PRICING STRATEGIES AND CONSUMER BRAND EQUITY AMONG MOBILE TELECOMMUNICATION CONSUMERS IN NAIROBI, KENYA

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DECLARATION

This research project is my original work and has not been presented for examination in any other institution of higher learning.

Sign: …………………………………... Date: ……………………………………..

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D61/6056/2017

The research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

To My Family; The Karugu's for their invaluable support

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ABSTRACT

This study examined the influence of the pricing strategies to consumer brand equity among telecommunication customers in Nairobi Kenya. Population of the study was all the mobile phone subscribers in Nairobi. The sample size was 384 respondents. Descriptive cross-sectional survey was used. Primary data were gathered using a structured questionnaire. Analysis of data adopted descriptive statistics and regression analysis. There is a statistically significant relationship between pricing strategies and customer brand equity among telecommunication customers in Nairobi. Competitive pricing had the highest influence with a coefficient, followed by promotional pricing and bundle pricing. This study has made contribution to the theory, to policy and practice relating to pricing strategies and customer brand equity. The study had some limitations. The region was only limited to 5 areas hence the whole of Nairobi was not fully covered. The use of descriptive cross-sectional study limited the study to one time. There was only one marketing mix variable considered that is pricing hence the study was not exhaustive. The structured questionnaires may not have given the respondent the chance to fully express themselves on the variables of study. Based on the limitations, it was suggested that future further studies should adopt longitudinal research design so as to capture the behavioral and attitude of telecommunication customer in regards to pricing strategies used by the companies. In addition, future studies should incorporate all regions in Nairobi and replicate the study in other urban and rural towns in the country. Further studies should consider another marketing mix variable or incorporate all in assessing customer brand equity.

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ACRONYMS AND ABBREVIATIONS

CAK	Communication Authority of Kenya
CBBE	Customer based brand Equity
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
MNOs	Mobile Networks Operators
SD	Standard Deviation
SME	Small and Medium Enterprise
SMS	Short Message Service
SPSS	Statistical Package for Social Sciences

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Creating, managing and being able to maintain brand equity is a very vital objective of a firm and this leads to its success. Successful outcome in the management of brand emanates from understanding brand equity well and results to providing reliable financial performance. Pricing is an authentic and relevant differentiator in almost every market, and it is an integral and crucial part of its equity (Aaker & McLoughlin, 2010). Decisions relating to pricing are usually challenging but tend to be tougher in periods of swiftly changing costs, market and industry uncertainty. Correct pricing helps in profit maximization, customer loyalty, and repurchase. Many pricing strategies are used, and each is based on a particular set of circumstances and criteria (Oliver, 1980). For a company to brag about having loyal customers there is need to create and maintain brand equity so as to survive in the market by being competitive (Yoon, 2011). Some customers repeat purchase because of non-monetary elements, whereas others will repurchase due to the attractive promotional and pricing offers (Ailawad & Neslin, 2003).

This study was anchored on two theories: Industrial competition-based pricing Model and customer-based brand equity theory. Industrial competition-based pricing Model as proposed by Porter, is defined using the five competitive strategies: Competition from rivalry within the industry players, competitive pressure from supplier's ability to exercise bargaining power and leverage, Competitive pressure from buyer's ability to use their bargaining power, new entrants' threats, and threat from other substitute products. The aim is to set prices that will make a firm have a competitive advantage over its competitors. The theory of CBBE is suggested by Keller. The concept of the CBBE model suggests that to create and maintain a strong brand, you must model the thinking of customers, perception and feelings about your brand and products. The moment customers are abreast with a brand and favorable think of it in their mind, customer-based brand equity therefore occurs (Keller & Lehmann, 2006)

Mobile Telecommunication in Nairobi just like in the country continues to experience increasingly growth in competition and therefore, companies are forced to devise marketing strategies that will help to cope with competition. Pricing strategy is one of the ways they use to remain competitive yet relevant in the market (Yan, 2010). Customers have the knowledge and awareness of the various products and the prices that are retailing at, and therefore there is need to have a differentiator from one brand to another since pricing is an integral and crucial part of consumer Brand equity (Cretu & Brodie, 2007) The customer's perception or brand position is crucial for the success of the companies. To attract and retain customers, the Mobile Telecoms engaged in price wars that leading to affordability.

1.1.1 Pricing Strategy

Pricing is referred to as the process in which objectives are set, available flexibility is determined, strategies are developed, prices are set and implementation and control is done (Munyoki, 2013). Price is mostly viewed regarding monetary form, but it is also possible to exchange a product for a product what is referred to as barter trade. There are many examples of prices which include salaries, wages, fees, charges, commissions among other (Marx & Engels, 1942). In Business, price is the worth attached to an item as a result of a multiplex set of arithmetic calculations, research, and ability to take risk. Pricing is also referred to as the offer value an item or service sold to the customers (Eaton, 2005).

Price is what the consumer or the distributors are willing to exchange for another item. Price is the simplest component of the marketing elements to adjust; others take more time (Kotler, 1994). Pricing strategies differ greatly across various industries, countries and among different customers (Hinterhuber, 2008). They include premium pricing, markup pricing/cost-based pricing, penetration pricing, Economy pricing/no low fill price, promotional pricing, price skimming, value-based pricing, psychological pricing, geographical pricing, bundle pricing, prestige pricing, relationship-based pricing, predatory pricing, everyday low price and price leadership.

1.1.2 Consumer Brand Equity

Brand is referred to as a name, sign, or logo, or a blend of them, that aims at differentiating goods or services offered by different vendors (Keller K. , 2006). Whereas brand names can be treated in relation to financial performance of organizations (Ailawad & Neslin, 2003), there are many other objectives in reference to brand association and relationship, where a brand is termed as collection of perceptions and attitude by the consumers (Fournier, 1998). The concept of a brand involves customers' ability to remember and associate with a particular brand may it in the advertisement or through the symbols or logos.

Brand equity means the commercial value that comes from consumers perception of a particular company's products when compared to others of similar (Aaker, 2009). Brand equity is the sum worth of having a well-recognized and preferred brand name in terms of high quality and reliable products, affordable prices and products that meet consumers' needs and makes customers feel that they have received value for their money. Brand equity is grouped into four categories: loyalty, awareness, quality and association of the brand (Keller, 2003). There are brands that are perceived to be of superior levels of equity and they are associated with great performance that contributes to companies' competitive advantage (Vázquez & Rio, 2002).

