DETERMINANTS OF CUSTOMER SATISFACTION OF SAFARICOM MOBILE SUBSCRIBERS IN NAIROBI, KENYA

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DECLARATION

I declare that this research project is my original work and has never been submitted to any other University for assessment or award of a degree.

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Signature…………………………….. Date………………………………

This project has been submitted with my authority as the university supervisors.

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DEDICATION

I dedicate this project to my father, who is my role model and has given me the drive and discipline to tackle any task with enthusiasm and determination. It is also dedicated to my mother, who taught me that even the largest task can be accomplished if it is done one step at a time.

ACKNOWLEDGEMENT

ABSTRACT

The objective of this study was to establish the determinants of customer satisfaction of Safaricom mobile subscribers in Nairobi, Kenya. The city was stratified into five regions, i.e. Eastlands, Westlands, Southlands, City center and along Thika road and one Safaricom Retail shop was selected per region. The study collected the perceptions of 100 Safaricom mobile subscribers from these five shops in Nairobi through a semi-structured survey questionnaire. The determinants of customer satisfaction investigated in this study was adopted from the SERVQUAL model and tailored to telecommunication industry. These factors were rated for level of importance and satisfaction on a five point Likert scale with rating ranging from very satisfied (5) to very dissatisfied (1) and very important(5) to not important at all (1).The study found out that factors related to appearance of physical facilities, personnel and communication materials (Tangibility) was the most significant. Other determinants include; Technical quality, Reliability, Responsiveness to customer problem and Assurance. Conversely Image and Empathy were found to be least significant and include aspects such as network's success, country of origin of network, top executive leadership, contacts in phonebook, involvement in social responsibility, length of time in business, operating hours, specific needs of customers, friendly customer service employees and individualized attention. The factors that affect customer satisfaction are numerous and constantly change and therefore satisfying customers is a never ending task. Future studies should focus on those aspects that determine loyalty as numerous studies have shown that satisfied customers do not necessarily become or remain loyal customers. It is important to note that loyalty enables customers to look beyond the occasional negative experience and continue to purchase a company's products.

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ABBREVIATIONS AND ACRONYMS

SMS	Short Message Service
MMS	Multimedia Messaging Service
UN	United Nations
UNEP	United Nations Environment Programmes
NPS	Net Promoter Score
SERVQUAL:	Service Quality Model
Ksh.	Kenya shilling

CHAPTER ONE: INTRODUCTION

I.1 Background of the Study

Customer satisfaction is increasingly becoming a key differentiator in today's competitive environment. Successful organizations are constantly seeking for ways to keep customers so happy that they keep coming back. Sales and market share can indicate that the company is performing well; customer satisfaction on the other hand is the best predictor of the likelihood to repurchase (Kotler, 2003). With companies facing stiff competition globally, it makes business sense for to look for the most efficient way to make money. Customer acquisition is one of the marketing strategies used in a competitive environment; however, it has become a very costly affair in modern age. A research by Bain and Company (2006) found that it costs six to seven times more to acquire new customers than to retain existing customers. It also found out those businesses that boosted customer retention rates by as little as 5%, saw increases in their profits ranging from 5% to 95% (MacDonald, 2013). McIntyre (2013) found that satisfaction is a necessary pre-condition for loyalty, and satisfied customers may indeed be repeat customers.

The theory of consumer behavior explains how individuals, groups, and organizations select, buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and wants. The factors that influence consumer behavior can be grouped into two categories; external and internal forces. External influences include culture and sub culture, social class, reference groups, family, roles and statuses. Internal forces that explain consumer behavior include perception, motivation, attitudes, and lifestyle. According to Kardes, Cline and Cronley (2011), consumer behavior theory explains how consumers make decisions to buy or

not to buy. Consumers consider two factors when making decisions. The first factor is processing effort; consumers may process no information and purchase intuitively. This is characteristic of low cost products, frequently purchased products that involve habitual purchase such as milk, and bread. The second factor is level of involvement; this refers to personal relevance or importance of issue or situation. High involvement decisions are important to consumers and is often associated with emotional outcome. Consumers also demonstrate high level of involvement where the perceived risk is high. Perceived risk could be financial, physical, performance, psychological and social. There are five steps in a consumer decision making process; a need or a want is recognized, information search process, evaluation of alternatives, purchase of product or service, and post purchase evaluation (Blackwell, Miniard & Engel, 2006).

Safaricom has successfully managed to retain its market share amidst threats of new entrants, changing regulatory environment and economic fluctuations. This study seeks to understand what makes the Safaricom mobile subscribers satisfied. Customer satisfaction metrics is very useful to managers in managing and monitoring performance. Their employees will be able to focus on fulfilling customer expectations. When the ratings decline, it is a strong warning that sales and profitability may decline. Satisfied customers are loyal and loyalty is a positive word of mouth in marketing which is free and effective. Managers will need to know, manage, and reliably measure the customer satisfaction determinants in order to keep customers.

1.1.1 Customer Satisfaction

Marketing concept recognizes that the key to achieving organizational goals consists of determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors. Customer orientation is the key to achieving organizations goals (Kotler, 2003). Further, customer orientation requires the organization to define customers' needs and wants from the customer's point of view and not the organization's point of view. This accrues several benefits; likelihood of repurchase, free word of mouth marketing, less attention to competitor's brands and purchase of other product that the company later adds to its line.

Customer satisfaction represents the consumer's judgments regarding a firm's success or failure in meeting expectations (Oliver, 1980). If the performance falls short of expectations, the customer is dissatisfied. If the performance exceeds expectations, the customer is satisfied. Consumers make buying decisions based on the perceptions of the value that products and services deliver. Customer value is described as the difference between the values the customer gains from owning and using a product and the costs of obtaining the product. Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation.

According to Schiffman et al. (2011), the market place consists of three major roles; the consumer who consumes and uses the product or service; the buyer who undertakes the activities to procure or obtain the product or service; and the payer who provides the money or any other object of value to obtain the product or service. For the purpose of this study, the

researcher is interested in the ultimate user of the product. The researcher appreciates that there are instances however, where the end user of the product is also the purchaser and that consumption can even refer to business consumption. To explicitly define and delineate the context used in this study; customer satisfaction pertains to the response of the end user who may or may not be the purchaser.

1.1.2 Determinants of Customer Satisfaction

Customer satisfaction plays a vital role in business today. Given the importance of customer satisfaction, numerous studies have investigated the determinants of satisfaction. Satisfaction can be determined by subjective (e.g. customer needs, emotions) and objective factors (e.g. product and service features). In relation to telecommunication industry, there have been numerous studies. The studies had identified several factors that have great impact on the on customer satisfaction. Odhiambo (2003) identified availability of scratch cards and convenience of loading of credit, customer service, and free voice mail retrieval as some of the satisfiers. The most dissatisfying variables were network coverage, pricing, and promotions on mobile handsets.

Popli and Madan (2013) did a research on determinants of customer satisfaction in telecom industry - a study of Indian telecom industry and found three major factors; customer service, pricing and network coverage. More research studies in telecommunication industry in different markets such as Nigeria and Bangladesh by Eniola, (2006) and Kabir, Alam & Alam (2006) have identified factors such as service quality, perceived ease of use, corporate brand image, and validity period, social and business networks as factors influencing

satisfaction. The level of customer orientation by service staff determines customer satisfaction. Customer service staff should clearly communicate with customers, to manage their problems regarding product or service, analyze the customer need and wants, inform about new offerings, with the aim of generating customer loyalty. Pricing products competitively determines the company's bottom line. It is determined by what a buyer is willing to pay, a seller is willing to accept, and the competition is allowing to be charged. Innovation is a contributor to customer satisfaction; companies have to keep up with the latest technological advances in order to remain competitive. In regards to network coverage, customer's purchase mobile devices in order to stay connected. Poor network coverage leads to dissatisfaction. Other studies have hinted on appeal of top executive and innovation as determinants. This study will group these factors and investigate whether these factors apply to Safaricom mobile subscribers.

1.1.3 Safaricom Limited

Safaricom launched operations in 1993 as a department of Kenya Posts and Telecommunications Corporation, the former monopoly operator. It was finally incorporated as a private limited company in 1997. In May 2007 Vodafone Plc the world's largest telecommunication company, acquired a 40% stake and management. It eventually converted to a public company in 2002.In 2008; Safaricom floated 60% of its share at Sh5 each. This represents 25% of the total issued share capital of Safaricom from the Government of Kenya's shareholding in Safaricom Limited (Safaricom, 2014).

