CUSTOMER LOYALTY POINTS (BONGA POINTS) AS A PUBLIC

RELATIONS STRATEGY FOR CUSTOMER RETENTION AT SAFARICOM PLC

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DECLARATION

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

Sign……… ……… Date …**9TH December 2021**

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DEDICATION

A special dedication goes to my daughter AA, my husband Kimathi for the unwavering support, my grandmother who has been my rock and made me realize and value education from a young age, aunt Kaari, uncle Tosh, family and special friends.

May the almighty God bless you.

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LIST OF ABBREVIATIONS

BYOB   Be your own boss

CA   Communication Authority

IABC   Inter-national Association of Business Communicators

PR   Public Relation

SIM   Subscriber Identification Module

WAN   Wide Area Network

PR   Public Relations

ABSTRACT

The current telecommunication business environment is characterized by stiff competition and organizations strive for effective public relations strategies to retain their customers. Customer loyalty programs have over time evolved as strategic techniques for retaining customers. This study sought to establish role of loyalty points (Bonga points) as a public relations strategy for customer retention by Safaricom Plc. Specifically, the study objectives were to: assess how customer loyalty Bonga points affect the consumption of Safaricom products and services; determine the extent to which customer loyalty Bonga points is utilized at Safaricom Plc as a public relations strategy for customer retention; and establish the nexus between customer loyalty points and customer retention at Safaricom Plc. The study was grounded on the Excellence theory and Social Exchange theory. This was a case research, which employed evaluative design and further mixed-methods approach in order to understand experiences of both individuals and groups in the organization. 600 customers of the Seasons- Equity Market in Kasarani Sub-County were targeted by the study. Structured questionnaires administered via google platform generated quantitative data while for qualitative data, semi-structured interview guides were used administered via WhatsApp and Google Meet. Consequently, 10 customers and 10 employees were selected purposively for the interviews. The finding revealed that a majority of the customers accumulate Bonga points to redeem when need a rises to purchase a specific Safaricom product or services and that this influenced their consumption of Safaricom products such as minutes, SMS, internet bundles and mobile phones. The findings also revealed that loyalty points motivated customers and increased consumption of Safaricom products. Additionally, the findings indicated that customer retention was important for continuity. Safaricom had invested on Bonga points as a customer retention strategy even though there are other public relations strategies for customer retention revealed in the study as; corporate social responsibility activities, use of brand ambassadors and market influencers. The study also found a direct relationship between loyalty points and customer retention and that Bonga points had affected consumption of Safaricom products and that rewards systems like Bonga points were important in enhancing loyalty and further those loyal customers do not defect to competitors. Consequently, the study recommends that segmentation on the basis of customer needs and preference be incorporate in design of loyalty programs to enhance effectiveness of the program as a customer retention strategy. The study also recommends implementation of an effective communication strategy and a feedback system to capture customer views and suggestions regarding loyalty programs. Further studies could be undertaken on the strategies revealed in this study as corporate social responsibility, customer relations and market influencers and their influence on customer retention within the telecommunication industry.

CHAPTER ONE: INTRODUCTION

1.1 Overview

This section presents a concrete study background on customer loyalty points and customer retention by Safaricom Plc. It also presents the problem statement, research objectives, research questions, rationale, significance of the study, scope and limitations and operational definitions.

1.2 Background Information

Over the years, PR has developed and is applied by various organizations to carry out overarching goals, which comprise of developing strong customer relations. According to the Public Relations Society of America (PRSA, 2006), public relations is a strategic communication process which focuses on building mutually beneficial relationships between an organization and its publics. Therefore, PR aid in influencing customers' perceptions, controlling their conversations and creating sustainable relationships with the organization. Grunig and Grunig (2000) adds that public relations has evolved to an important aspect that contributes to strategic management function of an organization. Therefore, an organization with an effective PR strategy will have strong brand awareness and in turn will reinforce the marketing campaigns. Any product launched, would be introduced easily to the existing market then later to new clients.

The telecommunication industry is characterized by cut-throat competition with leading organizations like Safaricom constantly focusing on customer retention. Consequently, satisfaction of customers is becoming a major focus in the telecommunication sector owing to its unique ability of ensuring loyalty and retention. One of the major PR strategies applied to encourage customer relationship is the use of loyalty points. Dizfani et.al (2017) posits that the customer satisfaction on their needs precedes and results to loyalty, on either the brand or the

organization. Spath and Fahnirch (2007) note that customer loyalty is a way of determining customer satisfaction hence resulting in customer retention.

Safaricom is one of the biggest companies in East Africa and dominates the telecommunication industry. Currently it controls over 60 percent of the market share. Competition from other service providers is stiff. To maintain the competitive advantage, with saturated market as per communication authority data, there is need to retain its subscribers. Use of public relations strategies will enhance good public image through use of great communication strategies that build a good relationship with the target audience. This study intends to highlight one of the public relation strategies; customer loyalty points, applied by the service provider, Safaricom Ltd for customer retention.

1.2.1   Customer Loyalty Points

Customer loyalty points (Bonga points) was the independent variable described as structured marketing efforts that reward customers thus encouraging a loyal buying behavior that results in overall benefits for the organization (Sharp, 1997). Customer loyalty is an ongoing positive relationship between a customer and the business entity. Griffin (2005) asserts that this entails regular repeat purchase from the same place, referrals, and inability to be influenced by the competitor to change preference. Doyle (2013) posits that loyalty points is a strategy for growth and sustainability of an organization's customers using a predetermined incentive scheme. Loyalty therefore relates to when a customer continues to buy from a brand, company, or business for a period. This is because of positive experiences and interactions with the entity over time. Such experiences can be as result of good customer service, good public relations, credibility and reliability among others (Deng, 2010).

There are various techniques used to keep loyal customers. Among them is use of simple points-based system (Deng, 2010). The frequent customers earn points for every purchase made. Such points are accumulated over time and can be redeemed as type of reward, discounts or converted to monetary value (Reichheld, 1998). With such a program, the business can partner with other companies to provide all-inclusive offers.

Customer loyalty program creates an avenue for marketing the company products through positive word of mouth as well as referrals. (Reichheld, 1998). Furthermore, loyal clients are more likely to provide feedback and reviews which can be used to improve products and services hence enhancing retention (Saleem, 2019). An example of such loyalty point program is use of Bonga points as used by Safaricom Plc. Bonga points can be redeemed to purchase airtime, data bundles, mobile handsets, paying HELB Loans, Air tickets via KQ among others. During this COVID -19 pandemic, customers could use their Bonga points for shopping by individual, for family and friends.

1.2.2 Customer Retention

The dependent variable was customer retention which is defined by repeat purchasing (Hennig & klee, 1997). According to Kotler (1994) customer satisfaction is the key to customer retention. Saleem (2019) opines that customer base of any organization defines the success path of the entity. Customer is defined as the king of the business; hence products and other services should be tailored to meet the client needs. Thus, retaining customers entail customer maintenance by an organisation over time. This will ensure maximum customer satisfaction. It calls for more than offering what the customer needs. Hence a need to do more than the ordinary. More so, it requires an entity to offer more than what competitors are offering at an affordable price. The value created will surpass the price to acquire it (Reichheld, 1998). The effect of customer retention can

be compounded over time in unexpected ways to the business. The resulting effect will lead to long term profits and growth (Reichheld, 1998).

In the current business environment as posited by Singh and Imran (2021), retaining customers is key for organizations due to high costs associated with winning a new customer compared to that establishing lasting relations with existing ones. To achieve customer retention various strategies are applied. Among the common ones include enabling strong and supportive staff. Employees are the first contact with the clients (Wafaa, 2016). Thus, they should be enabled and trained to handle customers with the best service. Handling client issues becomes a priority at first contact. Having interest in your clients, understanding them and gaining more knowledge about them, will create loyal customers. Further engaging them through corporate activities creates strong partnership greater than just business (Huber, 2008).

1.2.3   Safaricom PLC

According to Kooker and Brey (1991), telecommunications is exchange of information electronically from one place to another. It refers to all types of voice, data and video transmission communication. The companies in telecom industries originally offered telephone services but have since evolved and broadened in scope to offer internet services as well (Wafaa, 2016). ICT has an economic importance as it ensures consistency in information flow.

In many countries including Kenya, telecommunication companies were state-owned until recently when privatization took place. Kenya's telecommunication industry dates back to formation of Safaricom and Celtel (Airtel) in nineteen nighty-nine followed by the Orange brand in 2008 and now Telkom Kenya Ltd.

Safaricom is a leading telecommunications company in Kenya with the widest and strongest network coverage. The home of the famous Mobile Money service- M-Pesa, where, M-Pesa has been particularly successful in Kenya. Currently Safaricom controls more than half of the local subscribers in the country. As per the Communications Authority data at December 2020, Mobile SIM penetration stood at 61.41 million registered lines as compared to 59.84 million as at September 2020. Though this is growth of 2.6 percent from previous quarter, the penetration rate has greatly reduced an indication that the market has saturated. Of this Safaricom consists of 63.6% compared to that of Airtel at 27.2%, Telkom at 6.2%, Equitel at 2.7 and Jamii Telecommunications at 0.3%. The current study on public relations strategy at Safaricom, therefore would provide essential recommendations that could be replicated to the entire industry.

1.3 Problem Statement

The current business environment is characterized by high level competition. As such, organizations are seeking for strategies of maintaining relationships with the customers as a way of enhancing business growth and sustainability (Wafaa, 2016). Public relation strategies have been found to be successful at building trust and commitment with external stakeholders to create those loyal customer relationships. Nwosu (1990) posits that public relations is at the heart of the organization as it focuses on turning customers into lasting friends of an organization. This is essential for business sustainability and continuity. This implies that organizations need to employ PR strategies to create and maintain commitments and trust with its publics thus enhancing brand affinity and loyalty.

Current trends indicate that companies are proactively finding ways of reaching out to their customers by looking for ways of delivering value and solving problems with the sole objective of promoting relationships rather than selling (Szming, 2003). There is a direct positive correlation between customer retention strategies employed by an organization and its performance as well as its ability to sustain customer relationships (Gustaffsson et al., 2005). The competitive environment of the telecommunication sector has forced service providers to employ various strategies to maintain subscribers, among them, loyalty points. Even though there is a considerable growth in use of reward systems such as loyalty points, exhaustive studies are yet to be undertaken on measuring the impact of such strategies in retaining customers in telecommunication industry. Sugandhi, (2002) points out that a business begins and ends with the customer. There is need to understand, measure and manage service quality as well as benefits of loyalty programs in driving customer retention (Buckley, 2003). Therefore, thus study sets out to investigate the role of customer loyalty points as a public relations strategy for customer retention at Safaricom Plc.

