

**FACTORS WHICH AFFECT BRAND LOYALTY OF MOBILE
MONEY TRANSFER SERVICES, AMONG CONSUMERS OF
SOUTH B RESIDENTIAL AREA.**

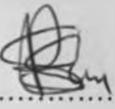
KIRUTHU SALOME GATHONI

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF THE DEGREE IN MASTERS OF BUSINESS
ADMINISTRATION UNIVERSITY OF NAIROBI.**

OCTOBER 2011

DECLARATION

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

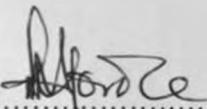
Signed 

Date.....10/11/2011.....

Salome Gathoni Kiruthu

D61/8505/2006.

This project has been submitted for examination with my approval as University Supervisor.

Signed 

Date.....14/11/2011.....

Mrs. Mary Kinoti

Lecturer

Department of Business Administration

University of Nairobi.

ACKNOWLEDGEMENT

My gratitude to God for enabling me to pursue this MBA course and His Provision of good health and finances throughout the course.

There are many people that I am indebted to especially for their contribution towards my undertaking the MBA course. My gratitude especially to Mrs. Mary Kinoti, lecturer School of Business University of Nairobi, for the invaluable support, guidance and contribution. To my family brothers and sisters for always encouraging me during this course. Many thanks to all Lecturers at the University of Nairobi school of Business for all the invaluable knowledge and support that they offered me

Finally to all those who assisted me in one way or another during the program especially Mike Kiruthu, Angeline Mwabu, James Kuria and all those who filled in the questionnaire, I register my profound appreciation to you all.

DEDICATION

This study is dedicated to my mother Felichina Kiruthu, brothers, sisters and daughter Stella Njoki Muthaiga. for their continued love and support.

ABSTRACT

Mobile money transfer services are one of the major innovations in both money transfer and communications industry. The service that was first introduced in year 2007 has grown tremendously. It allows people to carry their bank accounts in their own hands and thereby transforming peoples life. It is the increased number of subscribers that triggered the brand loyalty concept in the mobile money transfer service market.

This study was conducted with an overall objective of finding out factors that influence brand loyalty of mobile money transfer services in Kenya. A population sample for the survey was selected from South B residential area in Nairobi Kenya. A sample size of two hundred respondents was picked from an overall population size of over Seventeen thousand households, The interview was addressed to only one person of either sex per household. Data collected was analyzed by a means of descriptive statistics which included frequency tables means and percentages.

Analysis of the data indicated that all the mobile money transfer service are of use to people in Kenya. The M-pesa leads others followed by Airtel money, Orange money and Yu cash respectively. The factors that attract people to use the services are the same where convenience is considered to be the highly preferred by many people. Convenience goes hand in hand with the availability of agents, speed of service, network efficiency and coverage. There are some hindrances to the effective use of these services and they include network delay, lack of enough agents, the complexity of the use of the service, and insecurity.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION.....	iv
ABSTRACT.....	v
LIST OF TABLES.....	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the study.....	1
1.1.1 The Concept Of Brand Loyalty.....	2
1.1.2 Mobile Money Transfer Services.....	4
1.1.3 Mobile Money Transfer Service Providers in Kenya	4
1.1.4 South B Residential Area.....	6
1.2. Statement Of The Problem.....	6
1.3 Research Question	7
1.4 Research Objective	8
1.5 Significance of the Study	8
CHAPTER TWO: LITERATURE REVIEW.....	9
2.1 Introduction.....	9
2.2 The Concept Of Brand Loyalty.....	9
2.2.1 Value of Brand Loyalty	11
2.2.3 Classification of Brand loyalty	14
2.2.4 Enhancing Brand loyalty.....	16
2.2.5 Factors which influence Brand Loyalty	20
2.2.6 Measuring Brand loyalty.....	23
3.0 Mobile Money Transfer Services In Kenya.....	24
CHAPTER THREE: RESEARCH METHODOLOGY	26
3.1 Introduction.....	26
3.2 Research Design.....	26
3.3 Target Population.....	26
3.4 Sampling	26

3.5 Data collection procedures and Instruments27

3.6 Data Analysis27

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.....28

4.1 Introduction.....28

4.2 Response rate28

4.3 Demographic information of respondents28

 4.3.1. Gender of the respondents28

 4.3.2 Respondents Age29

 4.3.3 Occupation of mobile money transfer services.....30

 4.3.4 The marital status of mobile money transfers service users31

4.4 Factors which influence brand loyalty of mobile money transfer services31

 4.4.1 The Preferred Mobile Money Transfer Service.....32

 4.4.2 Factors Attracting Mobile Money Transfer Users.....32

 4.4.3 Respondents' Dislike On Some Aspect Mobile Money Transfer Service33

 4.4.4 Reasons For The Dislike.....35

 4.4.5 The Frequency At Which Respondents Use Various Mobile Money Transfer Service35

 4.4.6 Factors which influence Respondents' Loyalty Towards Money Transfer Service36

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS40

5.1 Introduction.....40

5.2 Summary of Findings.....40

5.3 Conclusions.....41

5.4 Recommendations.....42

5.5. Suggestions for Further Research42

REFERENCES.....43

APPENDICES: LETTER INTRODUCTION49

APPENDIX II: QUESTIONNAIRE.....50

LIST OF TABLES

Table 4.2 Age of the respondents	29
Table 4.3 Occupation of mobile money transfer service users.....	30
Table 4.4 The marital status of mobile money transfers service users	31
Table 4.5 The preferred mobile money transfer service	32
Table 4.6 Factors attracting mobile money transfer users	33
Table 4.7 Respondents' dislikes on some aspect of mobile money transfer service ...	34
Table 4.8 the aspect that the mobile money transfer users dislike.....	35
Table 4.9: The frequency At Which Respondents Use Various Mobile Money Transfer Service	35
Table 4.10: Factors That Influence Respondents' Loyalty Towards Mobile Money Transfer Service	37

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study.

The mobile money transfer service is provided by mobile company's operators; this industry has been created by technological innovation, and currently regulated by Central bank of Kenya due to the increased need of the service by customers in Kenya. The service was first launched in 2007 by Safaricom with its M-Pesa product then followed by Airtel with Airtel money and lastly Yu cash and orange money.

Mobile money transfer services have truly transformed the way of life amongst Kenyans in the sense that people are able to transfer money by use of mobile phone irrespective of the locations; the service has no limit as it's available in the most remote areas. Recent improvements have enabled people to do cashless transactions. Mobile money transfer services enables people to purchase goods from supermarkets, pay for utility bills like water and electricity, In addition it is possible to transfer from ones cell-phone to a personal bank account. Schools and institutions are also using this service, parents and students pay school fees directly to their respective bank accounts. The advantage of mobile money transfer services is that there is immediate confirmation hence increasing trust amongst the users.

Mobile money transfer service provides Mobile Phone Banking solution. Customers will literally be carrying their accounts in their hands. This is indeed a revolutionary solution that provides the following four key benefits, one is convenience, and mobile phone banking is a step towards making financial services accessible to all Kenyans who have access to a mobile phone. This is a mobile solution that delivers mobility, convenience and security to the bank's existing as well as prospective customers. It will leverage on the strong mobile penetration both locally as well as globally and essentially the affinity of mobile devices to

the consumer. Customers will be able to generate value from wireless transactions anytime anywhere.

Secondly Banking the unbanked, With 15 million Kenyans having access to a mobile phone, and only approximately 4.5 million banked, the solution offers an avenue to push forward the access frontier in Kenya. This effort will bring more Kenyans into banking solutions. Thirdly beyond banking financial solution. This banking solution allows for the use of a mobile phone to perform various other services beyond funds transfer. Customers are able to pay for services, manage their accounts, provide airtime top-ups and execute other service requests. Lastly opening new economic frontiers and supporting Vision 2030, the service contributes to economic expansion for Kenyans, especially the small and medium enterprises. By accessing financial services easily and affordably, Kenyans will be better equipped to support their enterprises. The success of the small and medium enterprise sector undoubtedly lies at the heart of the realization of Vision 2030. The four benefits provide us with a solution to Kenyans who view banks as expensive or have barriers to entry and have high transaction costs of maintaining accounts (Ndungu, 2008).

