ORGANIZATIONAL STRATEGIES FOR CUSTOMER RETENTION IN THE MOBILE TELECOMMUNICATION SECTOR IN KENYA

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DECLARATION

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

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

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DEDICATION

This research project is warmly dedicated to my family who nurtured the drive and the discipline to tackle my academic tasks with great determination.

ABSTRACT

Many firms have expended much of their resources in customer acquisition and at times ignoring customer retention knowingly or unknowingly. Customers have been seen to comfortably stick to their current suppliers as long as they receive higher perceived value to what they are actually paying for. In Kenya, mobile telecommunication market remains a very fluid area. The existing studies in this area however, have paid little attention to organizational strategies for customer retention. This study therefore was out to investigate strategies for customer retention in the mobile telecommunications sector in Kenya. In particular, the study sought to establish the role of organizational strategy around customer retention in Kenya's mobile service providers and to determine how organizational strategy impacts quality of service and enhance customer retention in these firms. A descriptive survey research design was adopted in the study. The research was broadly a qualitative study.An analysis was done on studies that have been conducted in the area according to the objectives. Managerial perspectives into the strategies for customer retention was also examined using quantitative data collected from strategy managers in three mobile service providers (Safaricom, Airtel and Orange Kenya Ltd). Primary data was obtained from strategy managers in the three mobile service providers using a questionnaire designed by the researcher. Secondary data was also obtained from various past studies on customer retention strategies including journals, books, reports and internet sources as well as reports by Communications Authority of Kenya. Quantitative data was analyzed and the output generated in frequencies and percentages while qqualitative data was analysed through content analysis where it was organized into thematic concepts based on objectives of the study. According to the findings, telecommunication companies ought to develop strategies that give their

customers a greater value relative to that of competitors to enhance customer retention. Findings also indicated that the quality of service sort by an organizational strategy should be in accordance with what the customer perceives as “quality” to them and not what the organization perceives as “quality” to the customer. Mobile telecommunication companies make efforts to understand customers’ needs and address them. It was also noted that to achieve customer satisfaction loyalty, all service encounters offer an opportunity to provide superior service quality and distinguish the firm from its competitors. In conclusion, mobile telecommunication companies must ensure that their strategies are perceived as the best by the customers who can otherwise be lost to the rival companies if these rival companies devise a better strategy targeting the same customers. It is imperative for them to ensure that their strategies address the quality of their services in the best interest of their customer. The organizational strategies should lead to satisfactory services/products in the eyes of their customers, for them to reap the benefit of customer retention even in instances where the price could be slightly higher than that of the competitors. The study recommends that mobile service providers should concentrate on meeting the customer’s expectation and offer more benefits to the customer. They should also endeavour to satisfy their customer through the provision better services than the competitors and not necessarily lower prices than the competitors.

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CHAPTER ONE: INTRODUCTION

1.1 Background

The world has taken cognizance of the emergence of the service industry as a prominent contributor to its economy over the last century. A number of countries in the last few decades have experienced a dramatic change in the importance of services and the role of the services sector in their economies (Sharma, 2002). The ultimate goal of service industry is the satisfaction of its customers because their satisfaction can somehow make them to come again. In today's challenging economy and competitive business world, retaining your customer base is critical to your success. Customer retention and satisfaction drive profits. It's far less expensive to cultivate your existing customer base and sell more services to them than it is to seek new, single-transaction customers.

Most surveys across industries show that keeping one existing customer is 5 to 7 times more profitable than attracting a new one. If a business creates and keeps customers in a cost-effective way, it will make a profit while continuing to survive and thrive. If, for any reason, a business fails to attract or sustain a sufficient number of customers, it will experience losses (Nankervis, 2005). In order to increase customer retention and the benefits that come along with retaining loyal customers, firms implement retention strategies or plans to get their customers to renew their loyal relationship to the firm year after year (Levin, 2007). This study is out to investigate these strategies.

There are several theories and or models that have been developed by scholars over time to explain the concept of customer retention. This study was underpinned on the conversion model developed by Richards (1996) to describe the factors or drivers of commitment; relationship commitment model proposed by Sharma and Patterson (2000) to argue about the determinants of relationship commitment and the social exchange theory proposed by Homans (1958) which attempts to explain how human relationships are formed by the use of cost-benefit analysis and comparisons of alternatives.

The telecommunication industry is one of the most important industries in the world since it delivers voice communications, data, graphics, and video at ever increasing speeds. Telecommunication influences the world economy and the telecommunication industry's revenue was estimated to be $1.2 trillion in 2006. The competition is also becoming more and sharper. In order to obtain sustainable competitive advantage, telecommunication firms are forced to make innovation and do the best for customer satisfaction. Due to this, customer relationship marketing plays an important role in telecommunication industry. It demands a relationship-oriented strategy in marketing (Grönroos, 2004).The study was conducted in the mobile telecommunication sector in Kenya.

1.1.1 Organizational Strategy

Strategy can be defined as the direction and scope of an organisation over the long-term; the search for competitive advantage; the configuration of resources and competencies in a changing environment and as a set decisions that a firm's management takes as it seeks to fulfil stakeholder expectations (Johnson and Scholes, 2002). A Key task of top management is formulating corporate strategy. Where is the corporation going? What does the corporation do well? What weaknesses need to be addressed? Can the firm continue its current activities at a high level of performance? What opportunities for new directions are available? What are competitors doing?

What competencies need to be built? Can the firm continue its present course, maintaining momentum where it is doing well? Alternatively, the corporation can dramatically change its strategy by deciding among competing alternatives for new ventures.

According to Thompson et al. (2007), there are two important characteristics of strategy. First, strategies evolve over time and every company must be willing to modify its strategy in response to changing market conditions, changing technology, competitor moves, changing consumer needs, new opportunities, new ideas for improving strategy and when there is compelling evidence that the current strategy is not working well.

Secondly, a strategy is partially proactive and partially reactive. Proactive strategy emerges from the proactive actions and decisions taken by management to improve performance and secure competitive edge. On the other hand, reactive strategy is one that comes as a result of reactions to unanticipated developments in the environment and fresh market conditions.

1.1.2 Organizational Strategy and Customer Retention

Retention is the activity that an organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it serves its existing customers and the reputation it creates within and across the marketplace. Customer retention is an assessment of the product and service quality provided by a business that measures the level of loyal its customers (Dawes, 2009).

Customer retention statistics are typically expressed as a percentage of long term clients and they are important to a business since satisfied customers tend to spend more, cost less and make valuable reference to new potential customers (Gee et al., 2008).Customer retention is the goal of preventing customers from switching to the competitor. It is the way in which firms focus their efforts on existing customers in an effort to continue doing business with them. Still, customer retention can also mean the number of customers who stay with the provider in the course of an established period, such as a year (Dawes, 2009).

In all cases, customer retention is a key factor in determining the success of any business in the current times. It impacts directly on long term customer lifetime value, which is a more profitable avenue for firms that seek to pursue growth and sustainability or those that seek to protect themselves from market shrinkage resulting from a contracting economy (Gee et al., 2008). As a result therefore, firms are under constant pressure to retain customers because of nature of the market whereby customer acquisition is slow (Gosselin and Bauwen, 2006). Some of the common tools used to measure retention include the Net Promoter Score and the Customer Satisfaction Score.

1.1.2.1 Net Promoter Score (NPS)

The Net Promoter Score is a management tool that can be used to gauge the loyalty of firm’s customer relationships. It is a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix(Reichheld & Frederick, 2003). NPS can be as low as −100 (everybody is a detractor) or as high as +100 (everybody is a promoter). An NPS that is positive (that is higher than zero) is felt to be good, and an NPS of +50 is excellent.