Safaricom has employed various public relations strategies over the years. One of the major and successful techniques applied is use of customer loyalty points, commonly referred to as Bonga Points. Customers accumulate points on their usage and can redeem them to purchase various products, accessories and pay for goods and services. Thus, subscribers are encouraged to purchase more products and services to accumulate points. In turn increasing the market share of Safaricom and retaining its subscribers.

1.4 Research Objectives

1.4.1 General Objective

To establish the role of customer loyalty points as a public relations strategy for customer retention at Safaricom Plc.

1.4.2 Specific Objectives

i) To assess how customer loyalty Bonga points affect the consumption of Safaricom products and services.

ii) To determine the extent to which customer loyalty Bonga points is utilized at Safaricom Plc as a public relations strategy for customer retention.

iii) To establish the nexus between customer loyalty points and customer retention at Safaricom Plc.

1.5 Research Questions

i) How does the customer loyalty Bonga points affect the consumption of Safaricom products and services?

ii) To what extent is the customer loyalty Bonga points utilized at Safaricom?

iii) What is the between nexus customer loyalty points and customer retention at Safaricom Plc.?

1.6 Rationale of the Study

The customer in the production chain is very important hence there is a compulsory need for their maximum satisfaction. Satisfied customers contribute positively to organizational profitability. This forms a foundation of any successful company which in turn leads to repeat purchase and brand loyalty. Loyal customers are created over time from identifying your potential customers to turning them into advocate customers that eventually adds value to the organization (Hurriyati, 2005). Various PR efforts and strategies are employed by the organization to enhance customer retention for its life sustainability.

According to Magatef & Tomaleh (2015) loyalty program if effectively employed and performed would certainly result in customer retention. The telecommunication industry is not an exception. The service providers need to retain customers for their business continuity. This study sought to clarify the place of loyalty points as a strategy for retaining customers in order to make constructive recommendations that could be employed to improve customer retention in the telecommunication sector. The study is focused on one of the major organizations in the telecommunication industry. It therefore contextualized the concept of customer loyalty points and customer retention.

1.7 Significance of the Study

This study sought to establish the role of customer loyalty points as applied by Safaricom Plc as a public relations strategy to promote customer retention. The study finding would be valuable in practice, theory and formulation of policies.

For practice, this study could help managers including those at Safaricom to develop effective loyalty programs. A firm's public relations strategy forms an important aspect in customer retention and the overall management function. There is however a need to widen this perspective by practitioners in this field. Therefore, establishing the nexus between customer loyalty points and customer retention would provide important findings that Safaricom and other organizations in telecommunication could use to improve their loyalty programs. Additionally, the study would also bring out evidence-based insights that organizations can use to enhance the success rate of customer loyalty points as a PR strategy.

The study is important from a theoretical standpoint in that it would present a new view point and new knowledge in PR thus bring about further evolution and expansion of this domain. The findings from the study could also be useful to scholars as a basis for further research on customer loyalty programs and customer retention.

Finally, for organizational policy formulation, the study would provide valuable insights on embracing PR strategies for customer retention and business success. It would further enlighten on the role played by customer loyalty points thus enhancing realization on the dynamism of customer loyalty and the significant role of loyalty points in an organization. These findings could thus help in coming up with universally applicable effective PR strategies to be applied to achieve certain goals.

1.8 Scope of the Study

The study sought to establish the role of customer loyalty points on customer retention at Safaricom. The study will be limited to Safaricom subscribers based in Nairobi County, Kasarani Sub County, Seasons-Equity Market. This will comprise of clients who have been using Safaricom services and have enrolled for Bonga points.

As at December 2020, Safaricom Plc ltd had 39.06 million subscribers making 63.6% percent of the market share in the country. The implication of this is that there are Safaricom subscribers everywhere in the country. For instance, it is believed that for every 10 people with mobile phones 6 of them have a Safaricom line. Due to the large population of Safaricom subscribers spread across the country, effective studies can therefore be limited to any location where there are Safaricom subscribers.

1.9 Limitations of the Study

Role of customer loyalty points (Bonga points) as a public relations strategy for customer retention at Safaricom is highlighted by the study. The findings are therefore only valid within the narrowly defined scope of the context, which is Safaricom. Thus, the generalizability of the findings to other telecommunication companies is unknown. The study tried to cover up for this limitation by getting responses from a larger percentage of the targeted population both from customers and employees. The findings are therefore likely to inform subsequent studies in other telecommunication firms. Other scholars in PR and business are also likely to employ this study to inform subsequent studies.

Additionally, responses were received from one organization thus excluding opinions from other firms' representatives. Inclusion of such varied opinions could possible result in variation of study finding. The research however tried to focus on seeking opinions of many persons for reliability of the responses.

This study also involved aspects of qualitative data collection thus generating self-reported data. Potential bias of selective recollection that's recalling or inability to recall previous occurrences were likely experienced. The research gathered data solely without employing research assistants thus was able to identify inconsistencies from respondents' responses and probe the respondents for a coherent answer.

1.10   Operational Definitions

Customer Loyalty Points: A type of loyalty program where customers earn points based on frequency and later redeemed in form of a reward (Deng, 2010)

Customer Loyalty Program: A technique employed by organizations to grow and maintain existing customers, and promote rebuying (Doyle, 2013).

Customer Retention: The ability of a company to maintain customers over specified period through various activities such as a loyalty program.

Public Relations Strategy: A roadmap that takes an organization from its current situation to the end goal, which in this case is customer retention.

Telecommunication: The transfer of information from one place to another via electronic media (Kooker and Brey, 1991)

CHAPTER TWO: LITERATURE REVIEW

2.1 Overview

The section presents literature review against main objectives as well as theories upon which the study is grounded. The chapter will try to establish the knowledge gap as a way of bringing out the effects of loyalty points in promoting customer retention in Safaricom plc. This will include theoretical and empirical review.

2.2 Theoretical Review

2.2.3 The Excellency Theory

This theory led by James Grunig, first looked at the importance of public relation to both the society and organization. Grunig (2008) argued that any organization can only be successful through behaving in a manner that provides solutions to the stakeholder's problems and at the same time meets the objectives of the management and the stakeholders. In order to achieve this, organization ought to carry out a research on their environment so as to identify people who have been affected by their decisions. The organization can also look at another group of people who desire that decision making involve problem solving particularly those of public importance. Upon doing this, the organization must have a systematic way of communicating with the publics as a way of building strategic relations of mutual benefit for both the company and its stakeholders.

This theory emphasizes on the need for good relations as a means of profit maximization, cost reduction, and reinforcement of loyalty and positive publicity that could otherwise not be achieved because of poor relationships. Grunig (2008) adds that at the heart of PR is a strategic role of ensuring the needs of both the organisation and its publics are taken into account.

Excellence theory also derived principles of how to organize functions for value maximization of PR. The principle revealed that its indeed essential that PR be involved in management functions and that PR professionals undertake key roles in the organisation including management roles. Through this, PR professionals gain a level of empowerment that results in effective decision making. This study also showed that sublimating public relations to other organisational functions and departments only makes it lose its meaning and core function as a strategic aspect of any successful organisation (Grunig, 2008).

The Excellency theory expounds the importance of public relations to the organization and the public at large. Customer loyalty points is one of the major public relations strategies as applied by Safaricom Plc. Thus, by applying this strategy Safaricom Ltd seeks to solve the problem of customer defection. More so, customers are retained as they continue to earn more rewards which can be utilized to purchase more Safaricom products and services.

2.2.2   Social Exchange Theory

Thibaut (2008) developed this theory which makes use of the cost-benefit analysis principle of economics as a predictor of individual behaviour by assuming choices are made based on the assessment of the prevailing cost and benefit. It advances that individuals consider outcome of their actions prior to making choices by keeping their costs as low as possible and their rewards being high (Burgess, 2013). For instance, if we want people to respond to a survey, some of the approaches we can use to keep costs to potential respondent low and perceived rewards high may include keeping the instructions simple, keeping the survey short, provision of a prepaid return envelope incase mailing is required, avoiding open-ended, complex and personal questions, offering an opportunity for tangible reward among others.

Social Exchange theory in this context is useful in evaluating the relationship between the service providers and the customers. For any telecommunication company to retain its clients without defecting to the competitor, the telecommunication has to keep high rewards at a low cost. The benefits derived should exceed the cost (Burgess, 2013). This can be expounded in terms of reliability and accessibility. It further lays a foundation to cost and benefit analysis which is critical to the service provider. Thus, for any public relation strategy applied should analyze the human behavior to achieve a specific objective. The framework is therefore appropriate in guiding the current study.

2.3 Position of Public Relations in an Organisation

International PR Association, defines PR as the art and science of examining trends, forecasting outcome, guiding a firm's leadership and overall implementation of plans for organizational and stakeholder interest. Onah (1995) assets that public relations is concerned with individual perceptions regarding an organisation. These opinions could be positive or negative thus PR should focus on maintaining positive overall image of an organization at all times. Harlow (1976) adds that PR helps to maintain meaningful conversations, trust and acceptance.

British Institute of PR as cited by Utomi (1993) refers to PR as an intentional effort to maintain relationships been an organisation and its publics. PR strategies are essential in success of an organisation through creation of relationships with the publics (Grunig, Grunig, and Dozier, 2002). Therefore, effective PR strategies are invaluable in an organisation seeking to achieve its mission, vision and overall success. Generally, PR activities are designed to have multiple effects within an organization.

Some PR strategies adopted by organizations include; use of written material, corporate identity materials, organizing special events, use of media and reward systems. Today's business environment is such that communication is at the heart of organizational function. Managing communication and flow of information is therefore an essential part of the PR functions.

The objective of these PR is to promote mutual understanding, build trust and confidence, promote lasting relationships as well as safeguarding the interests of the organization and its publics. PR practitioners understand the needs of customers thus able to advice the organisation on the best strategies to apply in ensuring customer retention (Botan, 2006). The customers rely on information to make purchase decisions including building perceptions around an organisation.