1.1 The Concept of Brand Loyalty

A brand is a total offering of a product or service including a set of assets (and liabilities) linked to the name and symbol that adds or subtracts from the value provided by the products or service to a firm and /or that firms customers (Aaker, 1996). Brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol that adds to or subtract from the value provided by the product or service to a firm and or that firms customers. The major asset categories include brand loyalty, name awareness, Perceived quality, brand associations and other proprietary brand assets (Aaker, 1991).

Brand Loyalty is a consumer preference to buy a particular brand in a product category, it occurs because there is perceived product features, Images or level of quality at the right price. Brand loyalty is product specific (Assael 1998). Brand loyalty is a deeply held commitment to re buy or re patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999).

Brand loyal consumers may be willing to pay more for a brand because they perceive some unique value in the brand that no alternative can provide (Jacoby and Chestnut 1978; Pessemier 1959; Reichheld 1996). Brand loyalty can also be defined as a repeat purchase intention and as a behavior, It's thought of as an internal commitment to purchase and repurchase a particular product, Brand loyalty is a measure of attachment that a customer has to a brand (Evans, 1997).

Brand loyalty is the heart of the brands value, it's the core of brand equity, if customers are indifferent to the brand and buy with respect to features, and price and convenience without the concern of brand name the brand is likely to have little equity. On the other hand, if they continue to purchase the brand even in the face of competitors with superior features, price and convenience then substantial value exists in the brand (Aaker, 1996). Brand loyalty helps Customers to gain because the risk associated with purchase is reduced due to the known qualities associated with the brand. Manufacturers can gain from increased price due to positioning. In addition loyalty towards the brand will generate additional sales and Customers will be attracted to a store which stocks a particular brand because it also gives

indication of the service that can be expected. Branding can help with market segmentation that is developing new products for different segments (Colin Linton And Ray Donley, 2009).

1.1.2 Mobile Money Transfer Services

Money transfer is the act of sending money from one place to another, this may occur physically or electronically. Mobile money transfer is the use of a mobile phone in order to transfer funds between banks or accounts, deposit or withdraw funds or pay bills. The item is used for the broader realm of electronic commerce; it can refer to the use of a mobile device to purchase item either physical or electronic ([www.online business dictionary.com](http://www.onlinebusinessdictionary.com)).

Money transfer services in Kenya can be divided into two that is formal and informal. Informal money transfer services, involves use of traditional methods. Example is use of messengers, use of transport services like public transport and much more. Formal methods of money transfer involve modern means and can also be divided into Electronic and physical. Electronic money transfer services include Mobile money transfer, Western union, Money gram, Real time gross transfer, Electronic funds transfer, Posta pay and Money orders. Non electronic money transfer services include Courier Services like G4S, Wells Fargo, Factory Guards and others.

1.1.3 Mobile Money Transfer Service Providers in Kenya

There are four main mobile money transfer service providers in Kenya they include Safaricom, Airtel, Yu and Orange. Safaricom's money transfer service is known as M-pesa. The development was initially sponsored by the UK-based Department for International Development (DFID) in 2003–2007. Safaricom is the pioneer of mobile money transfer

services in Kenya, with their brand M-pesa. The initial concept of M-pesa was to create a service which allowed microfinance borrowers to conveniently receive and repay loans using the network of Safaricom airtime resellers. This would enable microfinance institutions (MFIs) to offer more competitive loan rates to their users, as there is a reduced cost of dealing in cash. The users of the service would gain through being able to track their finances more easily. But when the service was trialed, customers adopted the service for a variety of alternative uses; complications arose with Faulu, the partnering microfinance institution (MFI). M-pesa was re-focused and launched with a different value proposition: sending remittances home across the country and making payments.

M-pesa is a branchless banking service, meaning that it is designed to enable users to complete basic banking transactions without the need to visit a bank branch. M -Pesa continues to experience strong growth in users up to 13.8Million in March 2011.The agent network has expanded further to a total of 26,948 agents country wide. Persons to person's transactions for March 2011 stood at Kshs. 47 Million. Cumulative value of transactions from inception is Kshs. 828 Billion. Mpesa revenue ranges at 11.78 million (Safaricom limited, 2011).

Airtel money is the product of Airtel Kenya, the service has over 200,000 customers and over 3000 outlets as of February 2011, Airtel Money was the second mobile money transfer service to be launched in Kenya. Airtel money relies on agents such as Pesa-point ATMs, Posta Corporation, Equity Bank, Family bank and others. Airtel money facilitates bills payment like in Multi-choice, Kenya power and Lightening Company, Nairobi Water Company and others. (Standard Media.co.ke).

Econet Essar Company of Kenya has its product Yu cash which has over 420,000 customers. Yu-Cash rely mostly on Agents such as Banks, Pesa-Point ATMs and a few agents country wide.(Standard Media.co.ke). Finally Yu cash was followed by Orange money, this is a service offered by Orange telecommunication company of Kenya, launched in November 2010, Orange is the only integrated telecommunication solution provider operating in Kenya. It offers mobile telephony services under the GSM and CDMA plat form, fixed line telephone services and internet services. By March 2011, Orange money had over 115,000 registered customers. The service relies mostly on Banks as its main agents including Equity Bank which has over 2300 agent's country wide, (Standard Media.co.ke).

1.1.4 South B Residential Area

South-B residential area is located in the East side of Nairobi Makandara constituency, Mukuru Nyayo location. The population as per 2009 census report was 53,303, comprising of 17,357 households, (2009 Kenya population and housing census). The location covers an area of 5.9 Square Kilometers,(Kenya national Bureau of statistic, 2009).

1.2. Statement of the Problem

Mobile money transfer services are provided by Mobile phone companies in Kenya, This is a very competitive industry and companies have to reinvent themselves in order to come up with new and attractive products hence the need for understanding the concept of brand loyalty. There is increased competition among the service providers with each one trying to increase and maintain a bigger market share through the use of price wars and advertising, it is important therefore to identify the factors that influence the brand loyalty of mobile money transfer services.

Several studies have been done in the area of brand loyalty both internationally and locally. Wambugu (2002) studied Factors that determine stores loyalty, A case study of selected supermarkets chains in Nairobi. He however concluded that availability of merchandise was the most important factor that contributed to store loyalty, meaning that customers attach a lot weight to the extent to which the stores are able to meet their requirements under one roof, convenient location, operational hours, and prompt services as well courtesy of employees.

Mwangi (2006) Conducted a study on factors that determine loyalty, a case study of toothpaste Users in Westlands Nairobi Kenya. He concluded that popularity in usage of the brand could be explained by age of the brand in the market as well as quality of the brands. Wandera 2008, studied factors influencing Brand loyalty to mobile phone services providers in Kenya, A case study of Nairobi residents. She concluded that loyalty depends on number of people they call within the Network, cost of calling within the network, current network coverage and promptness of service. In her study she concluded that there exists high level of brand loyalty to mobile phone service providers. Arjun and Morris (2001) studied the chain of effects from brand trust and brand affect to brand performance, the role of brand loyalty, they concluded that higher brand trust and brand affect lead to higher purchase loyalty to the brand and this leads to sales related outcomes such as market share. To the best of researcher's knowledge no similar study has been done, in the line of mobile money transfer service and brand loyalty.

1.3 Research Question

1. What are the factors that contribute to mobile money transfer services brand loyalty?

1.4 Research Objective

To determine factors that contribute to brand loyalty in mobile money transfer services in Kenya.

1.5 Significance of the Study

This study will add value to:

Firstly to academicians, it will provide basis for further research. Marketers, the study will give a practical concept on how to increase brand loyalty, In addition the study will help marketers to maintain and increase market shares. Industry, it will help them to re-align with branding their products. Finally to mobile money transfer providers, the study will be beneficial to mobile money transfer companies in their struggle to determine factors that enhance brand loyalty levels and in turn concentrate on them in order to attract more subscribers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter addresses the literature review which is of importance to the study. The concept of brand Loyalty and factors that influence brand loyalty of mobile money transfer services in Kenya. In addition the study will try to find out the inherent value of brand loyalty on mobile money transfer services in Kenya.