Net Promoter Score (NPS) measures the loyalty that exists between a provider and a consumer. NPS is based on a direct question: How likely is it that you would recommend our company/product/service to a friend or colleague? The scoring for this answer is most often based on a 0 to 10 scale. Promoters are those who respond with a score of 9 or 10 and are considered loyal enthusiasts. Detractors are those who respond with a score of 0 to 6 - unhappy customers. Scores of 7 and 8 are passives, and they will only count towards the total number of respondents, but not directly affect the formula. NPS is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters. Companies are encouraged to follow the direct question with an open-ended request for elaboration, soliciting the reasons for a customer's rating of that company or product. These reasons can then be provided to front-line employees and management teams for follow-up action (Reichheld & Frederick, 2003).

1.1.2.2 Customer Satisfaction Score (CSAT)

Customer satisfaction is a term frequently used in marketing. Work done by Parasuraman, Zeithaml and Berry between 1985 and 1988 provides the basis for the measurement of customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance (Berry, Leonard and Parasuraman, 1991). It is a measure of how products and services supplied by a company meet or surpass customer expectation. It is simply an average of all attributes that are believed to contribute to customer satisfaction. It is seen as a key performance indicator within business and is often part of a Balanced Scorecard. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Within organizations, customer satisfaction ratings can have powerful effects. Bowen and Lawler (1992) suggested that the companies can turn the angry customer into a satisfied one by emphasizing on ease and quick response to their complaints. As such, customer satisfaction rating focuses employees on the importance of fulfilling customers' expectations. When these ratings dip, they warn of problems that can affect sales and profitability. These metrics quantify an important dynamic. When a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective. Therefore, it is essential for businesses to effectively manage customer satisfaction.

The satisfaction experienced with each interaction (transactional satisfaction) can influence the overall, cumulative satisfaction. Thus, Mittal, Kumar and Tiras (1999) showed how the satisfaction experienced with a vehicle and dealership service initially could affect satisfaction experienced later on (e.g. several months later).On a five-point scale, individuals who rate their satisfaction level as '5' are likely to become return customers and might even evangelize for the firm. A second important metric related to satisfaction is willingness to recommend. This metric is defined as the percentage of surveyed customers who indicate that they would recommend a brand to friends. When a customer is satisfied with a product, they might recommend it to friends, relatives and colleagues. This can be a powerful marketing advantage. Individuals who rate their satisfaction level as '1,' by contrast, are unlikely to return. They can hurt the firm by making negative comments about it to prospective customers.

1.1.3 Mobile Telecommunication Sector in Kenya

The mobile telecommunication segment in Kenya has continued to see competition between three mobile network operators; Safaricom Kenya Limited (Saf), Airtel

Networks Kenya Limited (Airtel) and Telkom Kenya Limited (Orange). Safaricom had the largest share of subscriptions with 29,928,450 subscribers by the end of June 2014, followed by Airtel with 5,068,765 subscribers and Orange with 2,685,368 subscribers.

Mobile subscriptions grew from 30.55 million in the financial year 2012/13 to 32.25 million in the year 2013/14, representing a growth of 5.6 percent, which is double what was recorded last year. This growth is indicates the continued uptake of mobile services. Mobile penetration increased from 77.3 percent in the financial year 2012/13 to 79 percent in the financial year 2013/14. Nonetheless, mobile penetration remained low compared to the global, developed countries and developing countries' penetration rates that stood at 93.1, 119.2 and 87.6 percent respectively, in December 2013(Communications Authority of Kenya, 2013-2014 Report).

1.2 Research Problem

Many firms have expended much of their resources in customer acquisition and at times ignoring customer retention knowingly or unknowingly. The benefits for customer retention have been seen to be of great effect and hence worth investing into by firms. Customers have been seen to comfortably stick to their current suppliers as long as they receive higher perceived value to what they are actually paying for. Customer satisfaction has been proven to lead to desirable results such as attitude change, repeat purchase, and brand loyalty, Lower costs of attracting new customers and handling returns and complaints.

Locally, various scholars have reviewed the concept of customer retention 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 are service quality, price indifference and perceived value. Wekunda (2006) in a study on Customer Relation strategies used by Internet services providers in Kenya concluded that service quality is the most important factor in retaining customers, although also other strategies such as customer satisfaction, customer loyalty and complaint handling systems seems to play a significant role in retaining customers. 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 while 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. Internationally, Lions (2010) in his study argued that customer service is one of the surest ways of retaining customers. A study of online customers by Yang and Peterson (2004) indicated that customer loyalty can be generated through improving customer satisfaction. Lam et al., (2004) using structural equation modeling on B2B (Business-to-Business) service context, found a significant positive relationship between customer satisfaction and customer retention.

A review of the studies indicates that few studies have concentrated on organizational strategies for customer retention specifically in the mobile telecommunication sector. Nevertheless, the environment for telecom operators has changed dramatically over the past decade. Competition is increasing, and margins are falling. In Kenya, mobile telecoms remain a very fluid area. Strong brands are evidently having an effect, with the issue of content provision likely to be key factor in future churn patterns. The question is how do mobile operators manage to retain their market share in such a competitive industry? It is in this light that this study sought to investigate the organizational strategies for customer retention in the telecommunications sector focusing on the mobile phone operators in the country.

1.3 Research Objectives

The general objective of this study was to investigate strategies for customer retention in the mobile telecommunications sector in Kenya. The specific objectives for the study were:

1. To establish the role of organizational strategy around customer retention in Kenya's mobile service providers.
2. To determine how organizational strategy impacts quality of service and enhance customer retention in Kenya's mobile service providers.

1.4 Value of the Study

From this study, policy makers will obtain knowledge of the telecommunication sector dynamics thus be able to develop appropriate policies that will better regulate the practices in the sector. The research results will assist in testing the reliability of theories that have been put forward concerning customer retention in mobile telecommunication sector. Scholars who wish to conduct more research in the area of customer retention in mobile telecommunication sector may also use the findings as reference. Telecommunication companies will gain insight from the study findings which can enable them establish practices that better satisfy their customers to ensure that they do not lose them to rival operators.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter gives a review of existing literature on Customer Retention. It describes the theoretical framework, the concept of customer retention and also provides literature Customer Satisfaction, Service Quality and Customer Care/Services and their connection with Customer Retention. The chapter also illustrates the conceptual framework of the study.

2.2 Theoretical Framework

The theoretical foundation of this study shall be grounded on the conversion model, relationship commitment model and the social exchange theory as discussed herein.

2.2.1 Conversion Model

Richards (1996) provides a conversion model based on the fact that it is not enough to satisfy a customer as satisfaction alone does not predict customer behaviour. Richards (1996) argues that satisfied customers will leave, dissatisfied customers will remain and therefore, rather than discussing customer satisfaction, firm should discuss customer commitment. Payne (2006) also agrees that customer satisfaction helps to make customers committed, however, the building of committed customers involves more than merely satisfying them.

In building his model, Richards (1996) identified three factors as drivers of commitment. These are level of involvement, attraction of alternatives and the extent of ambivalence. Firstly, the level of involvement in the brand and category is one of the factors identified to drive commitment. According to Richards, the more people are involved in a given choice, the more carefully they will choose and once they have made their choices they often stick to it. The other factor is attraction of alternatives where he argued that if the customer is dissatisfied but involved in a particular relationship, his primary strategy will be to try and repair the relationship rather than seeking other alternatives. Lastly is ambivalence whereby, if the customers are both dissatisfied and uninvolved, they would not even care about fixing the relationship but simply switch providers.