As individual seek solutions to their interests, attitudes and needs undoubtedly organizations cannot operate away from technology, its products and customers (Laver, 1989). PR should promote information sharing, collaboration, innovation and proactive response to public opinion in order to achieve organizational success. Studies have shown that many PR managers lack thinking-oriented approach to PR which is beneficial in the current world (Bertrand & Hughes, 2005).

Public relations strategies involve combining art and technology to communicate strategically with audiences. PR tasks include information-sharing, creation of culture, shaping public opinion and public awareness and accountability to public opinion. Consequently, public opinion is greatest invisible power that creates social and cultural flow within the organisation (Cazeneuve, 1974). PR role of accountability to public opinion is essential for building relationships and overall customer retention. It helps to build confidence, trust and loyalty among customers.

2.4 Loyalty Program, Customer Satisfaction and Customer Loyalty

Organizations are constantly looking for ways on ensuring customers remain satisfied and willing to stay with the organisation (Bahri-Ammari & Bilgihau, 2017). According to Wright and Sparks (1999) loyalty program is a way of ensuring loyal customers are rewarded. The customers sign up for the program and constantly earn points on every purchase. Key aspects of loyalty programs include membership given inform of a card, accumulating points with every purchase, reinforcing the idea and redeeming the points at will by the owner (Liu, 2007).

The success of any loyalty program is measured based on the level of customer satisfaction (Keh & Lee, 2006). Studies such as (Demoulin and Ziddah, 2008) have indicated that customers who are satisfied are often active members of an organization's loyalty program and are usually insensitive to price. However, other studies have indicated that satisfaction is often dependent on the design and reward system of a loyalty program (Soderlund & Colliander, 2015). This ideology is particularly experienced in retail industries and telecommunication sectors that are often saturated with loyalty programs as observed by Liu and Yang (2009).

Customer satisfaction may be viewed as the after purchase reward or feeling by a customer as posited by Evans and Hickman (2008). According to Nazri (2011) contentment in customers enhances effectiveness of a loyalty program and contributes to loyal customers. This forms an essential component for customer retention.

Customer satisfaction is a social construct in stabling and maintaining relationships often steaming from trust, understanding and accountability (Kumbhar, 2011). Satisfaction as seen by Hallowell (1996) portrays the extent to which customer needs have been exceedingly met.

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Customer satisfaction and loyalty are directly related thus loyalty increases with satisfaction and declines with a decrease in satisfaction levels

Building brand affinity is a major task in competitive business environment such as telecommunication sector where emerging customer needs pose threats to sustainability of such organizations. Different industries have embraced loyalty programs as a way of rewarding customers (Berry 2013). The programs are essential in tracking and influencing customer choices and purchase decisions. Strategic loyalty programs are often innovative and embrace new forms of rewards to its customers based on trends and demand.

Customer loyalty results to strong competitive advantage, high performance and referrals (Bowen & Chen, 2001). Oliver (1999) defines customer loyalty as a deep sense of affection towards an organisation and its products by a customer resulting from a combination of PR strategies. For sustainability amidst competition, companies in telecommunication sector apply relational marketing strategies owing to the impalpable nature of the products, costs of acquiring them and the growing interests of customers to experience and explore more products and services (Hunt, Arnett, & Madhavaram, 2006). Overall, a good loyalty program should ensure customers can identify with stipulated benefits and appreciate the same as part of their reward.

2.5 Customer Loyalty Points and Customer Retention

Customer loyalty refers to how the consumer perceives an organization which tends to work an awareness tool regarding organizational operations. It depicts consumer belies regarding an organisation. Deng et al (2010) argued that loyalty of customers depends on perception that the organization is reliable, trustworthy and with a lot of experience. The impressions held by customers regarding telecommunication companies determines the level of commitment to such

relations with the company. Some of the factors considered by a consumer before making any buying decision include reliability, integrity, and experience among others (Saleem, 2019).

Good strategy to reward loyalty is use of BONGA points a strategy launched by Safaricom Ltd and in its self is household name. Many clients may stick to the service provider in anticipation to earn more points which will lead to reward. Further, various promotions are run to entice its customers. Subscribers are required to register (enroll) and set a security secret pin using their id number. This pin is used whenever one is transferring or redeeming these Loyalty points. The points accumulated over time are then applied to purchase other Safaricom product especially data bundles and airtime. This product on its own has won and ensured the retention of many customers.

Khairawatia (2019) examined how loyalty programs affect satisfaction and loyalty. Such programs act as public relation strategy employed by organizations to enhance level of satisfaction which results to loyal customers. Loyal customers keep coming back thus guarantees consistent flow of revenue through repeat purchases. The study found that membership cards were the main drivers of satisfaction where's offering discounts had less effect and no effect on loyalty. The study concluded that satisfaction is influenced by loyalty programs whether membership cards or discounts. This calls for effective design of these programs to enhance success.

Kamau (2017) in the study of effect of loyalty programs on customer retention in the case of Nakumatt Supermarkets Kenya. The study recommends application of point system in all the stores since it was noted as one of the reasons that customers make repeat purchases from the supermarket. The points accumulated by the customers should be redeemed quite often to encourage and motivate loyal customers. The study further recognizes the use of smart cards thus recommending retail stores to increase the use of smart cards especially for middle- and high-income earners in Kenya. The study finally recommends that retail stores across the country should

make use of discounts frequently to attract more customers who come for speculation hence higher sales and resultant customer retention.

Susan and Lavanya (2013) examines the effect of public relation (PR) on customer loyalty for e-commerce portals. The research used questionnaires for data collection, which they distributed to 188 samples comprising of Flipkart, Jabong, and Ebay users - the top thee ecommerce portals in India based on Alexa rankings. Bi-variate correlations identify the relationship between public relation and customer loyalty. The findings indicate public relation has a positive influence on customer loyalty, provided the awareness, reach, and efficiency of the PR activities are high. Low awareness and low efficiency of the PR message do not foster loyalty of any kind. Public relation also has a higher significant relationship with customer loyalty when past good experience with the e-commerce portal acts as a moderating factor.

Narasi (2016) explored the role of Public Relations in promoting government development programs focusing on Microfinance Support Centre limited in Kampala, Uganda. To achieve the main objective, the study made use of questionnaire, key informant interview and secondary data source to collect the relevant data. Campaigns, lobbying, propaganda, professional ethics and corporate social responsibility were some of the Public relations practices that were revealed from the study while product promotion, special event management, crisis management and managing adverse were some of the means of integrating Public Relations that were cited from the study. Some of the effects of Public Relations that were revealed from the study include implementation of public policy, coverage of government activities, reporting to citizenry on agency activities, and increasing the internal cohesion of the agency. According to the study, there was a relationship between Government Development programs and media. The study concluded that very little information was available about the practice of Public Relations in Ugandan government

institutions, given the fact that some institutions did not have fully established PR units. The study recommends that there should be independent and well-established PR departments and directorates in all government MDAs at the strategic level to enable the PR practitioners participate in making decisions.

Mohamed (2015) did a case study of the Kenya Red Cross Society to establish how strategic PR influences organizational performance. He used questionnaires to collect primary data from employees. The study found out existence of a significant effect of strategic PR on organizational performance. He later recommended that in order to create an effective public relation in crisis management and image management, an organization need to formulate public relations strategies that can be seen as a pro-active capability to adapt the organization changes in stakeholder expectations and opinions. The strategies developed should be within the context of the organization's vision, mission, corporate culture, policies and strategies focusing on the assessment of the external environment. There has been a growing demand for information and stakeholder insight, which calls for organization policies to be consistent with formalizing all communications and pursuing uniformity in everything that is said and done.

Nyenjeri (2014) took a study to examine how PR affects delivery of service delivery at KFS with regards to building product awareness, creation of interests for Kenya Forestry service and products, provision of information of forestry services as well as reinforcement of the brand at the Kenya Forest Service. Data was collected using surveys, interviews and administering of questionnaires from a sample of 70 respondents within the organization. His conclusion was that PR is vital in awareness creation to the customers, staff, stakeholders and the public.

2.4 Summary of Literature Review

This chapter reviewed conclusions and literature regarding customer retention. Various studies have been carried to explain the various public relation strategies on customer retention. Khairawatia (2019) concludes that there exists a positive correlation between loyalty programs and customer satisfaction. The study concludes that customer satisfaction is the main reason customers are loyal. It fails to explain how loyalty points' program affects customer retention.

Kamau (2017) recommends use of loyalty programs as a customer retention strategy particularly in the retail market. The study seeks to build on the findings in retail market as applied in the telecommunication industry and use of loyalty points. Magatef and Tomalie's (2015) also had a similar finding indicating that indeed loyalty program is an effective way of creation and maintenance of loyalty and customer retention. Thus, a need to narrow down to the use of loyalty point program only. Based on earlier research short comings, the study will build on the findings by previous studies by contextualizing the concept of loyalty points in telecommunication industry and specifically Safaricom Plc. Consequently, the study will focus on how loyalty points can influence customer retention.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter articulated the research design, target population, sampling techniques, research instruments, data collection, analysis procedures and report presentation techniques that will be used.

3.2 Research Design

Richey (2007) suggests that research design is the overall strategy for selecting participants, planning of data collection, analysis and integration of the different components of the study in a coherent and logical way, thereby, ensuring the research problem has been addressed effectively. It is the blueprint for the collection, measurement and analysis of data and aids the research in the allocation of limited resources while carrying out the research study.

To answer our research question on customer loyalty points and customer retention, this study adopted an evaluation research design. The evaluation design was deemed appropriate for the study as it explains the relation between customer loyalty points and customer retention at Safaricom Plc. It proves how loyalty points impact on customer retention. Further, this can be extrapolated for the telecommunication industry in Kenya.

3.3 Research Approach

A mixed-methods approach as advanced by Creswell and Tashakkori (2007) was employed in the study thus combining quantitative and qualitative approaches in collection and analysis of data. This approach is known for its comprehensiveness in responding to research problems (Bryman, 2006). Scholars have advanced that using mixed methods yields the most reliable

research results by triangulating the data and establishing the underlying truths (Tashakkori and Teddlie, 1998).