A powerful brand relies on customers experience in terms of their learning, feelings, or what they have heard in relations to the brand over a period of time. Managers can develop strategic vision and mission for their companies based on customer-based brand equity framework since it offers factual practical information on the consumer buying behavior (Kim & Kim, 2008). Brand equity happens when a consumer easily recognizes a brand, thinks highly about it and terms it as unique compared to the rest. Brand equity occurs in the customers mind and is maintained in their memory. Brand equity is also referred to the ability to influence the customer buying behavior by equipping them with adequate brand knowledge. The customer has information about the brand and therefore, despite all the marketing efforts by competitors, they will still choose the brand they always associate with (Keller & Lehmann, 2006). Brand knowledge includes awareness and brand image

1.1.3 Mobile Telecommunication Industry in Kenya

Mobile telecommunication sector in Kenya has continued grow due to technological developments through greater innovations and inventions. The innovations have led to increased competition among the operators as a means of customer attraction and retention and hence affordability of the services (Oteri, Kibet, & Ndungu, 2015). There are three main critical players in the sector, and these are Safaricom PLC with over 29 Million subscribers, Airtel Network Limited with 8.7Million subscribers and Telkom Limited with around 3.8 million subscribers (Authority, 2018). The players are governed by Communication Authority of Kenya, whose mandate is to provide guidance by issuing licenses, managing the country's frequency spectrum, managing competition within the sector and monitoring the activities of licensees. The market leader has a 67% market share of the total subscriptions (Wafula, 2018).

The type of services offered by the companies has been growing at an increasing rate, and this means the future could be promising greater innovations. Apart from the traditional services of internet, voice, SMS, and GPS, currently there are new advancements like the Internet of things (IoT), Machine learning, big data analysis, Cyber security as well as robotics. Telecommunication has become one of the most vital infrastructures for security. Competition in the industry started in 1999 after communication Authority, then referred to as the communication commission of Kenya was formed through Kenya communication of Act 1998. Communication Authority has the mandate of licensing, monitoring and evaluating the operations of the telecoms to ensure proper completion and equality of treatment

1.1.4 Mobile Telecommunication Consumers in Nairobi

There are more than 3.5 million residents in Nairobi County and the number continues to grow as rural residents make their way to the city for employment opportunities. The number of mobile users in Nairobi is approximately 2.4 million; Safaricom with market share of 65 per cent, Airtel Kenya, 21.4 per cent and Telkom Kenya with 8.8 per cent. Being a major business hub, there are so many people who visit or transit through the city. There are also many expatriates who reside in Nairobi because of the job opportunities and the presence of international institutions.

The type of services majorly used are Voice service, data or internet services, mobile money services and also SMS. Approximately, more than 95% of the consumers are on the prepay services while the rest are on postpaid services. The highest numbers of mobile subscription are the mass market consumers who comprise of professionals, students, business people and other workers. The mobile consumers in Nairobi also comprise of the corporates, Government and small and medium enterprises. Penetration of mobile telephony in Nairobi is mainly driven by customer needs, affordability, innovation and the general growing trend in technology.

1.2 Research Problem

Brand equity and pricing strategies relationship is one of the most crucial structures that have essential roles in profitability and obtaining a competitive advantage by companies. There is a significance emphasis on creating and managing customer brand equity as the key drivers of a firm's success (Krishnan, Pullig, & Wang, 2004). Extant research suggests that various marketing mix components can greatly influence brand equity (Schivinski & Dabrowski, 2015). A brand's market share is reflected in the use of different competitive price strategies. Pricing is a genuine and relevant differentiator in virtually every market, and it is an integral and crucial part of its equity (Farjam & Hongyi, 2015).

Telecommunications sector in Nairobi is very agile and this forces companies in the sector to constantly come up with fair competitive strategies to help in the survival due to the tight competition. Innovation on products and services plays an important role in differentiation. As the technology evolves, so as the customers who are more informed and want the highest level of satisfaction at the lowest cost possible. This means as the companies continue to be more innovative, there is need to have the correct pricing strategies so as to create and maintain customer brand equity. A correct pricing strategy can develop a positive effect on brand equity, while a poor approach can do the opposite.

A study on Italian MNOs proposed a machine learning model to support mobile network operators (MNO's) to make strategic decision in a growing competitive environment that is characterized by rapid changes in (Ghezzi & Cortimiglia, 2015). One of the major disrupters of the digital age is the data technologies which include artificial intelligence, machine learning and big data. A study in the Swedish Smartphone market on the causal factors that led to brand loyalty. The findings were that price perception strongly influences whether customers are satisfied with their purchases (Brucks & Zeithaml, 2000). A study found that brand awareness and brand equity are influenced by price awareness (Alhaddad, 2014).

A study in South Africa hotel industry focusing on customer brand equity concluded that brand awareness element was not significant in creating brand equity, but the quality of customer service was very significant in a tested model of hotel industry (Kayaman & Arasli, 2007). A research done on the correlation between SME performance and customer brand equity in Ghana found that brand association and loyalty are key drivers in the SME performance (Asamoah, 2014). A study done in South Africa to investigate customer brand equity among various mobile telephony companies found that one-stop-shop and ease the to use services greatly influenced the customer brand equity (Mentz, 2011)

A study by Omunga (2010) explored the relationship between telecommunication and economic growth using an aggregate Cobb-Douglas production function using quarterly data for a period of 1989-2009 for Kenya. The findings showed a significant impact of cellular services on the national output. In terms of customer brand equity, a study by (Njuguna, 2014) found that brand loyalty is a significant factor which creates brand equity in bottled water companies. The choice of marketing strategies adopted by manufacturers of carbonated drinks in Kenya is influenced by customer brand equity (Asuma, 2014). The study concluded that strong brand equity requires high level of brand awareness.

From these studies conducted previously, there are limited empirical studies on pricing strategies and customer brand equity in the telecommunication industry in Kenya and also there is need to emphasis on brand knowledge since it educates the consumers in their buying decisions. Therefore, the current study sought to identify the common pricing strategies used in the telecommunication industry and pinpoint the various factors that impact customer brand equity among the mobile Telecom customers. Further, given the different findings among previous studies, there is need to show the correlation between pricing strategies and customer brand equity in the Mobile Telecom industry in Kenya. Hence, this study targeted to answer this research question. What is the relationship of pricing strategies and consumer brand equity among mobile telecommunication customers in Nairobi?

1.3 Objective of the Study

The objective of this research was to examine the influence of pricing strategies on consumer brand equity among the Mobile Telecommunication customers.

