THE INFLUENCE OF PRICE ON CUSTOMER SATISFACTION AMONG MOBILE PHONE USERS IN WESTLANDS, NAIROBI

BY

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DECLARATION

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

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DEDICATION

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ABSTRACT

Where as firms have continued to use price as their key strategy to increasing their competitiveness in the market place and in growing their client base by attracting new customers and maintaining the existing ones; other non price factors like perceived product or service quality, value delivery, service delivery efficiency level, brand perception, technological advancement and new innovations are continually becoming very central in meeting consumers' expectations and creating customer loyalty. Delivering superior service and ensuring higher customer satisfaction have become strategic necessities for companies to survive in competitive business environments. As a result, and in realization of the negative ramifications caused by dissatisfied customers, companies are increasingly making senior management accountable for ensuring high degree of customer satisfaction. What customers think matters is satisfaction since satisfied customers will be loyal and will bring repeat business. At the aggregate level, there appears to be strong evidence that customer satisfaction is positively linked to loyalty, revenue, and profitability. This is because, highly satisfied customers will be more loyal and, hence stay longer and spend more on the company's products and services.

A descriptive research design was adopted in order to analyze the univariate variables involved. Simple stratified random sampling technique was used in order to capture the opinion of the study population of mobile phone customers in the different mobile phone networks and the influence that price has on their consumption or purchase decisions. The data collection tool was questionnaire that had both closed and open ended questions. The data was analyzed using descriptive statistics with assistance of statistical package

for social sciences (SPSS). Output was then presented in terms of pie charts, graphs, frequency tables and reports.

The findings from the study was that price highly influences customers satisfaction through offering increased competitiveness of the services offered by the mobile companies, although other considerations like the efficiency of the services provided, easy access to services, influence from family and friends, fast connectivity to internet, availability of low denomination airtime vouchers, promotions, access to dealers and agents, new innovations, customer service care centers locations, influence of advertising messages, value addition services like money transfer services, also determine the level of customer satisfaction and enhance customer loyalty to the mobile phone network. Other marketing mix factors for example, a good understanding of the product and availability of a wide range of services, a strong brand presence in the market and marketing communication, and the presence of many dealers and agents and the customer service centres, thus easier access to services and the effectiveness of the distribution channels used; have a great impact on customer satisfaction and customer loyalty too. The mobile companies commit a great deal of resources and time to customer satisfaction in order to retain and attract new customers to remain in business and stay relevant.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Mobile telephone industry in Kenya, just like in the rest of the world, is going through profound change. In the past decade, technological advancement and regulatory restructuring have transformed the industry with markets that were formerly distinct, discrete and vertical coalescing across their old boundaries with a massive investment of capital. The result is new markets, new players and new challenges. Market liberalization efforts have picked up ensuing the successful partial privatization of Telkom Kenya Ltd in December, 2007, and a divestment of the government of Kenya's 25% stake in Safaricom Ltd through a public listing in May 2008, and the entry of the fourth mobile operator, Econet Wireless Kenya in November 2008. This has resulted in some of the world's best known telecommunication providers, that is Vodafone, France Telecoms and Essar Communications being major players in the Kenyan market.

A price war has characterized Kenya's mobile communications market since 2008, following the market entry of the third and fourth networks, which are Telkom Kenya under the 'Orange' brand and Econet Wireless Kenya under the brand name 'Yu', respectively. The industry regulator, the Communications Commission of Kenya, introduced new low mobile termination rates in August 2010, which precipitated the current price wars that have seen retail prices slashed to unprecedented levels. According to Communications Commission of Kenya (2011), stiff competition in Kenya's mobile telephony market coupled with an active industry regulator have reduced calling tariffs to the lowest in Africa. Statistics from individual telecommunication operators show that calls average at Kshs.3.50 per minute, compared to an average of Kshs.11 in the East Africa region.

1.1.1 The Concept of Price

According to Kotler and Armstrong (2005), price is the sum of all the values that customers exchange for the benefits of having or using the product or service. Historically, price has been the major factor affecting the buyers' choice, though in the recent past non price factors have also become very key in determining the buyer choice behavior. Price is the only element in the marketing mix that gives the firm revenue; all other elements represent costs, thus making the pricing strategy adopted by a company very important on the success of an organization, notes Kotler and Armstrong, (2005). A company's pricing freedom will vary with the different type of market it operates in, and that an increasing number of companies are basing their prices on the product's perceived value. Marketers have noted a fundamental shift in consumer attitudes toward price and quality, and are now adopting value pricing strategies; offering just the right combination of quality and good service at a reasonable price.

Mobile telephony industry in Kenya experiences oligopolistic competition, since the market consists of only four companies in this industry, thus making them highly sensitive to each other's pricing and marketing strategies. Competition-based pricing or going-rate pricing is used, in which a firm will base its price largely on competitors' prices, with less attention paid to its own costs, or to demand. The companies involved charge almost similar prices with the small companies following the leader most of the time. This pricing strategy is said to represent the collective wisdom of the industry concerning that price that will yield a fair return, and also that prevents harmful price wars, notes Kotler and Armstrong, (2005).

1.1.2 The Concept of Customer Satisfaction

Customer satisfaction is defined by Yi (2000) as the consumer's response to the evaluation of the perceived discrepancy between some comparison standards and the perceived performance of the product. It is an extended process surrounding the acts of purchase, use, and repurchase according to Wilton and Nicosia (1999), and it involves a consumer's psychological reaction, consisting of activities and reactions through time. The overall satisfaction process begins with the consumer's level of expectations. Expectations serve as the standard from which a service is evaluated as suggested by Pascoe (1993). Research by Oliver (1980) suggests that customer satisfaction may change over time as individuals use an adapted standard to serve as a reference for subsequent evaluations of experiences. As a result, the disconfirmation process is a combination of pre-purchase and post-purchase attitudes, expectations, and the purchase experience.

According to Brown et al (2005), customer satisfaction can mean virtually anything. It can involve such variables as price, lead time, conformance, responsiveness, reliability, professionalism and convenience; and it is sometimes a complicated mix of all of these and more. Industry by industry and even across product lines, the importance of each variable can differ drastically. The variables are what people most often think of a product quality; what the product does, how it works, the salespersons' attitude, the service persons' knowledge, and the like. Thus these factors are within the control of the organization that provides the product. The organization might not be able to control many things about the environment, but it certainly can control the characteristic or the quality of its products argues Jones et al. (2000).

The largest contributor to customer satisfaction, however is something an organization can’t fully control: the customer’s perception. Whether they are in fantasy, fiction, or some other state of unreality, perception has the weight of fact. Thus in the business of pleasing customers, perceptions are fact. According to Crosby et al. (1990), satisfaction refers to an emotional state resulting from a customer's interactions with a service provider over time. Oliver (1980) considers satisfaction as a function of a cognitive comparison of expectations prior to consumption with the actual experience. This process is often referred to as the disconfirmation paradigm, whereby customers make a post-purchase comparison between pre-purchase expectations and the actual performance received. When actual performance exceeds expectations, positive disconfirmation occurs and leads to satisfaction, while actual performance below expectations results in negative disconfirmation and dissatisfaction, writes Oliver (1980). However, Chandon et al. (2005) noted that the strength of the satisfaction–repurchase intention relationship can vary by type of product purchased, nature of the relationship between supplier and customer, and supply chain strategies. Some have found that the satisfaction–repurchase intention relationship evolves over time.

1.1.3 Mobile Phone Service Providers in Kenya

There are four Mobile Phone Service providers in the country, with the subscriber base currently standing at about 24 million which is around 60% of the population, according to Communications Commission of Kenya, (2011). Safaricom Ltd is the largest and the oldest mobile phone service provider currently controlling about 78.3 per cent market share, though an aggressive price war intensified by Bharti Airtel Ltd has however seen the Safaricom Ltd market share fall to about 76.7 per cent as noted by communications commission of Kenya, (2011).

Safaricom Ltd was formed in 1997 as a fully owned subsidiary of Telkom Kenya and in May 2000, Vodafone group Plc of the United Kingdom, the world's largest telecommunication company, acquired a 40% stake and also the management responsibility for the company. Recent reports indicate that Vodafone Plc of UK only owns 35% of the stake in Safaricom Limited and the remaining 5% is owned by a little known company, Mobitelea Ventures Limited. Safaricom has employed various marketing strategies for different reasons. They have used product differentiation strategies to attract and retain different customer classes. For example, they have prepaid package for everyone, and postpaid services for customers who would like to pay for their services after consumption. They have also employed diversification strategies whereby they have invested in different services including information technology hardware like mobile phones, laptops and other gadgets. Safaricom Ltd adopts market-skimming pricing strategy where new innovations are involved, and also uses price cuts and promotions as a response to counter the effects of their competitors in the market. They have developed price differentiation where they price services different from time to time. They have achieved this by developing several product packages like ‘Uwezo’, ‘Saasa’ ‘Masaa ya Kubamba tarriffs among others, just to attract and retain their customers.