Applying mixed methods approach to the current study allowed for comprehensive evaluation of practical perceptions, extent as well as exploring meanings in the customer loyalty points and customer retention. This study also tapped onto the robustness of mixed method approach to generate new understandings of the problem under study.

3.4 Research Methods

This study was a case research of Safaricom Plc (a leading firm in the telecommunications industry in Kenya). According to Yin (1994), a case research is recommended to answer the how or why or what questions about a contemporary set of events over which the research has little or no control. The research selects a single organization as in this case of Safaricom and examines every process, aspect and relationships with regards to the problem being studied.

Benbasat, et al., (1987) adds that this kind of research is deemed suitable when the proposed research addresses a contemporary phenomenon. Yin (1994) further concludes that single case research is known for its descriptive power and attention to context thus was deemed appropriate for the current study on customer loyalty points and customer retention.

3.5 Data Needs, Types and Sources

Primary data was the main source of data gathered from the selected sample of the study population. Additionally, secondary data was generated through reading and review of a number of relevant past and contemporary works of various public relations and communication scholars in the area under study to supplement the primary data collected.

3.6 Target population

According to Kothari (2004) target population constitutes the entire population which is under study. As at December 2020, Safaricom Plc had 39.06 million subscribers making 63.6% percent of the market share in the country. The implication of this is that there are Safaricom subscribers everywhere in the country. For instance, it is thought that for every 10 people with mobile phone 6 of them have Safaricom line. Due to the large population of Safaricom subscribers across the country, a study to determine the relationship between Loyalty Points (Bonga Points) can therefore be limited to any location where there are Safaricom subscribers.

This study will limit itself to a population in Seasons-Equity Market in Kasarani sub-county. According to Nairobi City County revenue register (2021) the market has an approximate population of 600 sellers who conduct business daily. This population is mainly static and represents gender and economic diversity in Nairobi City County.

3.7 Sampling Frame

A sampling frame can be viewed as a list of all elements of the target population from which a given sample is selected. In this study the sample frame will be the Revenue Register drawn from the Nairobi City county council revenue officer in Seasons- Equity Market in Kasarani Sub-County, comprising of 600 retail and wholesale sellers. The research also gathered data from ten employees of Safaricom and ten customers who were invited for an interview.

3.8 Sample size and Sampling Technique

From the sampling frame of 600 retail and wholesale sellers within Seasons -Equity market, a sample size of 240 respondents was studied. Bailey (1987), posits that the correct sample size is dependent upon the nature of the population and the purpose of the study thus the choice of

Safaricom retailers and wholesalers within Seasons-Equity Market in Kasarani sub-county. According to Borg and Gall (2003), when the population exists in hundreds, in this case 600, the sample size is supposed to be between 30-40% of the population. In this particular case the sample size is 40% of the target population.

The sample of 240 respondents was selected using a systematic random sampling, where respondents were selected based on an interval created in the revenue register, using this formula:

I=P/S. Where I is the Interval, P is the Population and S is the sample.

Qualitative data from interviews was collected from twenty (20) participants selected using purposive sampling technique to get ten members of Safaricom Corporate Affairs Department and through voluntary sampling of one customer from selected wholesale and retail Safaricom shops at Seasons Equity Market.

3.9 Research Instruments and Data Collection

The study relied on a mixed method approach thus both qualitative and quantitative data was collected. Quantitative data was collected from the 240 respondents using structured questionnaires administered via an online google platform. Additionally, qualitative data was collected from twenty participants, drawn from Safaricom Employees (10) and customers (10) using in-depth interviews, scheduled in advance. These two methods were used to triangulate data and enhance quality of results.

For qualitative data, the research relied on Google Meet platform and WhatsApp calls to conduct the interviews in line with the current Covid-19 regulations. For quantitative data, the questionnaires we administered via google forms on the Google platform. Apart from convenience,

online data collection techniques increase perceptions of privacy, and encourage participants to disclose more information (Branley, Covey, & Hardey, 2014).

The research instruments used in the study were; structured questionnaires for quantitative data and semi-structured interview guides for qualitative data. The structured questionnaires were sent via google platform. The data collected using the questionnaires was mainly numerical data. Moreover, given the strengths of questionnaires for assessing organizational concerns, observing trends and evaluating progress, it is not surprising that they are used extensively in organizational research (Kraut, 1996).

The semi-structured interview guides were used to guide the interviews due to its flexibility, allowing the research to adjust the questions based on the situation to better respond to the research problem (McNamara, 2009). Data collected using this instrument was in words and text format and voice recording.

3.10   Data Analysis and Presentation

Quantitative data collected from google forms was cleaned and organized using google sheets with each row having individual responses and every column having specific questions from the questionnaire. The data was analyzed using descriptive analysis whereby descriptive statistics such as frequencies, percentages and averages were used to show emerging relationships in the data. To organize the data into manageable forms, bar charts, pie charts, graphs and tables were generated from the google spreadsheets to present the data.

Qualitative data was analyzed using thematic analysis advanced by Braun & Clarke (2006) as it allowed dividing and categorizing data to draw meanings especially on participants' experiences, views and opinions. Inductive approach was used thus conclusions were drawn from

emerging themes in the data. This involved listening to the audio recordings, reading and re-reading of the data to familiarize with every detail in the data. The second step was transcribing the data into a word document and coding the whole dataset followed by generating themes based on the data. The themes were then reviewed against the dataset before performing a comprehensive analysis to arrive at the final emerging themes. The qualitative data was presented in narrative form in line with the study objectives.

3.11   Validity and Reliability

The study ensured validity and reliability by ensuring data collected was reliable, objective and dependable. This was achieved through Pilot testing with 5 neighbors who were also Safaricom subscribers and through expert reviewing of questionnaire and interview guides.

The interviews were conducted schematically as guided by the semi-structured interview guides. This helped to enhance validity and reliability by ensuring that the information gathered would hold independent of the study setting and that of research.

Probing technique was also employed during the interviews to enhance accuracy of data (Lincoln and Guba, 1985). Consequently, prolonged interview discussions were held to ensure that all data recorded was transcribed and used in overall interpretation of the study.

Since data was obtained through administering of structured questionnaires and semi-structured interview guides, the study adhered to the principles and considerations of research ethics. Among them included informed consent, voluntary participation, confidentiality, anonymity and only assessing relevant information. Further, the study adhered to the research guidelines as set by School of Journalism Mass Communication, University of Nairobi.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

The section describes how data was analyzed, the results and interpretations. The analysis begins with a description of the response rate, bio data and that of the constructs dealt with and then a descriptive statistic of frequencies and percentages, mean and standard deviations and analysis of the study variables. The analysis is both quantitative and qualitative based on all sections of the questionnaires and the interview guides as relates to the research questions and objectives.

4.2 Response Rate

The study targeted 240 customers within Seasons-Equity market. Consequently, two hundred and forty (240) questionnaires were mailed to the respondents, out of which one hundred and eighty (180) were returned. This amounted to 75% response rate. Bryman and Bell (2014) contend that a response rate of at least 50% to a research instrument is satisfactory for statistical analysis. The response rate was therefore regarded as representative and adequate in generating findings that have greater credibility among key stakeholders (Rogelberg & Stanton, 2007). The analysis is as given in Table 4.1 below.

Table 4.1: Response Rate

Target	Frequency	Percentage
Responded	180	75
No response	60	25
Total	**240**	**100**

4.3 Demographics Information

The research intended to get responses regarding how long the respondents had been using Safaricom line. The findings in Figure 4.1 below indicate that majority of the respondents accounting for 48% had used Safaricom line for over 15years, 35.7% for 11 -15 years, 14.3% for 6-10 years whereas only 2% had used the line for 5years and below. The findings establish most of the respondents have a longevity using the Safaricom line hence enhancing the research on customer retention. Additionally, customer retention occurs over a period of time in line with the assertions of Hurriyati (2005), thus it is perceived that the varied length of using Safaricom line would help bring out aspects of public relations strategy as well as how they influence brand affinity and customer retention in the organization. The findings are shown in figure 4.1 below.

Figure 4.1: Number of years of using Safaricom Line
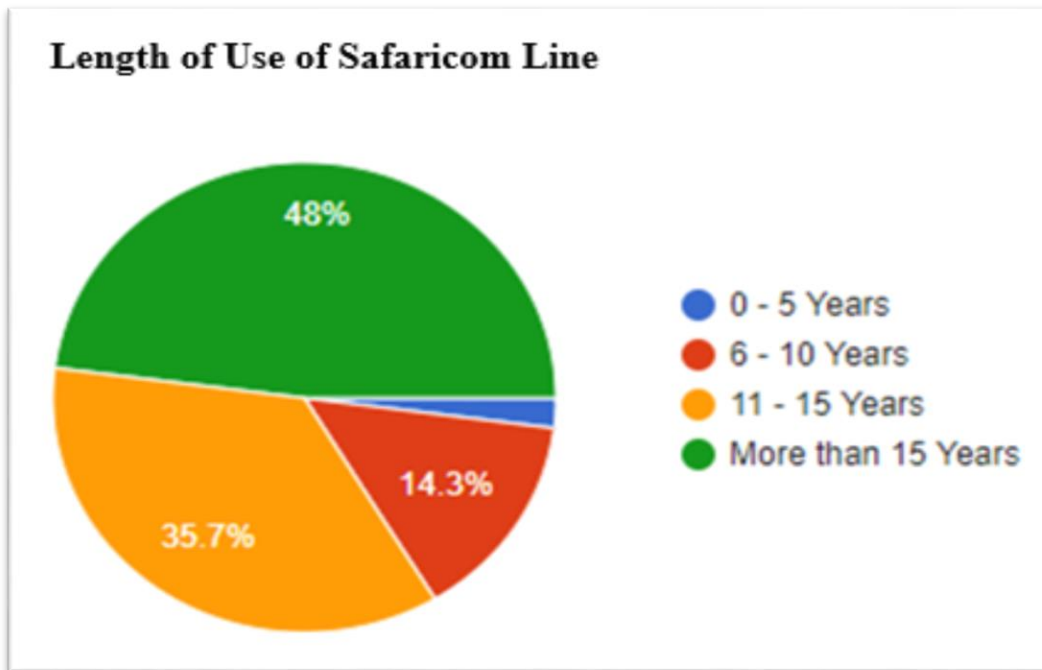
4.4 Loyalty Bonga Points

The study sought to assess how customer loyalty Bonga points affect the consumption of Safaricom products and services. Consequently, the respondents were asked to indicate if they were enrolled for Bonga points, reasons for accumulating Bonga points and whether the use of Bonga points had increased their consumption of Safaricom products. This would help to ensure they are able to give data that can adequately address the research questions. The findings are as indicated below.