2.2.2 Relationship Commitment Model

Sharma and Patterson (2000) provide a model showing the determinants of relationship commitment. The model consists of three factors, namely communication effectiveness, technical quality and functional quality, all affected by trust in the relationship which in turns affect relationship commitment. According to Crosby, Evans, and Cowles (1990), trust implies reliance on or confidence in, the process or person. In this regard the greater the level of trust, the stronger the relationship commitment. Sharma and Patterson (2000) also defined trust as the belief that the services provider can be relied on to behave in such a way that the long- term interests of the buyer will be served.

Morgan and Hunt (1994) also argued that trust has a positive relation with the extent through which the firms share similar values. This was supported by Ganesan's (1994) studies which showed that a trust booster for firms was customers' satisfaction with past exchanges with the firms. According to Sharma and Patterson (2000), service quality is divided into two main components, namely technical quality and functional quality. Jansson and Letmark (2005) posit that the competency of the professionals in achieving the best return on investment for their client at acceptable levels of risks is viewed and technical quality is relevant to the promised service. Sharma and Patterson (2000) further argued that, functional quality is concerned with 'what' is delivered and 'how' the service is delivered. According to them, trust had a great impact on how quality is delivered, both in terms of functional and technical quality. The greater the quality perceived, the stronger is the relationship commitment.

2.2.3 Social Exchange Theory

The theory was proposed by Homans (1958) and it 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.

2.3 Customer Retention

Customer retention is an effort carried out by companies to ensure that its customers do not switch over to competitors products and services. It is of paramount importance to retain highly profitable ones. A loyal customer base that persists for a long time is one of the best advertisements for a business, creating an image of high quality. This helps in attracting other customers who value long term relationship and high quality products and services. A numbers of studies have identified the benefits of retention to an organization (Colgate & Danaher, 2000; Reichheld & Sasser, 1990).

It has been suggested that the cost of customer retention activities are less than the cost of acquiring new customer (Rust & Zahorik, 1993). In today's highly competitive business environment, while gaining new customers is good news, the flip side is the loss of customers through defection. All successful companies must learn how to retain customers even when the customer appears satisfied (Omotayo et al, 2008). According to Reichheld (1996), some unsatisfied customers may choose not to defect, because they do not expect to receive that better service delivery elsewhere and vice versa.

Retained customer is a function of a number of variables; choices, conveniences, price and income (Gan et al, 2006). It has been proved in literature that there is a link between customer loyalty and organizational profitability (Reichheld, 1996). This is, as a consequence of reduced cost of retaining a customer and achievement of a zero defection of profitable customers. Service providers should understand why customers choose to stay and should not assume that it is a positive conscious choice (Colgate et al, 1996). This is because, they may be lured away by attractive offers made by competitors when they experience dissatisfaction incidents (Jones and Farquher, 2003).There are strong arguments for management to carefully consider the range of factors that increase customer retention rate (Omotayo et al, 2008).

2.4 Organizational Strategy and Customer Retention

Competitive strategy is a long-term action plan that is defused to help a company gain a competitive advantage over its rivals. Competitive advantage is sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering (Barney, 2008). Customer retention is the goal of preventing customers from going to the competitor. It is the way in which firms focus their efforts on existing customers in an effort to continue doing business with them. Still, customer retention can also mean the number of customers who stay with the provider in the course of an established period, such as a year. Therefore competitive strategies have a direct impact on how much and for how long a company is able to retain its customers. Competitive advantage is advantage gained over competitors through competitive strategies by offering customers greater value either through lower pricing or providing additional benefits and services that justify similar or possibly high prices(Dawes, 2009).

Retaining an existing customer costs less than creating a new one. The cost of creating a new customer has been estimated to be 5 times more than that of retaining an existing one (Reichheld, 1996). Mobile service providers are seeking to achieve a zero defection rate of profitable customers to minimize the customer defection and subsequent loss of customers (Farquhar,2004).In addition long term customers buy more and if satisfied may generate positive word of mouth promotion for the organization (Reichheld and Kennedy,1990).Long term customers are also less sensitive to price, hence, retaining customers becomes a priority and mobile service providers must more carefully consider the factors that might increase customer retention rate (Healy,1999).

2.5 Customer Satisfaction and Customer Retention

Customer satisfaction presumably has a positive effect on consumers' behavioural intentions. Oliver's (1980) cognitive model provides empirical evidence that satisfaction mediates the difference between previous intentions and raised intention to produce a relationship which is stronger than simply the direct effect of previous period intentions on present periods. This evidence would lead to the expectation that satisfaction will lead to higher repurchase intentions. Anderson and Sullivan (1993) found that intentions were positively influenced by the level of satisfaction.

Chong et al. (1997) found that both customer satisfaction and customer perception of service quality were important predictors of attitude loyalty, but that satisfaction had the strongest relationship with the loyalty construct. Furthermore, Colgate and Delvin (2001) examined the effects that implementation of a relationship strategy can have on overall customer satisfaction and retention. Indeed, it was found that service organization employees form particularly close relationship with customers because employees and customers often work together in the creation of many services. This is so where services are produced by employees and consumed by customers simultaneously (Lovelock, 1981).

In addition, because of the intangibility of services, customers often rely on employee's behaviours in forming opinion about the service offering (Gronroos, 1984). As a result, employees actually became part of the service in the customers' eyes. Similarly, Anderson and Sullivan (1993) found that repurchase intentions were positively influenced by satisfaction across product categories and that customers were more likely to be retained as satisfied. To achieve customer satisfaction loyalty, Oliver (1999) maintains that all service encounters offer an opportunity to provide superior service quality and distinguish the firm from its competitors.

2.6 Service Quality and Customer Retention

According to Claycomb and Martin (2001), "service quality refers to the consistency with which customers' expectations are met and the general superiority of the service relative to that of the competition". This is amply demonstrated by practices such as delivery on time, giving customers' variety to choose from, pay attention to customer's complaints and demands and having competent and knowledgeable staff. Improved service quality translates into favourable behavioural intentions which transforms into customer retention which in turn leads to referrals, willingness to pay premium prices, increased spending (Zeithaml, et al 1996). Van der Wal and Pampallis (2002) shared similar views, the key to successful business today is retaining existing customers through the provision of quality service and anticipating and meeting their future needs.

The SERQUAL approach is the most common method for measuring service quality developed by Zeithaml et al, (1996). Parasuraman et al, (1985, 1988) described the measurement of quality service as a continuum ranging from ideal quality to totally unacceptable quality, with some points along the continuum representing satisfactory quality. When the expected service is more than the actual service, service quality is less than satisfactory. Parasuraman et al, (1998) conceptualized five dimensions: tangibles (T), Reliability (R), Responsiveness (R), Assurance (A), and Empathy (E), which led to the development of SERQUAL. Reliability is the ability to perform the promised service dependably and accurately; Responsiveness is the willingness to help customer and to provide prompt service; Assurance is the knowledge and courtesy of employee and their ability to inspire trust and confidence; Empathy is the caring individualized attention the firm provides its customers while tangibles are the physical facilities, equipment and appearance of personnel.

2.7 Customer Care/Service and Customer Retention

Customer service is a process that takes place between a buyer, a seller, and third party and can influence demand in the market (Innis and La Londe, 1994). Customer care is used in a wider sense and goes far beyond the traditional role of customer service and support; it encompasses all the functions along the entire service delivery value chain (Katz et al., 1998). It is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim et al., 2004). Customer service is one of the most important considerations in the evaluation of a supplier (Jackson et al., 1985).