1.4 Value of the Study

This research was to build on the CBBE theory literature and also supplements the pricing strategies literature by examining the relationships between the pricing strategies and its impact on brand equity dimensions. The study findings was to equip scholars with knowledge on the relationship that exists between the study variables in an integrated framework

This study was also very crucial to the managers of Mobile Telecommunication companies in Kenya. The companies will be able to determine the most appropriate pricing strategy that will enable them to remain relevant and competitive since pricing brings revenue to the firm. Increasing or cutting down the price of a product has excellent implication to the profits of the firm. This could have effects in their overall market and financial performance as they continue to engage in price battles with competitors in the industry.

This study was to be of great relevance to government, ministries and other policymakers who include regulatory institutions like Communication Authority of Kenya. They make more strategic decisions as they monitor and formulate regulations on tariffs, Taxes and competition since the telecommunication industry is a primary contributor to the country's GDP.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the relevant theoretical as well as empirical studies. The chapter presents theoretical foundations of the study on pricing strategies and brand equity based on customer. The relationship between pricing strategies and consumer brand equity was also reviewed. The chapter was concluded by presenting empirical review of selected studies highlighting the knowledge gaps.

2.2 Theoretical Foundation

The research was based on two theories: Industry competitive based pricing model (Porter, 1991) and consumer-based brand equity theory (Keller, 2003).

2.2.1 Industrial Competitive Based Pricing Model

This model is suggested by Michael Porter. The strategy to pursue needs to flow directly from a robust analysis of a company's external environment to internal situations. (Porter & Sachs, 2004) postulated that industries differ widely in their economic characteristics, competitive positions, and future profit aspects.

A competitive strategy based on pricing is whereby prices of a company are set based on what competitors are charging or on a firm's competitive advantage, like differentiation. This differentiation is what creates brand equity (Schivinski & Dabrowski, 2015). This strategy considers competitor's prices primarily, especially with products that are homogeneous or similar in nature. A firm can choose to be below, at or above competitor's prices. Where the competitors are almost equal or same in size and market share, competition between such firms is very stiff and this means the companies need to battle it out by increasing advertising spend, intense price wars and continuous churning of new products (Graham, 2008)

Competition in an industry as comprising of five competitive pressures on a market: Competition from rivalry within the industry players, competitive pressure from suppliers ability to exercise bargaining power and leverage, Competitive pressure from buyers ability to use bargaining power and leverage, new entrants threats, and threat from product substitutability (Porter M. , 1980). When market growth is low and especially when the company is at the maturity level and in declining stages, there is intense rivalry and individual company's growth is only achieved at the expense of competitors.

2.2.2 Consumer Based Brand Equity Model

Customer brand equity has several approaches as described by various scholars. Brand knowledge has two elements; awareness and image (Keller K. , 1993). Another model proposes that loyalty, awareness, association, quality and other proprietary assets are components of brand equity (Aaker, 2009). The concept of a brand involves brand awareness, where customers have the ability to recall and recognize the brand. (Mohan & AH Sequeria, 2016). Marketing leaders focus on long-term focus on brand creation and maintenance because it positively impacts on the financial performance of the company in the log –run. Some companies include the value of the brand in their financial statement since it contributes to the companies reported revenues (Yasin, Mohamad, & Nasser, 2007).This study uses the concept of CBBE as suggested by Keller.

Brand knowledge influences consumer’s responses to marketing cues when exposed to various product brands (Keller, 2003). Customers will associate themselves with the brand they recognize and are familiar with, however they will shy off from product brands that are unknown. Marketers can leverage on brand equity when it comes to brand extensions and introduction of new products under the same brand names. (Taylor, Celuch, & Goodwin, 2004). Customer brand equity can be measured through the evaluation of cost of acquiring and retaining customers which should ensure there is an optimal balance.

2.3 Pricing Strategies

Pricing strategy refers to the methods and the procedures followed by the firm when setting prices to achieve a certainly predetermined objective (Suri & Monroe, 2003). When setting prices, factors relating to pricing objective, cost of production, distribution, selling cost and the relative prices of the competitors are essential determinants of optimal pricing strategy (Krishnan & Jain, 1999). A good pricing strategy should identify an amount that covers all the cost of production and makes the product competitive in the Market (Porter & Advantage, 1985). Pricing objectives are determined by the broader marketing and strategic goals of the organization, the aim of the product or brand; price and price elasticity and the available resources (Krishnamurthi & Raj, 1991). The firm may price its product or service depending on various internal and external market conditions.

Firms can use various pricing strategies when setting the prices. They include Markup pricing; where a firm adds some value to the production cost so as to come up with the selling price (Schwert, 1996). Target-return pricing; selling price is derived from the cost of investment plus the desired profit by investor (Avlonitis & Indounas, 2005). Competition -based pricing is setting prices in comparison to what competitors are charging (Covin & Heeley, 2000). Premium pricing is the practice of keeping the prices high for customers to perceive the product as of high value (Yeoman & McMahon, 2006). Psychological pricing is setting prices at a point that they play with a customer's psychology for example prices ending with 99 (Collins & Parsa, 2006)

2.4 Elements of Consumer Based Brand Equity

Brand equity entails knowledge which also has two elements; brand awareness and brand image (Keller, 2003).

2.4.1 Brand Awareness

One of the components of brand knowledge is brand awareness and it is alluded to as ability of a customer to recognize a brand, its products and impacts on the customer's buying decision (Rossiter & Percy, 2013). Brand awareness entails recognition and recall of a brand. When consumers identify previous exposure to a brand when presented to them is referred to as brand recognition. When consumers remember a brand and its products when exposed to them by any marketing activities such as advertising or sales promotion is called brand recall. Brand awareness generates brand equity (Tong &

Hawley, 2009). Creation of a brand node in customers mind and a sense of familiarity is what bring about brand equity.

Brand awareness is achieved mainly through advertising campaigns that help to sensitize consumers about the products, prices and brand. Companies experience high levels of sales during these campaign periods since consumers will buy more products of this brand and therefore increasing the profitability of a company (Baldauf & Cravens, 2003). A brand has no equity unless the customer is at least aware of the brand (Hakala & Vincze, 2012). Customers will tend to buy the well-known brands even when it is their first-time purchases. There are innovate ways to create brand awareness such as use of social media platforms, use of branded merchandize such as bags and clothes, use of brand ambassadors, celebrities and influencers. One of the ways to measure brand awareness is by monitoring website or online site traffic.