4.4.1 Enrolment for Loyalty Bonga Points.

The findings indicated that a majority represented by 96.9% were enrolled for Bonga points while only a negligible percentage of 3.1% were not enrolled. The results as shown in Figure 4.2 below.

Figure 4.2: Loyalty Bonga Points Enrollment
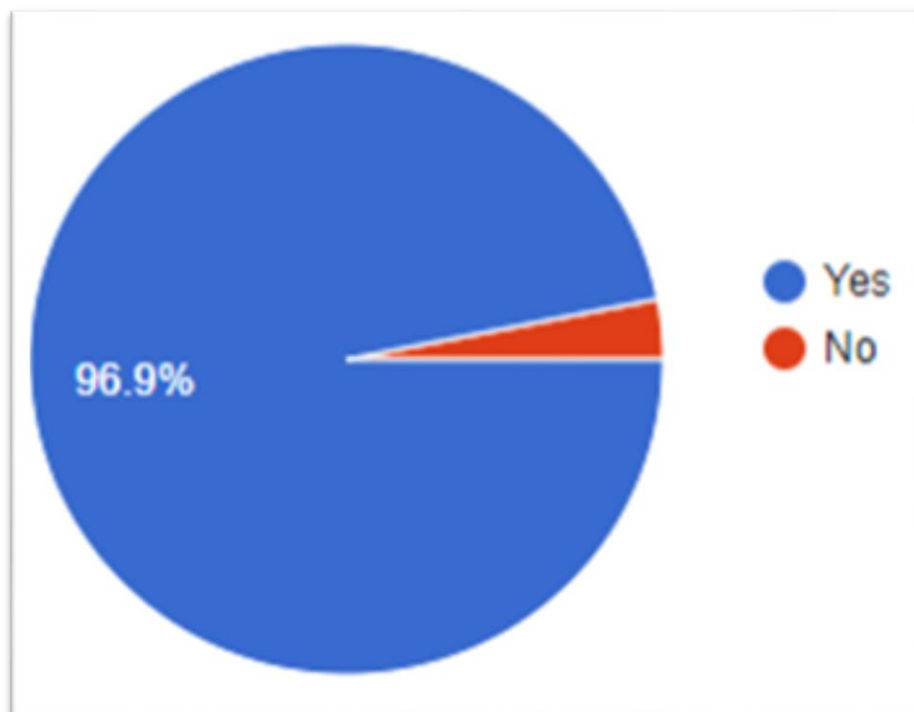
Further, customers interviewed also indicated that they had enrolled for Bonga points several years ago. None of them had defaulted from Bonga points system.

PP9 indicated that "I enrolled for Bonga points when renewing my line after my phone got lost," adding that this was the time he learnt about loyalty Bonga points system at Safaricom. PP6 also shared the same sentiments adding that "I have always liked Bonga points and often told my friends about it." A similar trend was noted by PP3 who indicated that "Bonga points is important" since it allows the customer to gain something in return for their purchase. PP7 also stated that he has never looked back on Bonga points ever since enrollment for the same.

These findings show that indeed loyalty Bonga points is a strategy for public relations acknowledged and appreciated by customers. This is in line with Khairawatia (2019) finding that loyalty programs such as member cards is a strategy for customer loyalty therefore calling upon retail business managers to ensure proper development of customer loyalty programs thus enhance subscription and enrollment to the same. Harlow (1976,) noted that PR helps to maintain meaningful conversations, trust, and acceptance of an organisation by its customers. The place of PR in the organisation is affirmed by the study thus reinforcing the assertions of Grunig and Dozier (2002) that these strategies are needed for organisation success resulting from meaningful relations built over time listing reward systems as one of the PR strategies that could be employed by an organisation.

The objective of these PR strategies is to promote mutual understanding, build trust and confidence, promote lasting relationships as well as safeguarding the interests of the organization and its publics. PR role of accountability to public opinion is essential for building relationships and overall customer retention. It helps to build confidence, trust and loyalty among customers. This is further depicted by the higher rate of enrollment to bonga points by 96.9%. The finding

further corroborates with social marketing theory by Thibaut (2008) which focuses on cost benefit analysis. Therefore, customer loyalty points act as a form of reward to customers hence the need to keep using similar products and services.

4.4.2 Reasons for accumulating Safaricom Bonga Points.

The research sought to establish the reasons why customers accumulate Bonga points in order to establish what drives them to enroll and maintain Bonga points. The analysis is as presented in figure 4.3 below.

Figure 4.3: Reasons for accumulating Safaricom Bonga Points
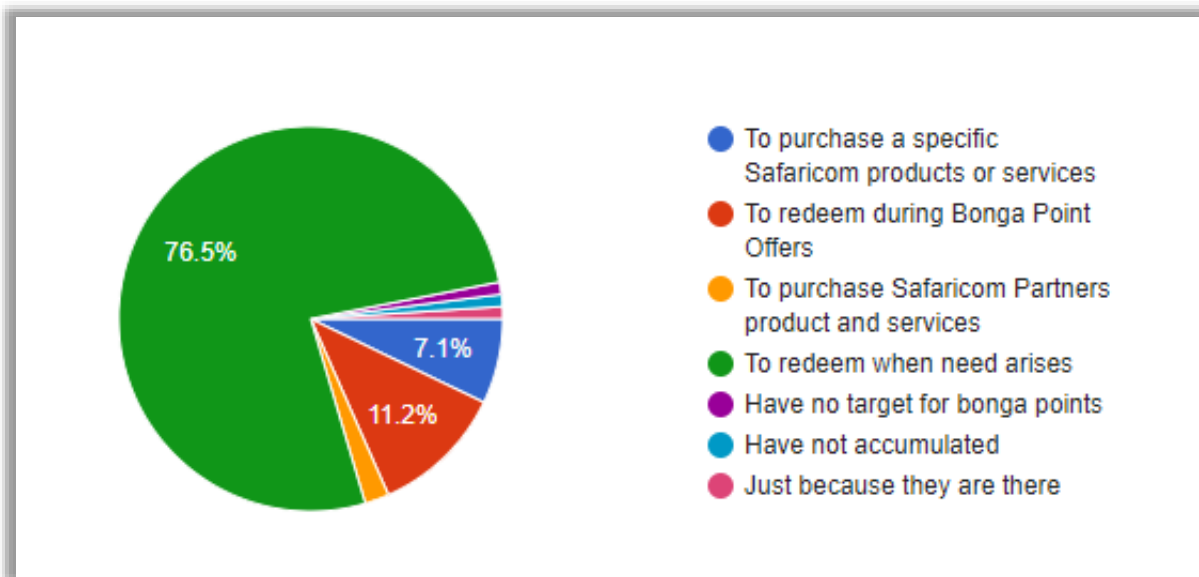
The findings indicate that a majority of the customers represented by 76.5% accumulate Bonga points to redeem when need arises, 11.2% to redeem during Bonga point offers and 7.1% to purchase a specific Safaricom product or services. Further, only a negligible percentage accumulate points with no reason and no target. Customers interviewed also shared the same sentiments. PP10 indicated that "I often redeem them when need arises especially when I need to call and have no airtime."

These findings therefore indicate the value placed on Bonga points as an alternative way of financing goods and services at Safaricom. The findings also indicate a general awareness of Safaricom loyalty points and how this can be applied by the customers as only a negligible percentage have no reason and no target for the Bonga points. These findings corroborate with those of Susan and Lavanya (2013) who indicate that public relation has a positive influence on customer loyalty, provided the awareness, reach and efficiency of the PR activities are high.

4.4.3 Loyalty Bonga Points and Consumption of Safaricom Products.

The respondents were asked to express their level of agreement or disagreement as to whether Bonga points influence their consumption of Safaricom products. The analysis is as shown in figure 4.4 below.

Figure 4.4: Bonga points and Consumption of Safaricom Products
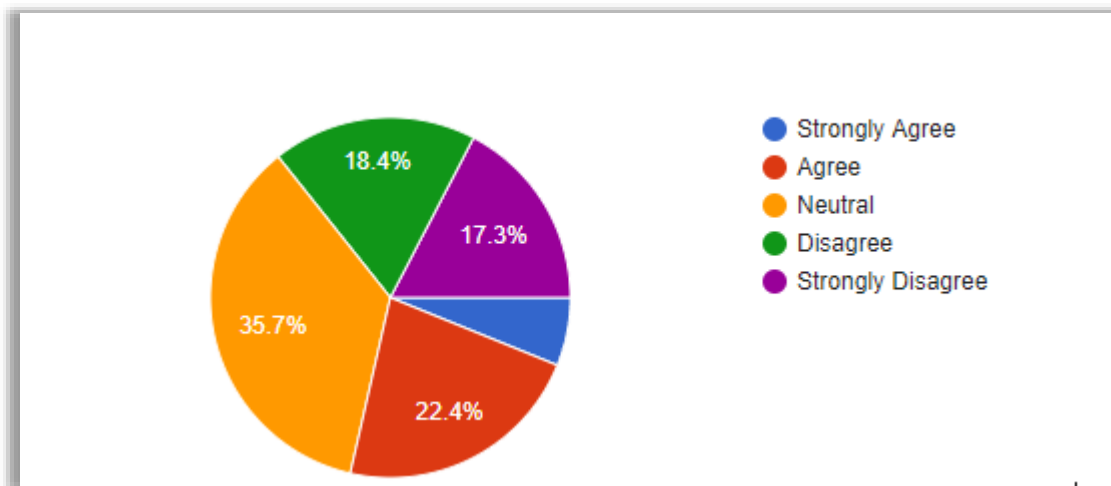
The findings in the above chat indicate that 22.4% agree that Bonga points influence their consumption of Safaricom products, 35.7% were neutral, 18.4% disagreed while 17.3% strongly disagreed. The respondents stated other reasons such as Mpesa and good network quality as some of the factors that motivate them to buy Safaricom products.