A supplier's reputation for good service attracts potential customers and keeps existing customers loyal. Good service additionally provides protection from price competition (Hartley, 1989). Customer service can produce customer behaviour that can indicate whether a customer will remain with or defect from an organization (Zeithaml et al., 1996). The effectiveness of the level of customer service will enhance customer retention and reduce switching between and among service providers (Oyeniyi and Joachim, 2008).Therefore, customer service includes all help and assistance service providers offer to customers directly or indirectly prior to, during, and/or after purchase to provide exciting customer experience with their products. If well leveraged, it has a potential to offer a competitive advantage to the service providers and make them to attract and retain customers. Lucas (2005) noted that by providing excellent customer service and dealing with dissatisfaction as soon as it is identified, companies can ensure that customers remain loyal and keep coming back.

2.8 Empirical Review and Research Gap

In their study on Service Quality, Profitability and the Economic worth of Customers, Zeithaml et al, (2000) noted that gaining sustainable competitive advantage over competitors through satisfying customer relationships is one of the strategic weapons for a modern day service firm. Panda (2003), noted that the quality of relationship between service firms and their customers is an important criterion of success of service providers which stimulates customer satisfaction and loyalty.

Bendapudi and Berry (1997) has affirmed that quality of services would persuade the customer's intent to stay in long term relationship with the organization. Gremler (1995) found the psychological relationship between customer and a service provider as bond that helps to retain customers in the long term. It can be seen as care, friendliness and ease of communication in delivering quality services to the customers. Woo and Fock (1999) found that, in Hong Kong, network coverage and call quality has significant influence on customers in the mobile phone industry. Anderson (1996) found that the satisfied customer would have more price tolerance. Johns and Sue (2000) have acknowledged price and service quality as determinant of customer satisfaction.Cöner and Güngör (2002) found that service quality would lead towards more loyal customers. Kim et al. (2004) identified call quality as a major factor of consumer satisfaction in Korean mobile phone market.Hansemark and

Andreasen (2004)uncovered that customer-complaint handling determine customer satisfaction which in turn influence customer retention. Zeithaml et al. (1990) has concluded that performing the service at the very first time and resolving the issues more promptly will enable the long term tie between service provider and customers. According to Fornell (1992) a satisfied consumer helps the firm to detain market share and to sustain it, enhances customer retention, shrink consumer price sensitivity and lessen other operating costs.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the research methodology applied during the study. It describes the research design, data collection procedures, analysis and interpretation.

3.2 Research Design

The research design used in this study was descriptive survey. According to Burns and Grove (2003), descriptive research is designed to provide a picture of a situation as it naturally happens. It may be used to justify current practice and make judgment and also to develop theories. This design enabled the researcher to gather data with enough details to investigate strategies for customer retention in the mobile telecommunications sector in Kenya. The study also employed qualitative aspects in examining the managerial perspectives into the strategies for customer retention in the mobile telecommunication industry. In this regard, quantitative data was collected from strategy managers in three mobile telecommunication companies (Safaricom, Airtel and Orange Kenya Ltd) by use of a questionnaire. This helped to triangulate the results obtained from secondary data with data from questionnaires.This design was preferred because it enables the researcher describe the area of research and compare the results in order to investigate the differences and similarities with the frame of reference within a given period of time (Lisa, 2008).

3.3 Population of the study

The elements of the population for this study comprised of senior managers in charge of strategy management in the three mobile telecommunication companies (Safaricom Ltd, Airtel Ltd and Orange Kenya Ltd).The positions of strategy managers in a company are senior positions occupied by a few employees of the company.

According to Mugenda and Mugenda (2003), at times the target population may be so small that selecting a sample is meaningless and therefore taking the whole population in such cases is advisable. Therefore, due to the small number of the population, a census was conducted hence there was no sampling.

3.4 Data Collection

Primary data was obtained from the strategy managers whereby a questionnaire designed by the researcher was administered to them in their respective companies. Secondary data was also obtained from various past studies conducted on customer retention strategies including journals, books, reports and internet sources. Secondary data from the three mobile telecommunication companies including customer satisfaction survey reports, service were also used. Reports by Communications Authority of Kenya were reviewed too.

3.5 Data analysis

Secondary data collected was qualitative and quantitative in nature while primary data collected was exclusively quantitative. Using SPSS, quantitative data was analyzed and the output generated in frequencies and percentages.Qualitative data was analysed through content analysis where it was organized into thematic concepts based on objectives of the study. Findings were then presented in tables and charts after which interpretation was done.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, findings interpretation and presentation. The analysed data entails primary data that was collected from senior managers who are involved in organizational strategy management in three mobile telecommunication companies. These included Safaricom, Airtel and Orange Kenya limited. In addition, secondary data was collected from documented literature and analyzed and inferences made. To enrich the conclusions, the mangerial perspective was sought by analyzing the primary data collected from the managers in the telecommunication companies. Comparison and contrast were done on the empirical perspectives from the findings of the analyzed literature and the managerial perspective from the analyzed primary data. All quantitativedata was analyzed using descriptive techniques including percentages and frequencies. As for the qualitative data, content analysis was used where the data was organized and classified in line with the study objectives.

4.2 Demographic Information

Demographic information was based on the organizational representation of the respondents and their distribution by their gender as presented in Table 4.1 and 4.2 respectively.

4.2.1 Organizational Representation

A total of 11 managers participated in this study as shown in table 4.1

Table 4.1: Distribution of Managers by Organization

Organization	Frequency	Percent (%)
Safaricom	4	36
Airtel	4	36
Orange	3	27
Total	11	100

Out of these, four were from Safaricom Ltd, another four from Airtel Ltd and the rest three were from Orange Ltd. This indicates that the issue of organizational strategy management is given weight in telecommunication companies. This is because these results imply that in each of these organizations; at least three managers are involved in organizational strategy management.

4.2.2 Gender Distribution

Among the managers who participated in the study, majority (64%) were male. Females were 36% as illustrated in the figure 4.1

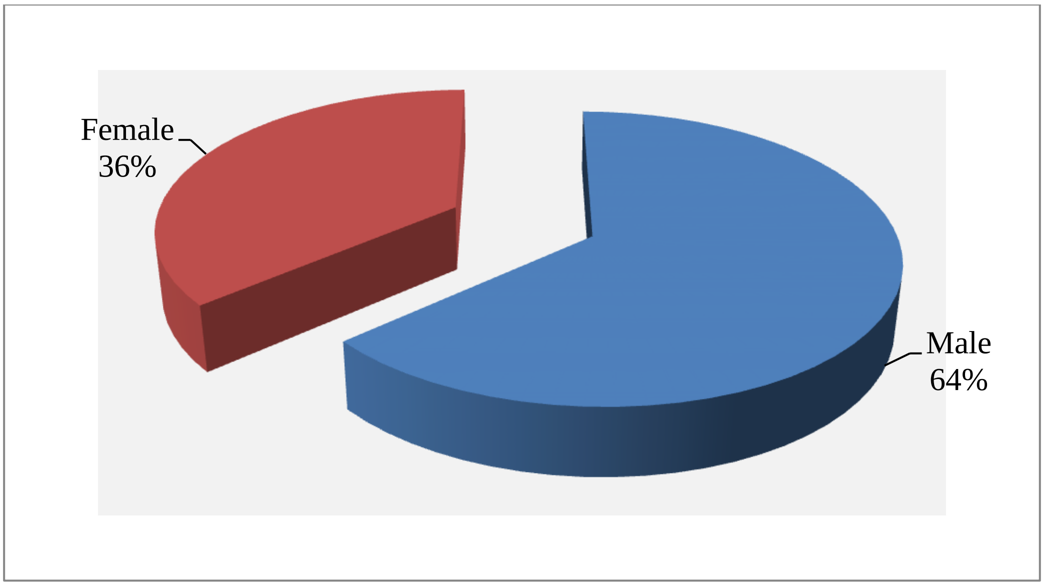

Figure 4.1: Managers' Gender Distribution

This indicates that positions in organizational strategy management in most of the mobile telecommunications are dominated by men. Nevertheless, there is the implication that at least a third of the positions are awarded to women as is required by the law.