2.4.2 Brand Image

Brand awareness is significant, but not enough in building brand equity by itself and therefore some other factors contribute in building brand equity. One of these other factors that come into play is brand image (Macdonald & Sharp, 2000). Brand image refers to as the perception about a brand as seen in the customer association to the brand (Keller, 2003). The association is all in the mind of the customers. As a set of beliefs, brand perception is crucial in customer buying decision process when customers have to choose from a pool of brands. Brand image develops from various sources; campaign advertising, consumer experience, publicity, and word of mouth from friends and colleagues (Romaniuk & Sharp, 2003). Brand image is important in driving loyalty, brand equity and brand performance.

In today's market environment, brand differentiation is what causes preferences of one product over the others. The differentiation is brought about by product quality, value in price, flexibility and product reliability. The differentiation brings about competitive advantage through financial and brand performance (Jagonga & Ouma, 2016). Market share grows through increase in customer base and there is growth in revenue and cash flows due to increase in the sales volumes.

2.5 Empirical Studies and knowledge gaps

A study done concluded that awareness of brands and prices through promotions affects the consumer buying decisions (Beristain & Zorrilla, 2011).Another Research (Malhotra, 2007) concluded that marketing managers could focus on the creation of price awareness through advertising which helps in awareness and education of consumers about product attributes and price leading to creation of brand equity. A research found that price perception strongly influences whether customers are satisfied with their purchases (Brucks & Zeithaml, 2000). A study conducted identified brand equity is influenced through successful customer relationships (Kim & Kang, 2008). Empirical test showed that if hospitals can improve their customer relations and customer services well, they will gain positive brand equity. A research concluded that brand loyalty and value associations to a brand directly contributed to the building of brand equity for companies (Rios & Riquelme, 2008). A study in the lodging industry demonstrated there are elements that influence brand equity and customer relationship management was found to be one fundamental element (Kim & Kim, 2008). The choice of marketing strategies adopted by manufacturers of carbonated drinks in Kenya is influenced by customer brand equity (Asuma, 2014). The study concluded that strong brand equity requires high level of brand awareness.

Most of the studies have been done in the FMCG and banking industries where customer relationship contributes hugely to customer brand equity. According to these studies, there are various factors that lead to consumer brand equity: some studies show there exists a correlation between brand awareness, image and consumer brand equity. Other studies have showed that price is a great determinant of customer brand loyalty while other studies indicate that for advertising creates brand knowledge and brand awareness and this leads to customer brand equity. Opposite, a few studies have discovered that brand mindfulness measurement isn't critical in the customer brand equity. This study aimed to determine whether consumer brand equity is based on pricing strategies and prices or tariffs offered by mobile telecommunication service providers. The study was also to determine if price awareness and brand awareness lead to consumer brand equity. The study was to examine the relationship between pricing strategies used by mobile phone service providers in Kenya and the customer brand equity among the subscribers. Since there is little done on pricing strategies in the telecommunication sector in Kenya, the research findings will provide empirical studies for further research.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out the research design, data collection process and techniques utilized for investigation of the outcomes from the information gathered.

3.2 Research Design

The research utilized a descriptive cross -sectional analysis. This means that information was gathered using various techniques such as interviews and questionnaires at one point in time to a sample population (Cooper & Schindler, 1996). Descriptive studies focus on what, where and how of certain phenomena under investigation (Mugenda & Mugenda, 2003). This exploration design was fitting since the research sought to examine the relationship between pricing strategies and customer brand equity among mobile telecommunication customers in Nairobi, Kenya. The descriptive research design was appropriate for this study as it allows collection of data from the sample and the description of phenomenon under study.

3.3 Population of the Study

Target population alludes to the total group of individuals that the researcher is interested in and the research findings can be generalized to the group (Cooper & Schindler, 1996). The mobile telecommunication consumers are subscribers who use any of the mobile services. In this study, the target populations were the Nairobi county residents and were mobile service consumers. The target population was all mobile subscribers in Nairobi County.

3.4 Sample Size and Sampling Technique

Sample is a subset of the populace that is considered to be the representative of the entire population. The sample size was 384 subscribers who were selected conveniently and it considered a 5% error margin with 95% confidence level. Stratified random sampling was utilized to gather the data. First the target population was divided into strata based on major towns within Nairobi County i.e. Nairobi CBD with 90 respondents, Westlands with 65 respondents, Kagemi with 65 respondents, Kasarani with 74 respondents and Embakasi 90 respondents. Then convenient sampling was done for elements in each stratum. The method used was to make sure that the data was not biased and it was true representation of the population

3.5 Data Collection

The researcher and their assistance gathered data using structured simple questionnaires. The questionnaire was divided into three sections. Section A had questions on background information of the respondent. Section B contained questions related to the awareness and influence of the various pricing strategies used by the telecoms. Section C questions addressed the level of customer brand equity among the mobile phone consumers in Nairobi County by evaluating the brand knowledge and awareness. The research instrument was a questionnaire.

3.6 Data Analysis

The questionnaire was edited to ensure completeness. The obtained data was analyzed using SPSS and Microsoft Excel. The data was presented in tables and charts to enable effective and efficient interpretation. Data in section A was analyzed using frequencies and percentages to summarize the background information of the respondent. Data in section B & C will be analyzed using descriptive quantitative tools like mean, frequencies and percentages. The researcher collected data on consumer brand equity based on brand knowledge and customer price awareness by mobile phone users in Nairobi. Using this data, a regression analysis was done to establish the correlation of pricing strategies and customer brand equity.

This study used the below regression model

$Y=\beta_o+\beta_1X_1 +\beta_2X_2 +\beta_3X_3\mu$

Y= Customer Brand equity

X_1=Bundle pricing strategy

X_2= Promotional pricing strategies

X_3= Competitive pricing strategies

$B_1– \beta_3$ are estimated co-efficient of regression

μ is the random error term for all other possible variables that are not captured in the model. A 95% confidence level was established.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter dealt with analysis of the gathered data, presentation including its interpretation. Analysis was conducted using SPSS software. A regression analysis was done to examine the relationship between pricing strategies and consumer brand equity. Of the targeted 384 consumers, 366 forms were returned, a 95.3% response rate

4.2 General Demographics Background

Demographic information describes the general background information about the respondents. This included the gender, age, education and their region. This information is presented in the following subsections.

4.2.1 Response Rate

The targeted population of the study had a response rate as shown in table 4.1

Table 4. 1 Response rate

Response rate	**Frequency**	**Percentage %**
Completed number of respondents	366	95%
Not returned	18	5%
Total	**384**	**100%**

Source: Primary data (2018)

Out of the 384 questionnaires that were issued out, 366 forms were returned fully filled and 18 forms were not returned and this contributed to 95.3%. This return rate was deemed good and representative for the study. The questionnaires were administered online.