2.2 The Concept of Brand Loyalty

Brand loyalty is a deeply held commitment to re-buy or repatronize a preferred product /service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause one to switch (Oliver, 1999).

Brand loyalty is the third asset category of brand equity, a brands value to a firm is largely created by the customer loyalty it commands, in addition considering loyalty as an asset encourages and justifies loyalty building programs which then help create and enhance brand equity. Brand loyalty is a key consideration when placing a value on a brand that is to be bought or sold, because highly loyal customer base can be expected to generate a very predictable sales and profit stream (Aaker, 1996).

Brand loyalty is manifested through commitment; a strong brand has high equity as a result of commitment which manifests itself through a high level of interaction and communication that is involved with the product (Aaker, 1991). Brand loyalty represents favorable attitude towards a brand as a result of consistent purchase of brand over time. Loyalty is the result of consumers learning that one brand can satisfy their needs. Indeed loyalty is not reflected in

the behavior alone but it also implies a commitment to a brand that may not be reflected by just continuous buying behavior (Assaeil, 1998).

According to Moorman et al, (1992) brand loyalty is taken to include purchase loyalty and attitudinal loyalty, purchase loyalty is the willingness of the average consumer to repurchase the brand while attitudinal loyalty is the level of commitment as an enduring desire to maintain valued relationship. Companies cannot maintain market share with unique features alone since competitors can easily copy them. Sustainable market share growth is achieved through loyal customers and excellent service (Cannie and Capin, 1991).

Ndeti, (2007) argues that a brand only exists in the buyers mind and it is the buyer who has the power to begin, sustain or terminate the relationship with it. The company does not control the life of a brand, the customer does. A brand therefore is determined by an understanding of likely future performance and predicted cash flows, that are defined in large part by an extrapolation of past customer acquisition and loyalty.

True brand loyalty exists when customers have a high relative attitude toward the brand which is then exhibited through repurchase behavior. This type of loyalty can be a great asset to the firm. Customers who are willing to pay higher prices may cost less to serve and can bring new customers to the firm. Day (1969) argues that to be truly loyal, the consumer must hold a favourable attitude toward the brand in addition to purchasing it repeatedly. According to Aaker 1991; Assael 1992; Day 1969, Behavioural or purchase loyalty consist of repeated purchases of the brand, whereas attitudinal brand loyalty includes a degree of dispositional commitment in terms of unique value associated with the brand.

2.2.1 Value of Brand Loyalty

Brand loyalty leads to increased sales hence increased profits and reduced marketing costs. According to Aaker (1996) highly loyal customer base can be expected to generate very predictable sales and profit stream. Further, the impact of brand loyalty on marketing cost is often substantial as it is simply much less costly to retain customers than to attract new ones, the loyalty of existing customers also represents a substantial entry barrier to competitors in part because the cost of enticing customers to change loyalties is often prohibitively expensive.

High Loyalty leads to certain marketing advantages such as reduced marketing costs, these is because brand loyalists are willing to search for their favorite brand and are less sensitive to competitive promotions, this results to lower costs in advertising, marketing and distribution. Specifically, it costs four to six times as much to attract a new customer as it does to retain a new one (Aaker, 1991). It is expensive to gain new customers and relatively inexpensive to keep existing ones especially when existing ones are satisfied with the brand. Higher loyalty means greater trade leverage since customers expect the brand to be always available (Aaker, 1991). In addition loyalty leads to premium related outcomes such as higher relative prices in the market place. Higher market share and premium price are direct determinants of a brand financial performance (Chaudhuri et al, 2001).

The financial value of a brand is a function of the amount of its future expected return and of the degree of risk on these returns. Loyal customers are profitable because they spend more with the products and stores they are loyal to and are less sensitive to price (Kapferer, 1999). Store loyalty is negatively related to out of store deals because such deals often require store

witching (Bewa et al, 1987). Evidence shows that store loyal people are less price sensitive (Kim Srinivasan and Wilcox, 1999).

Price premiums and market share have been closely associated with the concept of brand equity (Bello and Holbrook et al, 1995). The outcomes which in turn drive brand profitability depend on various aspects of brand loyalty. Brand Loyal customers may be willing to pay more for a brand because they perceive some unique value in the brand that no alternative can provide (Jacoby and Chestnut 1978; Pessemier 1959; Reichheld, 1996). Additionally, brand loyalists buy less frequently on cents-off deals; these promotions subsidize planned purchases (Aaker, 1996).

Increased Market Share- Brand loyalty may be derived from greater trust in the reliability of a brand or from more favorable affect when customers use the brand. This leads to greater market share when the same brand is repeatedly purchased by loyal consumers irrespective of situational constraints (Assael, 1998). Brand loyalty which expresses itself through both repeat purchase and attitudinal commitment leads to sales related outcomes such as market share (Jacoby and kyner, 1973) In addition due to various affective factors loyal consumers may use more of the brand in order to identify with its image (Upshaw, 1995).

Brand loyalty leads to more new customers, a satisfied customer base that is also loyal to the company will provide assurance to prospective customers. Such customers are bound to be loyal to the company too because of the perceived good service offered. A loyal customer base provides an image of the brand as acceptable and successful, and one that will be around and is capable of improvements (Aaker,1991).

Brand loyalty leads to greater trade leverage, a brand with high loyalty levels can get preferred shelf space and stocking since the stores know customers will have such brands on their shopping list (Aaker, 1991). Dick and Basu (1994) suggest that other loyalty related marketing advantage such as favorable word of mouth and greater resistance among loyal consumers to competitive strategies. Retaining brand loyal customers is critical for survival in a highly competitive market place (Evans, 1997). Rosenberg (1983) argues that keeping a customer is often a more efficient strategy than attracting new customers. Brand loyalty allows a company time to respond to competitive threats, the company enjoys the benefit of having time to improve the brand in the case of a superior competing brand being developed, and This is because loyal customers do not just move quickly to the superior competitor (Aaker, 1991).

Kapferer (1999) gives a summary on how brand loyalty generates value identification to be clearly seen, to make sense of the offer and to quickly identify the sought after product. Practicality- to allow savings of time energy through identical repurchasing .Guarantee, to be sure of finding the same quality no matter where or when you buy the product or service. Optimization- to be sure of buying the best product in its category and the best performer for a particular purchase. Characterization-to have confirmation of your self image or the image that you present to others. Continuity- satisfaction brought about through familiarity and intimacy with the brand that you have consumed for years. Hedonistic- satisfaction linked to the attractiveness of the brand, to its logo and its communication. Ethical-satisfaction linked to the responsible behavior of the brand in its relationship with the society.

2.2.3 Classification of Brand Loyalty

Consumers have varying degrees of loyalty to specific brands. Consumers are therefore divided into four groups of loyalty status. They include Hard Core loyals- these are consumers who buy one brand all the time. Split loyals-consumers who are loyal to two or three brands. Shifting loyals –consumers who shift from one brand to another and finally switchers are consumers who show no loyalty to any brand (Kotler, 2000).

Non customers are those who buy competitors brand and are not product class users. Price switchers- they are price sensitive. Passively loyal are customers who buy out of a habit rather than reason. Fence sitters, these are customers who are indifferent between two or more brands and those who are not committed (Aaker, 1996). Non loyal buyers are completely indifferent to the brand. Brand names play little roles in the purchase decision as each brand is perceived adequate, convenience is preferred by such customers. This type of customer is termed as switchers or price buyer. Habitual buyers on the other hand are buyers who are satisfied with the brand or at least they are not dissatisfied, this segment of buyers is vulnerable to competition. They are difficult to reach as there is no reason for them to be on the lookout for alternatives (Aaker, 1991).

