A SURVEY OF CUSTOMER PERCEPTION OF TELEPHONE PROVIDER'S VALUE PROPOSITIONS IN NAIROBI

BY:

BETTY SOSSION

A MANAGEMENT RESEARCH REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE, FACULTY OF COMMERCE UNIVERSITY OF NAIROBI

OCTOBER, 2003

This project report is my original work and has not been submitted for an award of any degree.

SIGNATURE: ____________ DATE: 5th November, 2003

BETTY SOSSION

....

This project has been submitted with my permission as the supervisor for approval.

SIGNATURE____________ DATE 5/11/03

JACKSON K. MAALU
DEPT. OF BUSINESS ADMINISTRATION
UNIVERSITY OF NAIROBI

DEDICATION

Dedicated to my husband Simon and children Mercy and Rene' for their patience and understanding during the entire period of study.

ACKNOWLEDGEMENT

To my husband, thank you for your financial and emotional support, without whom would have been impossible to complete the study. Special thanks goes to my MBA colleagues and lecturers for sharing their knowledge and providing academic support. Much gratitude goes to Mr. Jackson Maalu for his constant guidance and patience during the research study. His contribution was instrumental in finding meaning to the study.

I wish to thank Josphine Towett for her tireless effort and advice in collecting data and putting meaning to it. My gratitude also goes to Irene Theuri, Cecilia Mutuku and Nelly Kipsang for their support and constant encouragement that provided me with the will power to complete the study. Most importantly, I thank God Almighty for his providences.

TABLE OF CONTENTS

LIST OF TABLES

ABSTRACT

The study was carried with the aim of establishing how the users of fixed line and mobile telephone service perceive value and whether it compares to what the provider proposes.

In order to achieve the objectives a questionnaire with both structured and semi-structured questions was administered to the respondents with the aid of research assistant. A sample of ninety (90) respondents was selected from the three service providers i.e Safaricom, Kencell and Telkom (K). The marketing and Sales Manager from each of the service provider was also interviewed to establish the proposed value of the respective firms. The data was collected from the respondents at the service provider's customer service outlets in the city center. The data collected was analyzed using mean scores, frequencies, and presented in tables. A five point likert scale was useful in identifying and measuring the extent of perceived value by the respondents. Correlation analysis was done so as to relate the extent of value perception on the use of telephone services to the respondent's demographics such as gender, age and education level.

From the findings of the study the following conclusions were made:

- Users of telephone services in Kenya with different demographic variables perceive value differently.
- It was also established that perception of value varies from one service provider to another.

- There was no significant difference between perception of value and customer expectations of the fixed line service provider.
- There was a significant difference between customer expectations of mobile services and the perceived value.

CHAPTER ONE: INTRODUCTION

1.1 Background

Kenya, in the last decade has undergone structural changes – the political reforms in 1990s, ongoing economic reforms aimed at recovery and growth, structural changes such as expansion of the informal sector, Regional economic integration brought about by liberalization of trade, and technological progress. Pearce and Robinson (2003) contend that wider environmental conditions (political framework, government policies, economic, social cultural conditions and customers whose preferences often shift inexplicably) affect business practices.

Globally, it is recognized that telecommunications is an economic infrastructure to serve other social economic sectors. Kotter (1996) notes that the increasing pace of technological changes that hinged on the information technology is one of the major economic and social forces of change. An effective and efficient communication network is the key to economic growth and development of any country.

The telecommunication sector in Kenya falls under the Ministry of Information, Transport and Communications (MOITC). The Kenya communications Act (1998), No 3 of 1998, which replaced the Kenya posts and Telecommunications Corporation Act cap 411, came in to full operation with effect from July 1st 1999.

The enactment of the Kenya communications Act, (1998) No. 3 of 1998 and the subsequent release of the second sector policy, April 1999 provided legal and policy framework for the deregulation and development of the Telecommunications sector in Kenya. The Act, vide legal notice No. 840 in 25th June, 1999 created three entities – Telkom Kenya (the public telecommunications operator); Postal Corporation of Kenya (the public postal license); and communication Commission of Kenya (CCK the regulatory body).