Safaricom Limited was re-launched as a joint venture with Telkom Kenya in July 2000. Since then, it has grown from a subscriber base of less than 20,000 to its current subscriber

base of 21.57 million. Today Safaricom is one of the leading companies in East Africa and is the most profitable company in the region with annual revenues of over Kshs 144.7billion for the year ended March 2014 financial results (Safaricom, 2014). The other mobile telephone companies in Kenya are Airtel Kenya limited (Airtel), Orange Telkom Kenya Limited (Orange) and Essar Kenya Limited (Yu). The Communications Authority of Kenya (CA) licensed three companies - Finserve Africa Limited, Zioncell Kenya Limited, and Mobile Pay Limited- with Mobile Virtual Network Operator licenses in April 2014. MVNOs will ride on communications infrastructure networks of existing Mobile Network Operators to provide cellular mobile services to end users including customer registration, SIM cards issuance, billing, and customer care (CA, 2014)

The regulatory body formerly known as Communications Commission of Kenya and now Communications Authority of Kenya implemented mobile number portability in Kenya in April 2011. The phone number can be ported by the customer to another operator. The performance of the Mobile Number Portability (MNP) continues to contend with stiff competition from the operators who have devised strategies for customer retention (Communication Commission of Kenya). The combined subscription base from all providers in April 2014 was 31.309 million subscribers. This represents 76.9% penetration rate. Safaricom leads with 67.9% of the market share, Airtel with 16.5%, Yu follows with 8.5% and lastly Orange with 7.2% (CCK, 2014).

Safaricom distributes products through dealership network of approximately 2600 outlets Customers can also access services through forty Safaricom shops distributed in major towns

in Kenya. The company offers a range of devices such as mobile handsets, broadband modems, routers, tablets, notebooks, and laptop computers. Its money transfer product, M-PESA, has been an overwhelming success (Safaricom, 2014). It offers a variety of messaging services, which includes SMS, MMS and video messaging, SMS based promotions, such as BonyezaUshinde, a call-back SMS notification for missed calls, and Please Call Me free message service that enables customers to alert other mobile users to call them back (with daily limits). Other service provided are ring back tones: branded as skiza tunes, this is a service entertains callers with a favorite song of choice instead of the standard ring that users hear when waiting the recipient to answer calls.

Safaricom subscribers include enterprise and individual consumers on prepay and or post pay in data and voice services. 99% of Safaricom customers are from consumer market segment and mostly use prepaid subscription. They are generally serviced through dealer networks and Safaricom retail shops. These customers pay for their telecommunication bills via own disposable income and use the service primarily for social or personal reasons. The enterprise market comprise of business organizations and institutions. These can be profit motivated organizations and charitable organizations. This market segment use telecommunication facilities to conduct company business and bills are paid by the institution. Majority of enterprise customers are postpaid are require dedicated face to face account management (Safaricom, 2014).

Nairobi County is one of the 47 counties in Kenya. The city of Nairobi is Kenya's capital and largest city. Nairobi County was founded in 2013 on the same boundaries as Nairobi

Province. According to the 2009 Kenya Census results, the inhabitants are 3.1million, 1.6million are male and 1.5 million are female (www.knbs.or.ke).The Nairobi county region covers approximately 694.85 Sq Km. According to Omwenga (2010), Nairobi is characterized by a large and growing population of skilled workforce and multi-cultural diversity. It is strategic geographical location locally, regionally, and internationally hence, it is home to UN lead agencies, UNEP and UN-Habitat. Nairobi has an established commercial and industrial base, regional and international headquarters for several corporations and organizations, unique natural and tourist attractions and concentration of education and research institutions. According to 2009 census results, majority of the population is employed in the private sector and 2.2million inhabitants in Nairobi have access to mobile service.

1.2 Research Problem

Customer satisfaction can help brands to build long and profitable relationships with their customers. Though it is costly for a firm to generate satisfied and loyal customers, it is profitable in the end. A firm should concentrate on the improvement of service quality and charge appropriate fair price in order to satisfy their customers, which would ultimately help customer retention. Customer satisfaction enhance increased profits, increased volume of sales, increased market share, improved brand equity and corporate image in the long run thus survival of the firm in the competitive market environment (Kotler & Armstrong, 2010).

Safaricom have evidently succeeded largely due to the focus on meeting customer needs. The customers at the heart of Safaricom organizational strategy, listening to customers had

largely increased the company's competitive advantage and led to innovative products and services. The company has invested in 24-hour toll free call center and has 43 retail shops in major towns in the country in addition to care desks in selected dealer outlets (Safaricom, 2014). The changing customer needs and wants in the telecommunication industry influence of technology, and competition from other players in the industry has necessitated Safaricom to emphasize on customer satisfaction as a marketing strategy to attract and retain customers. Customers perceive satisfaction and quality from different perspectives therefore, there is need to constantly research to understand what makes customers satisfied and take actions where there are gaps.

Numerous studies have been carried out locally in regard to the field of customer satisfaction and in telecommunication industry. For instance, a study by Ofwona (2007) on factors which determine individual consumer choice of mobile telephone service providers in the City of Nairobi established that costs of the services offered was the most important factor. Similarly, Odhiambo (2003) studied the determinants of customer satisfaction for mobile phone subscribers in Nairobi and found that customer care is an understudied area in corporate organization due to inability to understand customer demands in terms of customer service and service characteristics. On the other hand, a study by Imbuga (2005) on determinants of customer service in supermarkets in Nairobi found that customers experienced difficulties due to poor communication from employees and inadequate information given concerning products and poor after sale services.

Wang'ondu (2009) researched on factors affecting customer satisfaction in airline industry and identified that customers in the airline industry experienced challenges of quality customer services which included; communication, reliability and courtesy from the staff members. Finally, Murekio (2010) did a study on customer satisfaction and revenue generation among Safaricom retail centers in Nairobi and found a significant relationship between the level of customer satisfaction and the amount of revenue at Safaricom retail centers.

As indicated from the above, previous studies had paid little if any attention to factors influencing customer satisfaction by telecommunication companies in Kenya. Therefore, it is for this reason this study sought to determine the factors that influence customer satisfaction. It was guided by the following question; what are the determinants of customer satisfaction of Safaricom mobile subscribers in Nairobi, Kenya?

1.3 Research Objective

The objective of the study was to assess the determinants of customer satisfaction of Safaricom mobile subscribers in Nairobi, Kenya.

1.4 Value of the Study

This study is important to managers in telecommunication companies clarifies what performance indicators meets the customer's expectation. The managers will then be able to identify key priority areas of improvements in performance and set goals on service

improvement against a customer satisfaction measurement of choice in order to gain in customer satisfaction.

The findings of the study can be used in benchmarking other industries performance with telecommunication service standards. Mobile telecommunication industry in Kenya has grown at a rapid rate.

This study forms a basis upon which further research on the same will be established. The findings will enable the researchers understand the necessary resources which may be required in future related studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter drew literature in the area of customer satisfaction. Buying and using goods and services results from consumer decision making. The specific areas covered were, perspectives on decision-making, consumer decision model, measurement of customer satisfaction and value of customer satisfaction.

2.2 Theoretical Foundation of the Study

In the consumer behavior theory, researchers have several perspectives in consumer decision-making and models that explain the decision making process.

2.2.1 Perspectives on Consumer Decision-making

Four models have been used in various texts to explain why customers behave the way they do. These include economic, passive, cognitive, and emotional model. According to Wright (2006), economists assume that consumers act rationally in their own self-interest. The most common model from this perspective is 'Utility Theory', which proposes that consumers make choices based on the expected outcomes of their decisions. In this economic model, the consumers will have to rank all alternative in terms of benefits and disadvantages and pick one superior alternative. This has been criticized that consumers barely have sufficient information, level of involvement or motivation to make perfect decisions. In passive model, consumers are perceived as irrational and impulsive purchasers ready to submit to the promotional efforts of marketers. This model fails to recognize that consumers can play an important role in many purchase situations.

The cognitive model portrays the consumer as an information seeker, constantly seeking information in regards to products and services that fulfill their needs. The consumer may use preference formation strategy like experts or trusted friend to determine their preferences. The emotional or impulsive model depicts that consumers associate emotions or feelings to purchases or possessions. Customers would like to associate deep feeling such as joy, love, fear, hope, sexuality, fantasy, and even little magic with certain purchases or possessions (Schiffman et al., 2011).

