

**MARKETING CONCEPT STRATEGY AND SATISFACTION OF
SAFARICOM SUBSCRIBERS IN NAIROBI, KENYA**

**BY
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**RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS OF THE DEGREE OF MASTER OF
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DECLARATION

I declare that this research project is my original work and has not been presented for the award of a degree in this University or any other Institution for examination.

Signature..... Date

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

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DEDICATION

This project is dedicated to my lovely wife Monica and my daughter Amanda for their love, care, support and encouragement.

ACKNOWLEDGEMENT

I thank God for his abundant grace and blessings throughout my studies and for bringing me this far.

My enormous debt of gratitude goes to Professor J.M. Munyoki for his expert guidance during the entire period of my project. He demonstrated patience, understanding and spared me his valuable time despite his busy schedule. Together with other lecturers and the academic staff in the School of Business, they imparted me with valuable knowledge which has culminated in the success of this project.

My appreciation also goes to my wife Monica, and daughter Amanda. They sacrificed a lot to allow me ample time to undertake my studies, in addition to providing me with necessary support and love which made this project successful. I would also like to appreciate my siblings for their encouragement throughout my master's program.

The assistance and inspiration of many other individuals also helped to make this research successful. In particular, I recognize all my friends and classmates with whom I shared knowledge, consulted, gave each other encouragement and positive criticism.

ABSTRACT

The main objective of this study was to determine the influence of marketing concept strategy on satisfaction of Safaricom subscribers in Nairobi, Kenya. The study adopted a descriptive cross sectional survey and used cluster sampling technique to obtain 384 respondents, out of which 346 returned properly filled questionnaires that were found usable for the survey. Two dimensions of marketing concept, that is, customer orientation and inter-functional coordination formed the independent variables for the study and were measured on a five point Likert scale with a rating ranging from strongly disagree (1) to strongly agree (5). The treatment of customer satisfaction in this study is in line with the overall or cumulative satisfaction, as well as satisfaction with other facets of the marketing concept. Study findings suggest that the adoption of marketing concept strategy significantly and positively influences customer satisfaction, thereby adducing more evidence to similar assertions by previous studies. These findings hold implication for practitioners, in that in order to increase the satisfaction of their customers, they need to increase the levels of marketing concept practice in their operations. The study also recommends that marketing oriented organizations should explore ways of increasing interdepartmental coordination in order to facilitate sharing of market intelligence and thus allow organization wide responsiveness to it. This is observed to be an impetus for marketing concept strategy to yield the desired results of increasing customer satisfaction.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The marketing environment of today has changed dramatically and thus companies must effectively devise strategies for responding to, and dealing with this change, while ensuring maximum customer value and satisfaction (McFarlane & Britt, 2007). In order to achieve organizational goals therefore, an organization should be more effective than competitors in integrating marketing activities towards determining and satisfying the needs and wants of the target markets (Kotler & Armstrong, 2010). This assertion is consistent with McFarlane (2013) view that businesses cannot survive without creating value for customers because that is why they exist; they are driven and shaped by customer needs and wants, and the degree to which they are able to meet these needs and wants through value creation. This perspective of focusing organizations' activities on the customer can be summed up in the term 'Marketing concept' (Zeithaml, Bitner & Wilson, 2013).

Slater and Narver (2000) holds the view that marketing orientation as a business culture enables businesses to understand the market and develop appropriate customer focused strategies. These strategies translate into high levels of customer satisfaction, customer loyalty, and customer retention which ultimately lead to superior firm performance. To achieve a durable basis for competitive advantage therefore, firms need to have an overriding dedication to the customer as an integral part of their thinking (Day, 2000). Apart from improved profitability, marketing oriented firms accrue other benefits such as

differentiating itself from competitors, enhance its reputation, improve staff morale, reduce costs and improve productivity among others.

Resource-based view theory provides the theoretical basis for this study. The theory holds that a company comprise of productive resources that have influence on its performance (Barney, 2001). The Resource based view requires that in strategic management, the central sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly to copy (Barney, Ketchen, & Wright, 2011). Unlike physical resources, services are characterized by attributes that are hard to imitate and thus become the company's main source of sustainable competitive advantage.

The telecommunications industry in Kenya has gone through profound changes in recent years. The result is new markets, new players, and new challenges. Currently the industry has three players, that is, Safaricom limited, Airtel Kenya, and Orange telecom. This followed the buy off of Essar telecom (YU mobile) by Safaricom and Airtel. According to Communications Authority of Kenya (CA) quarterly statistics report (July - September 2014), Safaricom limited is the market leader with 66.7 % of the market share; Airtel follows with 16.5 %; Orange with 9.2 % and YU, 7.6 %. Safaricom has maintained its market position over years, largely because it is able to satisfy and retain its customers. Safaricom effort in implementing the marketing concept was recognized by The Institute of Customer Service in 2014 with a Service Excellence Award for leading in its sector.

1.1.1 The Concept of Strategy

Strategy according to Johnson, Scholes and Whittington (2008) is the direction and scope of an organization over the long term, which achieves advantage in changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholders' expectations. This definition is simplified by Mintzberg, Alstrand, and Lampel (2009), that strategy is a balance of actions and choices between internal capabilities and external environment of an organization. These definitions convey that strategy is the ultimate responsibility of the head of the organization, and concerned with projecting and giving direction. They also suggest a linkage of strategy to a firm's performances leading to the affirmation that the strategy choice and position of an organization are aimed at building strengths in areas that satisfy customers and other key stakeholders within its external environment.

Johnson, Scholes and Whittington (2008) suggest that there are different levels of strategy, that is, corporate level strategy, business level strategy, and operating level of strategy. Corporate level strategy is concerned with the overall scope of an organization and how value will be added to the different strategic business units. This could include issues of how resources are to be allocated between different units of the organizations, diversity of products and services of business units, and geographical coverage. The business level strategy on the other hand is about how to compete successfully in selected markets, which products or services should be developed in which markets and how to achieve competitive advantage. The third level of strategy comprise operational

strategies, which are concerned with how the component parts of an organization deliver effectively in terms of resources, processes and people.

1.1.2 Marketing Concept

Marketing concept is a business philosophy which started to dominate business orientation during the 1950s, and continues until the twenty first century (Pride, 2008). It is a concept that challenges the traditional three concepts namely: production concept, where a company focused upon the science of manufacturing; product concept, where a business focused on the production processes and the quality of a particular product and selling concept whereby products are proactively sold based upon features rather than the benefits to the individual customer and his or her needs (Keller & Kotler, 2009). Marketing concept is therefore a management philosophy and an integrated approach that needs to be implemented across the firm in order to achieve its full benefits (Zeithaml et al., 2013).

Marketing concept suggests that the starting point for any marketing process is the customer needs and wants of the buyer rather than the needs of the seller and the product. Additionally, the concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction better than competitors do (Kotler & Armstrong, 2010). This is an 'outside-in' perspective and that it starts with a well-defined market that focuses on customer needs, and integrates all the marketing activities that affect the customers (Kotler & Armstrong, 2010). It follows therefore that those organizations who believe in this concept acknowledge that success is dependent on satisfying the needs of customers.

Akimova (2000) assessed marketing orientation from the view of competitor advantages, inter-functional co-ordination and some external components. Harrison-Walker (2001) on his part, developed a method for measurement of market orientation which included three components: competition orientation, customer orientation and business performance. According to Keller and Kotler (2009), marketing concept rests on four pillars: target market, customer needs, integrated marketing and profitability. Profitability is however considered a consequence or outcome of market orientation and not a part of the construct itself. Sørensen (2009) on the other hand indicated that customers, competitors and inter functional coordination are major components of market orientation.

1.1.3 Customer Satisfaction

Customer satisfaction is the degree to which customer needs and expectations are met (Zeithaml & Bitner, 2000; Kotler, 2000). It is closely linked with customer expectations and product's perceived performance in that if the product meets expectations, the consumer is satisfied and if it falls short, the consumer is dissatisfied. Oliver (2010) views satisfaction as the consumers' fulfilment response and that it is a judgement that a product/service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfilment. Satisfaction therefore can be summarized to mean customers' overall judgment of the service encounter.