Telkom Kenya Limited (TKL) hold licenses for and operates all the services previously offered by its predecessor, KP&TC. These include; Local Telephone services, National Long Distance Telephone Service, International Gateway Service, Global Mobile Personal Communication by Satellite (GMPS), Mobile Radio Services, VSAT Services, Internet Node and Backbone Services, Value Added Services (VAS), Customer Premises Equipment (CPE) vending, and Internal & External Wiring services. TKL is however beginning to face stiff competition in almost all of these market segments from new market entrants following the current market liberalization trends.

The Kenya Communications Act (1998), No. 3 of 1998 also set out a modern regulatory regime suitable for a multi operator environment. This was necessary to revitalize the postal and telecommunication sectors, if the country was to attain, its developmental goals as stipulated in several government policy papers. This created an attractive environment for mobile telephony (Market Intelligent 2000).

Ndungu (2001) contends that the acceptance of mobile phones by the public in the country has been attributed to several factors, including unavailability of fixed lines and consequent corrupt deals in efforts to acquire the same; faulty lines; faulty public telephone, over-busy lines among other inconveniences.

Currently the two mobile telephone operators - Safaricom Ltd and Kencell Communications provide the following value added services: Voice Mail, short messaging services (SMS), international roaming facility, Call forwarding, Call conferencing, info-line services, and internet browsing.

New technologies and continued deregulation has dramatically changed the landscape for telecommunications companies with competition reaching a new level of intensity. Mbau (2002) notes that the past decade has witnessed unprecedented emergence of various forces that have posed serious challenges to the traditional premises and practices of marketing. Heliofs and Jacobson (1999) identify these factors as including stiff competition, globalization of product markets, deregulation, increasing convergence of customer preferences, and an explosion of information technology. All these challenges complicate the way any firm should market itself and its services/products to ever changing consumer (Mbau, 2000).

Kenya telecommunication sector has witnessed competition among the telephone providers for the same customer whose preferences often shift. The market is still growing and open to other players. The three operators - Telkom Kenya, Safaricom Ltd and Kencell Communications compete for the same customer – a customer whose perception of service is based on what is received and what is given (Zeithaml & Bitner 1996).

Therefore establishing the role of perceived value in developing and strengthening strategic relationships between telephone service providers and customers in the industry will aid in focusing on the product/service development and strategic direction in advent of technological advancement and intense competition.

1.2 Statement of the Research Problem

The liberalization of telecommunication sector that previously gave Telkom Kenya a monopoly in the market and the unfolding competition, demands action or strategies by the competing firms, directed toward building strengths in areas that satisfy the wants and needs of consumers. Before 1999 telecommunication industry had one dominant player, KP&TC with an assurance of 100 percent market potential (TKL Master Plan, 1999 - 2005).

Increasing diversity of telecommunications service, following liberalization of the industry and technological innovations is expected to improve performance of the sector in terms of service delivery, efficiency and affordability of its services. Towett (2002) observed that rapid spread of mobile telephone services would complement the public fixed telephone network operated by Telkom Kenya Ltd and hence support the growth of the telecommunications industries.

The cutthroat competition in the industry has seen the cellular providers acquire the market share with a joint subscriber base of well over one million (Market Intelligent, 2001). This pose a major challenge to Telkom

Kenya's landline network with a customer base of slightly over 300,000 (TKL Management Report 2002).

A study carried out by Maina (2001) on Perceived quality of service in the mobile industry established that the service providers do not meet the customer expectations on most of the service descriptors. Other researches done on perceived quality indicate a gap in customer perception of service provision: Ngatia, (2000) comparison of service providers in the retailing industry and Mwender, (1996) consumer's perception of service quality and perceived quality of service by Kenya Ports Authority.

As far as I am concerned, there is no study that has been carried out on customer perception of value propositions by the telephone service providers.

1.3 Objectives of the study

The study objectives were:

i) To establish customer perception of value proposition by fixed and mobile telephone service providers

ii) To compare customer perceived value and the telephone providers' value proposition.