Out of the four views of consumer decision making, this study assumes consumers use cognitive view of decision making because of the nature of mobile telephony services. The majority of mobile phone subscriber use voice related service that confirms that consumers purchase mobile phones mostly for the communication purposes. These consumers will thus search for information that will be satisfactory for their decision on network to subscribe to that will fill their need. They cannot be aware of all the alternatives or all the information out there as per economical view. They are also not submissive to will of the marketers like in passive view because consumers have several options to communicate. The emotional view of decision-making is also not considered the major decision making view since this is characteristic of purchases that are highly involving.

2.2.2 Consumer Decision Model

The Consumer Decision Model was originally developed in 1968 by Engel, Kollat, and Blackwell and since then, there have been various versions by other researchers.

Kotler (2003) noted that the buying process starts long before the purchase and continues long after. Schiffman et al. (2011) grouped this process into three distinct categories, input stage, process stage and output stage (see figure 1).

Figure 1: A model of consumer decision-making process
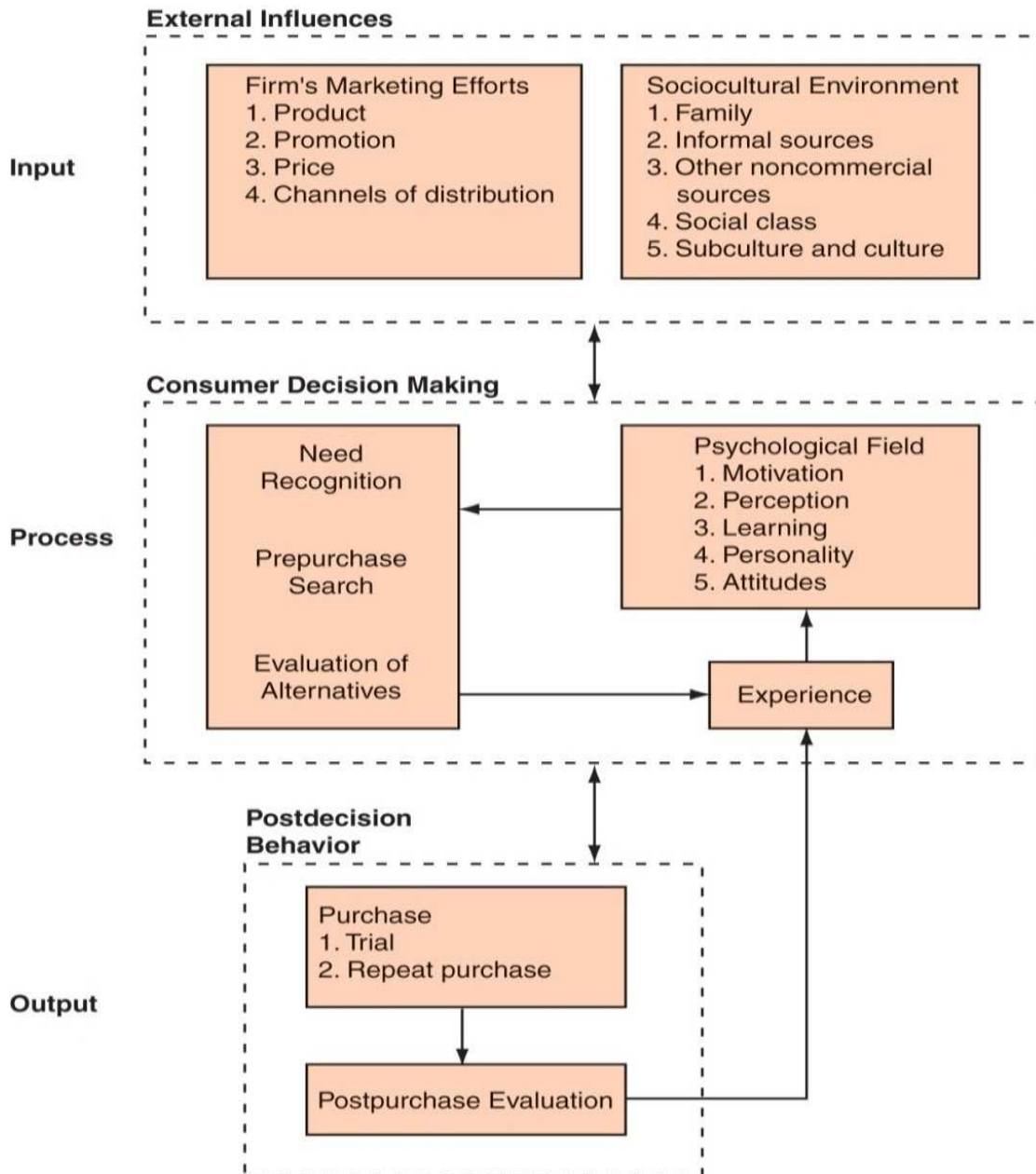
Source: Schiffman, L., O'Cass, A., Paladino, A., D'Alessandro, S., &Bednall, D. (2011). Consumer behaviour (5th ed.). Australia: Pearson.

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Kardes et al. (2008) noted that not all consumer decisions are alike. Routine decisions are characterized by little risk and low level of involvement by the consumer. Emotionally involving consumption on the other hand involves extensive problem solving. Consumer decision process consists of five stages: problem recognition, information search, evaluation of alternatives, purchase decision, and post purchase evaluation. Not all purchase situations go through all the stages, some vary depending on the consumer's level of involvement, and some may be skipped altogether.

According to Assael (2004), several factors affect need recognition. To begin with, the consumer's experiences set expectations for future. Any deviations from these expectations will cause a customer to shift brands. Secondly, consumer characteristics such as demographics, lifestyles, personalities, income, age, marital status affect the choice of product or service. A consumer who is socially oriented may want to purchase a product to impress others. Thirdly, consumer motives affect the specific benefit criteria that consumers evaluate brands. Motives are drives that direct consumers to attain their needs such motives could be status, economy, benefits, and price. Fourthly, consumers are affected by environmental influences such as decision-making unit, reference groups, and sources of information, culture, and subculture. Lastly, past marketing stimulus about the brand will affect consumer needs. This information can be obtained from the adverts, sales representatives and the internet.

The process stages focuses on how consumers make decisions based on psychological factors inherent in the individual such as motivation, perception, learning, personality, and attitudes. This consists of three stages: need recognition, purchase search, and evaluation of alternative.

The experience gained from evaluation of alternatives affect existing psychological attributes. Alternatives, experience, psychological field and need recognition. The final step of output is the post purchase behavior consists of the actual purchase and post-purchase evaluation. The trial is exploratory phase, repeat purchase signifies product adoption. The focus of this study was the pre-purchase, evaluation of alternatives and post-purchase evaluation.

2.2.2.1 Pre- purchase Stage

Information can be sought from internal or external sources. Kotler (2003) noted that internal information comes from previous experiences. This information is sufficient for everyday products that the consumer knows. A major purchase with a level of uncertainty or stronger involvement and the consumer does not have enough information, the will seek external information.

External information involves collecting information from the market place, family and peers. According to Blackwell et al., (2006) the extent of information search depends on personality, social class, past experiences, prior brand perceptions, and customer satisfaction. There will be little, if any search behavior where consumers are delighted with the brand. For this reason, successful companies always strive to satisfy their customers. The research instrument in this study picked variables from inputs to information search such as pricing, promotions, product, and distribution and seek to establish if they do determine customer satisfaction.

2.2.2.2 Evaluation of Alternatives

Evaluating alternatives is the next stage after information search. Consumers identify options and select the best. They compare what they know about brands in the market and what they think as most important and decide to purchase one. Consumers will use preexisting evaluations stored in the memory past experiences otherwise known as evoked set that will most likely result in satisfaction (Blackwell et al., 2006)

Blackwell et al. (2006) noted that consumers use different attributes to evaluate brands and products. Some attributes are salient and some are determinant. In the case of mobile telephone service, network quality, network coverage, and pricing might be an important attribute by most consumers others might consider loyalty programs, pricing as significant. Consumers weigh each attribute with different weights when evaluation against alternatives. Further changes on attributes affect brand choice.