Customer satisfaction has attracted a lot of attention over the years and organizations are starting to realize how important it is to satisfy their customers. This is in appreciation of a positive linkage between customer satisfaction and firm's performance as illustrated by Cook, (2002). Basically, Cook (2002) indicates that marketing orientation positively

impacts on customer satisfaction and ultimately on company's profitability. As such, Companies continuously seek to measure customer satisfaction in order to evaluate whether they meet their customers' needs better than their competitors. Indeed, customer satisfaction is one of the most important metric in marketing, since firms regard customer satisfaction as one of the key measure in the determination of a firm's performance (Han, 2012).

1.1.4 Safaricom Limited

Safaricom started as a department of Kenya Posts & Telecommunications Corporation and was later incorporated on 3rd April 1997 under the Companies Act as a private limited liability company. This turned it into a public company with limited liability on 16th May 2002. Following the offer and sale of 25 % of the issued shares in Safaricom held by the Government of Kenya (GoK) to the public in March 2008, the GoK ceased to have a controlling interest in Safaricom under the State Corporations Act. Quarterly sector statistics report from CA (July – September 2014) indicates that Safaricom limited controlled 66.7 % of the market share with a total of 21,928,450 subscribers. Safaricom customers fall into different consumer segments, that is; corporates, Small and Medium Enterprises (SMEs), institutions and individual consumers. In order to satisfy the needs of the different consumer segments, the company customizes its products and services to the targeted segments. Devices offered include; mobile handsets, broadband modems, routers, tablets, notebooks, and laptop computers. Services offered on the other hand include; money transfer service (Mpesa), messaging service, voice service, value added services, mobile and fixed data service (Safaricom, 2014).

Safaricom is continuously striving to deliver a superior customer experience across all customer touch points. In the Safaricom sustainability report, (2014), Collymore, the CEO noted that in order for the company to be able to achieve sustained growth, emphasis needed to be put on customer development and retention. Speaking while opening an experiential outlet at The Junction Mall on Ngong road in Nairobi, (Safaricom press release, December 3rd 2014), Collymore said that Safaricom's customer –focused approach was meant to make its subscribers the ultimate beneficiaries of its innovations and partnerships. This is an indication that the company is customer oriented at least as embodied by the CEO.

In line with marketing orientation approach, Safaricom continuously tracks customers' overall satisfaction and experience with its products and services. Customer experience is measured through a net promoter score systems (NPS) that involves continuously surveying its customers to determine their level of advocacy of Safaricom products and services. The NPS system provides support to management in diagnosing opportunities to improve customer experience and also the drive to increase brand preference and capitalize on the high levels of awareness it already enjoys in the market. This effort saw Safaricom earn service excellence award by the institute of customer service in 2014. According to the institute, the Service Excellence Awards recognize, acknowledge and celebrate the success of corporate organizations and individuals that provide exemplary customer service.

1.2 Research Problem

While some organizations are successful, others are not, or at least some are more successful than others in any industry. This is a matter of good strategy choice coupled with excellent strategy implementation and strategy position adopted by an organization (Johnson, Scholes & Whittington, 2008). Marketing orientation is a strategic choice that put customers at the core of an organization's decision making process with a view to satisfying them. Accordingly, successful organizations take into consideration the interests of customers in their decisions. This focus on the customer is at the heart of marketing concept which supposes that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction better than competitors do (Kotler & Armstrong, 2010).

Safaricom limited has consistently outrivaled its competitors in most aspects of business performance, that is, gross margin, cash flow, and customer satisfaction. This is characteristic of a company that has adopted marketing concept philosophy. With increased globalization and widespread technology, that is, the use of social media platforms, customers' expectations of service/quality standards have been raised. Today's customers want it all—competitive pricing, value for money, and above all, high quality service. This has presented a great challenge to Safaricom because such customers are demanding and do not hesitate to switch providers if their needs are not met. Indeed, the company marginally lost ground to its competitors, thereby dropping its market share from 68 % to 66.7 % in the first quarter of 2014/2015 (CA, 2014). To survive in such a marketing environment therefore, the adoption of marketing concept strategy as defined

by Kotler and Armstrong (2010) becomes necessary. That is, understanding target customer needs and delivering the desired satisfaction more effectively and efficiently than competitors do in order to achieve organizational goals.

Marketing concept is a business philosophy that has been widely studied internationally. For instance, Javalgi, Whipple and Ghosh (2005) investigated the implications for service providers who adopted marketing orientation and found out that the impact of developing market orientation is higher levels of customer relationship marketing, retention, satisfaction, loyalty, and lifetime value. Aqazade and Mehrnoosh (2010) in a study aimed at developing a local scale of market orientation of the commercial banks in Iran showed that to improve the performance of the commercial banks in international and foreign exchange field, market orientation was considered as one of the effective factors. Similarly, Rapert and Yarbrough (2008); Osuagwu and Obaji (2009); Olowokudejo and Adeleke (2011); Kumar, Jones, Venkatesan, and Leone (2011); Tirgar, Mehrani and Azma (2013) in their respective studies, alluded to a positive relation between different aspects of marketing concept and customer satisfaction. Tournois (2013) on the other hand focused his study on the relationship between market orientation, customer value and market performance. His findings indicated that market orientation correlates with customer value but not with a subjective measure of market performance, that is, with customer satisfaction.

Studies conducted locally have focused mainly on customer satisfaction and its link to organization's performance. Odhiambo (2003) studied the determinants of customer satisfaction amongst mobile subscribers in Nairobi and found out that elements in the marketing mix were the major determinants. Murekio (2010) on the other hand did a

study on customer satisfaction and revenue generation among Safaricom retail centres in Nairobi and concluded that customer satisfaction contributed to increased revenue. Owiye (2012) analyzed customer satisfaction in the mobile telecommunications industry in Kenya. This was mainly aimed at establishing the customer satisfaction levels across the industry. Finally, Kerich (2014), just like Odhiambo (2003), studied the determinants of customer satisfaction of Safaricom mobile subscribers in Nairobi. Kerich concluded by elaborating the customer's opinions which centered on Safaricom products and service, network quality, tariffs and promotions. This could be summarized that the 4ps of the marketing mix determined the levels of customer satisfaction. There is no known study to the researcher that explored the marketing concept strategy in relation to customer satisfaction in the telecommunications industry in Kenya, more so from the strategy point of view. This study therefore seeks to determine the influence of marketing concept strategy on customer satisfaction by answering the question: does marketing concept strategy influence satisfaction of Safaricom subscribers in Nairobi?

1.3. Research Objective

The objective of the study was to determine the influence of marketing concept strategy on satisfaction of Safaricom subscribers in Nairobi

1.4. Value of the Study

This study is expected to provide management with valuable practical insights into the relationship and inter-play between different elements of marketing concept and customer satisfaction. This will inform managers of organizations in making strategic choices with

proper understanding of how to operationalize it in order to realize optimal benefits. Additionally, practitioners will get to understand and appreciate the determinants of customer satisfaction. This will help in aligning their strategies towards implementation of an effective marketing concept.

A few studies have been done in Kenya to directly identify the influence of marketing concept on customer satisfaction. Considering the benefits attributed to marketing orientation, it would be interesting for academicians and researchers to check the applicability of marketing concept across different environments and firms. The information from the study will also form basis for literature for other researchers and academicians who are willing to carry out studies in the same field in Kenya.

Finally, this study will have policy implications to industry regulators. It will inform regulators in the telecommunications industry and indeed in other industries on what customers' value. This will guide them in setting industry standards and policies that are beneficial to all respective stakeholders.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews relevant academic and expert research in the field of study beginning with a review on the theoretical foundation of the study and its application. This is followed with literature review of the marketing concept strategy, marketing concept and its measurement, customer satisfaction and the link between marketing concept strategy and customer satisfaction.

2.2 Theoretical Foundation of the Study

Resource-based view theory provides the theoretical basis for this study. The theory conceptualizes a company as comprising of a collection of productive resources that it can exploit to influence its performance (Barney, 2001). Even though the resource-based view of the firm originated in the strategy literature, it provides a useful framework for examining the development of marketing orientation. Studies by Srivastava, Fahey and Christensen (2001) represent an important contribution in illustrating Resource based view as a frame of reference in advancing marketing theory or in analyzing core challenges in marketing practice. The study articulates the processes by which internal and market-based resources are converted into competitive advantages.