1.4 Importance of the study

Telecommunications services are key to economic development of a country. It is therefore expected that the findings of this research will be beneficial to the following:

(i) The government – as part of the wide strategy to create an Information Communication Technology (ICT) in Kenya.

(ii) Telkom Kenya Managers – interested in the future growth and strategic existence of the fixed telephone lines.

(iii) The mobile providers – interested in the consumer buying behavior.

(iv) Potential investors on fixed line telephony - interested in strategic investment in the industry.

(v) Regulator in the Telecommunications industry – interested in the development and strategic growth.

(vi) Researchers who may wish to develop further comparative studies in this field.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategy

The concept of strategy has developed into a useful tool of management. Various leading management scholars and practitioners have underscored this concept. There is no single definition of strategy but is seen as multidimensional aspect that embraces all the critical activities of the organization. Different scholars have defined strategy.

Strategy is about winning (Hamel and Prahalad 1989). Strategy defines the business of a company (Druncker, 1954). Chandler (1962) considered strategy as a means of establishing the purpose of a company by specifying its long-term goals and objectives, action plans and resource allocation to achieve the set goals and objectives. Gluech and Jauch (1984) defined strategy as a unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment.

Mintzberg (1987) viewed strategy as a plan, ploy, a pattern, a position and a perspective. As a **plan**, strategy specifies consciously intended course of action of company. As a **ploy**, strategy is seen as a maneuver intended to outwit a competitor. As a **pattern**, strategy is seen as a pattern emerging in a stream of actions. As a **position**, strategy is seen as a means of locating an organization in its environment. As a **perspective**, strategy consists of a position and of an ingrained way of perceiving the world.

Johnson & Scholes (1999) defined strategy as 'the direction and scope of an organization over the long term: which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets, and to fulfill stakeholder expectation.

Ansoff and McDonnell (1990) see strategy as being a set of decision-making rules for guidance of organizational behavior. Strategy is concerned with matching a firm's resources and capabilities to the opportunities that arise in the external environment (Grant, 1998).

Thompson & Stickland (2003), perceive company strategy as combination of competitive moves and business approaches that managers employ to please customers, compete successfully, and achieve organizational activities. Grant (1998) notes that the primary purpose of strategy is to guide management decisions towards superior performance through establishing competitive advantage.

2.2 Strategy and competitiveness

Aosa (1992) notes that the actions of competitors have a direct influence on a company's strategy. The essence of formulating a competitive strategy is relating a company to its environment (Porter, 1998). Aosa (1992) states that strategy will only make sense if the markets to which it relates are known. That the nature of the industry in which the company is operating needs to be understood. The structure of an industry and trends in that industry will help indicate the current and future attractiveness of that industry.

Rapid technology change has created a new business environment where innovation has become a top competitive strategy. Barreca (1999) notes that the demand for high speed, reliable and intelligent data communication service is growing exponentially. To meet ever-increasing consumer expectations, carriers must continuously add capacity and modernize their network.

Competition and deregulation within the telecommunications industry is very strong and still growing. Competition will prove beneficial: yet it is a contributing factor to the rapid decline in value of today's public network. As competition increases, old technologies are increasingly replaced to maintain and grow market competitiveness, accelerating the pace of obsolescence. The emergence of new services that are outside the core strength of incumbent carriers will present a window of opportunity to new providers not encumbered with obsolete networks (Barreca, 1999)).

Porter (1980) notes that competitive advantage is the ability of the firm to outperform rivals on the primary performance goal profitability. Hines (1996) argues that the essence of business is to create competitive advantage that comes in a number of ways such as low-cost production or market differentiation.

Collies et al (1998) identified three elements that collectively lead to competitive advantage that creates value and they have called these elements - the Corporate Strategic Triangle: Resources (company assets, skills and capabilities); Strategic business units and other key segments within the company; and Structure, systems and processes. He argued that these three sides of the triangle must be aligned to the company's vision, goals and objectives to produce competitive advantage that would lead to value creation.

2.3 Value proposition and its strategic value

2.3.1 Definition of value

According to marketing (English) Dictionary, value proposition is a clear statement of whom the *target market* for a particular *product* is, of what key benefits the product will deliver, and of the *price* that will be charged. Porter (1980) defined value in competitive terms, as the amount buyers are willing to pay for what a firm provides them. David (2001) defined value as a life-directing attitude that serves as behavioral guideline.