Bharti Airtel Limited commonly known as airtel, is an Indian telecommunications company that operates in over 19 countries across South Asia, Africa and in the Channel Islands. It operates a Mobile phone service network in all countries, providing 2G or 3G services depending on the country of operation. Bharti Airtel Ltd is the fifth largest telecom operator in the world with over 207.8 million subscribers across 19 countries as at the end of 2010. It is the second largest mobile phone service provider in Kenya after Safaricom Limited and started its operations in Kenya in 2010 when it bought off Zain Ltd's business interests. The company currently offers mobile phone services and broadband services under the Airtel brand. Their network infrastructure, or the base stations and microwave links is maintained by Ericsson, Nokia Siemens and Huawei. Bharti Airtel Ltd has used low pricing as their market penetration strategy, and in August 2010, they trail blazed the local mobile phones tariff scene with a pioneer price reduction of more than 50% of its call rates to Kshs.3 across all networks for both its prepaid and post-paid customers. This move validated their pledge to provide more affordable services while deepening the firm's network coverage to include the rural population and enhancing the digital experience through 3G across the continent. The company is keen on changing its market targeting strategy to include the masses in the bottom of the pyramid. This strategy will grow their subscriber numbers and ultimately improve on their profits, notes Communications Commission of Kenya, (2010).

Telkom Kenya was established as a telecommunications operator under the Companies Act in April 1999. They provide an integrated communications solutions in Kenya with the widest range of voice and data services as well as network facilities for residential and business customers. They play a prominent role in the information and communications technology sector, serving millions of Kenyans across the country. The company currently has a customer base of approximately 1,250,000 customers on GSM, fixed and CDMA wireless platforms, with a country-wide presence. Telkom Kenya's partnership with France Telcom Group, saw the launch of the Orange brand in Kenya in 2008. The new corporate identity was inspired by the new investments, offering a fresh and new approach of doing business. Their new approach of serving customers means they place people at the centre by making their services straightforward, simple and more enriching. In addition to the existing Orange Shops, they continue to invest in new well branded shops to enable them serve their customers better. Telkom’s products include Orange mobile, Orange wireless, Orange fixed and Orange internet. Telkom Kenya has adopted a blend of market-skimming pricing and market-penetration pricing strategy depending on the product that they are launching. Orange Money, a mobile banking service branded “Iko Pesa” is one of their key value addition services available to all their customers according to Communications Commission of Kenya, (2011)

Econet Wireless Ltd is the fourth and the smallest mobile phone company in Kenya and their services come under the brand name ‘Yu’. They continue to build their network using the latest equipment that ensures clarity and reliability. Yu have adopted a low price as their market penetration strategy to ensure that communication is affordable to the people at the bottom of the pyramid. In the new wave of technology, they have formed various key partnerships with companies that are experts in their specific fields to ensure excellent service delivery at a low cost. Their service offering includes Voice, SMS, Mobile Data, Mobile Money Transfer (YuCash), Electronic Mobile top-up (Eneza), Caller Ring Back Tones (Dunda), MMS and International dialing, as they promise much more, notes Communication Commission of Kenya, (2010).

1.2 Statement of the Problem

Customers consider price an important factor in their purchase decisions and will tend to consider the relative relationship between price and their expectations on performance of the product they want to purchase. While shopping, convenience factors such as ease of ordering and availability of products' information are also found to be important factors. However, customers tend to use price as their primary determinant in their purchase decisions as cited by Shankar et al. (2001). Thus price cues are more strongly related to overall customer satisfaction and behavioral intention. According to Hall et al. (1993), organizations have come to realize the competitive importance of a shift away from internal improvements toward a more external customer orientation by determining an appropriate price of a product or service since a consumer satisfaction with a service or product can be a key factor in determining whether customers will return to the service provider for a repeat purchase.

The mobile industry in Kenya has been recognized as one of the fastest growing sectors and at the same time witnessing high level of competition in Africa according to a World Bank Report, (2010). With one single operator in 1990s, the sector has witnessed an increase in the number of players to the current four and a customer base of around 24 million subscribers as quoted by Communications Commission of Kenya, (2011). The customers have at the same time become quite enlightened and demand better services than before albeit at lower prices. The regulator, Communications Commission of Kenya has at the same time not made matters any better for the Mobile service providers by reducing the interconnectivity charges and allowing the porting of numbers by the customers across networks, either for free or at a much reduced switching fee. Consumers are at present therefore spoilt for choice among the mobile players whose services and products are tending towards a harmonized state. It is in this regard that organizations should endeavor to retain the already existing customers now that price war between the players has intensified than ever witnessed before in the industry. Therefore, understanding of how price enhances customer satisfaction among the mobile users will be of importance to the Mobile players in the country.

Several studies have been undertaken locally on the customer satisfaction subject area. Mutua (2010) undertook a research on the Influence of business process re-engineering on customer satisfaction in Kenya Power and Lighting Company Ltd. The results of the study were among others that customer' in general place varying importance to different attributes or in other words dimensions of service quality. Some attributes are perceived to be critically important and hence customers expect high performance by service firms on them while for less important attributes, customers may accept somewhat lower performance. Her findings are similar to those of Dean (2004) who while researching on customer satisfaction in Australian call centres found out that attributes such as ability to adapt, assurance, authority given to agents to solve customers' problems, lack of queues, empathy, and friendly manner of agents was found to be critically important to the call centres' business than any other factors, since it creates customers satisfaction. On her part Kinyua (2009) studied on the linkage of internet banking and customer satisfaction in commercial banks in Kenya. The results of her study showed that there is clearly a strong and positive relationship between automation of a firm's process and customer satisfaction in the banks' services and products. The convenience attributed with internet banking was found to be a critical factor that will determine the level of customer satisfaction.

As much as several studies have been undertaken regarding price and customer satisfaction concept, no two organizations are perfectly similar or even if they are, the period, location and operating environment will most likely differ. Further more, as an important factor in the marketing mix, the role of product or service price in the customer satisfaction has not been studied extensively, and it therefore justifies a study on how price influences customer satisfaction among mobile phone users.

1.3 Objective of the Study

The objective of the study was to:

1) Determine the influence of price on customer satisfaction among mobile phone users in Westlands, Nairobi.

1.4 Significance of the Study

The management and staff of the Mobile phone service providers will find this study an invaluable source of material in developing and harnessing their strategies on matters of customer satisfaction and what effect that the price has in the present day competitive business environment. It will clearly determine what effect the pricing strategy adopted by a firm has on the customer satisfaction and how it impacts on the business. The challenges that firms face in trying to strike the delicate balance will also be determined and thus managers will be able to come up with mechanism of overcoming them.

Other organizations can also find use in developing their unique mechanisms of meeting customer satisfaction that cannot be easily imitated by competitors and thus create their own individual firm's competitive advantage. The government and regulators of the industry will also find invaluable information in what customers expect from these firms and therefore help in putting in place policies that will enhance provision of high quality services and encourage the firms in coming up with fair prices.

This study will also be expected to increase the body of knowledge to scholars on customer satisfaction and especially with the internal and external factors influencing their customers' satisfaction levels. In addition, this study will form the foundation upon which other related and replicated studies can be based on. Investors can also gain an insight on the business and its strategic position within the environment, which can assist them in determining their investment viability.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This Chapter will have several subsections covering theories and literature by various authors and researchers on the research subject matter. Subsection 2.2 reviews various theories and study on customer satisfaction and how customer satisfactions affect organizational performance. Price fairness and factors that influence the price fairness is also covered in 2.4 while the chapter finally winds up by covering the relationship between price perception and customer satisfaction.