Both the customers and employees interviewed also agreed that loyalty points influenced consumption of Safaricom products since they can redeem them for other products and services. PP1 mentioned that, "of course Bonga points have influenced my consumption of Safaricom products. I use Mpesa often and I accumulate points and redeem them when needed." This was supported by employees at Safaricom. PP2 added that "customers value and guard Bonga points. It has helped to motivate them to purchase more products and accumulate more points"

While customers agreed that loyalty points affected their consumption of Safaricom products, 35.7% disagreed to this fact with those interviewed pointing to other advantages of Safaricom as a reason for consuming Safaricom products. The customers interviewed also recorded the same opinion with PP4 stating, "I have kept my Safaricom line because of Mpesa which I find innovative." Another participant PP3 added, "Safaricom has quality network even in my village that is why I use it."

These findings suggest a need for inclusive and balanced stakeholder consultation as well as diversity in creation of well-managed, sustainable and consistent public relations initiative as recommended by Mohamed (2015).

4.5 Customer Retention

The study sought to determine the extent to which customer loyalty Bonga points is utilized at Safaricom Plc as a public relations strategy for customer retention. Therefore, the research sought to establish the public relations strategies that contribute to customer loyalty at Safaricom hence making them to continue using Safaricom products. Consequently, respondents were required to express their level of agreement or disagreement to given statements. The findings are as shown in table 4.2 below.

Table 4.2: Factors that contribute to loyalty

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Mean
Bonga Points	40	89	41	8	2	3.87
Customer satisfaction	67	101	8	3	1	4.28
Reliability (Network quality)	108	64	5	3	0	4.54
Innovation (Blaze, ChapaDimba)	35	36	99	6	4	3.51
Others Products (Mpesa)	126	48	3	2	1	4.64

Above findings indicated that majority of the respondents represented by a mean of 4.64 were of the opinion that Mpesa was the main contributor to customer loyalty followed by reliability (Network quality) by a mean of 4.54, customer satisfaction (mean of 4.28) and Bonga points (mean of 3.87). The least of all the factors was innovation, the respondents were of the opinion that it least contributed to customer loyalty by a mean of 3.51. The implication is that Bonga points contributed to customer retention even though other factors are also involved thus should be adopted by organizations just as recommended by Kamau (2017).

The participants interviewed also agreed that Bonga points contributed to their loyalty and retention at Safaricom with PP1 admitting, "I have maintained my Safaricom line for many years. Since I use Mpesa frequently and gain Bonga points. I will continue using Safaricom products for a long time." PP2 and other managers and employees also shared the same opinion that Bonga points allow customers to maximize value accrued by using Safaricom products even though Mpesa and reliable network have also contributed.

The findings further support the notion of Oliver (1999) that it is not all the time customer satisfaction equates to loyalty and retention. It also corroborated with Egan (2000) finding that customer satisfaction alone is not sufficient to explain loyalty though it is one of the components that attract attention and positive attitude among customers. During the interviews customers also

pointed to other reasons for their loyalty to Safaricom as good network, good customer service in addition to loyalty Bonga points. This indicates a need for a combination of the mentioned strategies to remain competitive and enhance customer retention.

4.6 Loyalty Points and Customer Retention

The study sought to establish the nexus between loyalty points and customer retention by looking at the reasons why customers redeem Bonga points and for what products, their opinion on Bonga points as a customer retention strategy as well as their likely hood to recommend the use of Bonga points and Safaricom products to friends and family. The results are as indicated in figure 4.5, 4.6 and table 4.3 below.

4.6.1 Frequency of Redeeming Loyalty Bonga Points.

Respondents were asked to indicate how often they redeem Bonga points and for what specific products. The analysis is as shown on figure 4.5 and 4.6 below.

Figure 4.5: Frequency of Redeeming Bonga Points
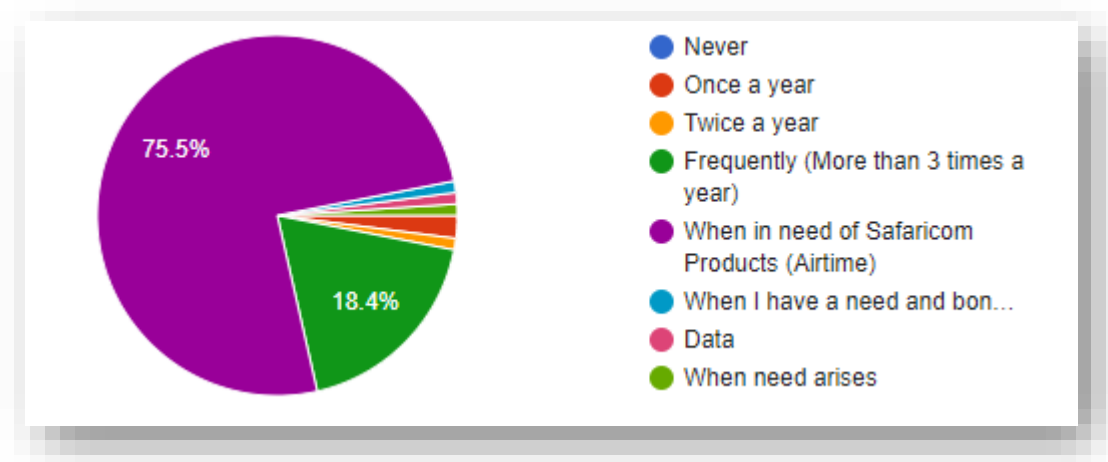
The findings indicate that a majority of the respondents represented by 75.5% redeemed Bonga points when in need of Safaricom products and 18.4% redeemed frequently. The implication is that Bonga points system is recognized by Safaricom customers and that it has

contributed to increase in consumption of Safaricom products. These findings reinforced the opinions of other scholars who noted that customer satisfaction is often dependent on the design and flexibility of a reward system of a loyalty program (Soderlund & Colliander, 2015). Customers are constantly looking for ways to satisfy their needs thus loyalty programs and other PR strategies must take into account this role of problem solving rather than selling. This ideology is prevalent in telecommunication sector that are often saturated with loyalty programs as observed by Liu and Yang (2009) thus competition is based effective design of the program.

4.6.2 Products bought by Redeeming Loyalty Bonga Points.

Customers were asked to indicate the products for which they redeemed Bonga points. The findings on figure 4.6 below indicated that a majority of the customers redeemed Bonga points for minutes and Internet bundles represented by 88% followed by SMS at 60%. Additionally, customers least utilized Bonga points on MMS and Phones as majority of the respondents depicted by 90% and 70% indicated a NO as to these two products.

Figure 4.6: Redeeming Bonga Points for Various products
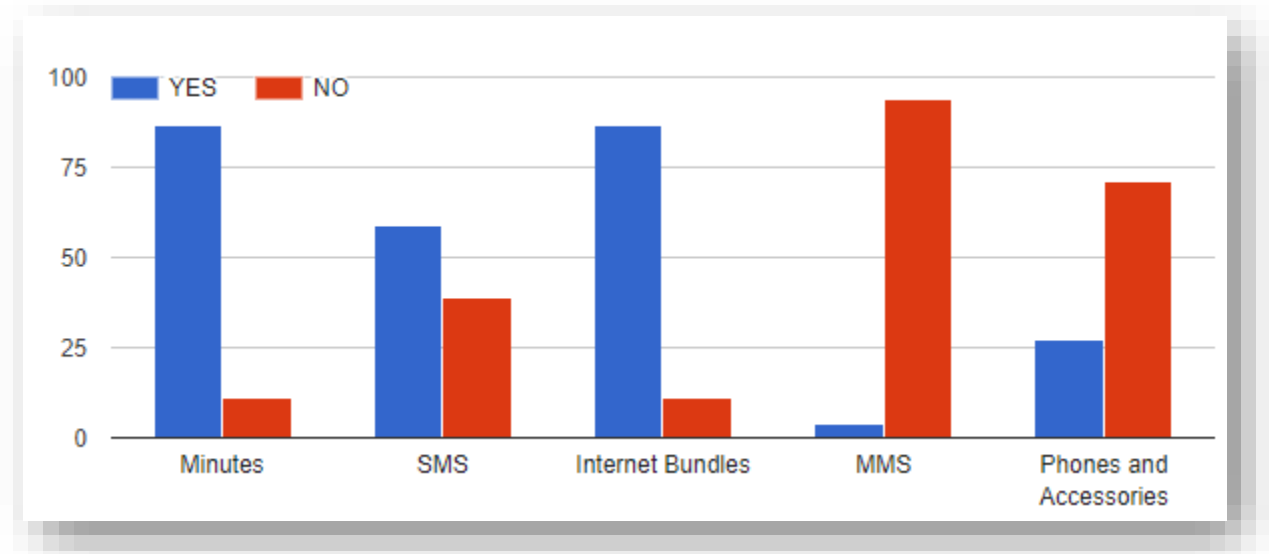
Similar findings were recorderded from interviews with customers. PP1 stated that they "redeemed Bonga points for minutes, SMS, internet bundles and mobile phones". Another participant indicated that, "I have often transferred Bonga points to friends and relatives who are in need of other Safaricom products." The implication is that most of the customers redeemed Bonga points for short term purchases and products that are consumed frequently such as minutes, SMS and internet bundles.

These findings on what products customers redeemed for Bonga points shown on figure 4.6 were an affirmation of Peiguss (2012) assertion that loyalty program is most appropriate for businesses that encourage frequent, short-term purchases.

4.6.3 Nexus between Customer Loyalty Points and Customer Retention.

The study also sought to find out the opinioin of the respondents with regards to statements that present a relationship between loyalty points and customer retention. The finding are indicated on table 4.3 below.

Table 4.3: **Relationship between Customer Loyalty Points and Customer Retention**

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	Mean
Use of Bonga Points strategy by Safaricom Plc will retain its customers	28	138	11	2	1	4.0
I can easily recommend use of Bonga points to my friends and colleagues	45	123	7	3	2	4.11
I can easily recommend use of Safaricom products to my friends and colleagues	30	140	9	1	0	4.10
The reward strategy of Bonga points to cash equivalent is fair to both parties?	24	67	80	5	4	3.57

The finding indicate that majority of the respondents represented by a mean of 4.10 are likely to recommend Safaricom products and Bonga points (Mean of 4.11) to friends and

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colleagues. Bonga points programme is indeed used by Safaricom as a PR strategy (Mean of 4.0) for customer retention. The respondents least agreed to the fact that the reward strategy of Bonga Points to cash equivalent is fair for both parties by a mean of 3.57.

