfaction of Clients of Kenya Airways Cargo

12. The quality of service at the Kenya Airways Cargo has maintained the level of my satisfaction.

- Strongly agree []
- Moderately agree []
- Neither agree nor disagree []
- Moderately disagree []
- Strongly disagree []

13. How has service quality of cargo services improved your satisfaction at the Kenya Airways Cargo?

.....

14. To what extent does service quality improve your satisfaction at the Kenya Airways Cargo?

- Very large extent ()
- Large extent ()
- Moderate extent ()
- Less extent ()
- No extent ()

15. Rate the effects of service quality on your satisfaction of clients of Kenya Airways

Cargo on a of 1-5 with Strongly disagree =1, disagree =2, neither agree nor disagree = 3, agree = 4, strongly agree=5.

Indicators	1	2	3	4	5
Kenya Airways Cargo facilities, equipment, personnel, and communication materials attract me in using KAC.					
Knowledge and courtesy of employees and their ability to convey my trust and confidence in KAC					
Kenya Airways Cargo employee willingness to help customers and provide prompt service which guarantee repeat business					
The firm provides care and individualized attention to the customers than other handling companies.					
How do you rate Kenya Airways Cargo professionalism in dealing with you					
How do you rate Kenya Airways Cargo responsiveness in dealing with you					

Section D: The Effects of Brand on Customer Satisfaction of Clients of Kenya Airways Cargo

16. Does the Kenya Airways Cargo brand affect your satisfaction?

Yes [] No []

17. How do you rate the Kenya Airways Cargo brand?

Satisfactory []

Neutral []

Unsatisfactory []

18. A company brand can be established and developed in the consumers' mind through communication. In line with this, to what extent does Kenya Airways Cargo improve your satisfaction using the following strategies where Very low extent =1, Low extent =2, Moderate extent = 3, High extent = 4, Very high extent=5.

Indictors	1	2	3	4	5
Sales promotion					
Free gifts					
Free samples					
Advertising & direct marketing					
Personal selling					
Service support					
Personal interaction					

19. To what extent do you agree with the following effects of brand in influencing your level of satisfaction at Kenya Airways Cargo? Strongly disagree =1, disagree =2, neither agree nor disagree = 3, agree = 4, strongly agree=5.

Indicators	1	2	3	4	5
Good corporate image stimulates belly capacity and charter brokerage services from the company by simplifying my decision to use KAC					
Brand offers extrinsic information cue for both existing and potential buyers					
Kenya Airways Cargo brand is established and developed in the consumers' mind through communication and experience.					
Brand under the current market conditions play an important role in both attracting and retaining me.					

When I am satisfied with the services rendered, my attitude towards the company is improved. This attitude affect my satisfaction with the company					
My decision to belly capacity and charter brokerage services at Kenya Airways Cargo depend on my knowledge of the brand being offered and affect my satisfaction					
Brand Image play an important role in my decision to belly capacity and charter brokerage services					

Section E: The Effects of price fairness on Customer Satisfaction of Clients of Kenya Airways Cargo

20. Price fairness at the Kenya Airways Cargo has maintained the level of my satisfaction

- Strongly agree []
- Moderately agree []
- Neither agree nor disagree []
- Moderately disagree []
- Strongly disagree []

21. How has price fairness of cargo services improved your satisfaction at the Kenya Airways Cargo?

.....

22. To what extent does price fairness improve your satisfaction at the Kenya Airways Cargo?

- Very large extent ()
- Large extent ()
- Moderate extent ()
- Less extent ()
- No extent ()

23. Rate the effects of price fairness on your satisfaction with Kenya Airways Cargo on a scale of 1-5 with Strongly disagree =1, disagree =2, neither agree nor disagree = 3, agree = 4, strongly agree=5.

Indicators	1	2	3	4	5
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Price fairness impacts positively on my belly capacity and charter brokerage services at Kenya Airways Cargo					
Price fairness is a very important issue that leads toward satisfaction					
Charging fair price helps to develop my satisfaction and loyalty					
My satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness					
The price fairness itself and the way it is fixed and offered have a great impact on satisfaction					

Section F: Customer satisfaction

24. Rank the level of customer satisfaction you derive from Kenya Airways Cargo (KAC)

Very high []

High []

Moderate []

Low []

Very Low []

25. What is your opinion on the following statement: Kenya Airways Cargo (KAC) has been able to maintain customer satisfaction.

Strongly agree []

Moderately agree []

Neither agree nor disagree []

Moderately disagree []

Strongly disagree []

26. To what extent do the following impact on your perception of value in Kenya Airways Cargo (KAC)? (5 stands for Very great extend , 1 stands for Not at all)

	5	4	3	2	1
Carrying delivery					
Service levels					
Value for money					
Corporate image					
Effective problem resolution process					

27. Rate the Aspects of Customer satisfaction on your perceived value with Kenya Airways Cargo on a scale of 1-5 with Strongly disagree =1, disagree =2, neither agree nor disagree = 3, agree = 4, strongly agree=5.

Indicators	1	2	3	4	5
My cargo arrives at final destination as per the booking provided					
I am fully updated in every aspect of my freight journey					
Charging fair price helps to develop my satisfaction and loyalty					
My satisfaction is directly influenced by KAC loyalty					
My satisfaction is directly influenced by KAC high quality service					
Problem solving mechanisms utilized by KAC influences my satisfaction					

Thank you for your cooperation and input!