2.2 Price

According to Belch & Belch, (2005), price refers to the variable that the consumer must give up to purchase a product or service. It is the only one of the marketing mix tools that a company uses to achieve its marketing objectives. Pricing decisions must be coordinated with product design, distribution, and promotion decisions to form a consistent and effective marketing program. Companies often position their products on price and then tailor other marketing mix decisions to the prices they want to charge. Price is a crucial product-positioning factor that defines the product's market, competition and design. According to Kotler & Armstrong, (2005) many firms support price-positioning strategies with a technique called target costing, which is a potent strategic tool. This strategy reverses the usual process of first designing a new product, determining its cost, and then setting the selling price. Customer considerations are forcing the companies to start with the ideal selling price based on what the customers are willing to pay for the said product, and then targets costs that will ensure that the price is met. Whether the price is raised or lowered, the action will affect buyers, competitors, distributors, suppliers and may also interest the government as well.

A firm considering a price change should worry about the reactions of its competitors as well as those of its customers. Competitors are most likely to react especially when the number of the firms involved is small, and the product is uniform and the buyers are well informed. The reactions will vary based on the interpretation by the customer or the competitor on the reason for the price change, where some may see it as desire to enlarge the market share or while others may think that the company is doing poorly the price cut is meant to boost sales.

2.2.1 Price and Perception of Fair Pricing

An important factor in the marketing mix is the role of product or service price in the formation of customer satisfaction. Voss et al. (1998) argue that satisfaction is a function of price, performance and expectations with support for the expectations-satisfaction link being weak. They propose that, in contrast to performance, perceived price fairness might be the dominant determinant of satisfaction. Their empirical results suggest that when there was a perceived price performance inconsistency (i.e., an inequitable or unfair outcome), it had a stronger effect (negative) on satisfaction judgments. Price equity is closely related to satisfaction. Price fairness has been defined as a judgment of whether an outcome and/or the process to reach an outcome are reasonable, acceptable or just, writes Bolton et al. (2003). The cognitive aspect of this definition indicates that price fairness judgments involve a comparison of a price or procedure with a pertinent standard, reference, or norm.

According to Finkel (2001), the notions of unfairness are typically clearer, sharper, and more concrete than notions of fairness. People know what is unfair when they see or experience it, but it is difficult to articulate what is fair. In addition, all price evaluations, including fairness assessments, are comparative. Both equity theory and the theory of distributive justice suggest that perceptions of fairness are induced when a person compares an outcome (input and output ratio) with a comparative other's outcome. The principle of distributive justice maintains that people, in an exchange relationship with others, are entitled to receive a reward that is proportional to what they have invested in the relationship, notes Homans, (1991). Equity theory broadens this perspective to include various comparative others that may influence the perceived fairness of an exchange relationship.

Xia et al. (2004) argue that in the context of price fairness, the outcomes to be compared are based on the different prices. When the price being judged differs from the price in the reference transaction, the price difference may induce an unfairness perception. Such a price comparison is a necessary but not sufficient condition for price unfairness perceptions to occur. Price comparisons lead consumers to one of three types of judgments: equality, advantaged inequality, or disadvantaged inequality. A perception of price equality normally does not trigger a fairness perception, or if one is triggered, it may lead to perceived fairness. A perception of price inequality may lead to a judgment either that the price is less fair than the equal prices situation or that it is unfair.

Price fairness judgment is subjective and usually is looked at from the buyer's perspective, Martins (1995) notes. Therefore, the judgment tends to be biased by the buyer's self-interest; that is, the buyer tries to maximize his or her own outcome (i.e., tries to pay a lower price) compared with that of the other party according to Oliver and Swan, (1989). The judgment and feelings associated with advantaged and disadvantaged price inequality are different. Consequently, perceived unfairness is less severe when the inequality is to the buyer's advantage than when it is to the buyer's disadvantage. Indeed, Martins (1995) finds that the perceived fairness effect of a comparable other buyer paying less is stronger than when the comparable other pays more. An unfairness perception and potential negative emotions usually are directed toward the party that is perceived as having caused the "unfair" situation. For price unfairness, the target of the perception and the emotions is usually the seller. Thus, the actions those buyers take when they perceive that prices are unfair are usually directed toward the seller rather than toward a comparative other buyer or the product involved in the transaction, Xia (2004) notes.

Various factors may influence unfairness price perceptions. The factors vary in terms of relevancy and immediacy to a specific comparative transaction. Although both distributive justice and equity theory use buyer and seller input and output ratios as comparatives, consumers usually do not know either the seller's cost structure or other pertinent information to determine the seller's input accurately, notes Bolton et al. (2003). Thus, a price fairness judgment most likely is based on comparative transactions that involve different parties. Thus when perceived price discrepancies occur, the degree of similarity between the transactions is an important element of price fairness judgments. Moreover, a fairness judgment also depends on the comparative parties involved in the transactions. According to Xia et al., (2004), there are three different factors that influences price fairness of consumers; transaction similarity and comparative other parties, the cost profit distribution, buyer seller relationship and trust.

2.3 Customer Satisfaction

Companies in diverse business commit a great deal of time and resources on customer satisfaction. Delivering superior service and ensuring higher customer satisfaction have become strategic necessities for companies to survive in competitive business environment according to Reichheld and Sasser (2000). As a result, in realization of the negative ramifications caused by dissatisfied customers, companies are increasingly making senior management accountable for ensuring high degree of customer satisfaction. Customer satisfaction and service quality have been defined by marketing researchers in different ways. Oliver (1997,p.28) defined satisfaction as “the consumer's fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant”. On their part, Zeithaml and Bitner (2000, p. 75) defined customer satisfaction as the “customers' evaluation of a product or service in terms of whether that product or service has met their needs and expectations”. Parasuraman et al., (1998), did conceptualized customer evaluations of overall service quality as the gap between expectations and perceptions of service performance levels. They developed the SERVQUAL instrument for measuring service quality offered by service firms. SERVQUAL has five dimensions: reliability, responsiveness, assurance, empathy, and tangibility. However, their gap theory does not explain the fact that confirmation of high expectations would result in positive evaluation of services but the confirmation of low expectations is less likely to cause positive assessment of service quality. Opponents of the gap theory suggest that perceptions of service performance directly determine service quality. Consequently, Cronin and Taylor (1992) confirms that SERVPERF has been proposed for measuring service performance.

According to Piercy (1995), if organizations take the initiative to keep customers informed, customers may actually be more satisfied with the organization than before even if the news is bad news. Further, Piercy (1995) notes that synergy indicates what is hoped for when internal and external customer satisfaction is high, sustainable and self-regenerating. Coercion on the other hand is where a business achieves high level of customer satisfaction by changing the behaviour of employees through management and control systems, while alienation is whereby a business has low levels of satisfaction internally and externally and is likely to be vulnerable to competitive attack in the external market; and low morale and high staff turnover in the internal market. Internal euphoria is whereby there are high levels of satisfaction in internal Market, but this does not translate into external customer satisfaction. According to Lele and Sheth, (1988) what customers think matters are satisfaction since satisfied customers will be loyal customers to bring repeat business. He went further to discuss possible links between customer satisfaction and loyalty.

2.3.1 Customer Satisfaction and Loyalty Outcomes

The relationship between satisfaction and loyalty behavior is less clear, and confounding relationships occur between satisfaction, intentions and actual behavior. Silvestro and Cross (2000) posit that when examining the direct effects between satisfaction and loyalty intentions, the two constructs do not always correlate positively with financial performance. The strength of the satisfaction–repurchase intention relationship can vary by type of product purchased, nature of the relationship between supplier and customer and supply chain strategies as noted by Rust et al. (2004). The satisfaction – repurchase intention relationship evolves over time. Indeed many customers with high satisfaction and/or repurchase intentions ultimately defect, and, conversely, some customers with low satisfaction and repurchase intent often stay with a supplier. Both of these outcomes are contrary to the satisfaction-repurchase intentions main effect, suggesting complexity that researchers should explore according to Chitturi et al. (2008).

Repurchase intentions have been conceptualized in a variety of ways. Some have conceptualized repurchase as a single question, and some have conceptualized the repurchase construct as a combination of questions. However, the most common conceptualization is a combination of repurchase intentions and willingness to recommend, argues Chitturi et al. (2008). They argue that repurchase intentions is an indicator of subsequent repurchase behavior, while willingness to recommend is an effective indicator of the customer's attitudes towards the company.