Unlike physical resources, services are characterized by attributes that are hard to imitate and thus become a company's main source of sustainable competitive advantage. Zeithaml, Bitner and Gremler (2006) identified four main factors that characterize services: intangibility, inseparability, heterogeneity and perishability. Intangibility refers

to services being characterized by performances and actions that cannot be seen, felt, tasted, inspected, or touched in the same way as goods. Examples of intangible assets are; brand reputation, trademarks, and intellectual property. Inseparability is the second characteristic which refers to production and consumption occurring simultaneously. It therefore means that quality of service and customer satisfaction will be highly dependent on what occurs real-time. Perishability on the other hand is referred to as services which cannot be stored, resold or returned. Finally, Heterogeneity means that as services are performances, they may vary on day to day basis and thus no two services will be exactly the same.

The Resource based view stipulates that in strategic management, the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly to copy (Barney, Ketchen, & Wright, 2011). The applicability of resource based view in marketing therefore is in consideration that most resources studied in marketing are intangible, inseparable, heterogeneous and perishable. The resources in this case, are referred to as market resources. The market based perspective thus emphasizes firm-specific capabilities and assets as the fundamental determinants of firm performance. Taking this market view approach, organizations become aware of changes in its market, forecast accurately and respond to marketing actions towards developing market orientation and ultimately influence customer satisfaction.

2.3 Marketing Concept as a Strategy

Strategy according to Johnson, Scholes and Whittington (2008) is the direction and scope of an organization over the long term. This requires organizations to configure its resources and capabilities with the aim of fulfilling stakeholder expectations. Strategy is also considered as a balance of actions and choices between internal capabilities and external environment of an organization (Mintzberg, Alstrand, & Lampel, 2009). These definitions convey that strategy is concerned with projecting and giving direction. They also suggest a linkage of strategy to a firm's performances leading to the affirmation that the strategy choice and position of an organization are aimed at building strengths in areas that satisfy customers and other key stakeholders within its external environment.

In developing strategy, firms undertake three sets of activities: strategic analysis, strategic choice and strategic implementation. Johnson, Scholes and Whittington (2008) refer to these set of activities as strategic position, strategic choice and strategy in action respectively. Marketing orientation is generally recognized a business culture and a strategic choice that produces performance by creating superior value to customers (Slater & Narver, 2000). Accordingly, in many organizations the marketing concept has been elevated to the stature of a strategic weapon, manifested in the form of market orientation (Rapert & Yarbrough, 2008). This characteristic of marketing orientation qualifies it as a Business level strategy as described by Johnson, Scholes and Whittington (2008), that business level strategy is about how to compete successfully in selected markets, which products or services should be developed in which markets and how to achieve competitive advantage.

2.4 The Marketing Concept and its Measurement

Marketing concept holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors does (Kotler & Armstrong, 2010). This is consistent with the views of Pride and Ferrell (2012) that marketing is more than simply advertising or selling a product; it involves developing and managing a product that will satisfy customer needs. Marketing concept is thus a philosophy requiring an organization to provide products that satisfy customers' needs through a coordinated set of activities that also allows the organization to achieve its goals (Pride & Ferrell, 2012).

Steinman, Deshpande and Farley (2000) argue that the appropriate level of customer orientation is what a customer thinks it should be. Kotler and Armstrong (2010) also noted that the marketing concept takes an 'outside-in' perspective and therefore assessing a firm's marketing orientation level from both the customer and the business perspective is necessary in order to ensure that a firm's perspectives are synchronized with those of its customers. Accordingly, to implement the marketing concept, an organization strives to determine what buyers want and uses this information to develop satisfying products. It focuses on customer analysis, competitor analysis, and integration of the firm's resources to provide customer value and satisfaction, as well as generate long-term profits (Pride & Ferrell, 2012). Additionally the firm must be flexible and able to adapt and develop products to keep pace with customers' changing desires and preferences.

To this end therefore, a number of scales have been developed to measure market orientation. Akimova (2000) assessed market orientation from the view of competitor advantages, response to unfriendly environment and business performance. The measure comprised items about competitors, inter-functional co-ordination and some external components. Harrison-Walker (2001) on his part, developed a method for measurement of market orientation which included three components: competition orientation, customer orientation and business performance. Competition orientation and customer orientation contain statements as gaining information, information dissemination, information interpretation and utilization of the information. Hajjat (2002) develop a method named CUSTOR which was mainly aimed at measuring customer orientation, one of the components of marketing orientation. Pride and Ferrell (2012) agree with the utilization of this method for measurement of market orientation.

2.4.1 The Concept of Customer Orientation

Customer orientation is a component of marketing concept that focuses on putting the customers at the centre of strategic focus (McEachern & Warnaby, 2005). In order to achieve organizational goals thus depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors does (Kotler & Keller, 2009). In essence, all activities in a customer oriented organization are based around the customer. The management and employees are fully engaged and motivated to meet the customers' expectations and provide them with maximum level of satisfaction, thereby shifting organizational values, beliefs,

assumptions, and premises towards a two-way relationship between customers and the firm.

Being customer-oriented requires a long term strategy that should involve all departments of a company, from top management to the customer facing staff and should also comprise diverse elements (Cook, 2002). A review of existing literature shows that there are a number of elements that need to be in place in order to create a climate and culture of customer orientation. Cook (2002) identifies nine elements that include business imperatives, top team clarity, listening posts, service strategy & goals, customer driven processes, people development, empowerment, communication, reward & recognition and sustaining. In pursuit of customer orientation therefore, organizations have adopted an integrated approach that has led to the implementation of customer focused strategies to achieve customer satisfaction, customer retention, customer loyalty, and customer lifetime value (Javalgi, Whipple & Ghosh, 2005).

2.4.2 Inter-Functional Coordination

In defining marketing concept, Kotler and Armstrong (2010) underscored the need for interdepartmental coordination that would facilitate sharing of market intelligence and organization wide responsiveness to it. As such, integrated marketing results when all the company's departments work together to serve the customer's interests. This assertion is consistent with Zeithaml et al. (2013) emphasis on the need for an integrated approach to services marketing which cuts across all departments of an organization. This means that the marketing department of an organization must be well coordinated with other

company departments and also the various marketing functions such as sales, advertising, market research and so on must work together.

Internal marketing, just like external marketing is considered important in creating a marketing oriented organization (Bouranta, Mavridoglou, & Kyriazopoulos, 2005). This is an indication that internal marketing and marketing orientation should be functioning in the same direction. External marketing is marketing directed at people outside the company while internal marketing is the task of successfully hiring, training, and motivating employees in order to serve the customers well. In this view, Zeithaml et al. (2013) argue that integrated marketing makes it possible to gain synergy out of all marketing activities based on the premise that the marketers should make an integrated marketing program with the purpose to create, communicate and deliver value for the customers. It follows therefore that internal and external marketing must be given prominence by any marketing oriented organization.

2.4.3 Competitor Orientation

Competitors are defined as firms offering products or services that are close substitutes, in the sense that they serve the same customer need (Kotler, 2000). The purpose of competitor orientation is to provide a solid basis of intelligence pertaining to present and potential competitors for which organizations considers while making decisions. Competitor orientation allows firms to benchmark with, learn from, imitate, and improve on the products of successful competitors, thereby enhancing their competitive advantage (Kotler, 2000; Noble, Sinha, & Kumar, 2002). The marketing concept is hence considered to be a philosophy by which a firm can achieve competitive advantage (Kotler

& Armstrong, 2010), and as such, the rationale of the marketing concept is partly based on the notion that a firm's customer value creating activities must be considered relative to the value creating activities of competitors.

Attaining high performance of an organization relies on creating stable competitive advantage and offering stable value for customers (Mahmoodean, Ashraf & Hassani, 2014). This assures the organization to set up and keep a kind of organizational culture, which provides a required field for revealing necessary behaviours. According to this, it can be said that it is the organizational cultural competitor orientation that provides required behaviours for making best value for customers and consequently sustained superior performance through maximal efficiency and effectiveness.