4.3 Role of Organizational Strategy around Customer Retention

Analysis of empirical literature showed that is a competitive organization strategy that enhances customer retention. According to Barney (2008), a competitive strategy is a long-term action plan that is devised to help a company gain a competitive advantage over its rivals. Competitive advantage as put by Dawes (2009) is the advantage gained over competitors through competitive strategies by offering customers greater value either through lower pricing or providing additional benefits and services that justify similar or possibly high prices. Competitive advantage is sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering. From Barney's view, findings indicate that mobile telecommunication companies being one of the many types of organizations have to see to it that their competitors (or “rivals” as Barney calls them) do not outdo their strategies. As such, they must ensure that their strategies are perceived as the best by the customers who can otherwise be lost to the rival companies if these rival companies devise a better strategy targeting the same customers.

Therefore, according to the findings, telecommunication companies must ensure that the strategies they develop give their customers a greater value relative to that of competitors as articulated by Dawes (2009). Dawes expressed it clearly that this can be achieved through lower pricing or providing additional benefits and services that justify similar or possibly high prices. This could explain the nature of competition in the mobile telecommunication market where Safaricom has been leading in terms of subscribers followed at a distant by Airtel and Orange Ltd. According to the Communication Authority of Kenya Report (2014), Safaricom had the largest share of subscriptions with 29,928,450 subscribers by the end of June 2014, followed by Airtel with 5,068,765 subscribers while Orange had 2,685,368 subscribers. The report acknowledges this competition by noting that “*the mobile market segment in Kenya continued to see competition between the four mobile network operators*” (CAK, 2014: P 46).

The primary goal the organizational strategy is to maintain the customer through the offerings in the strategy and avoid losing them to competitors. As noted by Farquhar (2004), mobile service providers seek to achieve a zero defection rate of profitable customers. Each of the three mobile telecoms strives to ensure that their customers do not switch to other networks. Consequently, each of the companies strategizes to ensure that they give their customers the best in a particular area say price, quality etc. This highlights that the role of customer service cannot be left behind when effecting the strategy. This was evident from the managerial perspective when the managers were asked whether their organizations emphasize on customer service at all levels of service delivery value chain.

Table 4.2: Organization Emphasis on Customer Service

Out of the 11 managers interviewed, 8(73%) asserted that customer service was emphasized at all levels of service delivery value chain in the organization as shown in table 4.2

This organization emphasize on customer service at all levels of service delivery value chain	Frequency	Percent (%)
Yes	8	73
No	3	27
Total	11	100

The rest 27% denied the existence of such a practice in their organizations. This indicates that the mobile telecommunications companies recognize the critical value of customer service. This expands the expression by Panda (2003) that the quality of relationship between service firms and their customers is an important criterion of success of service providers which stimulates customer satisfaction and loyalty. In another statement, on whether the organizations were anticipating the customers' needs and striving to meet them, similar results were obtained. Furthermore, findings indicated that mobile telecommunication companies make efforts to understand customers' needs and address them.

Table 4.3: Organization Anticipation of Customer Needs

My organization anticipating customers' needs and striving to meet them	Frequency	Percent (%)
Yes	7	64
No	4	36
Total	11	100

Out of the 11 managers who participated, 7(64%) agreed that judging from their experience, their respective companies were anticipating their customers' needs and striving to meet them. This indicates that in devising their strategies, mobile telecommunication companies give adequate attention to the customer demands. By so doing, this will ensure customers perceive the service quality as which could make them extend their relationship with the company. These needs could be identified through customer complaints analysis among other avenues. Hansemark and Andreasen (2004) uncovered that customer-complaint handling determine customer satisfaction which in turn influence customer retention.

4.4 Impact of Organizational Strategy on Quality of Service

Service quality is an important determinant for customer retention in mobile telecommunication companies. Managers who participated in this study strongly asserted this proposition when they were asked whether service quality influences customer retention.

Table 4.4: Service Quality Influence Customer Retention

Service quality influences customer retention	Frequency	Percent (%)
Yes	9	82
No	2	18
Total	11	100

In this regard, an overwhelming majority (82%) of them asserted that in deed service quality influences customer retention. Only 2(18%) of them were of a contrary opinion. This implies that it is vital for mobile telecommunication companies to ensure that their organizational strategies address the quality of their services in the best interest of their customer. From the views of Claycomb and Martin (2001), service quality calls for consistency in meeting customers' expectations and ensuring the general superiority of the service relative to that of the competitors. According to the findings, for the organizational strategy developed by telecommunication companies should to address service quality adequately, it should be such that services are delivered on time, customers are provided with an assortment of offerings to choose from, attention is paid to customer's complaints and demands and the company is staffed with competent and knowledgeable personnel.

A further analysis showed that service quality can be largely influenced by the employees' behaviour.

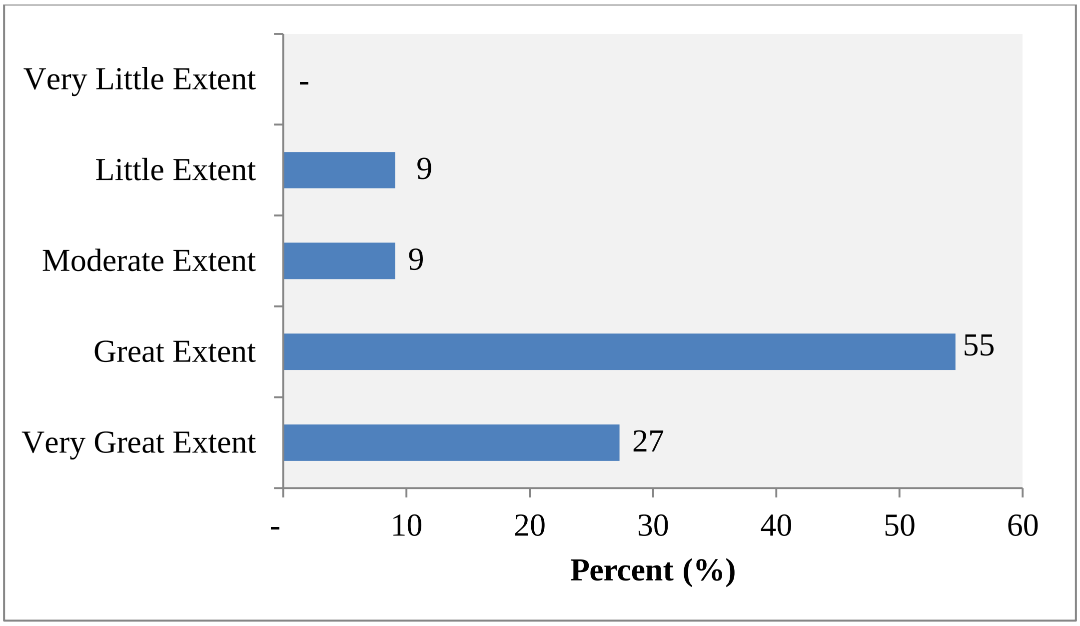

Figure 4.2: Influence of Employees Behaviour on Service Quality

An overwhelming majority (82%) affirmed that employees' behaviour can influence customers' perception of service quality to a great extent. This implies that customers of mobile telecommunication companies perceive how the employees handle their work as part of service quality. A study by Gronroos (1984) found out that because of the intangibility of services, customers often rely on employee's behaviours in forming opinion about the service offering. As a result, employees actually became part of the service in the customers' eyes.