2.3.2 Customer Satisfaction and Financial Performance

The links between customer satisfaction and financial performance have drawn some recent attention. According to Srivastava (1998), high customer satisfaction leads to an acceleration of cash flows, an increase in the volume of cash flows, and a reduction in risk associated with those cash flows. The increased revenues can be attributed to customers buying additional products and services from a supplier. Further, the increased revenue could also be attributed to a supplier receiving an increased share of wallet from satisfied customers. Additionally, increased cash flow can be caused by less price sensitivity among satisfied customers who are willing to pay more and from also the acquisition of additional customers. Profitability is also affected as higher levels of retention and customer satisfaction lead to higher future revenues and reduced costs of operations, notes Rust et al. (1995).

At the aggregate level, there appears to be strong evidence that customer satisfaction is positively linked to loyalty, revenue, and profitability. This is because, highly satisfied customers will be more loyal and, hence stay longer and spend more. Over this longer customer life expectancy, Anderson et al. (2004) say that customers will increase their expenditures annually as highly satisfied customers should have a higher annual revenue and profitability than less satisfied customers. Related to revenue and net income, earnings per share (EPS) is a commonly used financial performance metric. EPS is simply the total profit divided by the weighted average number of common shares outstanding. Therefore, customer satisfaction should also be positively correlated with changes in EPS. Based on this literature, we expect overall satisfaction to be positively related to total revenue, net income and earnings per share, at the firm level.

2.3.3 Customer Satisfaction and Stock Price

The relationship between customer satisfaction and stock price and other market value indicators have attracted some research. Two commonly used value indicators are the price earnings ratio (P/E) and the Tobin's *q* statistic. A Tobin's *q* is the ratio of the market value of the firm's assets to their replacement costs. According to Rego (2005) the main reason for the positive relationship between satisfaction and value indicators are that higher customer satisfaction tends to increase the benefits gained from customer loyalty (customer retention, less complaints, more cross-selling, and revenue growth). This, in turn, leads to longer-term improved financial performance for the firm. Therefore, it seems logical that these benefits will positively impact stock prices and company valuation indicators.

Several other studies have found that customer satisfaction and market measures of the firm are positively related. Aksoy (2008) found out that customer satisfaction was a valuable intangible asset that generated positive returns. They suggested that firms with higher levels of customer satisfaction and positive changes in customer satisfaction will outperform other companies in the stock market. Similarly, Gruca and Rego (2005) contend that increased satisfaction leads to accelerations of cash flow, increased cash flow, less volatility of cash flows, and increased residual value of the business. Therefore this reduces the perceived risk associated with those cash flows, and, jointly, these increase stock price. They also found out that customer satisfaction leads to significant cash flow growth and reduces the risk associated with future cash flow, thus reducing the cost of capital. Specifically, high satisfaction leads to more stable revenue flows with less uncertainty and less variation. The net impact is felt on the company market value and stock price.

2.4 Price Influence on Customer Satisfaction

The concept of price fairness has been distinguished to as distributive fairness and procedural fairness. According to Homans (1961), the principle of distributive fairness, or fairness of outcomes, maintains that individuals judge the fairness of a relationship based upon the allocation of rewards resulting from their contributions to the relationship. Thus, unequal ratios of profits to investments between all parties involved in an exchange relationship create on prevailing norms and behaviors. Campbell (1999) posits that consumers' price fairness perceptions are influenced by both procedural and distributive considerations. Also, price offer fairness perceptions and price procedural fairness perceptions are positively correlated. The order of influence will be determined by the sequence in which consumers receive the price offer and the price procedural information, argues Van Den Bos et al. (1997).

Another foundation of price fairness perceptions, the principle of dual entitlement, suggests that one party should not benefit by causing a loss to another party. When a firm uses higher consumer demand to its own advantage by increasing prices, consumers will feel being exploited and hence perceive the prices as unfair. Oliver and Swan (1989) found that customers' fairness perceptions depended on a supplier's commitment and the quality of the goods and services relative to the price paid. Thus, they argue that when buyers seek attributions to determine whether the seller is responsible for the price inequality, they are strict with the seller out of their self-interest. That is, the seller is responsible for the perceived inequitable price unless there is evidence that shows otherwise. Therefore, if buyers perceive the seller as having control over the situation, or if the cause of the price differential is internal to the seller, then the seller is responsible and the buyers will not be satisfied. However, according to Campbell (1999), buyers may accept a firm’s goodwill motive even when the higher price is not due to cost-related factors but is controlled by the company.

According to the prevailing paradigm in the customer satisfaction literature Richins (1997) notes that consumption emotions are the affective responses to one’s perception of the series of attributes that comprise a product or service performance. The consumer satisfaction assumes implicitly that people can remember the numerous and varied experiences encountered through the entire duration of a product or service consumption and somehow combine these to form retrospective reports of the emotions, according to Oliver (1993).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the proposed research method that was used. This includes the research design, the target population, sampling design, data collection instruments and the techniques for data analysis.

3.2 Research Design

The research design for the study was descriptive research study. According to Donald and Pamela (1988), a study concerned with finding out who, what, which and how of a phenomenon is a descriptive study design. Mugenda and Mugenda (1999) also supports that descriptive survey seeks to obtain information that describes existing phenomenon by asking individuals about their perception, attitudes, behavior or values. The study was concerned about a univariate question in which the researcher asked questions about the influence of price on customer satisfaction among the Mobile Phone users in Westlands, Nairobi. This design provided further insight into research problem by describing the variables of interest.

3.3 Target Population

According to Nachmias, (1996) a population is the total collection of elements about which we wish to make some references. The population of the study consisted of customers of the four major Mobile phone service providers namely Safaricom, Airtel, Telkom Orange and Yu. The selection of the Westlands shopping centre as the area of the research coverage was due to the diversity of customers and the level of concentration of the inhabitants, and hence the researcher believed the location provided a more representative result of the study.

3.4 Sampling Design

According to Bell, (1999), a sample is a subset of the population. The researcher used simple stratified random sampling by classifying the population into strata's which were based on the mobile phone network of choice. This was to ensure that sample contained fair representation of all mobile phone network companies based on their market share. The sample comprised of a total of 150 respondents who were picked randomly from the customer care centres and prorated based on the market share of each mobile phone network under study. The number of respondents was considered representative and large enough to reproduce the salient characteristics of the accessible population to an acceptable degree, since the service received from a specific mobile service provider is more or less homogenous in nature. In addition, considering the time and budgetary constraints it was considered an appropriate sampling strategy that yielded representative results.

Table 3.1 Sample size

Mobile Phone Network	**Market Share**	**Sample size (respondents)**
Safaricom	77%	115
Airtel	12%	18
Orange	6%	9
Yu	5%	8
Total	**100%**	**150**

(Source: researcher, 2011)

3.5 Data Collection

The study used primary data; which was collected through questionnaires that were filled by the researcher and one research assistant. The questionnaire was structured, consisting of both open and closed ended questions designed to elicit specific responses for qualitative and quantitative analysis. The questionnaire was made up of three sections namely: General information, the influence of price in choosing the Mobile Phone Network, and Customer satisfaction in Mobile Phone services. The researcher targeted respondents from the customer care centres based at the main Westlands shopping centre, Sarit Centre and the Westgate Shopping Mall. The respondents were expected to give an insight into how prices of the mobile phone services influence their satisfaction.

3.6 Data Analysis and Presentation

The data was analyzed by the use of descriptive statistics to summarize and relate variables which were attained from the administered questionnaires. The data was classified, tabulated and summarized using means, standard deviation, and frequency distribution. Tables and graphs were used for presentation of the findings. However, before final analysis was performed, the data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. In accomplishing all analysis details with efficiency and effectiveness, the researcher utilized the Statistical Package for Social Sciences (SPSS) software.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

The research objective was to determine the influence of price on customer satisfaction among mobile phone users in Westlands, Nairobi. This chapter presents the analysis and findings with regard to the objective and discussion of the same. The findings are presented in percentages and frequency distributions, mean and standard deviations.