2.5 Customer Satisfaction

According to Kotler (2000), satisfaction is a post-purchase evaluation of a product or service given pre-purchase expectation. Oliver (2010), on the other hand defined satisfaction as the consumers' fulfilment response and that it is a judgement that a product/service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfilment. From these two definitions, it is clear that satisfaction is closely linked with customer expectations and product's perceived performance in that if the product meets expectations, the consumer is satisfied and if it falls short, the consumer is dissatisfied. In this regard, customers seek value for their money every time they buy and are always aiming to get maximum satisfaction from the products or services that they buy.

From the view of operations management, customers play important role in the organizational process and thus should be given due consideration whenever making decisions (Lee & Ritzman, 2005). Kotler and Keller (2009) have gone further to suggest that successful marketing companies invert organizational chart such that customers are at the top in terms of importance, followed by front line people, the middle level managers and the base is top management. Additionally, customers are on both sides of the chart to indicate that managers at every level must be personally involved in knowing, meeting and serving customers. This does not only show the importance of customers in the business environment but also the importance of satisfying them.

Customer Satisfaction is considered as a valuable Marketing performance metric by many companies and as such, it has been widely used as a key performance indicator. This is in considering that it can be a key source of differentiation in the current competitive marketplace. Whether an organization provides quality services or not will depend on the customers' feedback on the satisfaction they get from consuming the products, since higher levels of quality lead to higher levels of customer satisfaction (Kotler & Keller, 2009). It is therefore imperative for organizations to invest in customer satisfaction surveys with a view to implementing feedback to improve the quality of their products and marketing processes that would lead to higher satisfaction levels. It is by satisfying customer needs that companies are able to create a loyal customer base, retain customers and ultimately sustain superior performance.

A highly satisfied customer becomes loyal, buys more as the company introduces new products and upgrades existing products, talks favourably about the company and its products, pays less attention to competing product brands and is less sensitive to price,

offers products ideas to the company, and costs less to serve (Kotler, Armstrong, Saunders & Wong, 2002). Additionally, customers who are satisfied with the value being provided repurchase the product and this result in better economic performance, market share and profitability for an organization. A marketing oriented organization therefore aims to satisfy its customers' current and future needs by showing commitment, creating value in the product, encouraging customers' feedback, collecting relevant information, sharing information among various departments of the company, and by taking relevant managerial action based on the collected information.

2.6 Marketing Concept and Customer Satisfaction

Marketing orientation involves the philosophy of customer satisfaction (Kotler & Keller, 2009). Marketing oriented organizations therefore aim to satisfy their customers' current and future needs by showing commitment, creating value in the product, encouraging customers' feedback, collecting relevant information, sharing information among various departments of the company, and by taking relevant managerial action based on the collected information. Keller and Kotler (2009) notes that a market-oriented business has three management characteristics: Customer focus, Competitor Orientation and cross functional coordination. These dimensions make the market oriented businesses unique and are aimed at effectively satisfying customer needs and wants.

According to Oliver (2010), Satisfaction is the consumers' fulfilment response and that it is a judgement that a product/service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfilment. Understanding customer needs and wants is therefore important in order to offer products and services that meet those needs

and consequently lead to customer satisfaction. Accordingly, customer orientation, a component of marketing concept, enables a business to stay in close contact with customer needs and satisfaction (McEachern & Warnaby, 2005). Marketing strategies in customer oriented businesses are thus built around customer needs and other sources of customer satisfaction.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section focuses on the various methods used to arrive at the stated objective of the study. It comprises; research design, target population, sample and sampling procedure, data collection and data analysis procedures.

3.2 Research Design

A descriptive cross sectional survey research design was adopted in this study focusing on the influence of marketing concept strategy on the satisfaction of Safaricom subscribers. A survey is an investigation about the characteristics of a given population by means of collecting data at a single point in time, from a sample of that population and estimating their characteristics through the systematic use of statistical methodology (Cooper & Schindler, 2006). In this view, survey research design was chosen because there is no attempt to control or manipulate the variables being studied. Also, the design was chosen because quantitative information needed to be collected through the use of structured questionnaire. Descriptive design on the other hand is concerned with describing, recording, analyzing and reporting conditions that existed.

3.3 Population of the Study

The target population for the study comprised Safaricom subscribers in Nairobi. Safaricom subscribers referred to are individuals or entities that are currently using any of the Safaricom products or services. The choice of Safaricom subscribers was informed by

the company's superior performance and its reputation for excellent customer service (The Institute of Customer Service, 2014; CA, 2014). Nairobi is a metropolitan city comprising a population with varying characteristics (Kenya National Bureau of Statistics, 2014), which generated heterogeneous sample required for this study. The number of Safaricom customers in Nairobi was not known, however, Safaricom customers constitute 66.7% of the mobile market share in Kenya. (CA, 2014)

3.4 Sample Design

Cluster sampling technique was used to obtain respondents for this study. The sampling technique enabled the researcher to meet the requirements of efficiency, representativeness, reliability and flexibility (Kothari, 2004). The number of Safaricom retail shops in Nairobi was 11, representing 11 clusters for the purpose of this study. A simple random sample to obtain 4 retail shops was done, then systematic random sampling to obtain 96 customers in each of the four retail centres, making a total of 384 respondents. The 4 retail shops obtained following the simple random selection were; Buruburu shop, Eastleigh shop, Kimathi branch and Sarit branch. In doing the systematic random sampling, the first respondent was picked randomly and thereafter every 4th customer exiting the retail shop was selected as a respondent for the survey.

The following sample size formula for unknown population was used to arrive at a representative number of respondents (Godden, 2004).

$$SS = \frac{Z^2 \times P(1-P)}{M^2}$$

Where:

SS= Sample Size for unknown population

Z = Z value (e.g. 1.96 for 95% confidence level)

P = population proportion (assumed to be 0.5 (50%) since this would provide the maximum sample size).

M = Margin of Error at 5% (0.05)

$$SS = \frac{1.96^2 \times 0.5 (1-0.5)}{0.05^2} = 384$$

3.5 Data Collection

Primary data was collected by use of structured questionnaire. Together with a research assistant, the researcher administered the questionnaires to every 4th Safaricom customer exiting the selected Safaricom retail shop until the required number was obtained. The survey questionnaire was developed based on literature review and consisted of three parts: first part includes questions related to respondent characteristics, Second part of the questionnaire comprised questions on marketing concept measures and the final part was allocated for customer satisfaction measures. Marketing concept measures were developed and customized to fit the context of study and based on measurement scales by Steinman, Deshpande and Farley (2000), Harrison-Walker (2001), and Hajjat (2002). The adopted measurement scale consisted of 12 items which were measured on a five point scale ranging from strongly disagree to strongly agree. Two independent variables; Customer orientation and Inter-functional coordination were measured in this section.

Finally, the treatment of customer satisfaction in this study was in line with the overall or cumulative satisfaction, as well as satisfaction with other facets of the marketing concept.

3.6 Data Analysis

Descriptive statistics were used to provide simple summaries and observations made about the sample. This included the use of tables to display and summarise sets of data in regards to standard deviation, mean, frequencies and percentages. Additionally, correlation and regression analysis were used to determine whether and how strongly the marketing concept variables: customer orientation and inter-functional coordination relate to customer satisfaction. To aid in this analysis, Statistical Package for the Social Sciences (SPSS) tool was used.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter presents analysis of data collected from the respondents and discusses the findings of the study. Of the 384 questionnaires distributed, 346 were returned and found usable, representing a 90% response rate. Descriptive statistics of mean, percentages, frequencies, and standard deviation have been used to summarize the data and presented in Tables. Correlation and regression analysis have also been done to determine the association of the study variables.

4.2 Background Information of the Respondents

The study sought to determine the demographic characteristics of respondents in respect to age, education, gender and income levels.

4.2.1 Age of the Respondents

The respondents were asked to indicate their age by selecting the age group to which they belong. The results are as presented in Table 4.1.

Table 4.1: Age group of respondents

Age (years)	Frequency	Percent
Below 18	10	3
18 - 25	104	30
26 - 30	139	40
31 - 40	69	20
41 - 50	17	5
Above 50	7	2

Source: Primary data, 2015.