Satisfied buyers or a switching cost loyals are satisfied buyers with a switching cost. The cost can be in terms of time, money and performance risk associated with switching. To attract this group, the competitors need to overcome the switching by offering an inducement to switch or a benefit large enough to compensate. Friends of the brand are a category of customers whose preference may be based on an association like a symbol, set of use experience or high perceived quality. Since liking is a general feeling that cant be closely traced to anything specific customers at this level are not always able to identify why they

like something especially if the relationship has been a long one. The long term relationship can create a powerful affect even in the absence of a friendly symbol or other identifiable contributor to liking (Aaker, 1991).

Committed customers are those who pride in discovering and being users of the brand. The brand is very important to them either functionally or as an expression of who they are. Such customers will recommend the brand to others since they have confidence in the brand. A brand that has a substantial group of extremely involved and committed customers might be termed as a charismatic brand (Aaker, 1991). Evans (1997) views brand loyalty as a continuum from undivided loyalty to brand indifference. He gives different categories along continuum as, Undivided loyalty this is the ideal category, it's a situation where the customers purchase a single brand and forego purchase if the brand is not available, Even if the brands prices increases these customers will stick with the brand.

Brand loyalty occasional switch is a more likely situation and occurs where customers occasionally switch for reasons such as their regular brand being out of stock, a new brand in the market or a special low price offer on a competitor's brand. Brand loyalty switch reflects a competitive goal especially in low growth markets. Divided Loyalty is the consistent purchase of two or more brands. Brand indifference refers to purchase with no apparent repurchase pattern. It is the opposite extreme of undivided brand loyalty. All the above loyalty categories as done by different authors are somewhat arbitrary (Evans, 1997) However the important point is that different levels of loyalty impact differently on brand equity (Aaker, 1991).

2.2.4 Enhancing Brand Loyalty

Building customer Relationship-this is done by developing customers relationship with the brand through brand awareness, perceived quality and an effective clear brand identity (Aaker, 1996). Brands are strong when they enjoy loyalty, to achieve loyalty a product must go beyond achieving visibility and differentiation, it should develop the relationships with the customer group where the brand becomes a meaningful part of the customers life and /or self concept. When this occurs the customer will be highly loyal (Kotler, 2000).

The more a customer is aware of the product, the greater the possibility that she/he will purchase the product (Grover and Srinivasan, 1992). The more places the customer can buy the product, the more often that customer will become a new customer of the same product in another market place (Lewis et al., 1995). Staying close to the customer- Companies with strong customer cultures find way to stay close to a customer by paying them a visit and asking for their suggestions before major changes are made (Aaker,1996).

Customer oriented approach- taking a loyal customer to be the one who has a commitment to continue to do business with a company on an ongoing basis, developing brand loyalty simply means seeking to create committed customers. In this case there is a process of loyalty building in form of a ladder whereby the customer has to be converted into a client, then into a supporter, an advocate and ultimately into a partner. According to Christopher (1995) to convert a customer into a client requires that a pattern of repeat buying is established.

This is done by making it possible for the customer to do business with the company. But being a client does not necessarily signal commitment. Since many clients may express high levels of dissatisfaction with the product or service and then switch. A customer oriented

approach becomes necessary to turn the clients into supporters when they are pleased with the product or service. If they are really impressed with the quality of the relationship, they may well become advocates and tell others about the satisfaction with the offer. The power of word of mouth is high and can do even more than advertising. The ultimate expectation should be to make the advocate partner in a situation where mutually rewarding relationship has been achieved and neither party intends to leave the other.

Reputation- company that has commitment towards customer loyalty should be able to exhibit that through releasing the resources necessary to retain those good customers by offering them broad range related products and services that will keep them loyal as their needs change and evolve over time (Reichheld,1993). Selling high-quality products and commanding premium prices increases the reputation of a firm thus, developing brand loyalty. In order to build and maintain a reputation, the promised quality of goods or services must be delivered. Having a good reputation increases a firm's sales, attracts more customers because of word-of-mouth activity, and cuts customer departures (Rogerson, 1983). For a firm expanding its product line, a well-known brand can facilitate user acceptance of the new product (Aaker, 1991). Sellers who develop a reputation for high quality can often command premium prices.

Treating the Customer right- according to Aaker (1991) Brand loyalty can be enhanced by treating the customer right. A product or service that functions as expected provides a basis for loyalty since customers have no reason to switch, In addition customers should be treated with respect and positive interaction maintained all the time. He also argues the importance of staying close to the customer the company should have its people including top executives

keep contacts with the customers who use the product, this makes the customers know that they are valuable.

Creating switching costs is to create a solution for a customer problem that may involve redefining the business. Another approach is to reward loyalty directly (Aaker, 1991). Database marketing, this involves use of customer data, used for database marketing targeted at narrow focused segments. News about new products and special promotions can be tailored to those segments likely to respond. Targeted customers will feel the firm is connecting with them individually and the brand customer relationship will be stronger. Companies use the approach of reward loyalty directly, this includes use of smart cards and loyalty points (Aaker, 1996).

Frequent buyer programs- this provides a direct and tangible reinforcement for loyal behavior, they also provide value proposition of a brand and often its point of differentiation. In addition they also affirm the commitment that the firm is making to loyal customers, its clear that customers loyalty is not taken for granted. Another method of enhancing loyalty is the use of customer clubs, this provides visible evidence that the firm really cares about its clientele, and customer club is potentially more involving. Customer club provides a vehicle by which the customer can identify with the brand, express his or her brand perceptions and attitudes and experience the sharing of a brand relationship with like minded people (Aaker, 1996).

Positive brand Image- one of the first steps in maintaining customer brand loyalty is to build and sustain a positive brand image. A strong brand image is important to brand owners because the brand name distinguishes a product from the competitors' products. The image

includes colors, symbols, words, and slogans that convey a clear, consistent message and not simply the name (Berry et al, 1988). The brand image plays an important role in product choice because consumers attempt to reinforce their self-image by buying products that are congruent with their self-image. For example, a consumer may drive an Alfa Romeo rather than a generic brand because the Alfa Romeo reflects the style and flair that the consumer sees in his or her personality. The consumer may perceive that one brand is more desirable than its competitor's solely because of the difference in image (Schiffman and Kanuk, 1991).

Innovation- this allows the brand to remain up-to-date and demonstrates an unceasing attentiveness to the changes in customer taste. To keep pace with changes in the marketplace companies should meet and exceed customer needs and wants. Studies show that successful new brands are typically more distinctive, novel and superior in comparison to established brands (Nowlis and Simonsen, 1996). When companies make innovations to their products they have to consider customers' perceptions and attitudes. Customers may not approve the new ideas or products. If new additions or products are so different from the existing core product, consumers may not make the proper connection between the new product and the mature brand, and thus may not transfer the brand's positive attributes to the new product (Aaker and Keller, 1990).

Brand Association. this is what a brand stands for in a customers mind, it conveys either the concept or the meaning of the product in terms of how it fulfills a customer need. Marketers use brand association to differentiate position and extend brands to create a positive attitudes and feelings towards brands and to suggest attributes or benefits of purchasing or using a specific brand. Carrying the brand into new categories that fit well with its concept and image will help companies increase customer brand loyalty (Aaker, 1991).

When the brand's associations and perceived quality can provide a point of differentiation and advantage for brand extension, the extension will be successful. If customers want to buy a new product, they will prefer a familiar brand. They already know the brand and have the same performance expectations with the new product. If they do not get what they expect, they may switch to the new brand. From a marketing perspective, this is a way to reach different market segments. When a company uses a brand name that has already been established, some risk associated with new products may be eliminated (Farquhar, 1990).

Satisfaction-the relationship between satisfaction and brand loyalty has been observed in several studies. Fornell (1992) examined 27 different businesses and found strong correlations between satisfaction and loyalty. Fornell further found that loyal customers are not necessarily satisfied customers, but satisfied customers tend to be loyal customers. Highly satisfied customers are much more loyal than satisfied customers, any drop in total satisfaction results in a major drop in loyalty (Jones, 1990). Xerox conducted a study for satisfaction using a five-point scale: 5 (highly satisfied) to 1 (highly dissatisfied). The relationship between the scores and actual loyalty differed greatly. Customers giving Xerox fives were six times more likely to repurchase Xerox equipment than those giving fours (Reichheld, 1996). Lastly it is easy to change customer behavior from tolerance to enthusiasm just by providing a few extras they may include gifts.