Consumer decision rules are used to reduce the burden of evaluating every single attribute and product in detail. It is information-processing strategy to create shortcuts, routines, guidelines to make the decision simpler. Kardes et al., (2011) noted that consumer decision rules are referred to as heuristics, decision strategies, and information processing strategies. For example, brand visibility can influence consumers to purchase and minimize desire to look for more information.

Consumers can decision rules can be classified into two; compensatory and non-compensatory decision rules (Solomon, Bamossy, Askegaard & Hogg, 2010). In

compensatory decision rules the decision rule is picking product with the best score. Each attribute of the product is weighted by the consumer and added. This rule assumes that the product with the highest added score is picked. Non-Compensatory decision rule on the other hand does not allow a negative attribute to be balanced with a positive attribute. If an attribute is below acceptable level, it will be discarded. For example, in mobile telephony service negative rating of lack of network coverage will not offset the positive rating of brand image. Instead, the provider will be disqualified for further considerations. On compensatory rules below, include conjunctive, disjunctive, and Lexicographic

According to Schiffman et al., (2011) conjunctive rule is where the consumer sets a minimum acceptable level for each of its attributes and each attribute must be above that level. If an attribute is below acceptable, it is taken out of the alternative list. In some instances more than one alternative passes all the requirements, in that case another decision rule must be applied to achieve a decisive choice. Disjunctive decision rule on the other hand is similar to conjunctive rule but which may be higher than one normally applied in conjunctive decision rule. The consumer sets an acceptable level rather than minimum level for all relevant attribute and selects one that meets his value on one particular attribute, which is not necessarily the most important. As long as one attribute is above the cut-off level, it is accepted as a possible option. Again, like in the conjunctive rule if more than one product passes the cut-off level, an additional decision rule must be used.

Lexicographic decision rule refers to a situation where each attribute is ranked based on their relative importance to the consumers themselves. Consumer compares the products based on

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the most important attributes and chooses the one with the best score in the most important attribute(s). Affect referral decision rule is the shortest cut of all the decision rules available. Instead of focusing on the attributes with this decision rule consumer chooses the product with the highest perceived overall rating (Solomon et al., 2010).

A variety of decision rules apply in mobile telephony market. There could be loyalists who look for ways to save but still buy anyway, bottom-line shoppers who buy the lowest priced item, opportunist switchers who use promotions to switch brands and deal hunters who look for best bargains and are not loyal to the brands. Some commonly held heuristics are; length of time the company has been in business, price –quality relationship, country of origin whereby consumers tend to rate their own products favorably, and choice of familiar brand names. The instrument in this study will look at brand reputation as a determinant of customer satisfaction.

2.2.2.3 Post- purchase Stage

Post purchase behavior determines whether the customer is satisfied or dissatisfied in the purchase decision. The answer lies in the discrepancy between expectations and perceived performance. According to Assael (2004), satisfaction is a consequence of meeting and exceeding customer expectation. In such an instance, the purchase decisions reinforced. According to the expectation-disconfirmation model, satisfaction is closely to expectations. Expectations are predictions about the future, the focus of which can range from general beliefs about the product as a whole to anticipating specific product characteristics (Oliver, 1980). Vavra (1998) noted that expectations will be confirmed when perceived performance

meets expectation, affirmed when it exceeds expectation and disconfirmed when performance falls short of them. This confirmation/affirmation process directs the future performance judgment on performance.

The level of expectations is influenced by personal need, prior customer's experience, direct communication by the company via media or private communication and indirect communication via word of mouth between friends, acquaintances, and independent media. Customer's prior experience creates a major basis for expectation is concerning a company's service. According to Vavra (1998), it is believed that prior experiences become more and more satisfying. Thus, expectations for future performance are adjusted even higher will every purchase/consumption experience. Satisfying customers therefore has no end and is seen as a continuous process

The theory of cognitive dissonance in regards to expectations was developed by Festinger (1957), who based his arguments on the basis that individuals aim to maintain or regain the freedom to object to thought processes. Cognitions like opinions, values, item of knowledge and feelings create an imbalance (cognitive dissonance).Applying dissonance theory, customers experiencing lower performance than expected will work towards minimizing the discrepancy either by adding new cognitions that may encourage consonance, rejecting dissonant cognitions (subtraction) or exchange of dissonant (substitution).Further customers experience dissonance after acquisition, after decision to purchase or use of the product. Marketers must therefore aim at ensuring presence of consonance-inducing measure

throughout the purchase process. According to Kotler and Armstrong (2010), consumers feel at least some post purchase dissonance with every purchase.

2.3 Measurement of Customer Satisfaction

Customer satisfaction surveys measure how satisfied a customer is with a certain aspect of product or service by asking a customer a series of satisfaction and loyalty questions. These surveys can be delivered by face to face, postal mail, email or phone calls.There are various contentions as to what to include in the surveys. Reichheld (2006) developed Net Promoter Score (NPS), which is a periodic survey, are that proposes one question to simplify the overcomplicated surveys. In a typical net promoter survey, customers are asked to rate the likelihood to recommend on a scale of 0-10. The net promoter score will be derived by subtracting the number of detractors (those who rated 0 to 6) from prompter those who gave 9to 10 .Customers who score 7 to 8 are passively satisfied and are not included in the score. Normal score range from 10% to 30%.World class score is above 50%. This measures the likelihood of customers to recommend product to others. "Net Promoter" is a registered trademark of Fred Reichheld, Bain & Company and Satmetrix. While it is tempting to reduce your customer satisfaction survey a single question, a lot of valuable information may be lost and one can be easily misled. There is need to get closer to the expected behavior and to collect more information on what to change and what to keep doing.

Mystery shopping is another way of measuring customer satisfaction. Professional observers pose as customers and interact with staff in order to rate the quality of service and suggest gaps for improvement. Complaint analysis is used by other companies as a way of measuring satisfaction. This encourages customers to complain about unsatisfactory service or give

suggestions on improvement. Other companies evaluate customer churn and try and establish why customers are leaving the company finding out why customers leave and intervening when customers show indications of leaving is critical (Raab et al., 2008).

Service quality is defined as "as the customers' satisfaction or dissatisfaction formed by their experience of purchase and use of the service" (Parasuraman et al., 1988). To measure service quality, Parasuraman et al. (1988) identified five dimensions of service quality (SERVQUAL) that must be present in any service delivery. SERVQUAL helps to identify clearly the impact of quality dimensions on the development of customer perceptions and the resulting customer satisfaction.

SERVQUAL include reliability, responsiveness, assurance, empathy, and tangibility. Reliability refers to the ability to perform the promised services dependably and accurately. Responsiveness is the willingness to help customers and provide prompt service; assurance refers to the knowledge and courtesy of employees as well as their ability to convey trust and confidence; empathy is the provision of caring, individualized attention to customers, and tangibility is the appearance of physical facilities, equipment, personnel and communication materials (Parasuraman et al., 1988). In summary, there is no universally agreed assessment of customer satisfaction in therefore in this study, the aspects of service quality adapted to mobile telecoms was used to classify the factors that determine customer satisfaction.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the various methods used to arrive at the stated goals of the study. It consists of the research design, population, data collection, and data analysis techniques.

3.2 Research Design

A research design is a framework or plan for a study used as a guide in collecting and analyzing data. According to Cooper and Schindler (2006), research design aid the researcher in allocation of limited resources by posing crucial choices in methodology. The researcher adopted a descriptive survey in this study. Further, Cooper and Schindler (2006) add that descriptive studies have various objectives: they describe phenomena or characteristics associated with a target population; estimate the proportion of the population that have these characteristics and discovers associations among different variables. The descriptive survey enables the researcher estimate the proportion of population that are satisfied and why. This was a cross sectional study in that data was collected from the sample only once.

3.3 Population of the Study

According to Cooper and Schindler (2006), a population is a total collection of elements about which we wish to make some inferences. The study was based on prepaid and postpaid mobile phone subscribers of Safaricom in Nairobi, Kenya. Nairobi is a metropolitan city and constitutes respondents from all the social background, which generated heterogeneous sample required for this nature of the survey. According to the 2009 National census results,

2.2million inhabitants in Nairobi have access to mobile service. Safaricom leads in market share countrywide with 67.9%, followed by Airtel with 16.5%, Yu with 8.5% and lastly Orange with 7.2%. The exact number of subscribers in Nairobi is not known. The population of this study consisted of Safaricom customers in Nairobi.