The quality of service sort by an organizational strategy should therefore be in accordance to what the customer perceives as "quality" to them and not what the organization perceives as "quality" to the customer. Managers affirmed this strongly as illustrated below in Figure 4.3

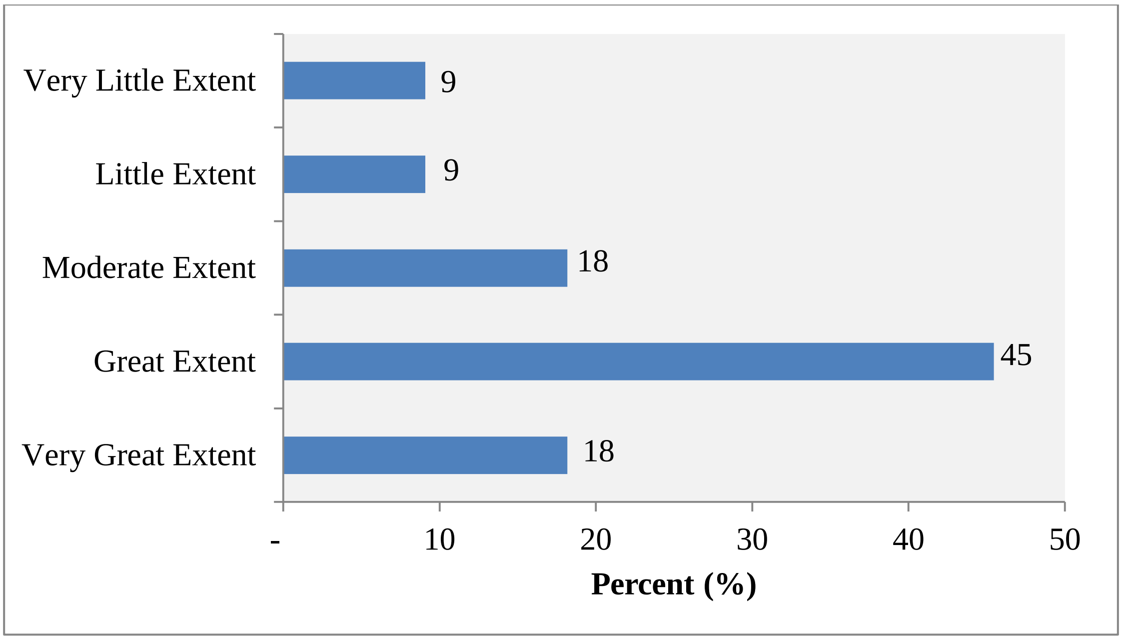

Figure 4.3: Influence of Customers' Perception of Service Quality on Purchase Intention

When the managers were asked to rate the extent to which customers' perception of service quality determines their purchase intentions, majority (63%) of them asserted that it is to a great extent. Out of these, 18% mentioned that the influence is to a very great extent. This indicates that customer perception of service quality is very critical and should be considered when mobile telecommunication companies are developing their organizational strategies geared towards retaining their customers. From the study by Van der Wal and Pampallis (2002), the key to successful business today is retaining existing customers through the provision of quality service and anticipating and meeting their future needs. An earlier study by Bendapudi and Berry (1997) had affirmed that quality of services would persuade the customer's intent to stay in long term relationship with the organization.

The study also sought to determine the rating of the quality of services from the managers' opinions.

Table 4.5: Quality of Organization Services

Quality of your organization's services	Frequency	Percent (%)
Very Good	4	36
Good	6	55
Fair	1	9
Poor	0	-
Very Poor	0	-
Total	11	100

Most (55%) of the managers alleged that the services were good in their companies with a further 36% rating the service quality as very good. Only 1(9%) rated the services as fair with none of them mentioning poor services. This is an indication that the services in Safaricom, Airtel and Orange Kenya Ltd companies are good from their managerial perspective. Findings from a study by Bendapudi and Berry (1997) affirmed that quality of services would persuade the customer's intent to stay in long term relationship with the organization. Another study by Cöner and Güngör (2002) found that service quality would lead towards more loyal customers.

4.5 Organizational Strategy and Enhancement of Customer Retention

According to the findings, it is cheaper for an organization to retain her customers than to look for new ones. Findings by Reichheld (1996) affirmed this by indicating that the cost of creating a new customer has been estimated to be 5 times more than that of retaining an existing one. To ensure that telecommunication companies retain their customers, they must ensure that their strategies lead to enhanced customer satisfaction. Findings by Zeithaml et al, (2000) noted that gaining sustainable competitive advantage over competitors through satisfying customer relationships is one of the strategic weapons for a modern day service firm.

From the findings, it was revealed that customer satisfaction is determined by all aspects of the service that are involved in the interaction between the company and the customer. Anderson and Sullivan (1993) pointed out that that repurchase intentions were positively influenced by satisfaction across product categories and that customers were more likely to be retained as satisfied. According to the findings by Oliver (1999), to achieve customer satisfaction loyalty, all service encounters offer an opportunity to provide superior service quality and distinguish the firm from its competitors. Additionally, in their study, Chong et al, (1997) had found that both customer satisfaction and customer perception of service quality were important predictors of attitude loyalty, but that satisfaction had the strongest relationship with the loyalty construct.

According to the findings, to enhance customer retention, the organizational strategy adopted by telecommunication companies must serve to satisfy a variety of needs required by the customer. Findings by Woo and Fock (1999) revealed that in Hong Kong, network coverage and call quality has significant influence on customers in the mobile phone industry. Another study by Kim et al. (2004) identified call quality as a major factor of consumer satisfaction in Korean mobile phone market. Johns and Sue (2000) have acknowledged price and service quality as determinant of customer satisfaction.

Findings by Zeithaml et al. (1990) concluded that performing the service at the very first time and resolving the issues more promptly will enable the long term tie between service provider and customers. From the findings, an organizational strategy by mobile telecommunication services needs to give attention to both the customer care and the quality of the particular services/products. This indicates that customer care/service personnel should be well knowledgeable on how to handle the customer an address their needs because it is in this interaction that the customers' needs will continuously be identified and the necessary modifications done on the organizational strategy to keep the customer satisfied which will thus enhance customer retention. Managers also highlighted the critical role of customer service.

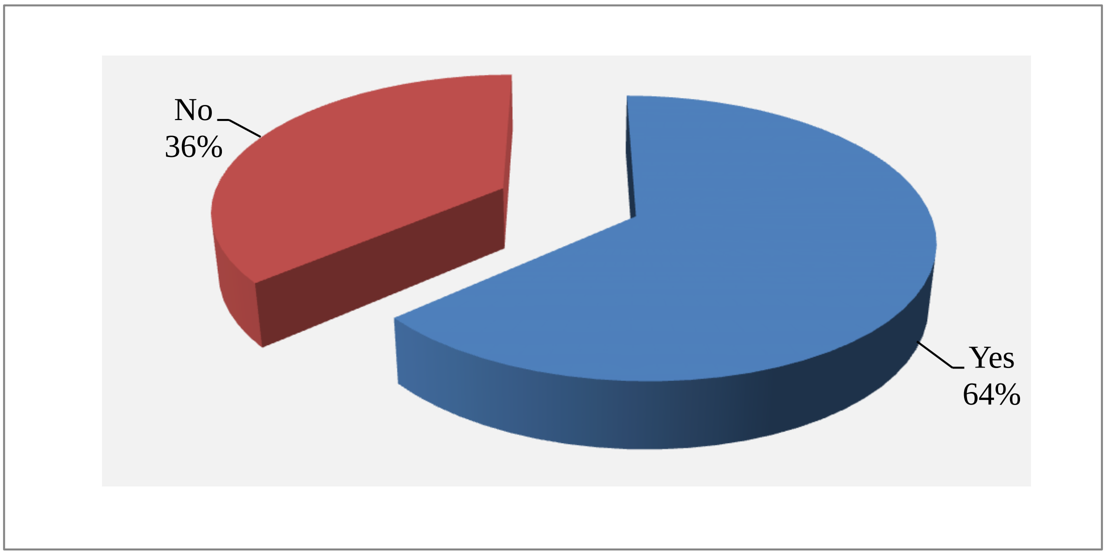

Figure 4.4: Customer Service Can Cause Customer Switch to Competitors

In this regard, most (64%) of them affirmed that customer service can cause a customer to remain or switch to competitors. This indicates that for an organizational strategy in a mobile telecommunication company to enhance customer retention it must ensure that customer service is enhanced. In this regard, the study sought to determine the quality of customer care in the companies from the managerial perspective.