Value is more individualistic and personal than quality and is of a high level concept. Value involves a tradeoff between give and get components (Zeithaml, 1988).

2.3.2 Firm's Value Proposition

Value proposition is the net value of both a product/service and the processes of finding, ordering and receiving it. Tapscott (1999) notes that every business or industry is based on a value proposition – value that is proposed and consumed by customers. The value proposition aggregated from suppliers and employees and delivers to the customers. Berry et al (2002) argue that aspects of a service that are believed to affect consumers include its value and importance and whether it can be obtained elsewhere or at another time.

According to Jones et al (1999), business is judged not only by the tangible services it delivers, or the word it uses, but what it is and how it behaves. Rice (1997) notes that more effort will go into the process of creating 'emotional value' as a way of distinguishing an organization's product from those of its competitors. Beckwith and Warner (1997) pointed out that value is not a competitive position. Value is what every service promises, implicitly or explicitly. It is fundamental to survival.

Haspeslagy et al (2001) notes that there is huge pressure on companies to deliver superior value to their stakeholders regardless of their corporate or cultural heritage because of increased competition, globalization of capital markets and an increasingly active and powerful class of institutional investors that is demanding unequalled performed.

Johnson & Scholes (2001) notes that value may be easy to identify in an organization, and are often written down as statements about the organization's mission, objectives or strategies. However, they tend to be vague. Pearce & Robinson (2003), notes that key themes or dominant values may center a round wording in an advertisement. They are often found in internal company communications. They are most often found as a new vocabulary used by company personnel to explain 'who we are'. At Xerox, the key themes include respect for the individual and services to the customer. At Procter & Gamble (P&G), the overarching value is product quality; McDonald's uncompromising emphasis on QSCV – quality, service, cleanliness and value – through meticulous attention to detail is legendary.

Thompson & Stickland (2003), contend that buyers judge value based on such signals as price, attractive packaging, extensive ad campaigns, ad content and image, the seller's facilities, professionalism, appearance and personality of the seller's employees.

Porter (1998) notes that firm's should create value for its buyers exceeding the cost of creating it. For companies to thrive in the business environment, they must produce and deliver a constantly evolving and superior value proposition to shareholders and other key stakeholders. A firm creates value for a buyer that justifies a premium price through two mechanisms: By lowering buyer cost and/or by raising buyer performance (Porter, 1980).

Pearce & Robinson (2003) contend that customer value derives from three basic sources: activities that differentiate the product, activities that lower cost, and activities that meet the customer's needs quickly.

2.3.3 Customer Value Perception

Telephone customers are those individuals and business people who buy goods and services from the organization – include residential telephone users, business customers and government departments.

Kotler (1999) argues that today's customers are value maximizers, and they form an expectation of value and act on it. Whether or not the offer lives up to the value expectation affects both satisfaction and re-purchase probability. He developed a framework to show that customers will buy from the firm that they perceive as offering the highest customer delivered value. The proposed theory by Kotler (1999) on customer delivered value has the following components as shown in figure 2 below.