From the results, majority of the respondents (40%) were between 26 and 30 years of age, followed by those between 18 and 25 years. The two age groups represented 70% of the total respondents and comprised of the youth, hence the need of frequent interaction using mobile phones. The low percentage of respondents below 18 years of age would best be explained by the fact that this age group belongs to primary and high school students who did not participate much in this research and that most of them are restricted in accessing mobile phones in schools and at home. Respondents of age 50 and above on the other hand were the least, constituting 2%. This is because they are not so much into mobile telecommunication and modern technology. Most of them are in their retirement stage and likely to be residing in the rural areas, hence could not participate in this study which was done in Nairobi only.

4.2.2 Education of the Respondents

Respondents were asked to indicate their level of education, the results of which are summarized in Table 4.2.

Table 4.2: Level of education of respondents

Education	Frequency	Percent
Never went to school	0	0
Primary	31	9
Secondary	97	28
Middle level college	110	32
Degree	80	23
Post graduate	28	8

Source: Primary data, 2015.

From the findings, all the respondents indicated to have at least primary education, 63% having attained post-secondary education, That is; middle level college, degree and

postgraduate education. The majority of the respondents were those with middle level college education representing 32%, followed by those who had secondary school qualification as their highest level of education. Those with a university degree represented 23% while those with postgraduate education comprised 8% of the respondents.

These results mean that mobile phone users are generally educated and have embraced the use of mobile technology to communicate. The level of education is a major factor that influence satisfaction in the sense that educated consumers understands their rights and thus demands for high standards of service which the service providers ought to meet. These results therefore indicate that the respondents were fairly represented and a variety of the responses could be obtained.

4.2.3 Gender of the Respondents

The study sought to establish the gender of the respondents and the results are as presented in Table 4.3.

Table 4.3: Gender of the respondents

Gender	Frequency	Percent
Male	170	49
Female	176	51

Source: primary data, 2015

The findings indicate that of all the respondents, 49% were male whereas female gender constituted 51%. The study therefore implies that customers of both male and female gender have equal access to and need for mobile telephony service. Any variation in the

perception of marketing orientation and its influence on satisfaction levels by the two genders are thus adequately represented.

4.2.4 Income of the Respondents

Respondents were further asked to indicate their income level based on the ranges given and the results are as summarized in Table 4.4.

Table 4.4: Income level of the respondents

Income level (Kshs)	Frequency	Percent
Below 20,000	28	8
20,000 - 39,999	124	36
40,000 – 59,999	83	24
60,000 – 79,999	59	17
80,000- 100,000	42	12
Above 100,000	10	3

Source: Primary data, 2015.

From the findings, the respondents in this study had income levels ranging from below shs 20,000 to above shs 100,000. The results show that 36% had income levels of between 20,000 and 39,999 shillings followed by those earning between 40,000 and 59,999 at 24%. Those earning above 100,000 shillings on the other hand are the least, representing 3%.

The results imply that Safaricom customers were generally economically active and in some form of employment, hence could afford to spend their income on the provider’s products and services. Income levels have influence on airtime usage in that the higher the income of a customer the more likely they are to spend more. Airtime usage is used

by service providers to segment its customers who are then given differentiated service resulting in different experiences.

4.3 Mobile Telephony Usage

The respondents were asked to indicate their usage of mobile telephony service in respect to their Safaricom tariff, airtime usage per month, the period for which they have had their Safaricom line and whether they had other mobile lines apart from Safaricom.

4.3.1 Tariff Plan

The study sought to establish the tariff plan that the respondents were subscribed to and the results are as presented in Table 4.5.

Table 4.5: Respondents' Safaricom tariff plan

Tariff	Frequency	Percent
Prepay	336	97
Postpay	10	3

Source: Primary data, 2015.

The above results indicate that 97 % of the respondents were on prepay tariff and the remaining 3% on postpay. The researcher deduced that the high number of prepay customers was due to the flexibility of airtime purchase and the need to manage expenditure on airtime usage, which is more attractive to the youthful population who formed the majority of the respondents. Additionally, the activation process for prepay tariff is often simple as it does not require an application for activation of service. Activation on Postpay tariff on the other hand involves filling of application forms and payment of deposit which most customers shun away from. Postpay subscribers, often referred to as advantage customers get preference in accessing customer service and other

products, thus likely to be more satisfied than the prepay subscribers. That notwithstanding, most customers are not aware of the benefits of postpay service, hence the low uptake. The implication of the different tariff plans is that the respective service is often differentiated and thus results in differing experiences.

4.3.2 Airtime Usage

Information on monthly airtime usage of the respondents was sought by the study and the results summarized in Table 4.6.

Table 4.6: Airtime usage per month

Airtime Usage (Kshs)	Frequency	Percent
Below 499	42	12
500 - 2499	118	34
2500 - 15000	183	53
Above 15000	3	1

Source: Primary data, 2015.

From the findings, 53% of the respondents indicated to be spending between 2500 and 15000 shillings worth of airtime monthly. Those spending between shs 500 and 2,499 constituted 34 % while 1% spent above shs 15000 in airtime per month.

These results are consistent with the distribution of income levels of the respondents in that majority of respondents moderately spend on airtime just as there are majority of respondents with moderate income level of between 40,000 and 79,999 per month. Additionally, Safaricom limited and indeed other mobile telephony service providers have innovated value added services that led to increased average spend per customer. Premium rate services is an example of such value added service that increases the

airtime usage by levying an additional service charge for each service accessed. With this service, subscribers are able to get breaking news, health tips, sports news among others. at a premium charge.

4.3.3 Duration of Mobile Ownership

Respondents were asked to indicate the duration for which they were safaricom customers by virtue of owning a safaricom line. Table 4.7 presents the results of the findings.

Table 4.7: Duration of mobile ownership

Length of Stay	Frequency	Percent
Less than 1 year	14	4
1 -3 years	62	18
4 - 6 years	118	34
Above 6 years	152	44

Source: Primary data, 2015.

The results show that 44% of the respondents had their Safaricom lines for more than 6 years, followed by those who had their lines for between 4 and 6 years at 34% and the least was less than a year old customers at 4%.

The low percentage of less than one year means that there are few new subscriptions in the telecommunication industry. The researcher deduced that this was as a result of a well established industry already with a mobile penetration rate of 80.5% (C.A, 2014). The results further imply that Safaricom is more mature, stable and with a substantial base of loyal customers as characterized by the high percentage (44%) of subscribers who have stayed with their lines for 6 years and above.

4.3.4 Number of Mobile Lines Owned

The study also sought to know if the respondents had other none Safaricom lines. The results are summarized in Table 4.8.

Table 4.8: Other lines owned by respondents

Other lines	Frequency	Percent
YU	83	24
Airtel	108	31
Orange	92	27
None	104	30

Source: Primary data, 2015.

Overall, 30% of the respondents indicated that they did not have other lines apart from Safaricom. 70% of the respondents therefore had one or more lines for other mobile telephone service providers, that is; YU, Orange and Airtel.

From these results, the researcher deduced that the reason for ownership of multiple lines for different providers is to access their differentiated services. Some mobile subscribers for example would use Safaricom line for Mobile money transfer service (M-pesa) because of its convenience and trust, but use other providers for making voice calls because of their relative low cost. This is a characteristic common amongst the youthful population whose income levels are low. The results further imply that majority (70%) of the respondents have experience of other mobile telephony service providers and could thus make comparison of their different experiences with that of Safaricom.

4.3 Customer Orientation Measures

The study sought to assess Safaricom marketing orientation level from the customers' perspective based on eight statements that applied to Safaricom. The scale ranged from 1 to 5, with 1 representing strongly disagree and 5, strongly agree. The mean scores and standard deviation of the responses were derived and summarized in Table 4.9.

Table 4.9: Customer Orientation Descriptive Statistics

Customer Orientation Measures	N	Mean	Std. Deviation
Safaricom practices and procedures consistently focus on delivering customer satisfaction.	346	4.47	0.64
Safaricom engages in market research activities to determine customer needs.	346	4.33	0.724
Safaricom systematically measures customer satisfaction.	346	4.2	0.561
Customer feedback is taken seriously by Safaricom and often leads to changes.	346	4.13	0.64
Safaricom consistently offers products and services that create customer value.	346	4.07	0.704
Safaricom employees have a deep understanding of customer wants and needs.	346	3.93	0.594
Safaricom uses customer information to deliver products and services that are in line with customer requirements.	346	3.73	0.799
Safaricom often takes into consideration the interests of customers in their decisions.	346	3.67	0.816
Average	346	4.066	0.685

Source: Primary Data, 2015.