Table 4.6: Rating of Customer Care

Rating of customer care	**Frequency**	**Percent (%)**
Very Good	3	27
Good	5	45
Fair	2	18
Poor	1	9
Very Poor	0	-
Total	11	100

Those who rated it as good were 45% while 27% rated customer care as very good in their companies. However, one manager rated the quality of customer care as poor. The table above gives more details. This indicates that mobile telecommunication companies have recognized the importance of customer care in enhancing customer retention hence have made efforts to improve it.

Findings by Fornell (1992) indicated that a satisfied consumer helps the firm to detain market share and to sustain it, enhances customer retention, shrink consumer price sensitivity and lessen other operating costs. This indicates that mobile telecommunication companies should ensure that their organizational strategies lead to satisfactory services/products in the eyes of their customers, in order to reap the benefit of customer retention even in instances where the price could be slightly higher than that of the competitors. A study by Anderson (1996) found that a satisfied customer would have more price tolerance.

The study examined the trend in customer retention in the three mobile telecommunication companies by reviewing the Communications Authority of Kenya (CAK) report (2014) indicators on number of subscribers as determined by the telecommunications mobile money transfer services. Findings were as illustrated in the table below.

Table 4.7: Indicators on Number of Subscribers

Operator	**June, 2011**	**June, 2012**	**June, 2013**	**June, 2014**
Safaricom Limited (M-Pesa)	14,331,941	15,083,674	17,561,999	19,776,056
Telkom Kenya Limited (Orange Money –Iko Pesa)	117,091	140,166	166,114	185,463
Airtel Networks Kenya Limited (Airtel Money)	2,530,916	3,751,713	4,580,467	3,238,754
Total Subscribers	16,979,948	18,975,553	22,308,580	23,200,273

Source: Communication Authority of Kenya, 2014

Findings indicated that Safaricom and Orange have experienced an increase in their total number of subscribers of their money transfer services in the last four years. However, Airtel experienced a decrease in the year ended June 2014 despite having experienced an increase in the last three years. The number of Airtel Money subscribers at June 2014 (3,238,754 subscribers) was less than it was in June 2013 (4,580,467 subscribers) and June 2012 (3,751,713 subscribers). This implies that at certain point between June 2013 and June 2014, some Airtel customers may have switched to other companies. This could have been prompted by development of a better strategy by Airtel's competitors which proved to satisfy the customers' need much better. According to Omotayo et al (2008), all successful companies must learn how to retain customers even when the customer appears satisfied.

To investigate the trend further, the study analyzed the market share (individual company's subscriptions expressed as a percentage of the total subscriptions by the three companies).Findings were slightly different.

Table 4.8: Trend of the Market Share in the Last 4 Years

Operator	**June, 2011**	**June, 2012**	**June, 2013**	**June, 2014**
Safaricom Limited (M-Pesa)	84.4	79.5	78.7	85.2
Airtel Networks Kenya Limited (Airtel Money)	14.9	19.8	20.5	14.0
Telkom Kenya Limited (Orange Money – Iko Pesa)	0.7	0.7	0.7	0.8

According to the findings, Safaricom' s market share decreased gradually from June 2011 (84.4%) to June 2013 (78.7%).However, Safaricom still continued to dominate the market despite the decrease. In the same period, (June 2011 to June 2013) the market share for Airtel continued to increase from 14.9% to 20.5%. At the same time, the market share for Orange remained constant at 0.7%. This could be an indication that in this period, Airtel had a strategy that best satisfied customers' needs than Safaricom hence was able increase her market share as opposed to Safaricom. Orange on the other hand managed to have a strategy in place that helped to maintain its market share.

Between June 2013 and June 2014 however, things took a different turn in the market. Safaricom's market share rose to 85.2% while that of Airtel fell to 14.0%. For Orange, the market share increased to 0.8%. This is a likely indication that Safaricom and Orange came up with strategies that greatly achieved customers' satisfaction hence they not only managed to retain the existing ones but also attracted new ones. This may have probably caused some Airtel Customers to switch to either Safaricom or Orange where majority may have switched to Safaricom. Colgate et al, (1996) suggested that service providers should understand why customers choose to stay and should not assume that it is a positive conscious choice. This is because they may be lured away by attractive offers made by competitors when they experience dissatisfaction incidents (Jones and Farquher, 2003).

From the managers' perspective, customer retention is influenced by diverse constructs.

Table 4.9: Most influential factor on customer retention

Most influential factor on customer retention	Frequency	Percent (%)
Customer Satisfaction	4	36
Quality service	4	36
Customer Service	3	27
Total	11	100

When the managers were asked to identify the most influential factor on customer retention, 4(36%) mentioned customer satisfaction, a similar number mentioned quality service while 3(27%) mentioned customer service. This indicates that the three constructs (customer satisfaction, quality service and customer service) cannot be separated if a strategy is to achieve customer retention. They are inter-twinned in enhancing customer retention. This affirms the findings by Gan et al (2006) that a retained customer is a function of a number of variables; choices, conveniences, price and income.

Table 4.10: Aspects that Need More Improvement

Organization should make more improvements	Frequency	Percent (%)
Quality service	5	45
Customer Satisfaction	3	27
Customer Service	3	27
Total	11	100

However, a simple majority (45%) of the managers suggested that their organizations should improve more on quality service. Some (27%) of them however felt that more improvement should be on customer satisfaction and a similar number mentioned that customer service should be improved.Omotayo, et al (2008) noted that there are strong arguments for management to carefully consider the range of factors that increase customer retention rate. According to Healy (1999), long term customers are also less sensitive to price, hence, retaining customers becomes a priority and mobile service providers must more carefully consider the factors that might increase customer retention rate.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of findings, conclusion and recommendations in relation to the research objectives and the existing empirical literature. The study had two objectives: To establish the role of organizational strategy around customer retention in Kenya’s mobile service providers and to determine how organizational strategy impacts quality of service and enhance customer retention in Kenya’s mobile service providers.

5.2 Summary of Findings

Findings indicated that mobile telecommunication companies being one of the many types of organizations have to see to it that competitors do not outshine their strategies. According to the findings, telecommunication companies must ensure that they develop strategies that give their customers a greater value relative to that of competitors to enhance customer retention. Pertaining to the customer subscriptions in each of the three mobile telecommunication companies studied, Safaricom had the largest share of subscriptions with 29,928,450 subscribers by the end of June 2014, followed by Airtel with 5,068,765 subscribers while Orange had 2,685,368 subscribers.

The study revealed that each of the companies strategizes to ensure that they give their customers the best in a particular area say price, quality etc. This highlights that the role of customer service cannot be left behind when implementing the strategy. From the managerial perspective, majority of the managers interviewed asserted that customer service was emphasized at all levels of service delivery value chain in the organization. Regarding whether the organizations were anticipating the customers' needs and striving to meet them, most of the managers responded in the affirmative regarding the statement. This is an indication that in most of the mobile telecommunication companies, customer needs are critical in organizational strategy development.