4.2.2 Respondents by Gender

Respondents were required to indicate their gender. The study revealed that a majority of the respondents were males representing 60.4% (221) and 39.6 % (145) were female. This shows that there were more men who participated in the study than women.

4.2.3 Respondents by Age

The respondents were required to indicate their age and the responses are as illustrated in table 4.2.

Table 4. 2 Distribution of Respondents by Age

Age of Respondent	**Frequency**	**Percentage**
17 yrs and below	23	6%
18-25 yrs	91	25%
26-30 yrs	98	27%
31-35 yrs	70	19%
36-40 yrs	45	12%
40-50 yrs	23	6%
51 and Above	16	5%
Total	**366**	**100%**

Source: Primary data (2018)

From the data collected, most of the respondents were between 26 - 30 years old with 26.8% (98) of the total followed by the 18 - 25 years old at 24.9 % (91). The respondents aged 51 years and above were the least in number at 4.4% (16).

4.2.3 Respondents by Education Level

Most of the respondents have achieved formal education as shown in table 4.3.

Table 4. 3 Respondents by Level of education

Level of Education	Frequency	Percentage
Others	1	0.3%
College/Bachelor's degree	153	42%
High school	55	15%
No formal Education	11	3%
Post-graduate degree	60	16%
Tertiary college	86	24%

Source: Primary Data (2018)

The highest category of respondents had achieved Bachelor's degrees at 41.8% (153) followed by the ones who have tertiary education at 23.5% (86). The least categories of respondent were others at 0.3% (1) and no formal education at 3% (11).

4.2.4 Distribution of Respondents by Region

Data was collected in 5 selected regions within Nairobi so as to have a fair representation of the target population. The numbers of respondent per region are as shown in table 4.4

Table 4. 4 Distribution of respondents by Region

Respondent's Region	Frequency	Percentage
Embakasi	89	24%
Kangemi	63	17%
Kasarani	70	19%
Nairobi CBD	82	22%
Westlands	62	17%

Source: Primary data (2018)

From table 4.4 above, most of the respondents were from Embakasi region at 24.3% (89) followed by Nairobi CBD at 22.4% (82) while the least number of respondents are from Westlands area at 16.9% (62).

4.3 Assessment of Pricing Strategies

Pricing strategies are the independent variables of the study. There are various strategies used by telecoms but this study focused on three of them; Bundle pricing, promotional and competitive pricing strategies. The respondents gave various responses as shown in the below subsections

4.3.1 Bundle Pricing

Companies sell bundled products to customers for a lower price than they would sell for if the customers bought the products or services separately. Various statements on bundle pricing perceptions required the respondent to indicate the extent they agreed with them and the results were as illustrated in table 4.5

Table 4. 5 Bundle pricing strategies

Bundle pricing Statements	N	Mean	SD
Bundled package is cheaper than single items or products	366	3.67	1.310
Bundle package gives more value for money	366	3.57	1.103
The bundles are customized to meet your needs	366	3.44	1.223
Bundle alternatives are enough to meet my needs	366	3.31	1.127
Bundle auto renewal feature brings time convenience	366	3.65	1.224
Bundle pricing Suggests choices to undecided customers	366	3.60	1.123
Validity of bundle package prompt the quantity purchased	366	3.60	1.191
Average Score		**3.55**	**1.186**

Source: Primary data (2018)

The results from the table 4.5 show the average means score for bundle pricing strategies was 3.55. The perception of bundle package being cheaper than single separate units had the highest score with a mean score of 3.67 and SD of 1.310. This may be explained by the studies respondents who are young professions and are price sensitive. The perception that bundle alternatives are enough to meet their needs had the lowest score of mean score 3.31 and SD of 1.127. This may be attributed to the need for more resources and diverse resources as a cheaper rate.

4.3.2 Promotional Pricing Strategies

Promotional pricing refers to offering lower prices temporality in order to increase sales and increase customer base or during a products and service launch. Respondents gave responses on promotional pricing statements and the results are illustrated in table 4.6

Table 4. 6 Promotional pricing strategies

Promotional pricing Statements	**N**	**Mean**	**SD**
Promotional pricing prompt consumers to buy now than in future	366	3.77	1.297
Promotional pricing makes consumer buy more products	366	3.61	1.155
Promotional pricing result in customer retention	366	3.53	1.220
Advertised products are cheaper	366	3.17	1.331
Discounts make consumers buy more	366	3.77	1.231
Quality is maintained for discounted products	366	3.29	1.296
Promotional pricing attracts new customers	366	3.72	1.212
Promotional pricing makes consumers feel appreciated for being loyal	366	3.60	1.219
Average Score		**3.56**	**1.245**

Source: primary Data (2018)

From the data collected, the researcher found that the overall average mean score for promotional pricing strategies was 3.56 and SD of 1.245. The statements promotional pricing prompt consumers to buy more now than in future and discounts make consumers buy more had the highest mean score of 3.77 each. This implies that the respondents enjoy discounted prices and this increased their current purchases. Advertised products are cheaper had the lowest score with a mean score of 3.17 and SD of 1.331. This implies that the respondent has a perception that not all the advertised products are cheaper.

4.3.3 Competitive Pricing Strategies

There are various factors that lead customers to choose their mobile service providers. Table 4.7 summarizes the factors that led customers to choose their mobile service provider.

Table 4. 7 Factors that lead customers to choose their mobile service providers

Competitive Pricing Factors	**N**	**Mean**	**SD**
Network coverage	366	3.98	1.216
Innovative and quality products	366	3.64	1.050
Price affordability	366	3.60	1.256
Customer care services	366	3.43	1.154
Customer loyalty programs	366	3.49	1.251
Interesting advertisement	366	3.29	1.296
Contribution to society	366	3.44	1.299
Disappointment by the other service providers	366	3.53	1.242
Average Score		**3.55**	**1.221**

Source: Primary data (2018)

The average mean score for the competitive pricing factors was 3.55. The factor of network coverage had the highest score with a mean score of 3.98 and SD of 1.216. This may be attributed to the convenience of having network services everywhere. Interesting advertisement had the lowest score with a mean score of 3.29 and SD of 1.296. The respondent are more interested with the services and not keen on the advertisement design.

Another set of statement was to determine the competitive pricing strategies that respondents would prefer.