From the findings, the average mean score rating was 4.066 with an average standard deviation of 0.685. Given the measurement scale used, the respondents generally agree that Safaricom is customer oriented. From these results, Safaricom customers believed

that Safaricom practices and procedures consistently focused on delivering customer satisfaction. This is evidenced by the highest positive mean rating of the attribute at 4.47. Customers also believed that Safaricom engaged in market research activities to determine their needs (mean - 4.33) and took their feedback seriously, which often led to changes. Other attributes that showed high positive rating were; consistency of offering products and services that added customer value, engaging in market research activities to determine customer needs and systematic measure of customer satisfaction. These results mean that customers appreciated practices and procedures that focused on meeting their needs, hence their satisfaction. In this regard therefore, Mobile service providers need to focus all its activities to determine and meet customer needs, essentially placing the customer at the centre of decision making.

4.4 Satisfaction with Customer Orientation Measures

The respondents were asked to rate their level of satisfaction with each attribute of customer orientation as demonstrated by Safaricom. From the results presented in Table 4.10, the average mean score was 3.34 with an average standard deviation of 0.781. The results indicate that the respondents were neither satisfied nor dissatisfied with the level of customer orientation. Satisfaction with the seriousness with which Safaricom takes customer feedback was rated the highest at a score of 4.13. Despite actively taking the customer feedback, the respondents still expressed low satisfaction (average score of 2.73) with the use of the customer information to deliver products and services that are in line with their requirements.

Table 4.10: Satisfaction with customer orientation descriptive statistics

	N	Mean	Std. Deviation
I am satisfied with the seriousness with which Safaricom takes customer feedback.	346	4.13	0.516
I am satisfied with the level at which Safaricom considers the interest of its customers in their decisions.	346	3.87	0.743
I am satisfied with Safaricom systematic measure of customer satisfaction.	346	3.73	0.704
I am satisfied with the consistency with which Safaricom offers products and services that create customer value.	346	3.33	0.617
I am satisfied with the level of understanding that Safaricom employees have of customer wants and needs.	346	3.13	0.743
I am satisfied with the consistency with which Safaricom practices and procedures focus on delivering customer satisfaction.	346	2.93	1.033
I am satisfied with the level of market research activities that Safaricom engages in to determine customer needs.	346	2.87	1.091
I am satisfied with Safaricom use of customer information to deliver products and services that are in line with customer requirements.	346	2.73	0.799
Average	346	3.34	0.781

Source: Primary Data, 2015.

These results mean that the expectations of Safaricom subscribers are high and that Safaricom needs to do more to match its customer orientation activities to their expectations. This requires more input in market research activities to determine customer needs and use the information gathered to deliver products and services that are in line with customer requirements.

4.5 Inter-Functional Coordination Measure

Inter-functional coordination was the second component of marketing concept that was measured. Table 4.11 present the mean rating and standard deviation of four items identified.

Table 4.11: Inter-functional coordination descriptive statistics

Inter-Functional Coordination Measures	N	Mean	Std. Deviation
There is effective coordination between Safaricom departments.	346	4	0.535
All Safaricom departments work together in creating superior customer value.	346	3.93	0.594
Safaricom customer information is shared between relevant staff members.	346	3.87	0.516
Safaricom approach to doing business is very consistent and predictable.	346	3.73	0.884
Average	346	3.883	0.632

Source: Primary Data, 2015.

From the findings, the average mean is 3.883 with an average standard deviation of 0.632. This rating is slightly lower than that of customer orientation which was at 4.066 as indicated on Table 4.9. The respondents nevertheless agreed that there is effective coordination between Safaricom functional areas as represented by a mean score rating of 4.00. The relatively low rating on inter-functional coordination measures is due to the fact that the respective activities happen within the company and between the different departments. The outcome of inter-functional coordination activities thus does not impact the customers directly.

4.6 Satisfaction with Inter-Functional Coordination Measures

The study sought to determine the satisfaction levels amongst the different inter-functional coordination measures and the results are presented in Table 4.12.

Table 4.12: Satisfaction with Inter-functional Coordination measures

	N	Mean	Std. Deviation
I am satisfied with the consistency and predictable approach with which Safaricom does business.	346	3.67	0.617
I am satisfied with the sharing of customer information between relevant staff members.	346	3.33	0.724
I am satisfied with the level of coordination between Safaricom functional areas.	346	3.27	0.799
I am satisfied with the extent to which Safaricom functional areas work together in creating superior customer value.	346	2.87	0.834
Average	346	3.285	0.744

Source: Primary Data, 2015.

Results indicate that respondents were generally neither satisfied nor dissatisfied with the level of inter-functional coordination exhibited by Safaricom. This is evidenced by an average mean score of 3.285. Slightly higher satisfaction levels were reported on the consistency and predictable nature with which Safaricom did business (mean rating of 3.67). Although respondents indicated to be satisfied with the level of coordination between Safaricom functional areas (mean score rating of 3.27), they reported not to be quite satisfied with the extent to which Safaricom functional areas work together in creating superior customer value (mean score rating of 2.87). These results mean that inter-functional coordination by itself does not necessarily result in increased satisfaction

but is just one amongst other components of marketing orientation that contributes to customer satisfaction.

4.7 Overall Satisfaction Rating

The study sought to know how the respondents were satisfied with Safaricom considering their complete experience. The rating scale ranged from; to no extent (1); to small extent (2); to moderate extent (3); to great extent (4) and to very great extent (5). Table 4.13 presents the results.

Table 4.13: Overall satisfaction index

	Frequency	Percent
To no extent	23	6.7
To small extent	69	20.0
To moderate extent	115	33.3
To great extent	93	26.7
to very great extent	46	13.3
Total	346	100.0

Source: Primary Data, 2015.

From the findings, majority of the respondents (33.3%) were moderately satisfied with Safaricom considering their complete experience. 26.7% were satisfied to a great extent and 13.3% to a very great extent. Respondents who were not satisfied to any extent accounted for 6.7% whereas those satisfied to a small extent accounted for 20%.

These results are interpreted to mean that Safaricom is meeting the needs and expectations of its customers to a moderate extent. From Table 4.9 however, respondents agreed that Safaricom engaged in market research activities to determine customer needs

(mean- 4.33) and therefore the results on overall satisfaction imply that Safaricom did not act adequately on the outcome of research activities it engaged in.

4.8 Correlation Analysis

In order to determine the relationship between study variables, Bi-variate Pearson correlation was conducted at 2tailed significance level. The computed customer orientation mean, inter-functional coordination mean and customer satisfaction mean for the 346 respondents were used as the inputs for the correlation analysis. Table 4.14 presents the results.

Table 4.14: Results of Bi-variate Pearson correlation analysis

	Customer Orientation	Inter-functional coordination	Customer Satisfaction
Customer Orientation	1	.623**	.577**
Inter-functional coordination	.623**	1	.365**
Customer Satisfaction	.577**.	.365**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data, 2015.

The findings indicate that Inter-functional coordination and Customer orientation had a significant positive correlation (0.623, $p < 0.01$). The correlation between customer satisfaction and customer orientation was positive and strong (0.577, $p < 0.01$) while correlation between customer satisfaction and inter-functional coordination was observed to be lower but positive (0.365, $p < 0.01$). These correlation analysis means that there is a significant relationship between satisfaction of Safaricom subscribers and the independent variables; customer orientation and inter-functional coordination. The results

therefore suggest that to increase customer satisfaction levels, the level of customer orientation should be raised the most followed by inter-functional coordination.

4.9 Regression Model for Customer Satisfaction

Multiple linear regression analysis was used to determine the extent to which the satisfaction of Safaricom subscribers in Nairobi is influenced by the company's marketing concept strategy. The output of the analysis showing the association of customer orientation and Inter-functional coordination with customer satisfaction is presented in Table 4.15.

Table 4.15: Regression Coefficient for Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.429	.303		1.418	.157
Customer Orientation	.806	.080	.571	10.135	.000
Inter-functional coordination	.016	.107	.009	.151	.880

a. Dependent Variable: Customer Satisfaction
Source: Primary data, 2015.