An overwhelming majority of the managers asserted that in deed service quality influences customer retention. According to the findings, for the organizational strategy developed by telecommunication companies to address service quality adequately, it should be such that services are delivered on time, customers are provided with an assortment of offerings to choose from, attention is paid to customer's complaints and demands and the company is staffed with competent and knowledgeable personnel. The study revealed that customers' perception of service quality can be influenced by employees' behaviour. An overwhelming majority of the managers affirmed that this can be to a great extent.

According to the study findings, the quality of service sort by an organizational strategy should be in accordance to what the customer perceives as "quality" to them and not what the organization perceives as "quality" to the customer. Findings indicated that mobile telecommunication companies make efforts to understand customers' needs and address them. Most of the managers who participated in the study agreed that judging from their experience; their respective companies were anticipating their customers' needs and striving to meet them. In addition, most of them also alleged that the services were good in their companies.

To ensure that telecommunication companies retain their customers, they must ensure that their strategies lead to enhanced customer satisfaction. Findings indicated that to achieve customer satisfaction loyalty, all service encounters offer an opportunity to provide superior service quality and distinguish the firm from its competitors. It was also noted that to enhance customer retention, the organizational strategy adopted by telecommunication companies must serve to satisfy a variety of needs required by the customer.

Findings on customer subscriptions in the three mobile telecommunication companies indicated that Safaricom and Orange experienced an increase in their total number of subscribers in their money transfer services in the last four years. However, Airtel experienced a decrease in the year ended June 2014 despite having experienced an increase in the last three years. When analyzed by the market share, Safaricom' s market share decreased gradually from June 2011 (84.4%) to June 2013 (78.7%). However, Safaricom still continued to dominate the market despite the decrease.Airtel's share continued to increase while that for Orange remained constant. Between June 2013 and June 2014 however, Safaricom's market share rose to 85.2% while that of Airtel fell to 14.0%. For Orange, the market share increased to 0.8%. From the managers' perception, customer satisfaction, quality service and customer satisfaction cannot be separated if a strategy is to achieve customer retention. They are inter-twinned in enhancing customer retention.

5.3 Conclusion

From the findings, it is clear that mobile telecommunication companies must ensure that their strategies are perceived as the best by the customers who can otherwise be lost to the rival companies if these rival companies devise a better strategy targeting the same customers. They need to recognize the critical value of customer service. Although the findings indicate that in most of them customer needs are key in organizational strategy development, these are but allegations from the management.

To best identify the customer needs, avenues such as customer complaints analysis among others are necessary. Customer care/service personnel should be well knowledgeable on how to handle the customer an address their needs because it is in this interaction that the customers' needs will continuously be identified and the necessary modifications done on the organizational strategy to keep the customer satisfied which will thus enhance customer retention.

It is imperative for mobile telecommunication companies to ensure that their organizational strategies address the quality of their services in the best interest of their customer. Customers perceive how the employees handle their work as part of service quality. This perception should be considered when mobile telecommunication companies are developing their organizational strategies geared towards retaining their customers. The three mobile telecommunication companies give adequate attention to the customer demands. Mobile telecommunication companies have recognized the importance of customer care in enhancing customer retention hence have made efforts to improve it. Services in Safaricom, Airtel and Orange Kenya Ltd companies are good from their managerial perspective. Network coverage, price and call quality are significant determinants of customer satisfaction in the mobile phone industry.

Mobile telecommunication companies should their organizational strategies lead to satisfactory services/products in the eyes of their customers, so as to reap the benefit of customer retention even in instances where the price could be slightly higher than that of the competitors. In the period from June 2011 to June 2013, the strategy that Airtel had satisfied customers' needs better than Safaricom hence was able increase her market share as opposed to Safaricom. Orange on the other hand managed to have a strategy in place that helped to maintain its market share in the same period.

Between June 2013 and June 2014, the strategies adopted by Safaricom and Orange greatly achieved customers' satisfaction hence they not only managed to retain the existing ones but also attracted new ones which may have probably caused some Airtel Customers to switch to either Safaricom or Orange where majority may have switched to Safaricom. The three telecommunication companies needs to make sure that they continuously work to achieve high levels of customer satisfaction, quality service and customer service to enhance customer retention.

5.4 Recommendations

Basing on the findings of this study, the following recommendations are made:

Mobile telecommunication companies should concentrate on meeting the customer's expectation and offer more benefits to the customer. This includes the customer's expectation in terms of price, network quality and more promotional benefits. This will go a long way in retaining the customers in their networks.

The study further recommends that mobile telecommunication operators should endeavour to satisfy their customer through the provision better services than the competitors and not necessarily lower prices than the competitors. This is because when customer gets the quality they want, they will be less sensitive to the prices hence the company will continue to retain them.

Additionally the study recommends that in order to increase customer retention, it is crucial for the mobile telecommunication companies to actively and continuously manage their customers' need. In this regard the study suggests that operators should ensure they have a good customer care centre that receives customer complaints, suggestions etc. where these should continuously be analyzed and reports given to the strategy managers for them to make the necessary adjustments.

Lastly, the study recommends that mobile telecommunication companies should ensure that the ultimate goal for any strategy they develop is customer satisfaction. This is because customer satisfaction is a good predictor of future purchase behaviour. Satisfied customers can help to generate more profits for the company because they are responsible for a large percentage of sales and are cheaper to maintain than new customers.

5.5 Suggestion for Further Studies

This study focused on mobile telecommunication companies only. Further similar research should be conducted on a different industry to test for consistency in the results.

It is also suggested that a similar research should be conducted on the same companies after a span of several years to examine the developments in market share of these mobile companies.

It is also important that research be conducted on each of the three mobile operators to identify what features in the organizational strategy by Safaricom that makes it continue to enjoy a far much larger market share than the other operators.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

This questionnaire should be completed by a**strategy manager only**. It is aimed at collecting information on strategies for customer retention in the telecommunications sector. The information you provide is intended for academic purposes only. Respond to each item by putting a tick (√) on the appropriate response.

Section A: General Information

1) Organization

   Safaricom [ ]   Airtel [ ]   Orange [ ]

2) Position ....

3) Gender of the respondent

   a) Male ☐   b). Female ☐

4) How long have you served in this organization? ....

Section B: Influence of Customer Satisfaction on Customer Retention

5) From your experience, do you think customer satisfaction determine customer retention?

   Yes [ ]   No [ ]

Tick Appropriately	**Very Great Extent**	**Great Extent**	**Moderate Extent**	**Little Extent**	**Very Little Extent**
6) To what extent do you think customers' perception of service quality determines their purchase intentions?					

7) To what extent do you think employees' behaviour influences customers' perception on quality of service delivery					

Section C: Quality Service and Customer Retention

8) From your experience, do you think service quality influences customer retention?

Yes [ ]   No [ ]

9) From your experience, is your organization anticipating customers' needs and striving to meet them?

Yes [ ]   No [ ]

10) In your opinion, how can you rate the quality of your organization's services?

Very Good [ ]   Fair [ ]

Good [ ]   Poor [ ]   Very Poor [ ]

Section D: Customer Care/Service and Customer Retention

11) In your opinion, does this organization emphasize on customer service at all levels of service delivery value chain?

Yes [ ]   No [ ]

12) Do you think customer service can cause a customer to remain or switch to competitors?

Yes [ ]   No [ ]

13) From your experience, how can you rate customer care in this organization?

Very Good [ ]

Good [ ]

Fair [ ]

Poor [ ]

Very Poor [ ]

14) In your opinion, which **ONE** among these three is the most influential factor on customer retention?

Customer Satisfaction [ ] Quality service [ ] Customer Service [ ]

15) Where do you think this organization should make more improvements?

Customer Satisfaction [ ] Quality service [ ] Customer Service [ ]