2.2.5 Factors Which Influence Brand Loyalty

Core offering -The companies that boast the highest levels of fiercely loyal customers have built that loyalty on a solid, dependable, core offering that appeals to their customers. These companies have focused intently on what they know appeals to the type of customers they want to attract, and have determinedly concentrated on delivering what is expected every

time. Elements of the core offering that have a large role in building customer loyalty include, Location and premises, it clearly play a part in engendering loyalty. The Three L's of retail - "location, location and location" - are undoubtedly important, and attractive and functional premises are equally so.

The product or Service -Whether selling services or products, the level of service perceived by the customer is generally key to generating loyalty. It can be argued that some customers buy only on price, so all that is necessary to retain their loyalty is consistently low prices. Any loyalty shown will be only to the prices instead of the business. Should a competitor offer even lower prices, those customers are likely to defect. Companies that have adopted a policy of every day low prices can be more vulnerable to competition than those who have built their customers' loyalty on superior products or service.

Satisfaction, clearly, satisfaction is important; indeed essential, if customer satisfaction levels are low, there will be very little loyalty. The third determinant is Elasticity level -Elasticity expresses the importance and weight of a purchasing decision - effectively the level of involvement or indifference. This applies to both the customer and the business. Involvement The customer's involvement in the category is important: the more important your product or service is to the customer, the more trouble they have probably taken in their decision to do business with you, and the more likely they are to stick with what they have decided.

Ambivalence ,The customer's level of ambivalence is also important. Few decisions are clear cut. There are usually advantages and disadvantages to be balanced, and vacillation is unstable. Again, we see that the more commoditised a product or service, the more difficult it is to cultivate loyalty. It is only when points of differentiation are introduced that the

customer has a valid reason for consistently preferring one particular supplier.

Fourthly the marketplace is a key factor in the development of loyalty. The elements most closely involved are: Opportunity to switch, If the number of competing suppliers is high and little effort is required to switch, switching is clearly more likely. Conversely, the more time and effort invested in the relationship, the more unlikely switching becomes. The level and quality of competition has a significant effect on how easy it is for a customer to switch from any one particular supplier. When competitors are offering very similar products at similar prices, with similar levels of service, some means of useful differentiation has to be found in order to give customers a reason to be royal. Inertia loyalty, this is the opposite of ease of switching.

Demographics - More affluent and better educated customers are less likely to be committed to a specific brand. They say that the commitment of less affluent consumers to the brands they use is often unusually strong - possibly because they cannot afford to take the risk of trying a brand that might not suit them as well. They also suggest that younger consumers are less committed to brands than older consumers. Share of wallet as markets become saturated and customers have so much more to choose from, share of wallet becomes increasingly important. It is cheaper and more profitable to increase your share of what the customer spends in your sector, than to acquire new customers. After all, that's what loyalty is really about. Totally loyal customers would give you a 100% share of their spend in your sector.

2.2.6 Measuring Brand Loyalty

Behavior measures -this includes repurchase rates, percent of purchase as well number of brands purchased. In addition other factors like switching costs, if switching costs are high loyalty is likely to be high. Commitment, this is indicated through interaction with the brand, in this case the extent to which the brand is important to a person in terms of his or her activities and personality really matters.

Switching costs – An analysis of switching cost can provide insight in to the extent to which switching cost provides a basis for brand loyalty. If it is very expensive or risky for firm or a consumer to change supplies then the attribution rate from the customer base will be lower. The most obvious type of switching cost is an investment in product or system (Aaker, 1991).

Price premium, a basic indicator of loyalty is the amount a customer will pay for the brand in comparison with another brand offering similar or fewer benefits. Price premium may be high or low depending on the brands involved in comparison. Loyal customers should logically be willing to pay a price premium; if they are not willing the loyalty level is shallow. Measuring customer satisfaction- this is a direct measure of how willing customers are to stick to a brand. Satisfaction is an especially powerful measure in service businesses where loyalty is often the cumulative result of the use experiences. Measuring levels of satisfaction and dissatisfaction example brand liking, and positive effect which can result in resistance to competitive entries (Aaker, 1996).

Measuring Satisfaction- Measuring levels of satisfaction and dissatisfaction is crucial in the sense that one will be able to know why customers would leave. Measuring satisfaction can be a current representative of brand loyalty. Liking of the brand-its important to know if

customers like the brand or the organization. If the customers have any feeling of respect or friendship towards the brand. Positive feelings can result to competitive entries. It can be much harder to compete against a general feeling of liking rather than a specific feature. Liking can be scaled in a variety of ways that is liking and respect, friendship and trust. The concept is that there is a general liking or affect which is distractive from specific attributes that underlie. Commitment-Strongest brands with extremely high equity will have large number of committed customers. Substantial commitment level can be manifested in one interaction and commitment that is involved in a product this is through frequent use of the products and recommending the product to others and telling them why should buy the product. Secondly another way to show commitment is the extent to which a brand is important to a person in terms of his /her activities or personality (Reichheld, 1996).

3.0 Mobile Money Transfer Services In Kenya

The concept was first introduced in Kenya in year 2007, the pioneer was Safaricom Kenya limited with its Mpesa Product. A lot of sensitization was used amongst the clients who were only subscribed for calling services. Today we have over 14 Million Mobile money transfer users in Kenya .In October 2009 Mpesa International money transfer was launched in Kenya. The platform is built upon very succesfuls and world renowned domestic money transfer service and its an extremely important tool for financial inclusion . Mobile money transfer is a revolutionary concept not only in the market place of ideas but also in the practicalities of technological platforms provided by advancement of technology. The service transfers Kenya shillings 1.35 Billion per day.

The use of transferring money has greatly increased since the launch of mobile money transfer service in Kenya. Money transfer services have become more legal and formal, this is because mobile money transfer services are economical, they offer accessibility, convenience, banking to the unbanked and beyond banking solution for the unbanked this however is a crucial tool for economic development (Ndungu, 2009).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was adopted in order to meet the research objectives. Specifically this chapter described the research design, the population of interest, sampling methods, and data collection instruments and data analysis techniques.

3.2 Research Design

The study used a descriptive survey design which attempted to describe the factors that influence brand loyalty on the mobile money transfer services in Kenya. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. It also enabled the researcher to investigate possible relationships between two or more variables,(Martyn, 2008). The design was used because several other studies pertaining to brand loyalty successfully used it in the past they include Masinde, (1986); Nyaoga, (2003) and Chemayiek (2005).

3.3 Target Population

Target population for the study comprised all mobile money transfer customers in south B residential area, who have registered as users and those above eighteen years old. The population as per 2009 census report was 53,303, comprising 17,357 households.

3.4 Sampling

A sample size of 200 respondents was selected, using convenience sampling method. In each house hold only one respondent was interviewed. The selected sample was deemed to be adequate for general conclusions about the entire population. Gichuru (2006) used a

sample size of 118 respondents in survey, Extent to which value propositions influence choice of tea brands in Nairobi. Kipchillat (2006) picked a sample size of 200 Jumbo Junior account holders from a population size of 35,000 account holders, in a survey investigating consumer attitude towards promotion mix by Co-operative Bank of Kenya.

3.5 Data Collection Procedures and Instruments

Primary data was collected for the study; data was collected using a semi structured questionnaire with two parts. Part A, included the demographic section whereas part B included the factors influencing the brand loyalty of mobile money transfer services. The questionnaire was self administered by the researcher.

3.6 Data Analysis

The data collected data was analyzed by use descriptive statistics, this enabled the researcher to describe and compare variables numerically. It included frequency tables, mean and percentage. Factor analysis was also used. According to Saunders et al (2003) Factor analysis is a statistical technique that can uncover relationship patterns underlying hundreds of interacting phenomenon; it's used to analyze large numbers of dependent variables without directly analyzing the independent variables. It enables the analyst to reduce the number of elements to be studied and to observe how they are interlinked (Morrison and Donald ,1990).

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents data analysis and findings of the study on the response rate, demographic information of the respondents and factors affecting brand loyalty of mobile money transfer services.