The regression model was in the form:

$$Y = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \epsilon_i$$

Where;

Y = Dependent variable-Customer Satisfaction

B_0 = Constant

β_i (i=1,2) = Standardized coefficients (Beta values)

X_1 = Customer Orientation

X_2 = Inter-functional Coordination

ε = error component.

By substituting β_i by the regression coefficients, the model becomes:

$$Y = 0.429 + 0.571X_{1i} + 0.009X_{2i} + \varepsilon$$

The interpretation of β values is such that the higher the level of the β value, the more influence the variable has on the overall model. The regression results in Table 4.15 reveal that customer orientation is positively and significantly associated with the satisfaction of Safaricom subscribers with an estimated beta weight coefficient of 0.571 ($p < 0.05$), and the most influential independent variable in this model. Inter-functional coordination on the other hand did not show significant association with customer satisfaction ($\beta = 0.009$, $P > 0.05$). The regression results therefore indicated that there was a statistically significant positive association between marketing concept strategy and satisfaction of Safaricom subscribers in Nairobi.

In order to further examine the relationship between customer satisfaction and the marketing concept variables, the model was tested for its robustness. R-square and Adjusted R-square tests were done and the summary is presented in Table 4.16. The interpretation of R-squared is such that in the range of zero to one, zero indicates that the proposed model does not improve prediction over the mean model and one indicates perfect prediction.

Table 4.16: Regression Model Summary for Customer Satisfaction

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.577 ^a	0.333	0.329	0.786	0.333	85.508	2	343	.000

a. Predictors: (Constant), Customer Orientation, Inter-functional coordination

b. Dependent Variable: Customer Satisfaction

Source: Primary data, 2015.

Results as shown in Table 4.16 indicate that the model explained 33.3% ($R^2=0.333$, $p<0.05$) of the variation in the satisfaction of Safaricom customers. Other external factors not included in the model thus explained 66.7% of the variation in customer satisfaction. The R-Square is 0.333 while F value is 85.508 with significance level of 0.000. This implies that the regression equation achieved a satisfactory level of goodness of fit in explaining the variation in the dependent variable by the independent variables in the study.

4.10 Discussion of the Findings

The study sought to determine the influence of marketing concept strategy and satisfaction of Safaricom customers in Nairobi. Customer orientation and inter-functional coordination are two dimensions of marketing concept considered in this study which formed the independent variables. Results of correlation analysis indicated a statistically significant and positive relationship between customer satisfaction and the two dimensions; customer orientation and inter-functional coordination. Similar to the study by Aqazade and Mehrnoosh (2010), these results show that marketing orientation is one of the effective factors to consider in improving the satisfaction and consequently performance of mobile telecommunication companies.

Further analysis showed that the resulting beta (β) statistics measured indicated that customer orientation had the most influence whereas inter-functional coordination was not significant. From these results, any activity that would lead to increased levels of customer orientation would lead to increased customer satisfaction. Generally the findings of this study reaffirmed the assertion that marketing concept is a key factor in business success and that companies that adopt marketing concept strategy are effectively satisfying customer needs and wants (Kotler & Keller, 2009).

Apart from the main study objective, demographic characteristics of respondents in respect to age, education, gender, income levels and their usage of mobile telephony service were determined. From the study findings, Safaricom customers comprised a youthful population who are majorly tech-savvy, hence the need of frequent interaction using mobile phones for a variety of services. They are also educated and in some form of employment with regular income. In addition, customers of both male and female gender had equal access to mobile telephony service. The results of demographic characteristics of respondents alluded to the heterogeneity of study population, consistent with reports by Kenya National Bureau of Statistics (2014) that Nairobi is a metropolitan city comprising a population from different social background.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the study findings, conclusion and the recommendations made. The chapter also outlines the limitations of the study and concludes by suggesting areas for further research.

5.2 Summary of the Findings

Study findings indicate a representation of respondents with different demographic characteristics. The results show that Safaricom customers comprise a youthful majority of ages 18 to 30 years, hence the need of frequent interaction using mobile phones. This is a group of people with middle level college and university education, some of whom are in their early employment stage. They are thus economically active and with majority having income levels of between 20,000 and 39,999 shillings per month. In addition, the study established that mobile telephony customers of both male and female gender have equal access to mobile telephony service as represented by 49% and 51% respectively.

Mobile telephony usage results showed that prepay tariff plan was the most common mainly because of the ease of activation process and flexibility of airtime usage. Activation on Postpay tariff on the other hand involved a tedious process that most customers shunned away from. The respondents were actively using Safaricom services with majority spending between 2500 and 15000 shillings on airtime. The results further showed that Safaricom is more mature and stable as characterized by the high percentage (44%) of subscribers who have stayed with their lines for 6 years and above. Of the total

customers however, 70% one or more lines for other mobile telephony service providers other than Safaricom.

From the study findings it was clear that marketing concept strategy significantly and positively influences customer satisfaction. The two dimensions studied however influences customer satisfaction on differing levels. Customer orientation is the most influential component with a high positive correlation. This implies that to improve on customer satisfaction levels, focus should be on becoming more customer oriented in respect to eight measures rated by respondents, that is; taking customer feedback, having a deep understanding of customer wants and needs, taking into consideration customer's interests in decision making, consistently offering products and services that create customer value, engaging in market research activities to determine customer needs, using customer information to deliver products and services that are in line with customer requirements, systematic measures of customer satisfaction and having practices and procedures that consistently focus on delivering customer satisfaction.

Inter-functional coordination on the other hand showed a lower positive correlation with customer satisfaction. This component is therefore also worth focusing on in order to improve the overall customer satisfaction. Based on derived mean scores of the different components of inter-functional coordination, two of them were rated highly and thus should be at the focus of strategic decision making. The two components were; customer information sharing between relevant staff members and consistency and predictable approach of doing business.

5.3 Conclusion

From the study findings, a conclusion is drawn that majority of Safaricom customers are youths of ages 18 to 30 years. This is an age group which is majorly tech-savvy hence the need of frequent interaction using mobile phones for a variety of services such as internet access, Short messaging service and voice calls among others. They are also of middle level college and university education, some of whom are in their early employment stage with regular income. In addition, customers of both male and female gender had equal access to mobile telephony service as represented by 49% and 51% respectively. The researcher further concludes that Safaricom is more mature and stable as characterized by the high percentage of subscribers who have stayed with their lines for 6 years and above.

The Study findings adduced more evidence that marketing concept strategy significantly and positively influences customer satisfaction. This is consistent with the views of Kotler and Keller (2009), who asserts that marketing orientation involves the philosophy of customer satisfaction and that marketing oriented organizations aim to satisfy their customers' current and future needs by showing commitment, creating value in the product, encouraging customers' feedback, collecting relevant information, sharing information among various departments of the company, and by taking relevant managerial actions based on the collected information.

The study also observes that customer orientation is one of the most important marketing concept dimensions that greatly influenced satisfaction of Safaricom subscribers. This observation is consistent with the affirmation that customer orientation, as a component of marketing concept, enables a business to stay in close contact with customer needs and

satisfaction (McEachern & Warnaby, 2005). Overall, higher levels of customer satisfaction can be achieved by adopting a marketing concept strategy.

5.4 Recommendations

The study recommends that the mobile telephony industry and other marketing oriented companies should focus on increasing the levels of the marketing concept performance in their operations. This is necessary because, increased levels of marketing orientation will significantly and positively influence the satisfaction of their customers. Specifically, they should be more customer-oriented by conducting regular market research to determine the needs and wants of their customers in order to deliver the desired satisfaction more effectively and efficiently.

Inadequate inter-functional coordination was perceived by respondents in this study. It is thus recommended that Safaricom limited and indeed other marketing oriented organizations should explore ways of increasing interdepartmental coordination. The benefit is that inter-functional coordination would facilitate sharing of market intelligence and thus allow organization wide responsiveness to it, thereby making the whole company customer oriented.

5.5 Limitations of the Study

This study focused only on customers' perspective, which possibly led to results indicating low influence of inter-functional coordination on satisfaction of Safaricom subscribers. Inter-functional coordination does not directly manifest externally and thus a study focusing on business perspective would be necessary for comparison purpose.