Table 4. 8 Various Competitive Pricing Strategies

Competitive Pricing Statements	**N**	**Mean**	**SD**
Charge high price but give promotion offers occasionally	366	3.05	1.456
Charges prices depending on the amount of money you spend on their services	366	3.09	1.202
Price changes depending on the time of the day	366	3.25	1.270
Charges different prices depending on tariff plan	366	3.37	1.084
Charges low price within the network but high charges to other networks	366	3.57	1.252
Charges uniform price to all networks (within and to other networks)	366	3.48	1.245
Charges depending on competitors offer	366	3.47	1.255
Average Score		**3.33**	**1.252**

Source: Primary data (2018)

The results from table 4.8 showed the average mean score for the competitive as 3.33 and SD of 1.252. The highest score 3.57 and SD 1.252 was for the strategy to charge low price within the network but higher to other networks. This implies that most respondents and the people they call mostly are on the same network. The strategy of charging high price but give promotion offers occasionally had the lowest mean score 3.05 and SD of 1.456. This is attributed to the price sensitivity of the respondents.

4.4 Assessment of Brand Equity

Under brand knowledge there are two elements that is brand awareness and brand image. Brand awareness deals with brand recognition or identity and brand recall while brand image is the perceptions and the position in the customers memory.

4.4.1 Brand Awareness

Brand awareness alludes to customers' knowledge of the products and services of a firm. It shows if customers are able to identify and recall brand cues. Respondents were required to indicate the extent they agree with some brand awareness statements

Table 4. 9 Brand awareness

Brand Awareness Statements	**N**	**Mean**	**SD**
It is easy to identify your mobile service provider in terms of color, slogan and logo	366	3.99	1.210
Advertising campaign of your mobile service provider can be differentiated from competitors	366	3.76	1.111
It is easy to recall product and service information of your mobile service provider	366	3.63	1.206
Visual advertisements have a long-lasting effect than audio advertisement	366	3.71	1.130
Advertisement campaigns provide adequate information on product and price	366	3.73	1.188
Average Score		**3.76**	**1.169**

Source: Primary data (2018)

The results in table 4.9 reveal that the average mean score for brand awareness was 3.76. The ease of identifying the brand of the current service provider in terms of color, slogan and logo had the highest mean score of 3.99 and SD of 1.210. The ease to recall products and service information had the lowest score, mean score 3.63, SD 1.206. This implies that it is easy to remember the visual cues like color and logo than it is to remember the detailed information of the products and services.

4.4.2 Brand Image

Brand image is the real impression held in the customers mind about a particular brand and its products or services. There were several statements that were given to the respondents so that they indicate the extend they agreed with them in regards to brand image.

Table 4. 10 Brand image

Brand Image Statements	**N**	**Mean**	**SD**
The products and services make me feel delighted	366	3.34	1.277
The mobile service provider brand helps me to better fit into my social group	366	3.25	1.114
The brand improves how other perceive me	366	3.12	1.305
The products and services perform as they promise	366	3.31	1.142
You are happy to be associated with the brand of your current service provider	366	3.55	1.213
You are emotionally attached to your current mobile service provider	366	3.14	1.245
You are satisfied with the products, services and prices of your current service provider	366	3.39	1.233
Average Score		**3.30**	**1.218**

Source: primary data (2018)

The results in table 4.10 show that the average mean score was 3.30 and SD of 1.218. Respondents being happy to be associated with the brand of their mobile service provider had the highest score with a mean score of 3.55, SD of 1.213. The lowest score was on how the brand improves their image as perceived by others at a mean of 3.12 and SD of 1.305. This implies that the respondents feel that the brand does not improve their personal image but they are happy to be associated with the brand.

4.5 Regression Analysis

This study sought to examine the relationship between pricing strategies and customer brand equity. The study focused on 3 pricing strategies bundle pricing, promotional pricing and competitive pricing and their influence on customer brand equity. To confirm the statistical significance of the variables a multi-linear regression model was used and a 95% confidence level was observed. The below model was used.

$Y=\beta_o+\beta_1X_1 +\beta_2X_2 +\beta_3X_3+e$

Y= Customer Brand equity

X_1=Bundle pricing strategy

X_2= Promotional pricing strategies

X_3= Competitive pricing strategies

$B_1 – \beta_3$ are estimated co-efficient of regression

The following are the results of the data collected.

Table 4. 11 Correlation Analysis

Variable		Bundle Pricing	Promotional Pricing	Competitive Pricing	Brand Equity
Bundle Pricing	Pearson Correlation	1	.683**	.657**	.651**
	Sig. (2-tailed)		.000	.000	.000
Promotional Pricing	Pearson Correlation		1	.681**	.681**
	Sig. (2-tailed)			.000	.000
Competitive Pricing	Pearson Correlation			1	.747**
	Sig. (2-tailed)				.000
Brand Equity	Pearson Correlation				1
	Sig. (2-tailed)				

** Correlation is significant at the 0.01 level

Source: Primary data (2018)

The results in Table 4.11 indicate that the relationship between bundle pricing and brand equity is positive and statistically significant (r =.651, p-value =.000), the relationship between promotional pricing and brand equity was stronger (r =.681, p-value =.000). The strongest relationship was between competitive pricing and brand equity (r =.747, p-value =.000). This implies that competitive pricing plays a critical role of influencing brand equity

Table 4. 12 Regression Model Summary

	Model Summary			
	R	R Square	Adjusted R Square	Std. Error of the Estimate
Bundle Pricing	.651[a]	.424	.422	.6393
Promotional Pricing	.681[a]	.463	.462	.6168
Competitive pricing	.748[a]	.559	.558	.5590

Source: Primary data (2018)

The results in Table 4.12 above show that pricing strategies had a high statistically significant influence on brand equity. This explained 62.8% of its variation (R^2 =.628).

Table 4. 13 ANOVA

ANOVA[a]					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	162.177	3	54.059	203.917	.000[b]
Residual	95.967	362	.265		
Total	258.144	365			

a. Dependent Variable: Brand Equity

b. Predictors (Constant), Bundle, Promotional and Competitive Pricing

Source: Primary data (2018)

Significance level of p-value was .000 meaning there was a significant relationship between the 3 pricing strategies and customer brand equity.

Table 4. 14 Regression Coefficients

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	S.E	B		
(Constant)	.399	.131		3.049	.002
Bundle Pricing	.171	.044	.182	3.874	.000
Promotional Pricing	.219	.044	.242	4.990	.000
Competitive Pricing	.514	.052	.462	9.871	.000

a. Dependent Variable: Brand Equity

Source: Primary data (2018)

All the variables fall within the acceptable 95% confidence level as the highest standard of error was at 0.052. The standardized regression coefficient also show that the strongest strategy was competitive pricing which is statistically significant (β=.462, p-value=.000). This implies that competitive pricing has a higher influence on brand equity.