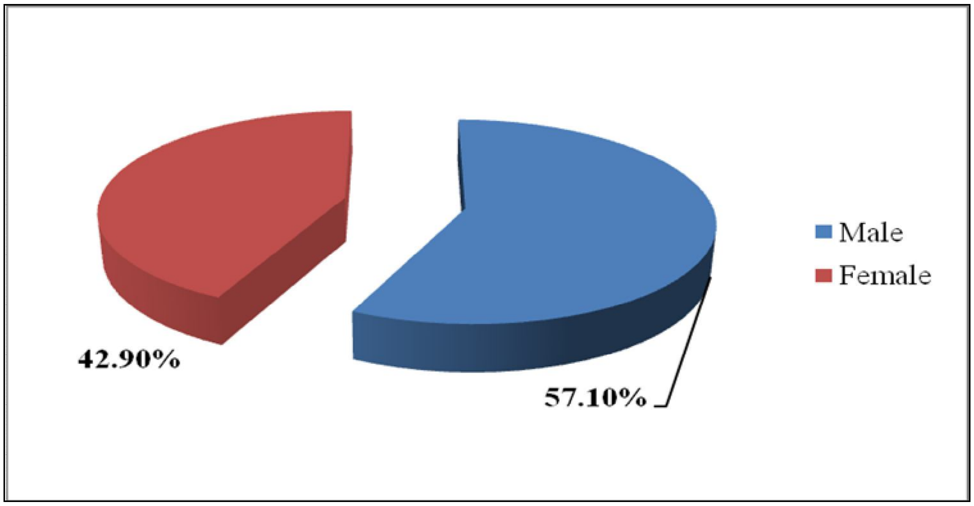
4.2 Demographic and Mobile Users Profile Information

The demographic information considered in this study included the source of services from the mobile phone operator, gender, age, level of education and the duration the mobile line has been in use.

4.2.1 Respondents gender

This is a set of characteristics that are seen to distinguish between male and female.

Figure 4.1: Respondents gender



Of the 150 respondents, the majority of the respondents were male at 57.1%, while 42.9% were female.

4.2.2 Respondents Age bracket

Age is the length of period in years that one has lived, the questionnaire aimed at getting the age bracket of the respondents.

Table 4.1: Respondents Age bracket

	Frequency	Percent	Valid Percent
Under 20	3	1.8	1.8
21-30	66	43.8	45.5
31-40	56	37.5	83.0
41-50	20	13.4	96.4
Over 50	5	3.6	100.0
Total	150	100.0	

The findings presented in table 4.1 show that, 43.8% of the respondents were 21-30 years, 37.5% were between 31-40 years of age, 13.4% were between 41 and 50 years old, 3.6% were over 50 years while 1.8 were under 20 years old. On average, majority of the respondents were between 21-30 years although all the other respondents covered other age brackets and therefore they will be able to respond adequately to the questions.

4.2.4 Highest level of education

This represents the highest level of education which has been attained by the respondents.

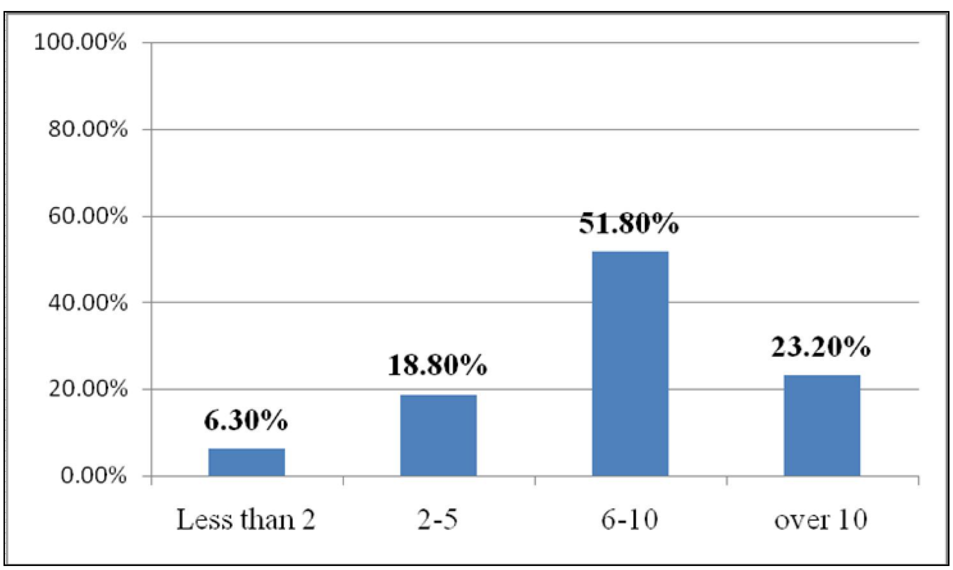
Table 4.2: Highest level of education

	Frequency	Percent	Valid Percent
Secondary school	9	6.3	6.3
College diploma	81	53.6	53.6
Graduate/post graduate	60	40.2	40.2
Total	150	100.0	100.0

The findings indicates that 53.6% of the respondents were college diploma holders, 40.2% were graduate/post graduate holders while 6.3% were secondary school levers.

4.2.5 Duration the preferred mobile line has been used.

Figure 4.2: Continuous use of mobile line



The results above indicates that 51.8% of the respondents have been using the mobile phones for between 6 and 10 years, 23.2% have been using the mobile phones for over 10 years, 18.8% said they have used the mobile phones for 2 to 5 years while 6.3% said they have been using the mobile phones for less than 2 years. There is high level that the respondents have witnessed the changes in mobile prices over the years.

4.3 The influence of price in choosing mobile phone network

Consumers' price fairness perceptions are influenced by both procedural and distributive considerations. Organizations have realized the competitive importance of a shift away from internal improvements towards more external customer satisfaction orientation; by determining an appropriate price of a product or service since consumer satisfaction is a key factor in determining whether customers will use the services of a specific service provider or not.

4.3.1 Extent of price influence on the choice of the mobile service provider

Table 4.3: Extent of price influence on choice of mobile service provider

	Frequency	Percent	Valid Percent
Very great extent	46	30.4	30.4
Great extent	64	42.9	73.3
Moderate extent	40	26.7	100.0
Total	150	100.0	

The findings below indicates that 42.9% of the respondents said that price influences their choice of the mobile service provider to a great extent, 30.4% said it influences them to a very great extent while 26.5% said it influences them to a moderate extent. The results indicate that the choice of mobile service provider among the respondents is greatly influenced by the price of services offered.

4.3.2 Description of the Perception of Mobile Service Providers' Price.

The respondents were requested to describe the price charged by the mobile service provider in a five point Likert scale. The range was 'strongly agree (1)' to 'strongly disagree' (5). The scores of strongly agree/agree have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale ;(0≤ S.E <2.4). The scores of 'moderate extent' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: 2.5≤M.E. <3.4) and the score of both disagree and strongly disagree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; 3.5≤ L.E. <5.0). A standard deviation of >1.1 implies a significant difference on the impact of the variable among respondents.

Table 4.4: Description of the perception of mobile service providers' price.

	Mean	Std. Deviation
The price of the services offered is appropriate relative value derived	2.5446	1.0812
The price of the service is good value relative to other available services	2.5982	1.3979
Price offered is fair	2.1107	1.1972
The price of the service is sensitive of the customers' needs	2.2446	1.1141
My expectations are met	2.4196	.9552

The findings above shows that the respondents agreed that the price charged by their mobile service provider was fair (mean 2.1107) and that the service is sensitive of the customers' needs (mean 2.2446). The respondents were however, moderate as to their expectations being met (mean 2.4196), price of the services offered being appropriate relative to the value derived (mean 2.5446), the price of the service being good value relative to other available services (mean 2.5982). There was a high variation among the respondents as indicated by the standard deviation.

4.3.3 Price Competitiveness of Preferred Mobile Service Provider

The respondents were asked to give their independent opinion on the perceived competitiveness of the price charged by the preferred mobile service provider in comparison to the competitors in a five point Likert scale. The range was 'very competitive (1)' to 'least competitive' (3). The scores of very competitive have been taken to represent a variable which had a mean score of 0 to 1.7 on the continuous Likert scale; (0≤ S.E <1.7). The scores of 'competitive' have been taken to represent a variable with a mean score of 1.8 to 2.4 on the continuous Likert scale: 1.8≤M.E. <2.4) and the score of least competitive have been taken to represent a variable which had a mean score of 2.5 to 3.0 on a continuous likert scale; 2.5≤ L.E. <3.0). A standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents.