4.2 Response Rate

Questionnaire return rate is the proportion of the questionnaires which were collected from the field after they were administered to the respondents. All the questionnaires administered were returned making a questionnaire return rate of 100%.

4.3 Demographic Information of Respondents

This section deals with the demographic information of the respondents. It includes the gender, age, occupation and nationality.

4.3.1. Gender of the Respondents

The respondents were asked to indicate their gender, this aimed at establishing if the study was gender sensitive and to ensure that all the genders were given a chance to give their views on factors affecting brand loyalty of mobile money transfer. The responses on gender are as indicated in Table 4.1

Figure 4.1 Gender of the Respondents

Gender	Frequency	Percentage
Female	102	51
Male	98	49
Total	200	100

Source author 2011

The number of female respondents was 51% and male 49%. The number of females was more because they were available at home since the study targeted the household. This implies that the study was gender sensitive since all the people of different gender participated in the study. The study also sought to establish the age of the respondents. This aimed at establishing the age bracket that commonly uses the mobile money transfer services.

The results are as in Table 4.2

4.3.2 Respondents Age

The respondents were required to indicate their age bracket.

Table 4.2 Age of the Respondents

Age bracket	Frequency	Percentage
18-28	83	42
29-38	61	31
39-48	34	17
49-58	16	8
Above 59	6	3
Total	200	100

Source: Author (2011)

Majority of the respondents were the youth of age 18-28 who constituted 41% of the respondents. They were followed by age bracket 29-38 at 31%. The rest of the age bracket 39-48, 49-58 and above 59 years shared the proportion of respondents at 17%, 8% and 3% respectively, this is as shown in Table 4.2. The study also sought to establish the occupation of the mobile money transfer users.

4.3.3 Occupation of Mobile Money Transfer Service Users.

The respondents were asked to indicate their occupation.

Table 4.3 Occupation of mobile money transfer service users

Occupation	Frequency	Percentage
Employed	76	38
Unemployed	54	35
Students	70	27
Total	200	100

Source: Author (2011)

Mobile money transfer service is a product used by all people of different occupation. Employed leads with a percentage of 38%, Unemployed 35% and lastly students at 27%, This is as shown in Table 4.3. The marital status of the respondents was also sought. The results are as in Table 4.4.

4.3.4 The Marital Status of Mobile Money Transfers Service Users

The respondents were required to indicate their marital status.

Table 4.4 The marital status of mobile money transfers service users

Marital status	Frequency	Percentage
Single	120	60
Married	80	40
Total	200	100

Source: Author(2011)

From the analysis above, 60% of the respondents were single while 40% were married.

4.4 Factors Which Influence Brand Loyalty of Mobile Money Transfer Services

The main objective of the study was to establish the factors affecting the brand loyalty of mobile money transfer services. The respondents were therefore asked to indicate the mobile money transfer service they commonly use. This aimed at establishing the mobile money transfer service preferred by many people and the factors influencing their loyalty to the product. The results are as shown in Table 4.5

4.4.1 The Preferred Mobile Money Transfer Service

The respondents were required to indicate their preferred money transfer service.

Table 4.5 The preferred mobile money transfer service

Mobile money transfer	Frequency	Percentage
M-Pesa	160	80
Airtel money	20	10
Yu cash	4	2
Orange Money	16	8
Total	200	100

Source: Author (2011)

Table 4.5 shows that M-pesa mobile money transfer service is commonly used by the respondents as attested by 80% of the respondents who said that they use the service. The M-Pesa mobile money transfer is followed by Airtel money transfer service at 20% and the rest orange Money and Yu cash share the proportion of the respondents' loyalty at the rate of 8% and 2% respectively.

4.4.2 Factors Attracting Mobile Money Transfer Users

The study also sought to establish the factors behind the loyalty of the respondents to the mobile money transfer service products. The respondents were asked to rank the factors by order of priority. The results are as in Table 4.6

Table 4.6 Factors which attract mobile money transfer users

Factor	Count	Rank
Price	135	6
Convenience	167	1
Security	130	7
Availability of agents	150	2
Speed of service	145	3
Network Efficiency	140	4
Network Coverage	140	4

Source: Author (2011)

Convenience was rated as one of the main factor which attracted customers to using mobile money transfer services in Kenya. It was followed by availability of the agents which goes hand in hand with convenience. The other factors include, speed of service, network efficiency, network coverage, price and security in that order. The respondents were also asked to indicate whether there is anything they dislike about the service. The analysis was done by mobile money transfer service provider. The results are as in Table 4.6.

4.4.3 Respondents' Dislikes On Some Aspect Of Mobile Money Transfer Service

The respondents were asked to indicate the dislikes on some aspect of mobile money transfer service.

Table 4.7 Respondents' dislikes on some aspect of mobile money transfer service

	Any dislike of the mobile service provider			
	Yes		No	
Mobile money transfer service provider	Frequency	Percentage	Frequency	Percentage
M-pesa	40	25	120	75
Airtel money	5	25	15	75
Yu cash	1	50	1	50
Orange money	2	13	14	87

Source: Author (2011)

Table 4.7 shows that even though people have mobile money transfer service they prefer, sometimes they are disappointed by the product. This is attested by 25% of the respondents who said that they dislike some aspect of M-pesa and Airtel Money transfer whole 50% of the respondents who use Yu cash services said that they dislike some aspect of the service. 13% of the respondents also said that they do not like some aspect Orange money service provider. This implies that among the users of various mobile money transfers orange money is disliked by the least number of customers and Yu cash is disliked by more customers as attested by 50% of the product users. The respondents were asked the aspect of the mobile money transfer they disliked by service users. The analysis was done based on the mobile money transfer service users. The results are as in Table 4.7

4.4.4 Reasons for the Dislike

The respondents were asked to indicate what they dislike among the money transfer services.

Table 4.8 the aspect that the mobile money transfer users dislike

Aspect of dislike	Frequency	Percentage
Insecurity	6	3.0
Incompetent agent	5	2.5
Complexity	11	5.5
Amount transferred	16	8.3
Lack of enough agents	78	39.0
Network delay	84	41.7
Total	200	100

Source: Author (2011)

What Mobile money transfer service users disliked most was the network delay with a percentage of 41.7%. This implies that sometimes the network is jammed creating delays when using the service either when paying bills through the service, withdrawing cash, sending money or buying credit using the service.

The other aspects disliked by mobile money transfer service users included lack of enough agents at 39% this applied mostly to Airtel money and Orange mobile money transfer service users. The amount transferable at 16% , complexity of using the service at 11%, insecurity at 6% and incompetent agents at 5%. This is reflected in table 4.8.

4.4.5 The Frequency at Which Respondents Use Various Mobile Money

Transfer Services

The respondents were to indicate the frequency with which they use various mobile money transfer services. The range was 'not at all (1)' to 'very often' (5). The scores of not at all/rarely have been taken to represent a variable which had mean score of 0 to 2.4 on the continuous Likert scale; ($0 \leq S.E < 2.4$). The scores of 'sometimes' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 \leq M.E. < 3.4$) and the score of very often/often have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ($3.5 \leq L.E. < 5.0$). A standard deviation of > 0.5 implies a significant difference on the impact of the variable among respondents.

Table 4.9: The frequency At Which Respondents Use Various Mobile Money Transfer Services

	Mean	Std. Deviation
M-pesa	4.7251	.1228
Airtel money	4.0674	.1716
Yu -cash	2.6884	.6095
Orange-money	3.5956	.4684

Source: Author (2011)

The results indicate that the respondents use the various mobile money transfer services but their usage varies. The respondents uses mostly M-pesa services (mean 4.7251), Airtel money services follows closely with a mean of 4.0674 then Orange money (mean 3.5956) while Yu-cash was used to a moderate extent by the respondents (mean 2.6884). The result indicates that the respondent uses all the mobile money transfer services available in the

country but the varying usage could be attributed to various factors like the availability of services in the intended location, the simcard line being used by the respondent. There was minimal variation among the respondents on the usage of the various money transfer services as indicated by the standard deviation.