3.4 Sample Design

The city was stratified into five regions, i.e. Eastlands, Westlands, Southlands, City center and along Thika road. The 5 shops selected as the sampling frame was; Buruburu, Sarit centre, Nakumatt Mega, Moi Avenue and Thika Road Mall. The study employed systematic random sampling to pick the elements in the study. Due to budgetary constraints, 100 subscribers were interviewed from 5 shops. The 5 shops were visited within a period of five days with an average of 20 respondents per shop making 100 respondents. Using systematic random sampling technique, the first respondent was picked randomly and thereafter fifth adult customer who visits the Safaricom retail shop was picked.

3.5 Data Collection

The study targeted Safaricom subscribers visited Nairobi shops. The data for the research was mainly primary data and was collected using a semi-structured questionnaire that consists of questions on factors that determine customer satisfaction for Safaricom subscribers. The researcher together with a research assistant gave the respondents the questionnaire as they exited the Safaricom Retail shops. A sample of the questionnaire is attached at Appendix II. The researcher trained the research assistant on data collection, administration skills. He was issued with an introduction letter approved by the University

and Safaricom retail shop head of department. The purpose of the survey was explained to the respondent and depending with the respondents' knowledge of the service and literacy level, they were allowed to fill the questionnaire either alone or with the aid of the research assistant. If the respondent was willing to participate, they were given the questionnaire; if unwilling, the next fifth willing participant was selected. Respondents who did not have a Safaricom line were excluded from the sample to eliminate first time buyers.

3.6 Data Analysis

The major data analysis tool was descriptive data analysis. Data collected was analyzed using percentages, mean scores and modes to determine the main factors that affect customer satisfaction for Safaricom mobile subscribers. Regression and correlation analysis was used to analyze the relationship between the independent variables and the dependent variable, which is customer satisfaction. The data was also presented using tables and graphs.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of the data collected from the respondent and discusses the research findings on determinants of customer satisfaction of Safaricom mobile subscribers in Nairobi, Kenya. A 100% response rate was achieved from the total target respondent of 100. The data findings and their possible interpretations have been presented by use of tables, mean, percentages, frequencies, and standard deviation. Data validation was done before analysis. Analysis was carried out using statistical Package for Social Sciences (SPSS) version 17.0-application software for Windows.

4.2 Respondents Personal Information

Respondents were asked to indicate their highest level of education and indicated as shown in Table 4.1.

Table 4.1: Level of Education

Highest Level of Education	Frequency	Percent
Never went to school	1	1.0
Primary education	6	6.0
Secondary education	32	32.0
College certificate	30	30.0
College Diploma/Higher Diploma	19	19.0
Degree level	10	10.0
Postgraduate degree level	2	2.0
Total	100	100.0

Source: Primary Data

From the findings in Table 4.1, 99% of the respondents had primary education and above. This implies that the respondents were educated and had the capacity to comprehend the contents of the questionnaire.

Respondents were asked to indicate their age group and indicated as shown in Table 4.2.

Table 4.2: Age group of respondents

Age Group		Frequency	Percent
Valid	Less than 18 years	4	4.0
	18-29 years	29	29.0
	30-39 years	45	45.0
	40-49 years	17	17.0
	50-59 years	4	4.0
	above 60 years	1	1.0
	Total	100	100.0

Source: Primary Data

As shown in Table 4.2, majority of the respondents were between 30-39 years. Only one respondent was above 60 years. Further, from the findings, 45% of the respondents were male and 55% were female. Bryant et al. (1996) study on customer satisfaction indicate that satisfaction increases with increase in age and that female of all ages are more satisfied than men.

Respondents were asked to indicate their employment status and indicated as shown in Table 4.3.

Table 4.3: Employment Status of respondents

Employment Status	Frequency	Percent
Student	19	19.0
Home maker	14	14.0
Retired	3	3.0
Not employed	15	28.0
Sales	27	34.0
Clerical	10	10.0
Professional	2	2.0
Management	5	2.0
Other	5	5.0
Total	100	100.0

Source: Primary Data

From the findings on table 4.3, a variety of occupations was noted. Generally this was an economically active population. Further, this implies that most respondents who are in white collar jobs were not available for the survey due to work schedules and most customers who visited Safaricom shops in Nairobi shops in the afternoon were either in sales/ freelance jobs, unemployed and students.

Respondents were asked to indicate their monthly income as shown in Table 4.4.

Table 4.4: Monthly Income of Respondents

Monthly Income	Frequency	Percent
10000 and below	4	4.0
10001-20000	23	31.0
20001-30000	42	22.0
30001-40000	22	22.0
40001-50000	9	9.0
50001-10000	5	5.0
100001-150000	5	5.0
Above 150000	2	2.0
Total	100	100.0

Source: Primary Data

From the findings in Table 4.4, 96% of respondents earned above Ksh.10, 001. Bryant et al. (1996) study of 400 companies in American Satisfaction Index indicated that higher dissatisfaction is significantly related with increasing income. Generally, respondent in this study were economically active and had some income.

4.3 General Subscription Information

From the findings, 85% of the respondents had prepaid subscription and 15% had postpaid. The respondents were asked to indicate whether they have other lines and indicated as shown in Table 4.5:

Table 4.5: Other lines Owned by Respondents

Other Subscriptions	Frequency	Percent
Yu	30	30.0
Airtel	23	23.0
Orange	20	20.0
None	27	27.0
Total	100	100.0

Source: Primary Data

From the finding in table 4.5, 73% of the respondents had other subscriptions. This gives an indication of the level of competition in the industry. Respondents were also able to compare service quality standard with other networks and give feedback based on the different standards of service.

Respondents were asked how long they have had a mobile phone and indicated as shown in Table 4.6.

Table 4.6: Period Respondent Have Had a Mobile Phone

Length of time with a mobile	Frequency	Percent
Less than 1 year	2	2.0
1-3 years	8	8.0
4-6 years	28	28.0
7-9 years	45	45.0
Above 10 years	17	17.0
Total	100	100.0

Source: Primary Data

From Table 4.6, 98% of the respondents had a mobile phone for over one year. This gives ample time to evaluate whether they service is up to the customer's expectation.

Respondents were asked to indicate average amount spent on Safaricom airtime in a month. They indicated as shown in Table 4.7:

Table 4.7: Amount Spent on Safaricom airtime in a month

Amount in Kshs. spent on Safaricom airtime	Frequency	Percent
Below 250	6	6.0
250-999	45	45.0
1000-5000	46	46.0
Above 5000	3	3.0
Total	100	100.0

Source: Primary Data

As shown in table 4.7, only 6% spent below Kshs.250.This is a significant portion of their income given that from table 4.7 95% of the respondents earned between Ksh.10, 001 to 50,000.

4.4 The Net Promoter Score

Respondents were asked to rate how they would recommend the company to their friends or colleagues using a scale of 1 – 10 with 1 being not at all likely and 10 being extremely likely. The respondent indicated as shown in Table 4.8:

Table 4.8: Recommending Safaricom Company to Friends

NPS Rating	Frequency	Percent
1	1	1.0
2	1	1.0
3	4	4.0
4	7	7.0
5	15	15.0
6	20	20.0
7	26	26.0
8	16	16.0
9	7	7.0
10	3	3.0
Total	100	100.0

Source: Primary Data

NPS is based on the fundamental perspective that every company's customers can be divided into three categories: Promoters, Passives, and Detractors. Promoters (score 9-10) are loyal enthusiasts who will keep buying and refer others, fueling growth. Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings. Detractors (score 0-6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth. 48% responses were in the 0–6 range (Detractors), 42% responses were in the 7–8 range (Passives), and 10% responses were in the 9–10 range (Promoters). Subtract 48% (Detractors) from 10% (Promoters), which equals -38.

4. 5 Determinants of Customer satisfaction

The seven quality dimensions were picked as the key determinants of customer satisfaction and the factors tailored to mobile telecommunication industry were categorized and grouped in these dimensions.

Using a scale of 1 to 5 (1- not important to 5-very important) the respondent was asked to indicate how important he or she considered aspects categorized as image and using a scale of 1 to 5 (1-very dissatisfied to 5-very Satisfied) the respondents were asked how satisfied they were with the same aspects. The mean scores were tabulated and presented in Table 4.9.