Table 4.5: Price competitiveness of preferred mobile service provider

	Mean	Std. Deviation
On-net calling cost per second billing	1.8661	.6909
Off-net calling cost per second billing	2.1071	.7020
On – net Short text messages	1.6696	.6491
Off – net Short text messages	2.0804	.7842
Cost of internet connectivity bundles	1.9018	.7936
Cost of money transfer services	1.8482	.7735
Promotion price cuts and offers	2.0000	.6844
Airtime bonuses and discounts	2.0179	.8380
Varied airtime denomination vouchers	1.6161	.7259
Redeemable cash value from the loyalty program points	1.9821	.9002

The analysis above shows that the respondents' service providers were very price competitive in the varied airtime denomination vouchers (mean 1.6161) and on on-net short text messages (mean 1.6696). There was a low variation among the respondents on the extent of price competitiveness of the service provider as indicated by standard deviation of 0.7259 and 0.7936 for varied airtime denomination vouchers and on-net short text messages respectively. The respondents on the other hand indicated that their preferred mobile service providers were competitive on the cost of money transfer services (mean 1.8482), on-net calling cost per second billing (mean 1.8661), cost of internet connectivity bundles (mean 1.9018), redeemable cash value from the loyalty program points (mean 1.9821), promotions price cuts and offers (mean 2.0000), airtime bonuses and discounts (mean 2.0179), off-net short text messages (mean 2.0804) and off-net calling cost per second billing (mean 2.1071). The findings indicate that the respondents' mobile service providers were price competitive on all aspects.

4.4 Customer satisfaction in mobile phone services

Customer satisfaction is defined by Yi (2000) as the consumer's response to the evaluation of the perceived discrepancy between some comparison standards and the perceived performance of the product. It is an extended process surrounding the acts of purchase, use, and repurchase according to Wilton and Nicosia (1999), and it involves a consumer's psychological reaction, consisting of activities and reactions through time. The overall satisfaction process begins with the consumer's level of expectations. Expectations serve as the standard from which a service is evaluated as suggested by Pascoe (1993).

4.4.1 Factors influencing choice of preferred mobile phone service provider

The respondents were requested to highlight the factors influencing choice of preferred mobile phone service provider in a five point Likert scale. The range was 'extremely influenced (1)' to 'does not influence' (5). The scores of extremely influenced/greatly influenced have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; (0≤ S.E <2.4). The scores of 'moderate influence' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale: 2.5≤M.E. <3.4) and the score of both least influence and does not influence have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; 3.5≤ L.E. <5.0). A standard deviation of >1.1 implies a significant difference on the impact of the variable among respondents.

4.4.1 Factors influencing the choice of preferred mobile service provider

Table 4.6: Factors influencing preferred mobile service provider

	Mean	Std. Deviation
Cost of services offered	2.1518	1.0501
Efficiency of the services provided	1.9464	.8365
Influence from family and friends	2.6696	1.4356
Easy access to services	2.0357	.9672
Influence from advertising messages	3.0804	1.1241
Access to dealers and agents	2.4911	1.2734
Customer Service Care Centers locations	3.0000	1.2302
Fast connectivity to internet	2.3235	1.0363
Availability of low denomination airtime vouchers	2.4464	1.2436
The perceived price fairness	2.6339	1.2375
New innovations	2.7946	1.3092
Promotions prizes are given always	2.4821	1.3354
Involvement in corporate social responsibility (CSR)	3.3214	1.1247
Value addition services	3.1875	1.3050
Cost of services offered	2.9018	1.4266

From the analysis above, all the factors had a mean of below 3.4 (moderate extent) indicating that the factors influenced the choice of the preferred mobile phone service provider although the extent of influence differed. The respondents indicated that the greatest influence was from the efficiency of the services provided (mean 1.9464), followed by easy access to services (mean 2.0357), cost of services offered (2.1518), fast connectivity to internet (2.3235). The variation in the standard deviation indicates the extent to which the respondents viewed the influence of the factors on their choice.

On the other hand, the respondents indicated that although availability of low denomination airtime vouchers (mean 2.4464), promotion (mean 2.4821) and access to dealers and agents (2.4911), perceived price fairness (mean 2.6339), influence from family and friends (2.6696), new innovations (mean 2.7946), cost of services offered (mean 2.9018), customer service care centers locations (mean 3.000), influence from advertising messages (mean 3.0804), value addition services (mean 3.1875) and involvement in corporate social responsibility (mean 3.3214) influenced the choice of the mobile service provider, their influence was to a moderate extent.

4.4.2 The influence of the other marketing mix factors on satisfaction and in choice of mobile service provider

The respondents were asked to give their independent opinion on the influence of other marketing mix factors on satisfaction and choice of mobile service provider in a five point likert scale. The range was 'Great extent (1)' to 'low extent' (3). The scores of great extent have been taken to represent a variable which had a mean score of 0 to 1.7 on the continuous Likert scale; (0≤ S.E <1.7). The scores of 'moderate extent' have been taken to represent a variable with a mean score of 1.8 to 2.4 on the continuous likert scale: 1.8≤M.E. <2.4) and the score of low extent have been taken to represent a variable which had a mean score of 2.5 to 3.0 on a continuous likert scale; 2.5≤ L.E. <3.0). A standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents.

Table 4.7: Influence of other marketing mix factors on satisfaction and choice of mobile service provider

	Mean	Std. Deviation
The network is clear and reliable	1.5625	.68156
The network has no congestion	1.9018	.75885
The services are easy to use	1.4375	.66821
They have a wide range of services	1.5268	.64319
The advertising messages are good and influence me a great deal	1.9375	.73865
The brand is strong and has a good presence in the market	1.5179	.61486
Customer loyalty programs are good	1.9911	.63665
The customer service centre's are centrally located	1.7679	.71006
The dealers and agents are many and easy to access	1.6071	.70208
The distribution channels used are very effective	1.8482	.66046

The respondents indicated that all the marketing mix factors influence satisfaction and choice of mobile service provider, however the extent to which the factors influence varied. The respondents indicated that the ease to use of services (mean 1.4375), the strongness of the brand and good presence in the market (mean 1.5179), the availability of a wide range of services (mean 1.5268), the network clarity and reliability (mean 1.5652), many dealers and agents thus easy access to services (mean 1.6071) were highlighted as influencing the satisfaction and choice of the mobile service provider to a great extent.

On the other hand the locations of customer service centres being central (mean 1.7679), the network having no congestion (1.9018), the effectiveness of the distribution channels being used (mean 1.8482), the advertising messages being good (mean 1.9375) and customer loyalty programs being good (mean 1.9011) were indicated as influencing the satisfaction and choice of mobile service provider to a moderate extent. The adoption of the various marketing factors by the mobile companies influences the customer's choice as some factors could be used by the companies when others do not work in their favour.

4.4.3 Level of satisfaction with the mobile operator service

The respondents were requested to give their opinion on how satisfied they were with the quality of services received from the mobile phone service provider. The range was 'very satisfied (1)' to dissatisfied (4). The scores of very satisfied/satisfied have been taken to present a variable which had mean score less than 2.5. The scores of not satisfied/dissatisfied have been taken to represent a variable with a mean score of 2.5 to 4.0. A standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents.

Table 4.8: Satisfaction with the mobile operator service

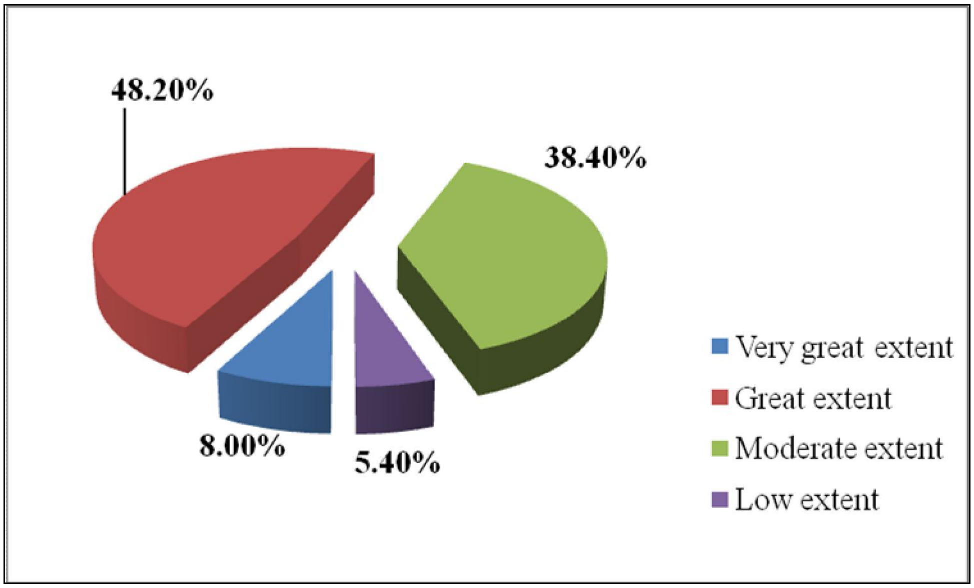
	Mean	Std. Deviation
24 hours customer service operations	2.0268	.8105
Efficient and no waiting Customer Enquire Service	2.4196	.8867
Availability and easy access to information	1.8482	.5728
Value addition services rendered e.g M-pesa, Yu cash, Airtel money and Orange Money	1.7411	.7442
Adequate agents at convenient locations	1.8571	.7925

Clarity of network	1.8214	.7130
Reliability of the network	1.6429	.6956
Cost of services rendered	2.2143	.8321
Safety and security of personal data	2.0089	.7165
Service delivery	1.9464	.6690

The findings indicate that the respondents were satisfied in terms of service they expect to receive from the respondents. They were satisfied with the reliability of network (1.6429), Value addition services rendered (mean 1.7411), service delivery (mean 1.9464), clarity of network (mean 1.8214), availability and easy access of information (mean 1.8482), adequate agents at convenient locations (mean 1.8571), 24 hours customer service operations (mean 2.0268), safety and security of personal data (mean 2.0089) and cost of services rendered (2.2143) while efficient and no waiting customer enquire service (mean 2.4196). There was minimal variation among the respondents as indicated by the standard deviation.