Safaricom employees also expressed their views regarding loyalty Bonga points and customer retention. They indicated that, "reward systems like Bonga points were important in enhancing loyalty and customer retention" as expressed by PP3 and those loyal customers do not defect to competitors. PP1 indicated that the most effective PR strategy is, "Mpesa and Bonga points where customers transact via Mpesa and earn Bonga points." Thus, in deed Bonga points system contributed significantly to customer retention when combined with other strategies. These findings corroborated with those of Magatef and Tomalie (2015) who found an existence of significant positive effect of all loyalty programs on maintaining customer retention.

Literature reviewed indicated that different industries have embraced loyalty programs as a way of rewarding customers (Berry 2013). The programs are essential in tracking and influencing customer choices and purchase decisions. Strategic loyalty programs are often innovative and embrace new forms of rewards to its customers based on trends and demand. This is also evident in the current study where a majority confirmed that they could easily recommend use of Bonga points to friends and colleagues as well as recommending the use of Safaricom products. The implication is that, indeed there exists a direct relationship between customer loyalty points and customer retention even though this is preferably used alongside other strategies.

4.7 Discussion on Key Findings

As already presented the key findings were as discussed in this section. The findings on whether the results would be appropriate in explaining the role of customer loyalty points was by no doubt affirmed by drawing responses from diverse groups. The study presented responses from varied groups of employees and customers with levels of service and interaction with the organization ranging from 1-15 years. The findings therefore indicated a balanced representation from the managers, employees and customers of the organization. These set of demographics corroborated with Hurriyati's assertion that loyalty can be tapped as a source of competitive advantage residing within the organization's reach, created over time from identifying your potential customers to turning them into advocate customers that eventually adds value to the organization through customer retention (Hurriyati, 2005). This implies that the varied length of service and interaction was key in determining the effectiveness of the customer loyalty points on customer retention.

The finding on how customer loyalty (Bonga) points affect consumption of Safaricom products and services revealed that loyalty points were important to customers who often redeem them when need arises to get free minutes, SMS, internet bundles and mobile phones. The findings also revealed that loyalty points motivated customers and increased consumption of Safaricom products such as Mpesa where customers transact and accumulate points. These findings were in line with Peiguss, (2012) who advanced that loyalty program is most appropriate for businesses that encourage frequent, short-term purchases since the study revealed that loyalty points were largely redeemed for internet and SMS which are short-term purchases. Similar to the findings, Burgess (2013) adds that individuals tend to minimize their costs while keeping their rewards as high as possible thus corroborating with the social exchange theory of reward and costs.

In response to the extent to which customer loyalty Bonga points is utilized by Safaricom Plc as a public relations strategy for customer retention, both customers and employees agreed that Safaricom has employed Bonga points as a strategy to ensure customers maintain their Safaricom lines, promote brand affinity and continue using Safaricom products. Further, the findings revealed that Bonga points was one of the strategies put in place by Safaricom among other strategies such as corporate social responsibility, use of brand ambassadors and social media influencers. Safaricom has invested on Bonga points as a customer retention strategy by collaborating with other service providers such as supermarkets to allow its customers pay for other services using Bonga points, Higher Education Loan Board where loanees can redeem accumulated points to repay their loans, Kenya Airways where one can redeem for Air Tickets. The extent of use of loyalty points by Safaricom could be explained by Thibaut's (2008) concept of social exchange theory of costs and benefits analysis where the reward for investing in such a program exceeds the cost. The findings of this study are in line with the assertion of Xie and Chen (2014), who advanced that customer loyalty programs are among the leading strategies employed by organizations especially the service industry to attract, satisfy and retain customers over time. The findings revealed that customer retention is important for continuity especially in the competitive business landscape to ensure customers do not defect to competitors. Customers indicated that they would recommend Bonga points as a reward for customers for purchase and use of Safaricom products. However, the participants expressed a need for review and increase in the value placed on each point to motivate customers.

Regarding the nexus between customer loyalty points and customer retention, both customers and employees were of the opinion that loyalty points is an effective strategy for customer retention. Both Safaricom employees and customers agreed that rewards systems like Bonga points were important in enhancing loyalty hence retention. However, the findings revealed that most effective PR strategy is Mpesa and Bonga points where customers transact via Mpesa and earn Bonga points. The literature reviewed also shared in this finding with Magatef and Tomalie (2015) in a study on the impact of customer loyalty programs on Jordan customers on customer retention clearly showing significant positive relationship between the two concepts.

On enhancing effectiveness of the loyalty point system, the findings revealed a lack of knowledge on how partnership with other service providers would benefit customers through Bonga points even though some of the participants admitted to have redeemed Bonga points for shopping at supermarkets. Additionally, findings also revealed a need for a more dynamic reward system that allow them to select their rewards as some preferred cash rewards as opposed to products and services. This finding corroborates with the advancement of Xie and Chen (2014) that loyalty programs have various advantages to organizations only when retention activities are in line with individual preferences and the situational context. Further, communication is key. Otherwise, if customers are not aware of the relevance of a loyalty program then uptake is likely to be low.

This study reinforced Thibaut (2008) concept of social exchange theory of costs and benefits analysis as a predictor of behavior based on the assumptions people make choices by looking at the associated costs and benefits. Burgess (2013) adds that individuals tend to minimize their costs while keeping their rewards as high as possible. The study established that Safaricom invested in Bonga points as a PR strategy to enhance consumption of their products since the

reward of loyalty and customer retention is greater than the costs incurred in running the program. Safaricom customers on the other hand maintained Safaricom lines and consumed Safaricom products since the reward of accumulating points and redeeming for goods and services is perceived to be greater compared to other service providers with cheaper services.

Grunig's excellence theory was also depicted in the study. According to Grunig (2008) an organization can only be effective by behaving in a manner that provides solutions to stakeholder's problems and at the same time meets the objectives of the management and the stakeholders. Additionally, he argues that public relations strategies enhance relationships with stakeholders as well as increasing profit margins from consistency in delivery of good and services. The findings revealed that customer loyalty points is one of the major public relations strategies applied by Safaricom. Both customers and employees agreeing to the fact that it has helped to maintain their relationships and reduced customer defection. The study also revealed that while the customers were able to satisfy their needs by redeeming the points when need arises, Safaricom has also been able to enhance customer retention amidst stiff competition owing the customer loyalty points as a PR strategy.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the research findings, conclusions and recommendations. It also gives analysis of the limitations experienced and the recommendations for future research.

5.2 Summary of Study Findings

The findings of the study were based on responses to questionnaires and interviews obtained from both customers and employees at Safaricom Plc. A summary of these findings is indicated below.

The first objective was to assess how customer loyalty Bonga points affect the consumption of Safaricom products and services. The study established that 96.9% customers were enrolled for Bonga points while only a negligible percentage of 3.1% were not enrolled. It was also established that majority of customers (76.5%) accumulated Bonga points to redeem when need a rises, even though 35.7% were neutral to the fact that it contributed to their consumption of Safaricom products and services. Customers interviewed were of the opinion that Bonga points were important to them and they track how they accumulate and when to redeem Bonga points. Additionally, managers and employees at Safaricom who were interviewed also shared a similar opinion that loyalty points program was important and that it helped customers to retain their lines to accumulate more points and redeem when need arises. Security measures are also in place to ensure authentication when redeeming or transferring Bonga points. They indicated that customers kept calling to confirm the state of their Bonga points and some would notice even a slight change of the points earned after a transaction. Therefore, loyalty Bonga points has a positive correlation

with consumption of Safaricom products. The study therefore established that loyalty Bonga points contributed to increased consumption of Safaricom products and services. This is supported by Kamau (2017) that use of point system increases repeat purchases by customers in retail supermarkets.

The second objective was to determine the extent to which customer loyalty program (Bonga points) is utilized at Safaricom Plc as a public relations strategy for customer retention. The findings indicated that loyalty points as one of the customer retention strategies (mean of 3.51) even though other factors like Mpesa (mean of 4.64), reliability (mean of 4.54) and customer satisfaction (mean of 4.28) also contributed greatly. Both the findings from interviews and questionnaires revealed that customers redeemed Bonga points for minutes, SMS, internet bundles and mobile phones with internet (88%) being the most purchased by Bonga points followed by minutes (60%). Customers interviewed indicated that Bonga points was one of the reasons they maintained Safaricom line and consumed products to continue accumulating points. The findings also established that Mpesa and quality network also contributed to customer retention. Additionally, employees interviewed revealed that customer retention was important for continuity especially in the competitive business landscape adding that in addition to Bonga points, corporate social responsibility, use of brand ambassadors and social media influencers were employed as customer retention strategies. Many factors contribute to the success and profitability of Safaricom Plc among them is the PR strategies applied. Nyenjeri (2014) concludes that PR plays an important role in building product awareness. Thus, we can conclude use of Bonga points as a PR strategy has led to growth of market share and brand affinity hence, customer retention.

The third objective was to establish the nexus between customer loyalty points and customer retention at Safaricom Plc. The findings revealed a link between loyalty points and customer retention. Majority of the respondents (mean of 4.10) are likely to recommend Safaricom products and Bonga points (Mean of 4.11) to friends, colleagues, and that Bonga points is indeed used by Safaricom as a PR strategy (Mean of 4.0) for customer retention. The interviews also revealed that Bonga points had positive effect on consumption of Safaricom products and was important in enhancing loyalty and retention. The findings also revealed the connection between various Safaricom products as contributors to customer retention, like Mpesa where customers use Mpesa and earn Bonga points.

Further, the findings revealed a lack of knowledge on how partnership of Safaricom with other service providers would benefit customers through the Bonga points even though some of the interviewees admitted to have redeemed Bonga points for shopping at supermarkets. Customers also expressed a need for a more dynamic reward system that allow them to select their rewards as some preferred cash rewards as opposed to products and services. They mentioned other strategies that could be adopted for customer retention as; cash rewards, favorable call rates, Safaricom shares, cost reduction and special treatment at Safaricom shops. Additionally, corporate social responsibility and use of market influencers were identified as strategies employed by Safaricom for customer retention. Similarly, managers and employees agreed to customer sentiments indicating a need for review of the reward system and increase in the value placed on each point to motivate customers further.