Table 4.9: Image: Importance vs. satisfaction

Image		Importance		Satisfaction	
Categories:	**N**	**Mean Score**	**S.D**	**Mean Score**	**S.D**
The network is very successful	100	4.24	0.74	2.87	1.02
The brand image of services	100	4.22	0.93	2.94	1.08
The networks' involvement in corporate social responsibility and development initiative	100	3.67	1.01	2.65	0.91
Most of my contacts are associated with the network	100	4.12	0.86	3.72	1.01
Length of time the network has been in business	100	4.14	0.80	4.17	0.90
Country of origin of the network	100	3.96	1.04	3.15	0.91
Top executive leadership of the network	100	3.99	0.99	3.83	0.93
Average	100	4.05	0.91	3.33	0.97

Source: Primary Data

From the findings in table 4.9, respondents consider that network success, brand image, association of contacts with the network and length of time the network has been in business as important. Asked about level of satisfaction, respondents were neutral to the fact that the network is successful, to brand image and to the involvement of the network in corporate social responsibility. From the NPS question on what the company can do to improve, clues

can be derived as to why there is a significant gap in expectation and level of satisfaction in network's success, brand image and network's involvement in corporate social responsibility Most respondents indicated that the calling rates as high, network quality needs improvement and there exists a gap in customer service. The customer's expectation is that a successful network should have better rates, better customer service and good network quality. On the other hand, the respondents were satisfied with the length of time the company has been in business.

The respondents were asked to indicate how important technical dimension categories were and the subsequent level of satisfaction. The mean scores were tabulated and presented in Table 4.10.

Table 4.10: Technical: Importance vs. Satisfaction

Technical	Importance			Satisfaction	
Categories	N	Mean Score	S.D	Mean Score	SD
Variety and quality of products and services	100	3.93	0.86	2.89	0.92
Network coverage	100	3.96	0.84	2.82	1.12
Network signal	100	3.95	0.83	2.48	0.98
Success in completion of services	100	3.96	0.86	3.61	0.80
Loyalty programs like bonga	100	3.98	0.82	3.87	0.89
Innovation and use of current technology	100	3.89	1.12	3.53	1.49
Availability of handset and device promotion	100	4.19	0.76	3.46	1.19
Availability of general promotions	100	3.88	0.81	3.31	0.87
Average	100	3.97	0.86	3.25	1.03

Source: Primary Data

Respondents indicated that variety and quality products and services, network coverage, network signal, success in completion of services, loyalty programs like Bonga, innovation and use of current technology, availability of handset and device promotion, and availability of general promotion as important. Safaricom therefore should ensure that it continues improving on the factors to gain a competitive advantage. On the other hand, respondents were satisfied with loyalty programs, as Bonga , success in completion of services e.g calls, M-PESA, SMS, Okoa jahazi, and innovation and use of current technology. Respondents indicated that they were neither satisfied nor dissatisfied with network coverage, variety and quality of products and services, availability of handset and device promotion, and availability of general promotions. The respondents were dissatisfied with the network signal. Safaricom needs to improve its signal as this affects customer satisfaction.

Respondents were asked to indicate how important empathy dimension categories were and the subsequent level of satisfaction. The mean scores were tabulated and presented in Table 4.11.

Table 4.11: Empathy: Importance Vs Satisfaction

Empathy		Importance		Satisfaction	
Categories	N	Mean Score	S.D	Mean Score	S.D
Individualized attention to customers	100	4.36	0.36	3.50	1.20
The service points operating hours are convenient to me	100	3.77	1.31	3.22	1.17
Friendly customer service employees	100	3.91	1.67	3.10	1.26
My specific needs are understood	100	3.69	1.34	3.52	1.21
Average	100	3.93	1.17	3.34	1.21

Source: Primary Data

As evident in table 4.11, respondents indicated that individualized attention to customers, convenient of service points operating hours, friendly customer service employees, and understanding specific needs of customers as important. Asked about level of satisfaction, respondents were satisfied with individualized attention to customers and how their specific needs are understood. Respondents were neither satisfied nor dissatisfied with the service points operating hours, and friendly customer service employees.

Respondents were asked to indicate how important responsiveness dimension categories were and the subsequent level of satisfaction. The mean scores were tabulated and presented in Table 4.12.

Table 4.12: Responsiveness: Importance Vs. Satisfaction

Responsiveness		Importance		Satisfaction	
Categories	N	Mean Score	S.D	Mean Score	SD
My complaints are promptly resolved	100	3.90	1.12	2.80	1.01
The employees are ready and willing to help	100	4.41	0.61	3.15	1.19
The network is never too busy to respond to customer requests	100	4.18	0.99	3.45	1.24
Average	100	4.16	0.91	3.13	1.15

Source: Primary Data

Respondents indicated solving complaints promptly, readiness, and willingness of employees to help and network being never too busy to respond to customers request as important. The respondents were neither satisfied nor dissatisfied with how complaints are promptly resolved, how employees are ready and willing to help, and the fact that Safaricom responds to customer requests.

Respondents were asked on the importance and satisfaction level of assurance and indicated as shown in Table 4.13:

Table 4.13: Assurance: Importance Vs. Satisfaction

Assurance		Importance		Satisfaction	
Categories	**N**	**Mean Score**	**S.D**		
Trust the network provider's confidentiality	100	4.27	0.86	4.09	0.91
Employees are consistently courteous with the customer	100	4.09	0.99	3.57	1.14
Employee knowledge in solving problems	100	3.57	1.14	3.45	1.24
Average	100	3.98	1.0	3.70	1.10

Source: Primary Data

From table 4.13 respondents indicated the following as important; the trust in confidentiality by network provider, courteous employees, and employee knowledge in solving problems. The respondents were satisfied with the network provider confidentiality, and the courteous employees but neither satisfied nor dissatisfied with employee's knowledge in solving problems.

Respondents were asked on the importance and satisfaction level of tangibility and indicated as shown in Table 4.14:

Table 4.14: Tangibility: Importance Vs. Satisfaction

Tangibility		Importance		Satisfaction	
Categories	**N**	**Mean Score**	**S.D**	**Mean Score**	**S.D**
Attractive shop ambience	100	3.49	1.15	3.84	0.96
The communication materials are easy to comprehend and visually appealing	100	4.04	0.86	3.50	1.14
Employees at Safaricom shops neat are presentable	100	4.07	0.77	3.41	0.88
The billing/ charges are easy to understand	100	3.97	1.12	3.61	1.08
Average	100	3.89	0.98	3.59	1.015

Source: Primary Data

From table 4.14, Safaricom has surpassed customer expectation in terms of attractive shop ambience. Respondents were however neutral to the fact that employees at Safaricom Shops are neat and presentable despite the fact that they consider this important. This implies that the company needs to improve on the staff appearance so as to exceed customer expectation. There is also a slight gap in terms of ease of understanding of bills and communication materials that are appealing and easy to comprehend.

Respondents were asked on the importance and satisfaction level of Reliability and indicated as shown in Table 4.15:

Table 4.15: Reliability Importance Vs. Satisfaction

Reliability		Importance		Satisfaction	
Categories	N	Mean Score	S.D	Mean Score	S.D
When the company promises to do something they definitely do so	100	3.58	1.04	3.68	1.14
When customers have a problem, the company shows interest in solving	100	3.48	1.37	3.75	1.02
The company maintains error free record	100	3.77	3.60	3.40	0.96
The retail outlets and customer care toll free lines are available when needed	100	3.60	1.04	3.46	1.05
The airtime purchase options is convenient	100	3.86	0.87	3.74	0.93
Average	100	3.66	1.58	3.60	1.02

Source: Primary Data

From table 4.15, Safaricom exceeded customer's expectations in terms of fulfilling promises and showing interest in customer's problems. There is a satisfaction gap in ensuring the company maintains error free records and accessibility of customer service. Comments of

what the company should do well indicated that they feel they are charged for what they did not use which means that there instances where customers have no confidence in the accuracy of bills. This perception can be corrected by coming up with tariffs that are easier to comprehend and communicating the same with simplicity.

Table 4.16: Regression Coefficients on Customer Satisfaction

The study sought to determine the factors affecting customer satisfaction. This was done by the use of linear regression analysis with gap scores denoting the satisfaction (dependent variables) and perception scores for the seven service quality dimensions representing the independent variables. The outputs of analysis are presented in Table 4.16.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
(Constant)	4.515	.655		6.889	.000			
Image	-.094	.102	-.122	-.918	.361	-.024	-.095	-.088
Technical	.247	.107	.282	2.296	.024	.273	.233	.221
Empathy	-.100	.162	-.094	-.620	.537	.077	-.064	-.060
Responsiveness	.256	.130	.357	.427	.671	.012	.044	.201
Assurance	.179	.101	.312	1.777	.079	.160	.182	.171
Tangibility	.135	.150	.367	.337	.028	.062	.217	.193
Reliability	.227	.123	.328	6.221	.826	.016	.223	.214

Source: Primary Data

$$Y = 4.515 - 0.122X_1 + 0.282X_2 - 0.094X_3 + 0.357X_4 + 0.312X_5 + 0.367X_6 + 0.328X_7 + \varepsilon$$

Where Y is the level of customer satisfaction, and ε is the error term of the model.