4.4.6: Factors Which Influence Respondents' Loyalty Towards Mobile Money Transfer Services

The respondents were to give their opinion on the factors influencing respondents' loyalty towards mobile money transfer services. The range was 'no extent (1)' to 'very large extent' (5). The scores of no extent/small extent have been taken to represent a variable which had mean score of 0 to 2.4 on the continuous Likert scale; ($0 \leq S.E < 2.4$). 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: ($2.5 \leq M.E. < 3.4$) and the score of large extent/very large extent have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ($3.5 \leq L.E. < 5.0$). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents.

Table 4.10: Factors Which Influence Respondents' loyalty Towards Mobile Money Transfer Services

	Mean	Std. Deviation
Speed of service	3.7442	.6932
Convenience of service	4.3349	.7351
Cost of service	3.5349	.5173
Reliability of money	4.2093	.4116
Credibility of the service	3.2326	.9216
Accessibility of money transfer agent location	4.6047	.7283
User friendly money transfer service	2.9070	.8948
Assurance of safe delivery	3.5581	.9077
Agent responsiveness in problem solving	2.8605	.7740
Agent competence in processing money transfer transaction	2.6395	.7645
Agents courtesy in the transaction process	2.4698	.8835
Wide range of coverage of the money transfer service	4.3186	.5921
Availability of a dedicated customer care center	3.9068	.6427
Security of the money transfer transaction	3.6164	.5438
Immediate money transfer service feedback	3.9483	.4890

The results indicate that the respondents consider all the factors before being loyal to a specific mobile money transfer service, however they consider some factors to a great extent while others were to a moderate extent. The respondents indicated their loyalty to a great extent to a mobile money transfer services depended on accessibility of money transfer agent location, convenience of service, wide range of coverage of the money transfer service, reliability of money, immediate money transfer service feedback, availability of a dedicated customer care center, speed of service, security of the money transfer transaction, cost of

service and assurance of safe delivery. They were however moderate as to the credibility of the service, user friendliness of the money transfer service, agent responsiveness in problem solving, agent competence in processing money transfer transaction and agents courtesy in the transaction process. The results show that the users of the money transfer services consider several factors when choosing the mode to send the money with. There was however a larger variation among the respondents on the influence the factors have on their loyalty as indicated by the standard deviation.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study and presents conclusions, recommendations and suggestions for further research.

5.2 Summary of Findings

The purpose of this study was to establish the factors affecting brand loyalty of mobile money transfer services in Kenya. It was guided by one objective which was to establish the factors affecting the loyalty of mobile money transfer services. The Literature review for the study addressed issues like, the concept brand loyalty, value of brand loyalty, classification of brand loyalty, factors affecting brand loyalty, measuring brand loyalty and mobile money transfer in Kenya.

The study applied a descriptive survey research design; Target population included all the mobile money transfer customers in south B residential area, who have registered as users and those above eighteen years old. The population as per 2009 census report was 53,303, comprising of 17,357 households. The sample size of the study was 200 respondents from the sampled household. Through data analysis the study revealed that;

Majority of the respondents who use mobile money transfers services are the youth at age 18-38 and the rest at age bracket 39-48, 49-58 and above 59 years follows respectively. From the study it is implied that the people of age 18-38 are the main users of mobile money transfer. However, the mobile money transfer is a product commonly used by people across all ages. The study also revealed that mobile money transfer service is a product used by all people

across different occupation with employed leading the park followed by students and finally the unemployed people.

In relation to the most preferred mobile money transfer services M-pesa mobile money transfer commands the highest number of customers. It is followed by Airtel money, Orange money and Yu cash in that order. The reason why many people prefer M-pesa to other mobile money transfer service providers is the convenience of the service as a result of accessibility of money transfer agents locations, reliability of transfer service, wide network coverage and user friendly money transfer services which include paying bills, transferring money from one person to another, bank accounts to M-pesa and vice versa.

Among the factors that attract customers to mobile money transfer, convenience was rated as the main factor which attracts more customers to use mobile money transfer services in Kenya. It was followed by availability of agents, speed of service, network efficiency, network coverage, price and security in that order. The study also revealed that, even though mobile money transfer service satisfy customer needs, sometimes customers are disappointed by aspects like network delay, lack of enough agents, complexity of service and incompetent agents.

5.3 Conclusions

From the foregoing, discussion it is evident that all the mobile money transfer service are of use to people in Kenya. The M-pesa leads others followed by Airtel money, orange money and Yu cash respectively. The factors that attract people to use the services are the same where convenience is considered to be the highly preferred by many people. Convenience goes hand in hand with the availability of agents, speed of service, network efficiency and

coverage. There are some hindrances to the effective use of these services and they include network delay, lack of enough agents, the complexity of the use of the service, and insecurity. These factors have to be addressed for efficient use of the mobile money transfer services.

5.4 Recommendations

In the view of the research findings, the research recommends the following:

The study revealed that convenience is one of the factors that attract people to a particular mobile money service provider, there is need therefore to establish more mobile money agents to ensure that customers can access the services at any time. The other recommendation is that in order to address the problem of network delay as cited by some respondents as the main hindrance to the mobile money service use there is need to decongest the network for speedy transactions. Sometimes this causes inconvenience when a customer initiates a transaction and he/she is told to wait for ten minutes or so. There is also need to enlarge network coverage for some mobile money providers because some respondents expressed disappointment with some service provider having a limited coverage. This discourages them from using a particular mobile money transfer brand.

5.5. Suggestions for Further Research

Based on the findings of the study the researcher makes the following suggestions for further research;

A research need to be done on factors affecting the loyalty of mobile money transfer services countrywide. This will help to generalise the results to map out the feeling of the clients nationwide.

REFERENCES

- Aaker, D A (1991) *Managing Brand Equity: Capitalizing on the value of a brand name*, New York: Free Press.
- Aaker, DA and Erich Joachimsthaler (2000) *Brand leadership*, New York Free Press
- Aaker, D.A (1996) *Building strong brands*, New York Free press.
- Assael, H. (1998) *Consumer Behaviour: and Marketing Action* 6th Edition, New York, South Western College publishing.
- Baker, M. J., (1996) *Marketing, an introductory text*, 2nd Edition Macmillan Business, London.
- Baker, W.A and L Buttleworth (1956) *Principles of Retailing*. Mc Graw Hill Book Company New York.
- Bello. David C.Morris Holbrook(1995) Does an absence of brand equity generalize across product classes? *Journal of business research*.34 (October).125-31.
- Bewa K and R.W Shoemaker (1987) "Findings based on purchase behavior across product class" *Journal of marketing* Vol 51(October) pg 99-110.
- Berry L.L; Seidars K, and Grewal, D(2002) "Understanding Service Convenience" *The Journal of Marketing* ,66,(3)pp 1-15.
- Carman, J.M (1970) "Corelates of Brand loyalty: Some positive results" *Journal of marketing Research* Vol & (February) pg 67-76.

Chaudhuri, A and M.B Holbrook (2001) the chain effects from Brand trust and brand Affect to Brand performance. "The role of Brand loyalty "*Journal of Marketing*, Vol 65 April Pg 81-93.

Cateora, P (1996) *International Marketing*, New York McGraw Hill.

Chemayiek, T. (2005), Consumers perception and corporate rebranding strategy by Kenya Airways, *Unpublished MBA project* University of Nairobi.

Christopher M and M Mc Donald (1995) *Marketing: an introductory text*, London Macmillan Ltd.

Collin Linton Donley (2009) *Chartered Institute Of Marketing* (2009).

Davidson, W. R and DJ Sweeney and RS Stampfi (1988) *Retailing management* Singapol , John Wily and sons.

Day, G.S (1969) "A Two Dimensional concept of Brand Loyalty" *Journal of Advertising Research* Vol. 9(September) Pg 29-36.

Dick. Alan. S and Kunal Basu (1994) Consumer Loyalty toward an Integrated conceptual framework, *Journal of academy of marketing science*, 22 (Spring) 99-113.

Evans M.J and L Mountinho and W.F Vanjaaij (1997) *Applied Consumer Behavior* England. Addison Wesley Publishing Company.