4.4.4 Extent of satisfaction with the services offered by the company

Figure 4.3: Extent of satisfaction with services of the company



The findings above on the extent to which the respondents were satisfied by the services of their preferred mobile company indicated that 48.2% were satisfied to a great extent, 38.4% were satisfied to a moderate extent, 8.0% were satisfied to a very great extent while 5.4% were satisfied to a low extent. The respondents were satisfied with the services of their mobile company of choice.

4.4.5 The extent that preferred mobile service provider met expectations

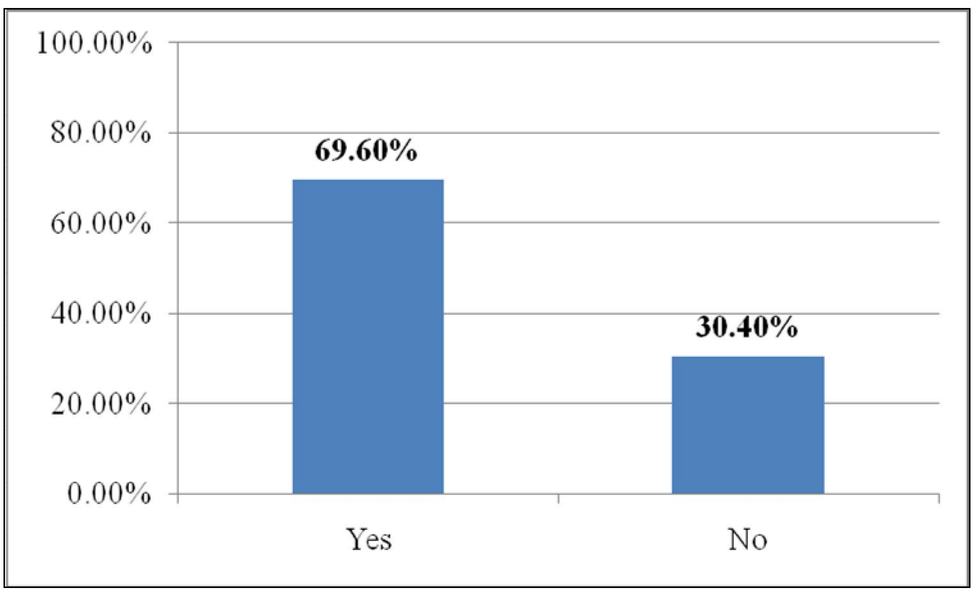
Table 4.9: Extent preferred mobile service provider met expectations

	Frequency	Percent	Cumulative Percent
Far below expectations	4	3.6	3.6
Fall short of expectations	23	20.5	24.1
Met expectations	78	69.6	93.8
Sur-passed expectations	7	6.3	100.0
Total	112	100.0	

Majority of the respondents (69.6%) indicated that their mobile service provider has met their expectations, 20.5% said it has fallen short of expectations, 6.3% were of the opinion that it has surpassed expectations while 3.6% said it was far below their expectations.

4.4.6 Whether the Mobile Phone Company commits a great deal of time and resources on customer satisfaction

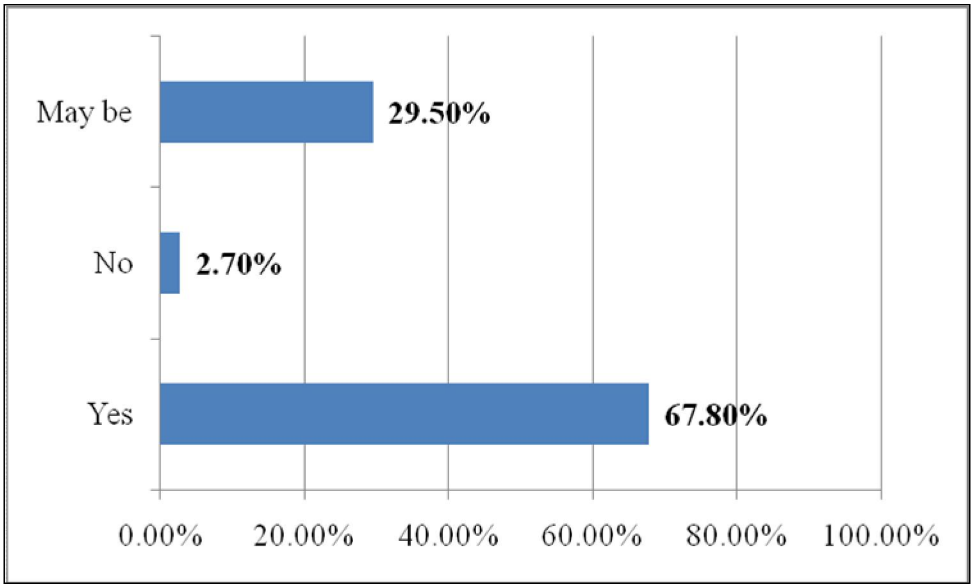
Figure 4.4: Mobile Phone Company commits a great deal of time and resources on customer satisfaction



The respondents (69.6) indicated that their mobile phone company commits a great deal of time and resources on customer satisfaction while 30.4% said they do not commit. The results indicates that the companies have committed time and resources on customer satisfaction and these can be attributed to the competition in the industry which has become so stiff and in order to attact and retain customers.

4.4.7 Recommendations to potential clients

Figure 4.5: Recommendation to potential clients



Majority of the respondents (67.8%), indicated that they would recommend their preferred mobile network to potential clients in the market, 29.5% said they may recommend while 2.7% said they would not recommend. The findings indicate that some of the respondents are not satisfied with their current mobile service provider thus they are not certain on whether they would recommend to potential clients or not.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The study shows that majority of the respondents were over twenty one years of age, had attained a college diploma and above; and at the same time have had a continuous use of the current mobile line for a period of six years and above. The respondents indicated that price influences their choice of mobile phone service provider to a great extent and therefore the respondents are price sensitive. The results indicated that the mobile service provider’s price was perceived to be fair, sensitive of the customers’ needs and the expectations of the respondents have been met. The respondents also indicated that they derived appropriate relative value from the services offered by the specific mobile phone network and that the price of the service is good value relative to other available services.

The respondents indicated that the price charged by the preferred mobile service provider in comparison to others was very competitive on the varied airtime denomination vouchers and on the on-net short text messages. At the same time the prices was indicated as being competitive on the cost of money transfer services, on-net calling cost per second billing, cost of internet connectivity bundles, redeemable cash value from the loyalty program points, airtime bonuses and discounts, promotions price cuts and offers, off-net short text messages and off-net calling cost per second billing.

The factors which influenced the respondents in choosing their current mobile service provider to a great extent were the efficiency of the services provided, easy access to services, cost of services offered and fast connectivity to internet, although availability of low denomination airtime vouchers, promotions, access to dealers and agents, perceived price fairness, influence from family and friends, new innovations, influence from advertising messages, value addition services and involvement in corporate social responsibility influenced the respondents choice to a moderate extent.

It was also noted that the other marketing mix factors which include; product, promotion and place influences customer satisfaction and their choice of mobile phone service provider to a great extent. This is in reference to the ease of usage of services or product information, the strength of the brand and having a good presence in the market, the availability of a wide range of services, the network being clear and reliable, the dealers and agents being many thus offering easier access, the location of the customer service centres, the network having no congestion, the effectiveness of the distribution channels used, the advertising messages and customer loyalty programs being good. The respondents were also satisfied with the services offered which include; reliability of network, value addition services rendered for example money transfer services, service delivery, clarity of network, availability and easy access to information, adequate agents at convenient locations, 24 hours customer service operations, safety and security of personal data, cost of services rendered, and efficient and no waiting customer enquiry service.