X_1 = Image

X_2 = Technical

X_3 = Empathy

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X_4	=	Responsiveness
X_5	=	Assurance
X_6	=	Tangibility
X_7	=	Reliability

Positive effect was reported on Tangibility, Responsiveness, Reliability, Assurance and Technical while negative effect was noted on Empathy and Image.

Table 4.17: Regression Model

Model Summary

Change Statistics				
R Square Change	F Change	df1	df2	Sig. F Change
.150	2.323	7	92	.031

Source: Primary Data

Regression analysis revealed a positive relationship (R =0.150). The study also revealed that a combination of Reliability, Responsiveness, Tangibility, Empathy, Technical, Assurance and Image together contributed to 92% of customer satisfaction. The F value (2.323) changes are significant which implies that the model is fit and robust.

ANOVA test was carried out to determine whether level of customer satisfaction and perceptions on Service Quality dimensions were significant across the network at 95% confident level. The results are indicated in table 4.18:

Table 4.18: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.028	7	1.718	6.256	.013(a)
	Residual	26.009	8	3.251		
	Total	38.037	15			

a. Predictors: (Constant), Tangibility, Responsiveness, Reliability, Assurance, Technical, Empathy, and Image

b. Dependent Variable: Customer Satisfaction

Source: Primary Data

Analysis of Variance (ANOVA) consists of calculations that provide information about levels of variability within a regression model and form a basis for tests of significance. Correlation exist between the response and predictor variables if P-value < 0.05. As shown in table 4.18, P-Value = 0.013 < 0.05 indicated that there is enough evidence to support the alternative hypothesis, that there is a significant linear relationship between level of customer satisfaction and the company's tangibility, responsiveness, reliability, assurance, technical, empathy and image

4.6 Discussions of the Findings

This study aimed to investigate the determinants of customer satisfaction of the Safaricom mobile subscribers in Nairobi, Kenya. The factors were grouped into seven major groups adopted from the SERVQUAL model. Each group or dimension of service quality had categories of factors that affect satisfaction in detail. The study is based on the customer's

experiences on how the mobile service provider meets their expectations. The results show the factors that influence customer satisfaction of Safaricom subscribers in Nairobi are Tangibility, Responsiveness, Reliability, Assurance and Technical. The interpretation of this result could be that the presence of competing providers has enabled the customers to express their perceptions well. Image and Empathy had a negative relationship with customer satisfaction. The result also demonstrated a negative net promoter score and therefore the mobile operator needs to strive to maximize customer satisfaction which in turn can influence the extent of loyalty and retention.

With regards to factors that determine satisfaction, Tangibility demonstrated a strong influence on customer satisfaction. Tangibility questions covered aspects such as shop ambience, communication materials, employee neatness and billing charges. It refers to the appearance of physical facilities, equipment, personnel and communication materials. The implication of this finding is that Tangibility is the most significant of all the mobile services attributes and strongly affect satisfaction. Thus, to increase customer satisfaction, Safaricom should focus on improving these service attributes by investing in physical appearance of the retail shops, employee's appearance, billing that are easy to understand and communication materials that are appealing and easy to comprehend. Feedback on what the company should do well was mostly focused on the charges. Customers perceived the calling rates as high and would prefer reasonable pricing in ring back tone-skiza tunes, credit facility for airtime reload-okoa jahazi, SMS bundles, data bundles and Mshwari loans.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter provides a summary of the findings that the respondents gave, provides a conclusion for the various variables that the study sought to study, as well as providing the recommendations from the conclusions drawn for each of the variables. The chapter also suggests areas of further research by future researchers since it was not possible for this study to have completely exhausted all the determinants of customer satisfaction.

5.2 Summary

This study found that Tangibility as the determinant followed by Responsiveness, Reliability, Assurance and Technical respectively. These results show that customer satisfaction is not affected by Image and Empathy. Image and Empathy include aspects such as network's success, country of origin of network, top executive leadership, contacts in phonebook, involvement in social responsibility, length of time in business, operating hours, specific needs of customers, friendly customer service employees and individualized attention. The appearance of physical facilities, equipment, personnel and communication materials constitutes Tangibility. This result may probably be due to the fact that the mobile technology industry has rapidly grown and posted huge profits compared to other industries. The customer's perception on the appearance of physical facilities, equipment, personnel and communication materials and billing/charges communication is therefore high. In regards to shop ambience the expectation was exceeded and this means the company should continually

review to ensure customers are comfortable with the facilities at the point of service. The rates should be simplified and communication on the same easily available so that customers clear the misconceptions on of how they are billed. Competition can also create a perception that they are overcharged by the network, the network should counter the same by ensuring customers can access their various rates and charges with ease.

The willingness to help customers and provide prompt services is grouped as responsiveness and is the second determinant in this study. This is characterized by prompt resolution of complaints, willingness of employees to help and responding to customer requests. Frustrations with customer care were identified in this research. Problems relating to accessibility to toll free lines and availability of retail shops were highlighted by respondents when asked what the company should do to improve. Customers suggested that Safaricom should improve or reconstruct the management structure to offer better services.

The ability to perform promised services dependably and accurately is the third determinant classified as Reliability. Maintaining error free record is one aspect that was identified in this research that needs to be addressed. Customers perceive the company charges are not accurate and there were comments on overcharging and charges for what has not been consumed. This could imply that there is need to break down tariffs into ways that customers can understand to correct the perception.

5.3 Conclusion

The results show that not all demographic groups were included in the study, Safaricom can strive to better understand the various market segments that exist in Kenya and adopt marketing strategies to better satisfy their different needs. The customers thought the company excelled in the mobile money transfer services such as M-Pesa and Mshwari. Other aspects that the customers were happy with include the airtime on credit facility duped okoa jahazi, free SMS and promotions.

On the other hand, the customers thought the company should improve on the network quality and toll free customer service. The customers thought the tariff rates for voice calls, data bundles, migration to post pay, SMS, ring back tone-skiza, and interest charges on airtime on credit facility- okoa jahazi should be reviewed. The research found that customers would like the promotions to be clear, fair and duration clarified.

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5.4 Limitations of the Study

The research was limited only in Nairobi county .The respondents who visited the selected Safaricom shops were usually in hurry. High response rate was achieved mostly in the afternoon after the morning rush hours. Some of the Safaricom shops were located in the malls and due to tight security in Nairobi, management was not enthusiastic to allow interviews to be conducted within the mall. The researcher managed this by issuing letters from both the University and Safaricom Limited.

The researcher could not be able to incorporate mobile operators and experts opinion of telecommunication in Kenya as sources of information

5.5 Recommendations

Broadly, the implication of this study for telecommunication and other industries is that the need to adopt other measures of business performance besides profits such as customer satisfaction and net promoter score. The results show a negative net promoter score, satisfaction surveys may be subject to the mood of the customer and environmental factors such as news articles and competitor messaging. The ability to measure customer loyalty is a more effective methodology to determine the likelihood that the customer will buy again, talk up the company and resist market pressure to defect to a competitor .Companies should develop strategies that better capture customers perceptions of their service offerings and these strategies can complement the internal perceptions of service offering. Customer satisfaction strategy helps companies to compare their performance against customer standards, compare customer standards against internal process and identify opportunities for improvement.

5.6 Suggestions for Further Research

This study focused on Nairobi County and the service quality dimensions adapted to telecommunication industry, it is therefore recommended that he factors that affect customer satisfaction are numerous and change from time to time and from market to market. Future studies can investigate other factors that affect satisfaction and loyalty (such as level of education, word of mouth, life cycles and usage pattern of customers, switching barriers, etc.). Future studies can also be carried out in the rest of the country.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Kerich Betty Chelang'at
D61/8-196/2012
University of Nairobi
P.O Box 11792-00100
NAIROBI

20 August 2014

Head of Retail Sales Department,
Safaricom Limited.