Fornel, Claes and David F, Larcker (1991) Evaluating structural equation model with unobservable variables and measurement error ,*Journal of marketing Research*, (February) 39-50.

Grover R. and Srinivasan. Evaluating the Multiple Effects of Retail Promotions on Brand Loyalty and Brand Switching Segments. *Journal of Marketing Research* (February 1972): 76-89

Jacoby, J and D B Kyner (1973) "Brand loyalty versus repeat Purchasing " *Journal of marketing Research, Vol 10(February)* pg 1-9.

Janofsky, M (1993) "Discount brands Flex their *Muscles* " *the New York Times* (24th April) pg 1.

Jones (2002), Why customers stay, Measuring the underlying dimension of services switching costs and managing their differential strategic outcomes, *Journal of Business Research*; 55,441-450.

Lynn B, Upshaw (1995) *Building Brand Identity* 2nd Edition John Wiley and Sons Inc.

Kapferer, J.N (1999) *Strategic Brand Management: Creating and sustaining Brand Equity* Long term 2nd Edition, London, Kogan Page limited.

Karemu, C (1993) "An Investigation in the state of strategic management in the Retailing Industry. A case study of supermarkets in Nairobi" University of Nairobi, Kenya.

Keller, (2003) Brand synthesis , The Multidimensionality of brand knowledge a *Journal of consumer Research*, 29(4) 595-600.

Keller Kevin (2008) *Strategic Brand Management*, Pearson Education Limited.

Keller Kevin (1998) *Strategic Brand Management, Building Measuring and Managing Brand Equity*, Prentice Hall New Jersey.

Kotler (2000) *Marketing Management*, The millennium edition, India, prentice Hall.

Kotler, P (1999) *Kotler on Marketing: How to create win and Dominate markets*: New York the Free press.

Kotler, P and G Armstrong (1999) *Principles of Marketing, 8th Edition*, Prentice –Hall of India, New Delhi.

Kotler, P and G Armstrong (1990) *Marketing: An Introduction 2nd Edition* Prentice Hall U.S.A.

Mark Saunders, Philip Lewis and Adrian Thornhill (2003) *Research Methods for Business Students*, Prentice Hall England.

Masinde C.K.M (1986), *Perceived quality of Service, The case of Kenya Airways, Unpublished MBA project* University Of Nairobi.

Morrison, Donald F (1990) *Multivariate statistical Methods*. New York McGraw-Hill

Moorman, C and G. zaltman and R. Deshpande (1992) “Relationship between providers and Users in market Research: The Dynamics of trust within and between organizations” *Journal of Marketing Research* vol 29(August) pg 314-328.

Mwangi Mumbi (2006) *Perception of University of Nairobi students towards use of humour in adverts by firms in the mobile phone industry, Unpublished MBA project University of Nairobi.*

Kipchillat N (2006), *A survey of attitude of consumers towards promotion mix by Co-operative Bank of Kenya on Jumbo Junior Product. Unpublished MBA project* University of Nairobi.

- Ndeti M N (2007) Factors determining brand Loyalty : The case of commercial banks in westlnds area of Nairobi. *Unpublished MBA project* university of Nairobi.
- Njuguna Ndungu (2008) Equity Bank Mobile Phone Banking EAZY 24/7 Launch.
- Njuguna Ndungu (2009) Launch of the Mobile Banking Conference
- Njuguna Ndungu (2010) Launch of the Mobile Policy Forum in Africa
- Njuguna Ndungu (2011) Launch of the Mobile Pay E-Tangaza and Money transfer.
- Nyaoga, P., (2003) Analysis of customer perception of service offered by Kenya Power and lighting Company Limited in Mt Kenya Region, *Unpublished MBA project_ University Of Nairobi.*
- Panasuraman. A Valarie A ,Zeithaml, and Leonard L. Berry (1985) A conceptual model of sevice quaility and its implications for future research , *Journal of marketing* , 49(Fall) 49-50.
- Reichheld F.F and \W Ear Jr Sasser(1990) Zero defections quality comes to service , *Harvard Business Review* (September-October) 105-111.
- Reichheld, F. R (1993) "Loyalty Based management". *Harvard Business Review Vol. 71(March –April) pg 64-73.*
- Reichheld, F.f; Markey, R.G; Hopton C(2000), The loyalty effect the relationship between loyalty and profits, *European Business Journal* pg (134-139).
- Reichheld F.F (2003) The one number you need to grow , *Harvard Business Review* , Vol 81 . issue 12 pp. 46-55.
- Oliver, R.L (1999) "Whence Consumer Loyalty "*Journal of marketing* vol 63 pg 33-34.
- Rosenberg L.J and Czepiel (1983) "A marketing Approach to consumer Retention" *Journal of Consumer Marketing* vol. 2 pg 45-51.

Standard Media .co.ke

Schiffman,L.G and L.L. Kanuk (1994) *Consumer Behavior*_5th Edition, New York Prentice Hall Limited.

Stanton, W.J and M.J Etzel and B.J walker (1991) *Fundamentals of_marketing*; New York, Mc Graw Hill, Inc.

Safaricom financial report May 2011.

Wambugu, M.N (2002), “Factors that determine store loyalty: The case of selected supermarkets chains in Nairobi”: *Unpublished MBA project* University of Nairobi.

Wandera, B.N (2008), “Factors influencing brand loyalty to mobile phone service providers in Kenya: “A case study of Nairobi Residents” *Unpublished MBA project* University of Nairobi.

APPENDICES: LETTER INTRODUCTION

TO WHOM IT MAY CONCERN

My name is Salome Gathoni Kiruthu, Registration number D61/8505/2006. I am a bona fide continuing student in the Masters of Business Administration (MBA) degree program in the University of Nairobi. I am required to submit a research project report on a management problem, this is a requirement towards the fulfillment of the course.

The questionnaire is to the mobile money transfer customers, as a registered mobile money transfer customer you have been selected to provide information. The purpose is to find out factors influencing brand loyalty of mobile money Transfer services in Kenya. Information will be treated with ultimate confidentiality and will be strictly used for academic purposes.

I would be highly appreciative if you fill in the attached questionnaire based on your experience and knowledge.

Yours faithfully

Salome Gathoni Kiruthu

D61/8505/2006

APPENDIX II: QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION OF THE RESPONDENT

1. Indicate your gender. Tick () one

Male []

Female []

2. Indicate your age group below. Tick () one

18-28 years [] 29-38 years [] 39-48 years []

49-58 years [] above 59 years [].

3. What is your occupation?

Employed [] Unemployed [] Student []

4. What is your marital status?

Single [] Married []

Any other specify.....

5. Please state your nationality

- b. Lack of enough agents []
- c. Amount transferred []
- d. Complexity []
- e. incompetent agents []
- f. Insecurity []

LIKERT SCALE

10. Indicate the level of frequency with which you use the mobile money transfer services listed below using a scale of 1-5, Where:

5- Very often 4- Often 3- Sometimes 2- Rarely 1- Not at all

Please tick (☐) one of the statements

STATEMENTS SERVICES	(5) Very Often	(4) Often	(3) Sometimes	(2) Rarely	(1) Not at all
(i) M-PESA					
(ii) AIRTEL MONEY					
(iii) YU -CASH					
(iv) ORANGE- MONEY					

11. Indicate the extent to which the following factors influence your loyalty towards mobile money transfer services using a scale of 1-5 Where : 5-Very large extent; 4- large extent ; 3- Moderate extent ; 2- Small extent and 1- No extent.

Please tick (☐) only one of each statements

STATEMENTS FACTORS	(5) Very large extent	(4) Large extent	(3) Moderate extent	(2) Small extent	(1) No extent
Speed of service					
Convenience of service					
Cost of service					
Reliability of money transfer service					
Credibility of the service provider					
Accessibility of money transfer agents location					
User friendly money transfer service					
Assurance of safe delivery					
Agents responsiveness in problem solving					
Agents competence in processing money transfer transactions					
Agents courtesy in the transaction process					
Wide network coverage of the money transfer service					
Availability of a dedicated customer care centre					

Security of the money transfer transaction					
Immediate money transfer service feedback					