The following regression equation was used to explain the influence on brand equity for given changes in pricing strategies:

$Y= 0.399+0.171X_1+0.219X_2+0.514X_3$

Where:

Y = Customer brand equity

X_1 = Bundle pricing strategy

X_2 = Promotional pricing strategy

X_3 = Competitive pricing strategy

From the regression analysis, competitive pricing strategy had the highest influence to customer brand equity where 51.4% change in customer brand equity is caused by one unit of competitive pricing strategies. 21.9% of change in customer brand equity is influenced by one unit change in promotional pricing strategies while a change in bundle pricing by one unit causes a 17.1% change in customer brand equity. Therefore, the overall regression analysis showed that pricing strategies influence customer brand equity in the telecommunication industry in Nairobi, Kenya

4.6 Discussion of the Research Findings

The researcher presented the results in form of percentages and mean, charts and tables. Analysis was done using SPSS and Microsoft Excel. Regression analysis was done to show the relationship between pricing strategies and customer brand equity. The male respondents were 60.4% compared to 39.6% of female respondents in the study. The region with the highest respondents was Embakasi with 24%. Bachelor’s degree had the majority of respondents as their highest level of education.

The researcher examined the contribution of pricing strategies to customer brand equity. The findings revealed there is a statistically significant relationship between the pricing strategies and customer brand equity, further the study revealed competitive pricing strategy has the strongest relationship with customer brand equity, this study agrees with industrial competitive based pricing model (Porter, 1991). This model postulates that a company gains competitive advantage through differentiation. As highlighted in this study network coverage and innovative products stood out as the key differentiators for customer in selection of their mobile service provider. Further the results revealed a high affinity of customer towards bundled packages (bundle pricing) as well as discounted product (promotional pricing) which are used by firms to differentiate themselves from competition. This differentiation is what creates brand equity.

This study supports the empirical studies done on the influence of price awareness on brand equity. The results showed that respondents do price comparison with other providers and hence they are aware of the prices before making any decisions. Studies in other sectors like hospitality suggested that pricing strategies and customer relationship management contributed to customer equity. This study also confirmed that price awareness and competitive pricing strategies contributed to brand equity of telecommunication customers.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The aim of this study was to examine the contribution of pricing strategies to customer brand equity among telecommunication consumers in Nairobi. This chapter will summarize the whole study, the conclusion derived, recommendation to the various stakeholders who could find value in the research findings. In addition, it highlights the limitations of the study and suggestions for further areas of study.

5.2 Summary of the Study

The research objective was to examine the contribution of various pricing strategies to customer brand equity among telecommunication consumers in Nairobi. The population of the study was over 2 million customers who are based in Nairobi and the sample size was 384 respondents. The study used descriptive survey research design. Stratified simple random sampling method was used as primary data was collected through the use of questionnaires. The collected data was analyzed through SPSS, Microsoft Excel and Regression analysis model established the correlation between the independent and dependent variables. Data was presented in form of tables and regression model.

The research established a significant correlation between the pricing strategies and customer brand equity in the Telecommunication sector in Nairobi. This means that the pricing strategies that telecommunication companies use significantly influence the brand equity of their customers. Competitive pricing strategy showed to have the highest level of relationship with the customer brand equity at 75%. Most of the respondents at 26.4% being the young professions were looking for products or services that give them maximum value for their money. The study established that most of the respondents prefer bundled pricing and 40% respondents tend to buy more when products and services are discounted. Good network coverage was one of the main factors at 47% that respondent considered when selecting their mobile service provider. The results showed that respondents preferred visual advertisement of products and service since it get to remain in their mind and it is easy to identify with the brand and recall the products information. 13 % of the respondents were not in agreement that the service provider they use shaped how they are perceived by others.

5.3 Conclusion

The study examined the relationship between the pricing strategies and customer brand equity among telecommunication customers in Nairobi, Kenya. The positive correlation revealed in the study showed that for customers to form brand equity, the pricing strategies used by the telecommunication companies should resonate with the needs of the customers. From the findings, the age and level of education influence the type of pricing strategies that customers want to resonate with and in this study, the young respondents aged 26 - 30 years are very price sensitive. They will look for products and services that are affordable and cheaper compared to those of competition. They engage in comparison of products and prices and they will choose the cheaper option. They are also very keen with the innovation level of products since it affects their social status and how they are perceived by others. They prefer the most recent technologies and trends. The results showed that firms should differentiate themselves from competition

Telecommunication companies should ensure their pricing is competitive enough in the market as the study revealed that competitive pricing strategies had the highest contribution to customer brand equity among telecommunication consumers in Nairobi.

5.4 Recommendations

The study recommends that mobile service providers should ensure that have the most appropriate pricing strategy to their targeted audience. This means they should conduct appropriate market research to get the specific needs of their customers. The study also reveals that they should use digital visual methods in their advertising campaigns since they resonate more with the customer and this will go a long way in saving cost associated with printed campaign or door to door campaigns. There should be appropriate strategies to ensure that customers have adequate knowledge of their products and service and price awareness. The mobile service providers should carry our adequate market intelligence to know what their competitors are charging and the products they are offering. This ensures that the companies have a competitive edge. Mobile service providers should provide more bundled products that meet the customers need and have user friendly features to ensure their customer remain loyal. Good customer service and relation should be upheld so as to create high levels of brand equity Telecommunication companies should continue to provide innovative and affordable products and services.

Government institutions such as Communication authority of Kenya can use the findings of the study to ensure that mobile service providers engage in the right marketing and pricing strategies. Honesty should be upheld and fair competition should be adhered to as they engage in competitive pricing strategies. This will ensure a fair play ground for the providers and that the customers get maximum value for their money. The study recommends that the government should reinforce the mandate of the telecommunication to ensure they have network footprint to every place in the region since network coverage is one of the most considered factors by consumers in selecting their mobile service provider.

5.5 Limitations of the study

There are several challenges faced by the researcher during the time of the study. A cross sectional research design was adopted since it was a one-time study. This research design has a limited since the data collected from the respondent is as of that time and not as a result of a long period observed behavioral activities which could be more authentic. The study was conducted in Nairobi and being a very busy city, there was a large number of people who did not want to respond to the questionnaire. Most female did not want to be part of the respond and this is revealed in the gender distribution where 60% were male and 40% were female. The response rate was at 95% and 18 questionnaires were not returned. There was limitation of time to conduct the study in more than 5 regions in Nairobi and also the cost could have been way higher if the study covered the entire of Nairobi County.