Dear Madam,

RE: REQUEST TO INTERVIEW YOUR CUSTOMERS FOR RESEARCH DATA

I am a Master of Business Administration student at the University of Nairobi carrying out a research to establish the determinants of customer satisfaction of Safaricom mobile subscribers in Nairobi, Kenya. The project is a partial fulfillment for the award of the degree.

I do hereby request you to allow my research assistants to give questionnaires to the customers who will be visiting the Nairobi shops to fill in.

The information collected in the research will solely be used for academic purposes and I do assure you of confidentiality. A copy of the project will be submitted on request to your organization on request. Thank you.

Yours faithfully,

Kerich Betty Chelang'at

APPENDIX II: QUESTIONNAIRE

CUSTOMER SATISFACTION SURVEY

Dear Respondent

The questionnaire will collect data on customer satisfaction in mobile telecommunications focusing on Safaricom Limited. Your honest opinions go a long way to determine the overall success of this exercise. The research is strictly for academic purposes and so information given be treated with confidentiality. Thank you for your feedback.

Instruction:

Please mark your answer by ticking [√] against the response category or by writing in the space(s)

SECTION A: Personal Information

1.   What is your highest level of education?

a. Never went to school   ( )

b. Primary education   ( )

c. Secondary education   ( )

d. College certificate   ( )

e. College Diploma/Higher Diploma   ( )

f. Degree level   ( )

g. Postgraduate degree level   ( )

2.   Please indicate the age group in which you fall.

a.	Less than18 years	( )
b.	18-29 years	( )
c.	30-39 years	( )
d.	40-49 years	( )
e.	50-59 years	( )
f.	60 years and above	( )

3.   Please indicate the gender

a. Male   ( )

b. Female   ( )

Employment Status: Are you currently…?

a.	Student	( )
b.	Homemaker	( )
c.	Retired	( )
d.	Not employed	( )
e.	Clerical	( )
f.	Management	( )
g.	Professional	( )
h.	Sales	( )

i. Other…………………………

4. Tick the monthly income bracket that apply to you

a) Ksh 10,000 and below ( )

b) Ksh 10,001-20,000 ( )

c) Ksh 20,001-30,000 ( )

d) Ksh 30,001-40,000 ( )

e) Ksh 40,001-50,000 ( )

f) Ksh 50,001-100,000 ( )

g) Ksh 100,001-150,000 ( )

h) Above Ksh 150,000 ( )

SECTION B: General subscription information

5.   Do you have any other lines? If so which ones?(Tick all that apply)

a.	Yu	( )
b.	Airtel	( )
c.	Orange	( )
d.	None	( )

6.   Please indicate the Safaricom tariff you are on

a.	Prepaid	( )
b.	Postpaid	( )

7.   Indicate the average amount you spend on Safaricom airtime in a month in Kenya Shillings.

a.   Below 250   ( )
b.   250-999   ( )
c.   1000-5000   ( )
d.   Above 5000   ( )

8.   **How long have you had a mobile phone**

a.   Less than 1 year   ( )
b.   1-3 years   ( )
c.   4-6 years   ( )
d.   7-9 years   ( )
e.   10 years and above   ( )

SECTION C: CUSTOMER SATISFACTION

9. Considering your complete experience with Safaricom, how likely would you be to recommend the company to your friends or colleagues? (0 is not at all likely, 10 is extremely likely). Place a tick [√] on your rating.

1	2	3	4	5	6	7	8	9	10

10.   If your score is below 10, what can the company do to score 10

11.   Please comment on what the company really does well

SECTION D: Level of Importance and Satisfaction

12. For each statement, indicate to what extent each of the following factors apply to you.

Place a tick [√] **on level of importance column** (Your ideal standard/expectations of a mobile service provider) and another tick [√] on your **level of satisfaction** with Safaricom column (perceived performance of Safaricom in regards to your expectations) the scale 1-5 where:

For level of Importance

1-Not important at all

2-Not important

3-Neutral,

4-Important

5-Extremely important

For level of Satisfaction

1-Extremely dissatisfied

2-Dissatisfied

3-neither satisfied nor dissatisfied

4-Satisfied

5-Extremely satisfied

Description to evaluate:	Level of importance					Level of satisfaction				
Image	1	2	3	4	5	1	2	3	4	5
The network is very successful										
The brand image of services										
The network's involvement in corporate social responsibility and & development initiatives										
Most of my contacts are associated with the network										
Length of time the network has been in business										
Country of origin of the network										
Top executive leadership of the network										
Description to evaluate:	Level of importance					Level of satisfaction				
Technical	1	2	3	4	5	1	2	3	4	5
Variety and quality of products and services										
Network coverage										
Network signal										

Description to evaluate:	Level of importance					Level of satisfaction				
Success in completion of services e.g. calls, M-PESA, SMS, Okoa Jahazi										
Loyalty programs like Bonga										
Innovation and use of current technology										
Availability of handset and device promotions										
Availability of general promotions										
Empathy										
Individualized attention to customers										
The service points operating hours are convenient to me										
Friendly customer service employees										
My specific needs are understood										
Responsiveness										
My complaints are promptly resolved										
The employees are ready and willing to help										
The network is never too busy to respond to customer requests										
Assurance										
Trust the network provider's confidentiality										
Employees are consistently courteous with the customer										
Employee knowledge in solving problems										
Description to evaluate:	**Level of importance**					**Level of satisfaction**				
Tangibility	1	2	3	4	5	1	2	3	4	5
Attractive shop ambience										
The communication materials are easy to comprehend and visually appealing										
The employees at Safaricom shops neat are										

presentable										
The billing /charges are easy to understand										
Reliability										
When the company promises to do something they definitely do so										
When customers have a problem ,the company shows interest in solving										
The company maintains error free record										
The retail outlets and customer care toll free lines are available when needed										
The airtime purchase options is convenient										

Source: Formed based on Parasuraman et al (1988) SERVQUAL model

APPENDIX III: SAFARICOM RETAIL SHOPS IN NAIROBI

1. **Village Market Branch**- Located along Limuru road, at the Village Market in Nairobi. It's open during weekdays from 9.00 am to 6.00 pm, 9.00 am to 5.00 pm on Saturdays and 10.00 am to 6.00 pm on Sundays.

2. **Sarit Center Branch: L**ocated at the Sarit Center (Westlands), Lower ground Floor, Karuna Road in Nairobi. Sunday hours- 10:00 am–4:00 pm.

3. **Kimathi Branch:** Kimathi Street, next to the Nation Center, Balfour Building, Ground Floor. It's open on all other days except Sunday.

4. **I&M Branch:** I&M branch along Kenyatta Avenue at the ground floor of the I&M building. It is the intersection of Kenyatta Avenue and Muindi Mbingu Street. Open on all weekdays from 9.00 am to 6.00 pm and 10.00 am to 4.00 pm on Sundays.

5. **Moi Avenue Branch:** Moi Avenue, Shankardass House, Ground floor- next to Kenya Cinema and Family Bank Moi Avenue branch. It's open on all week days and saturday from 9.00 am to 6.00 pm and 10.00 am to 2.00 pm on Sundays.

6. **Nakumatt Mega Branch:** The Nakumatt Mega branch is located along Uhuru Highway in Nairobi, opposite the Nyayo National Stadium. It's open on all weekdays and Saturday from 9.00 am to 6.00 pm and 10.00 am to 5.00 pm on Sunday.

7. **Eastleigh Branch:** This is in Eastleigh estate in Nairobi, at the Nomad Palace Hotel, Ground Floor along the General Waruinge Street Opposite Eastleigh High School

8. **Buru Buru Branch:** The Buru Buru branch is located in the Buru Buru phase 3 estates in Nairobi next to Buru Buru Equity bank, opposite St. James Anglican Church. Its open on all weekdays and Saturdays from 8.00 am to 7.00 pm, and closed on all Sundays and public holidays

9. **JKIA Branch:** Located inside the JKIA, Gate 11. Open every day from 6.00 am to 12.00 midnight.

10. **Bomas Branch:** This is open during weekdays and Saturdays at 8.00 am to 8.00 pm, 9.00 am to 6.00 pm on Sundays and public holidays

11. **Junction Mall:** The Junction branch is located the ground floor of the Junction Mall along Ngong Road. It is open on all weekdays and Saturdays from 8.00 am to 8.00 pm and 9.00 am to 6.00 pm on Sundays and public holidays