The focus on Safaricom subscribers in Nairobi in this study is a limitation. Although Nairobi is a cosmopolitan city with a relatively heterogeneous population, it may have presented some level of bias. The bias is in respect to different customer experience occasioned by more accessible services given the presence of relatively big number of Safaricom service centers compared to other parts of the country. The bias may also be caused by differing demographic characteristics.

5.6 Suggestions for Further Research

This study used a cross-sectional research design and thus provided a snapshot picture at a single point in time. There is need therefore to conduct a longitudinal study to provide even more conclusive evidence to the relationship between marketing concept and customer satisfaction. In addition to carrying out a longitudinal study, a replication of this study in other mobile telephony companies in Kenya and across the country as well as in other industries is suggested. This would provide a better and more generalizable view of the influence of marketing concept strategy on customer satisfaction.

The study used Safaricom subscribers as the respondents and the results therefore present customers' perception. A study that would show the business perspective of its level of marketing orientation compared to the customers' assessment is suggested. This is important because it will ensure that a firm's perspectives are synchronized with those of its customers. Additionally, assessing marketing concept from the business perspective will provide an opportunity to include other dimensions of marketing concept not covered in this study, such as competitor orientation. This will enhance the validity and generalizability of the results.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Dear Respondent,

I am a Master of Business Administration (MBA) student at University of Nairobi and currently undertaking a research on the subject: 'Marketing Concept Strategy and Satisfaction of Safaricom Subscribers in Nairobi'. I would be very grateful if you could respond to these questions. Any information provided will be used for academic purposes only and held strictly confidential.

SECTION A: Personal and General Information

Please answer the following questions by ticking the appropriate box.

<p>1. Age: Please indicate the age group in which you fall</p> <p>Below 18 <input type="checkbox"/> 18-25 <input type="checkbox"/> 26-30 <input type="checkbox"/> 31-40 <input type="checkbox"/> 41-50 <input type="checkbox"/> above 50 <input type="checkbox"/></p>
<p>2. Education: What is your highest level of education?</p> <p>Never went to school <input type="checkbox"/> Primary education <input type="checkbox"/> Secondary education <input type="checkbox"/></p> <p>Middle Level College <input type="checkbox"/> Degree level <input type="checkbox"/> Postgraduate degree level <input type="checkbox"/></p>
<p>3. Gender: Please indicate the gender</p> <p>Male <input type="checkbox"/> Female <input type="checkbox"/></p>
<p>5. Income Level: What is your monthly income bracket?</p> <p>Below Kshs 10,000 <input type="checkbox"/> Kshs 10,000 – 29,999 <input type="checkbox"/> Kshs 30,000 – 49,999 <input type="checkbox"/></p> <p>Kshs 50,000 – 69,999 <input type="checkbox"/> Kshs 70,000- 89,999 <input type="checkbox"/> above Kshs 90000 <input type="checkbox"/></p>
<p>6. Tariff: What Safaricom tariff plan are you in?</p> <p>Prepay <input type="checkbox"/> PostPay <input type="checkbox"/></p>
<p>7. Airtime usage: What is your average monthly airtime usage/bill on Safaricom line?</p> <p>Below Kshs 499 <input type="checkbox"/> Kshs 2500 - 15000 <input type="checkbox"/></p> <p>Kshs 500 - 2499 <input type="checkbox"/> Kshs Above 15000 <input type="checkbox"/></p>
<p>8. Length of Stay: How long have you had your Safaricom line?</p> <p>Less than 1 year <input type="checkbox"/>, 1-3 years <input type="checkbox"/>, 4-6 years <input type="checkbox"/>, above 6 years <input type="checkbox"/></p>
<p>9. Other lines: What other telephone numbers do you have? (Tick all that apply)</p> <p>YU <input type="checkbox"/>, Airtel <input type="checkbox"/>, Orange <input type="checkbox"/>, None <input type="checkbox"/></p>

SECTION B: Marketing Orientation Measures

The statements below describe standards that operate in Safaricom Limited Company.

Please indicate your extent of agreement with the statements by ticking the appropriate levels, ranging from strongly disagree to strongly agree.

Customer Orientation measures	strongly disagree(1)	disagree(2)	uncertain/ not applicable(3)	agree(4)	strongly agree(5)
1. Customer feedback is taken seriously by Safaricom and often leads to changes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Safaricom employees have a deep understanding of customer wants and needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Safaricom often takes into consideration the interests of customers in their decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Safaricom consistently offers products and services that create customer value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Safaricom engages in market research activities to determine customer needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Safaricom uses customer information to deliver products and services that are in line with customer requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Safaricom systematically measures customer satisfaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Safaricom practices and procedures consistently focus on delivering customer satisfaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inter-Functional Coordination					
9. Safaricom customer information is shared between relevant staff members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. There is effective coordination between Safaricom departments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. All Safaricom departments work together in creating superior customer value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Safaricom approach to doing business is very consistent and predictable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION C: Customer Satisfaction Index

Please indicate your extent of agreement with the statements below by ticking the appropriate levels of your satisfaction, ranging from strongly agree to strongly disagree.

		strongly disagree(1)	disagree(2)	uncertain/ not applicable(3)	agree(4)	strongly agree(5)
Satisfaction with customer orientation measures						
1.	I am satisfied with the seriousness with which Safaricom takes customer feedback.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	I am satisfied with the level of understanding that Safaricom employees have of customer wants and needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	I am satisfied with the level at which Safaricom considers the interest of its customers in their decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	I am satisfied with the consistency with which Safaricom offers products and services that create customer value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	I am satisfied with the level of market research activities that Safaricom engages in to determine customer needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	I am satisfied with Safaricom use of customer information to deliver products and services that are in line with customer requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	I am satisfied with Safaricom systematic measure of customer satisfaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	I am satisfied with the consistency with which Safaricom practices and procedures focus on delivering customer satisfaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Satisfaction with Inter-functional Coordination measures						
9.	I am satisfied with the sharing of customer information between relevant staff members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	I am satisfied with the level of coordination between Safaricom functional areas.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	I am satisfied with the extent to which Safaricom functional areas work together in creating superior customer value.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	I am satisfied with the consistency and predictable approach with which Safaricom does business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Considering your complete experience, how satisfied are you with Safaricom?

Place a tick on your rating.

To no extent

To small extent

To moderate extent

To great extent

To very great extent

Please write any further comments overleaf

Thank you for your help and contribution towards this study

APPENDIX II: SAFARICOM RETAIL SHOPS IN NAIROBI

Name of Retail shop	Location details	Operating hours
Moi Avenue Branch	Moi Avenue, Shankardass House, Ground floor	Weekdays: 9.00 am - 6.00 pm Saturday: 9.00 am - 6.00 pm; Sundays: 10.00 am to 2.00 pm
Nakumatt Mega Branch	along Uhuru Highway in Nairobi, opposite the Nyayo National Stadium	weekdays and Saturday: 9.00 am - 6.00 pm: Sundays: 10.00 am - 5.00pm
Eastleigh Branch	Nomad Palace Hotel, Estleigh, Opposite Eastleigh High School	Weekdays: 9.00 am - 6.00 pm; Sundays 10.00 am - 4.00 pm
Village Market Branch	Village market, Limuru road	Weekdays: 9.00 am - 6.00 pm: Saturday: 9.00 am - 5.00 pm Sunday: 10.00 - 6.00 pm.
Sarit Center Branch	Sarit Center (Westlands),	Sunday: 10:00 am–4:00 pm.
Kimathi Branch	Kimathi Street, next to the Nation Center, CBD	Weekdays: 9.00 am - 6.00 pm Saturday: 9.00 am - 6.00 pm;
I&M Branch	I&M Building, Kenyatta Avenue	Weekdays: 9.00 am - 6.00 pm; Sundays 10.00 am - 4.00 pm
Buru Buru Branch	Buru Buru phase 3 Estate, Nairobi	weekdays and Saturdays: 8.00 am - 7.00 pm
JKIA Branch	JKIA, Gate 11	every day from 6.00 am - 12.00 Midnight.
Bomas Branch	Galleria Mall –Next to Bomas of Kenya	weekdays and Saturdays: 8.00 am - 8.00 pm; Sundays: 9.00 am - 6.00pm
Junction Mall	Junction Mall along Ngong Road	weekdays and Saturdays from 8.00 am to 8.00