Another limitation was structured questionnaire could not reveal values and behaviors that are difficult to express. Therefore, an interview guide would have generated detailed qualitative data that capture opinions, believes and value expressions by respondents. Another limitation of the study is, the replication of this study in other cities in Kenya since the research was conducted in Nairobi which ids the capital of Kenya, the major business hub and the main transit city to the entire country. This could mean that the economic power of the respondent in Nairobi could be different to that of people in the rural areas or other towns. Different results would have been obtained if data were collected from different regions within Nairobi too. The study was done in the telecommunication industry and therefore the study cannot be generalized for all other industries.

5.6 Suggestions for Further Study

Future studies can address the various limitations of the study. The shortcoming of cross-sectional research design used in this study is that it does not detect causal effects of variables. A longitudinal study would provide a better assessment of how telecommunication companies can devise and use the correct pricing strategies so as to remain competitive as they create customer brand equity. The telecommunication sector is very dynamic and in regards to the continuing debate of dominance over the market leader could bring change on the marketing strategies and pricing strategies of the Telecoms. I recommend the same strategy can be conducted using longitudinal research design.

The replication of this study to other major urban town in Kenya such as Mombasa, Nakuru, Kisumu and Eldoret and also in the rural areas would depict the universality of the relationship between the studied variables. This study can be replicated in other sectors to test the correlation of pricing strategies and customer brand equity. This study focused on pricing strategies which is one of the four components of the marketing elements. Other elements can be used in future studies to examine their relationship with customer brand equity.

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APPENDICES

Appendix I: Introductory Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE....12/11/2018

TO WHOM IT MAY CONCERN

The bearer of this letter ....CHRISTINE......MUTHONI......KARUGU

Registration No......D61/60561/2017..........................

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
12 NOV 2018
P.O. Box 30197 - 00100, NAIROBI

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

Appendix II: Questionnaire

I am conducting a study of **Pricing strategies and consumer brand equity among mobile telecommunication consumers in Nairobi, Kenya.** Kindly answer the survey questions that will take 3-5 minutes to complete. The information collected is strictly confidential and for academic purposes only.

Section A- Background Details

1. What is your gender?

Male ( )

Female ( )

2. What is your age range?

17 yrs and below ( )

18-25 yrs ( )

26-30 yrs ( )

31-35 yrs ( )

36-40 yrs ( )

40-50 yrs ( )

51 and Above ( )

3. What is your highest level of education?

No formal Education ( )

High school ( )

Tertiary college ( )

College/Bachelor's degree ( )

Post-graduate degree ( )

Other: ____

4. **What is your occupation? ___________________________________**

5. **What is your region?**

Nairobi CBD	( )	Embakasi	( )
Kasarani	( )	Westlands	( )
Kangemi	( )		

Section B-Pricing strategies

A. Bundle pricing strategy

Below is a list of perception on bundle pricing. To what extent to you tend to agree?

Use 1- Strongly disagree, 2-Disagree, 3-Moderate extent, 4- Agree, 5- Strongly agree.

	1	2	3	4	5
Bundled package is cheaper than single items or products					
Bundle package gives more value for money					
The bundles are customized to meet your needs					
Bundle alternatives are enough to meet my needs					
Bundle auto renewal feature brings time convenience					
Bundle pricing Suggests choices to undecided customers					
Validity of bundle package prompt the quantity purchased					

B. Promotional pricing

To what extent do you agree with the below statement.

Use 1- Strongly disagree, 2-Disagree, 3-Moderate extent, 4- Agree, 5- Strongly agree.

	1	2	3	4	5
Promotional pricing prompt consumers to buy now than in future					
Promotional pricing makes consumer buy more products					
Promotional pricing results to customer retention					
Advertised products are cheaper					
Discounts make consumer buy more products					
Quality is maintained for promoted/discounted products					
Promotional pricing attracts new customers					
Promotional pricing makes consumers feel appreciated for being loyalty					

C. Competitive price strategy

To what extent do you agree with the below factors that made you choose your current mobile service provider.

Use 1- Strongly disagree, 2-Disagree, 3-Moderate extent, 4- Agree, 5- Strongly agree.

	1	2	3	4	5
Network coverage					
Innovative and quality products					

Price affordability					
Customer care services					
Customer loyalty programs					
Interesting advertisement					
Contribution to society					
Disappointment by the other service provider (Competitor)					

The table below shows a list of competitive pricing strategies used by various mobile phone service providers. In your opinion, using a scale of 1-5 indicate extent to which you think each strategy is effective in influencing your subscription.

Use 1- Strongly disagree, 2-Disagree, 3-Moderate extent, 4- Agree, 5- Strongly agree.

	1	2	3	4	5
Charge high price but give promotion offers occasionally					
Charges prices depending on the amount of money you spend on their services					
Price changes depending on the time of the day					
Charges different prices depending on tariff plan					
Charges low price within the network but high charges to other networks					
Charges uniform price to all networks (within and to other networks)					
Charges depending on competitors offer					

Section C- Brand equity

A. Brand awareness

To what extent do you agree with the below statement.

Use 1- Strongly disagree, 2-Disagree, 3-Moderate extent, 4- Agree, 5- Strongly agree.

	1	2	3	4	5
It is easy to identify your mobile service provider in terms of color, slogan and logo					
Advertising campaign of your mobile service provider can be differentiated from competitors					
It is easy to recall product and service information of your mobile service provider					
Visual advertisements have a long-lasting effect than audio advertisement					
Advertisement campaigns provide adequate information on product and price					

B. Brand image

To what extent do you agree with the following regarding brand image of your current mobile service provider(s)? Use 1- Strongly disagree, 2-Disagree, 3-Moderate extent, 4- Agree, 5- Strongly agree.

	1	2	3	4	5
The products and services make me feel delighted					
The mobile service provider brand helps me to better fit into my					

social group					
The brand improves how other perceive me					
The products and services perform as they promise					
You are happy to be associated with the brand of your current service provider					
You are emotionally attached to your current mobile service provider					
You are satisfied with the products, services and prices of your current service provider					

How likely are you to recommend your current mobile service provider to others?

Not at all likely Extremely likely

	2	3	4	5	6	7	8	9	10

Thank you for your valuable time

Appendix III: List of the main telecommunication companies in Kenya

1. Safaricom
2. Airtel
3. Telkom