The respondents were satisfied with the services of the mobile company to a great extent as it surpassed the respondents' expectations and therefore the mobile companies should continue offering high services to their customers in order to attract more. The mobile companies commit a great deal of resources and time to customer satisfaction in order to retain them and be in business. Although majority of the respondents said they would recommend potential clients to the same network, some were hesitant to commit themselves and these underlines the fact that competition in the industry has become intense and the price charged is almost the same and thus competition has shifted to other services. The respondents indicated that they were mostly satisfied with their mobile phone company on the prices charged for services offered.

5.2 Conclusions

The price charged by a company is the determining factor as to whether the customer consumes goods or services offered by the company. In this instance the prices charged by the mobile companies' influences the choice of mobile phone service provider by the consumers. The mobile service companies have realized that their customers are price sensitive and they have gone an extra step to offer services to the customers at very low prices in order to attract and retain them. These services have ranged from text messaging, calling, internet connectivity, money transfer services and other new innovations occasioned by the stiff competition among the mobile phone service providers

The description of the four marketing mix factors by the respondents in determining the level of customer satisfaction highlights the extent to which customers are now deeply influenced by the non price factors in attaining the perceived customer satisfaction and in realizing the expected value, and how these factors play a pivotal role in creating brand and customer loyalty, in making purchase decisions and in ensuring that repeat purchases are made possible. This creates profitable customers for the company who yield a revenue stream that exceeds the company's cost stream of attracting, selling and servicing these customers. The customers expect to receive from their preferred operators services that will satisfy them and thus remain relevant in the market. The customers expect that their preferred mobile company must commit a great deal of time and resources for them to receive quality services that deliver to them the expected value.

5.3 Recommendations

The following recommendations are given to both the policy makers and researchers; price is an essential component which attracts and helps retain customers and from the findings, the respondents indicated that the price charged by the mobile companies influences their choice thus it is recommended that they should set prices which are attractive to customers. The respondents indicated that the prices charged by their preferred service provider in comparison to competitors was competitive, it is recommended that the mobile companies should use pricing as one of the strategies for countering the competition and to enhance customer loyalty as well prevent customer shift to the competition.

The study found out that there are various factors that influence customers in choosing the preferred mobile phone service provider. Customers are continually asking for more to meet their expectations and it is therefore recommended that the mobile companies must adopt different differentiation strategies to deliver value to their customers and not to solely rely on pricing in countering competition. The customers indicated that the other marketing mix factors which include product, promotion and place influences their satisfaction and choice of the mobile companies. It is recommended that companies must therefore carefully come up with different strategies derived from all marketing mix factors to ensure that the strategies used are foolproof to withstand challenges from the competition and that the products or services put in the market place deliver the promise to the consumers.

5.4 Recommendations for further research

The study confined itself to the mobile phone users in Westlands, Nairobi. This research therefore should be replicated among customers from other parts of the country and the results be compared so as to establish whether there is consistency among the customers on the influence of price on customer satisfaction among mobile phone users.

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APPENDIX I:
QUESTIONNAIRE

Please give answers in the spaces provided and tick (√) in the box that matches your response to the questions where applicable.

PART A: General information

1. Which Mobile Phone Operator do you majorly source for services from?

    a) Safaricom ( ) b) Airtel ( ) c) Orange ( ) d) Yu ( )

2. Gender? Male ( ) Female ( )

3. What is your age bracket? (Tick as applicable)

    a) Under 20 years ( )
    b) 21 – 30 years ( )
    c) 31 – 40 years ( )
    d) 41 – 50 years ( )
    e) Over 50 years ( )

4.What level of education have you completed?

    a) No formal qualifications ( )
    b) Primary School ( )
    c) Secondary School ( )
    d) College Diploma ( )
    e) Graduate/Post graduate ( )

4. For how long have you had continuous use of your mobile line?

a) Less than two years ( )

b) 2-5 years ( )

c) 6-10 years ( )

d) Over 10 years ( )

Part B: The influence of price in choosing your Mobile Phone Network.

1) To what extent does price influence your choice of Mobile Service Provider?

a) Very great extent ( )

b) Great extent ( )

c) Moderate extent ( )

d) Low extent ( )

e) Very low extent ( )

2) What do you consider as best describes your Mobile Phone Service Provider's price: (Use the scale below to tick the most appropriate response)

1-Strongly Agree

2-Agree

3-Moderate extent

4-Disagree

5-Strongly Disagree

		1	2	3	4	5
1	The price of the services offered is appropriate relative value derived.					
2	The price of the service meets my expectations.					
3	The price of the service is good value relative to					

	other available services.					
4	Price offered is fair.					
5	The price of the service is sensitive of the customers' needs.					
6	My expectations are met.					

3). How competitive is the price of your preferred Mobile Service Provider in comparison to the competition.

	Extremely competitive	**Very competitive**	**Moderately competitive**	**Least competitive**	**not competitive**
1. On-net calling cost per second billing.					
2. Off-net calling cost per second billing.					
3. Short text messages-On-net.					
4. Short text messages-Off-net.					
5. Cost of internet connectivity bundles.					
6. Cost of money transfer services.					
7. Promotions price cuts and offers.					
8. Airtime bonuses and discounts.					

9. Varied airtime denomination vouchers.					
10. Redeemable cash value from the loyalty program points.					

PART C: Customer Satisfaction in Mobile Phone services.

1) What factors influenced you in choosing your preferred Mobile Phone Service provider?

	Extremely influenced	Greatly influenced	Moderately influenced	Least influenced	Did not influence
Cost of services offered.					
Efficiency of the services provided.					
Influence from family and friends.					
Easy access to services.					
Influence from advertising messages.					
Access to dealers and agents					
Customer Service Care Centres locations.					
Fast connectivity to internet.					
Availability of low denomination airtime					

vouchers.					
The perceived price fairness.					
New innovations.					
Promotions prizes and give aways.					
Involvement in corporate social responsibility (CSR).					
Value addition services					

Please name which value addition service influenced you the most in choosing your most preferred Mobile Phone service provider…………………………………………………………

2). To what extent do the other marketing mix factors influence your satisfaction and choice of your Mobile Phone Service Provider.

Marketing Mix Factors	Very great extent	Great extent	Moderate extent	Low extent	Did not influence
i) Product					
The network is clear and reliable.					
The network has no congestion.					
The services are easy to use.					
They have a wide range of services.					
ii) Promotion					
The advertising messages are good and influence me a great deal.					
The brand is strong and has a good presence in the market.					
Customer loyalty programs are good.					
iii) Place					
The customer service centres are centrally located.					
The dealers and agents are many and easy to access.					
The distribution channels used are very effective.					

3) In terms of the service you expect to receive from the mobile operator, how satisfied are you on the following

Services offered by the Operator	**Very Satisfied**	**Satisfied**	**Moderately Satisfied**	**Not Satisfied**	**Dissatisfied**
24 hours customer service operations					
Efficient and no waiting Customer Enquire Service					
Availability and easy access to information					
Value addition services rendered e.g M-pesa, Yu cash, Airtel money and Orange Money.					
Adequate agents at convenient locations					
Clarity of network					
Reliability of the network					
Cost of services rendered					
Safety and security of personal data					
Service delivery					

4.)In general, to what extent are you satisfied with the services of your mobile company of choice?

a) Very great extent ( )
b) Great extent ( )
c) Moderate extent ( )

d) Low extent ( )

e) Very low extent ( )

5) To what extent has your preferred Mobile Phone Service Provider met your expectations?

i) Far below expectations ( )

ii) Fall short of expectations ( )

iii) Met expectations ( )

iv) Sur-passed expectations ( )

v) Far surpassed expectations ( )

6. Do you think your Mobile Phone Company commits a great deal of time and resources on customer satisfaction? Yes ( ) No ( )

7) Would you recommend potential clients to use the same network?

i) Yes ( )

ii) No ( )

iii) Maybe ( )

iv) I don't know ( )

8) In your opinion, experience, and in your own words what are you most specifically satisfied with your Mobile Phone Network of choice? ……………………………………
……………………………………………………………………………………………

THANK YOU