5.3 Conclusion of the Study

Based on the findings the study makes the following conclusions in line with the three main objectives. Customers recognize loyalty Bonga points program and put much value to it. The loyalty points motivate customers to continue using the company's products and services thus contributing to increased consumption. To make it more effective there is need to review the rewards and increase the value placed on each point to motivate customers. Additionally, a more dynamic reward system would allow flexibility and feedback. Further, customers need to be enlightened on the benefits they can accrue from partnership of Safaricom with other service providers like supermarkets, HELB and where they can redeem points for non-Safaricom products.

Customer loyalty Bonga points is utilized in combination with other strategies as a public relations strategy for customer retention at Safaricom Plc. Earning loyalty points motivate customers and increase consumption of products thus enhances customer retention as an important aspect of business continuity especially in a competitive business landscape like the telecommunication industry.

Finally, the study concludes that there is a direct relationship between loyalty point programs and customer retention. If implemented well, loyalty program is an effective public relations strategy for customer retention. Organizations can achieve this through communication of details of the loyalty points program and having a flexible reward system that allows for customer preferences. Just as advanced by Stauss, Schmidt and Schoeler (2005) that for customer retention, organizations should avoid developing a loyalty program, which would cause customer frustration such as worthless rewards and rewards that, seem extremely difficult to redeem and instead build them on customer preferences.

5.4 Recommendations of the Study

Based on the above analysis and findings, the study makes the following recommendations, which are regarded as vital in enhancing the role of customer loyalty points as a public relations strategy for customer retention.

Even though majority of the customers recognize and value loyalty points, the study established that they differ in their loyalty points reward preferences. For instance, some prefer monetary rewards while others prefer non-monetary rewards like favorable call rates, Safaricom shares, cost reduction and special treatment. The study recommends that loyalty program to be segmented based customer needs, characteristics and preferences of the target customers to enhance effectiveness of the program as a customer retention strategy.

Whilst Safaricom has invested on Bonga points as a customer retention strategy by collaborating with other service providers like supermarkets, HELB and airlines; customers interviewed expressed a lack of information on the extent of this benefit to them. The organization should recognize the need for effective communication of loyalty programs to its customers. The study therefore recommends that an effective communication strategy be put in place to ensure customers stay informed of all available loyalty programs and how to go about them.

Finally, the study recommends development of a transparent feedback mechanism where organizations can listen to customer ideas and opinions regarding existing loyalty programs and how to improve and make them more customer-oriented. This will help capture important information such as those identified in this study thus resulting in a dynamic loyalty program and reward system in line with the ever-changing customer needs.

5.5 Suggestions for Further Research

From the study and related conclusions, the research concludes that further studies be undertaken to exploit the benefits and consequences of public relations strategies in telecommunication and related sectors in Kenya. The study also suggests a further study on the strategies revealed in this study as corporate social responsibility, customer relations and market influencers and their influence on retaining customers within telecommunication sector.

Within the study, respondents have a highlighted a number of reasons that contribute to use of more Safaricom products. Thus, recommending further studies to determine how other factors affect customer retention.

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APPENDICES

APPENDIX A: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES & SOCIAL SCIENCES
SCHOOL OF JOURNALISM & MASS COMMUNICATION

Telegram: Journalism Varsity Nairobi
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P.O. Box 30197
Nairobi,
Kenya

OUR REF:
YOUR REF:

DATE: 17th July, 2021

TO WHOM IT MAY CONCERN

RE: INTRODUCTORY LETTER - KIAMBA CAROLYNE MAKENA (K50/11240/2018)

This is to confirm that the above named is a bonafide student at the University of Nairobi, School of Journalism and Mass Communication pursuing Master of Arts degree in Communication Studies.

Ms. Kiamba has completed her course work and is currently going to collect data for her research project leading to a Master of Arts Degree in Communication Studies.

Any assistance accorded to her will be highly appreciated.

Daisy Muthoni
Ag. Administrative Assistant
School of Journalism & Mass Communication

UNIVERSITY OF NAIROBI
DIRECTOR
17 JUN 2021
SCHOOL OF JOURNALISM & MASS COMMUNICATION

APPENDIX B: STRUCTURED QUESTIONNAIRE

Dear Sir/Madam,

RE: Customer Loyalty Points (Bonga Points) As A Public Relations Strategy For Customer Retention By Safaricom Plc

My name is Kiamba, Carolyne Makena, a graduate student at the University of Nairobi, School of Journalism and Mass Communication. I am currently conducting a study on; "Customer Loyalty Points (Bonga Points) As A Public Relations Strategy For Customer Retention By Safaricom Plc," as part of the partial fulfilment of the requirements for the degree of Master of Arts in Communications Studies. The aim of this study obtain feedback on the effects of customer loyalty points (Bonga points) on Safaricom plc customer retention. Your individual responses will be treated with utmost confidentiality and will be used for purposes of the academic research only. I am also willing to share with you the final report of the study if you wish to have a look.

I would appreciate you taking the time to complete the questionnaire.

Yours Sincerely,

Carolyne Makena.

Structured Questionnaire

Section A: Demographics information

1) For how long have been using Safaricom Line?
a) 1 – 5 Years   [ ]   b) 6 – 10 Years   [ ]
c) 11 – 15 Years   [ ]   d) More than 15 Years [ ]

Section B: Loyalty Bonga Points

2) Have you enrolled for Bonga Points?
a) Yes [ ]   b) No [ ]

3) What is your primary reason of accumulating Bonga Points?
a) To purchase a specific Safaricom products or services   [ ]
b) To redeem during Bonga Point Offers   [ ]
c) To purchase Safaricom Partners producct and services   [ ]
d) To redeem when need arises   [ ]
e) Others (Specify) _____
4) Please indicate your level of agreement or disagreement as to whether the use of Bonga Points has increased your consumption of Safaricom products

a) Strongly Agree   [ ]   b) Agree   [ ]   c) Neutral   [ ]

d) Disagree   [ ]   e) strongly disagree [ ]

Section C: Customer Retention

5) Do the following other factors, make you continue using Safaricom products?

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Bonga Points					
Customer satisfaction					
Reliability (Network quality)					
Innovation (Blaze, ChapaDimba)					
Others Products (Mpesa)					

Section D: Loyalty Points and Customer Retention

To investigate what customers, use customer loyalty points (Bonga Points) for, which affects their loyalty to Safaricom products and services

6) How often do you redeem Bonga Points?

a) Never   [   ]
b) Once a year   [   ]
c) Twice a year   [   ]
d) Frequently (More than 3 times a year)   [   ]
e) When in need of Safaricom Products (Airtime)   [   ]

f) Others (Specify) _____

7) Have you ever redeemed Bonga Points for any of the below Safaricom products?

	Yes	No
a) Minutes	[ ]	[ ]
b) SMS	[ ]	[ ]
c) Internet Bundles	[ ]	[ ]
d) MMS	[ ]	[ ]
e) Phones and Accessories	[ ]	[ ]

f) Others (Specify) _____

8) What is your opinion with regards to the below statements that present a relationship between loyalty points and customer retention?

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Use of Bonga Points strategy by Safaricom Plc will retain its customers					
I can easily recommend use of Bonga points to my friends and colleagues					
I can easily recommend use of Safaricom products to my friends and colleagues					
The reward strategy of Bonga points to cash equivalent is fair to both parties?					

APPENDIX C: INTERVIEW GUIDE FOR EMPLOYEES

Loyalty Bonga Points

1. In your opinion, is loyalty Bonga points important? Please explain.
2. How would you describe buying patterns at Safaricom with regards to loyalty Bonga points?
3. In your opinion, how does the Safaricom Bonga Points program influence their buying?

Customer Retention

1. What does customer retention mean to you?
2. In your opinion, why is customer retention important for Safaricom?
3. Does Safaricom have a customer retention strategy?
4. What are some of these strategies employed by Safaricom to ensure customer retention?
5. How does Safaricom ensure enhance customer loyalty?

Loyalty Bonga Points and Customer Retention

1. In your opinion, how does the loyalty Bonga points affect the consumption of Safaricom products and services?
2. Would you attribute the large number of Safaricom subscribers to public relation strategies? Which strategy in particular do you believe is the most effective?
3. Would you recommend use of Bonga points as a customer retention strategy? Please explain.
4. Do you have any recommendations with regards to loyalty Bonga points as a PR strategy for customer retention?

APPENDIX D: INTERVIEW GUIDE FOR CUSTOMERS

1. How important are Bonga points to you?

2. Do you track your Bonga points? Why?

3. Which of the Safaricom products have you purchased by redeeming Bonga points?

4. Have you ever transferred Bonga points to friends or relatives? Please explain.

5. In your opinion, is Bonga points the reason why you have maintained Safaricom line?

6. What is your take on Safaricom Plc Ltd partnership with other service providers like Kenya Airways to buy air ticket by use of Bonga Points?

7. Would you support the idea that use of customer loyalty points has influenced customer retention at Safaricom Plc? Why?

8. What recommendations would you give with regards to Safaricom Bonga points reward system?

APPENDIX E: CONSENT FORM FOR KEY INFORMANT INTERVIEWS

Declaration of Informed Consent by Participant

Research: Carolyne Makena

Emil: kiambacarolyne@gmail.com

Purpose of study

      The study aims at developing an in-depth understanding of Bonga points as a public relations strategy for customer retention. This interview seeks to get your input in answering the research questions.

Your rights as a participant

      I (participant) declare that I have understood my rights in relation to this research exercise, which include, confidentiality and anonymity in the use of my responses, right not to answer some questions if I wish not to, right to withdraw my participation at any time without any consequences whatsoever. I am also in agreement with any recording or transcription of my responses, as long as they will be kept confidential and used for the research only.

      In recognition of the above, I hereby declare that I am participating in this research at will, and that I am above 18 years of age.

Participant name: _____

Signature: _____   Date: _____

APPENDIX F: DEBRIEFING FORM FOR KEY INFORMANT INTERVIEWS
Debriefing Form

Thank you very much for your valuable input into this study. Your responses will go a long way into demonstrating the role of Bonga points as a strategy for customer retention. The research will be happy to share with you the final report of the study once it is completed and approved. In case you have any concerns or further questions regarding any aspect of the study, please contact the research via email kiambacarolyne@gmail.com.