Determinants of Customer Delivered Value

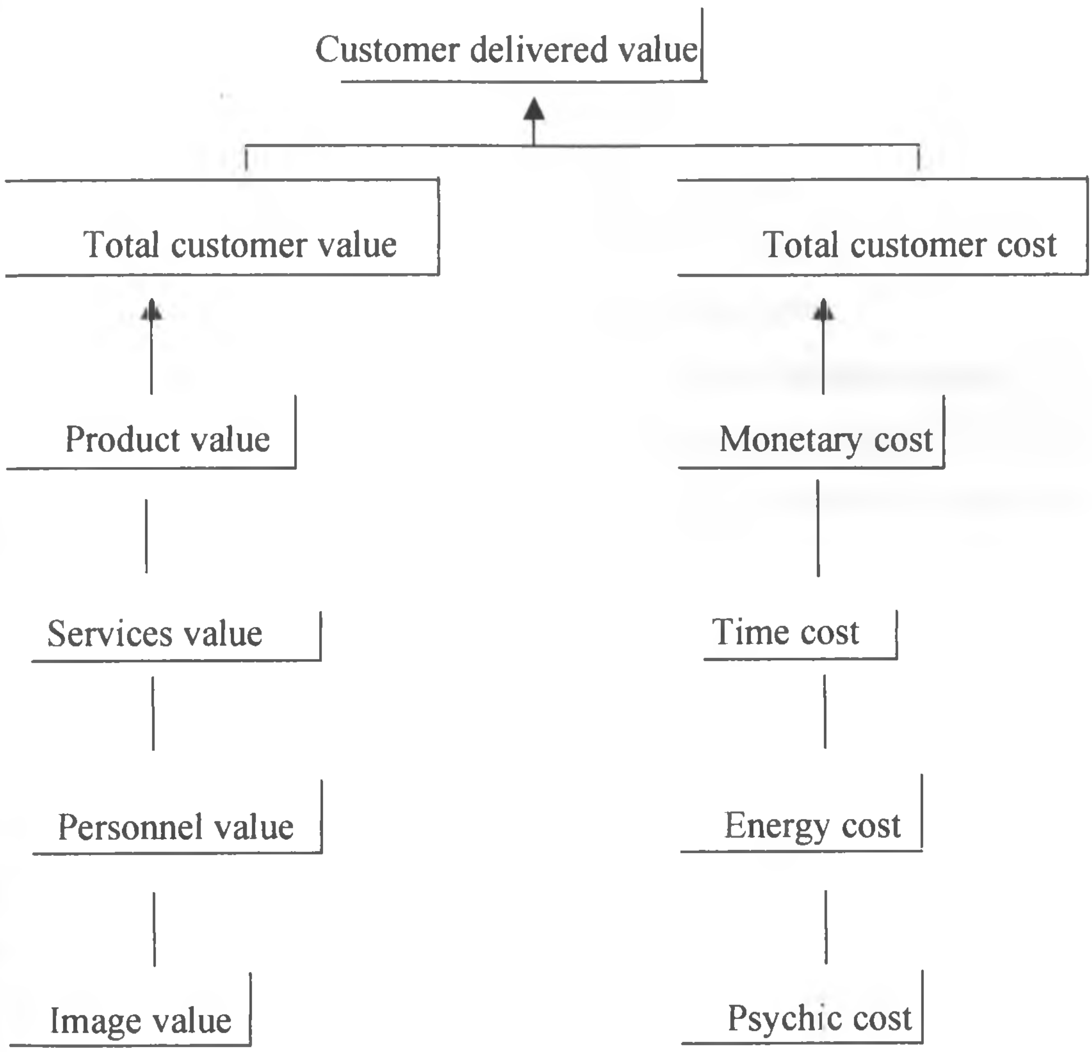

Figure 2.1: A Simple model of customer delivered value, Kotler P., (1999) in "Marketing Management", Millennium Edition, Prentice Hall

The buyer chooses between different offerings on the basis of which is perceived to deliver the most value. The customer will get benefit and assume costs. The benefits include functional benefits and emotional benefits. The costs include monetary costs, time costs, energy costs, and psychic costs. Kotler, (1999) summarized this concept of value as:

Value = <u>Benefits</u> = *<u>Functional benefits = emotional benefits</u>*
Costs Monetary costs + time costs + energy costs + psychic costs

Delivered value can be measured by a difference or a ratio.

<u>Customer delivered value</u> → is the difference between customer value and total customer cost

<u>Total customer cost</u> → is the bundle of costs customer expect from a given product or service.

<u>Total customer cost</u> → is the bundle of costs customers expect to incur in evaluating, obtaining and using the product or service.

Bennett (1999) argued that customers want the product and services they purchase to be of reasonable quality. They demand fair prices, prompt delivery, and good after-sales service. Satisfaction is therefore a person's feelings of pleasure or disappointment resulting from a product's perceived performance in relation to his or her expectations (Zeithaml & Bitner, 1996). One of the important types of external communications in services is the **Price.** Price is perceived value, which must be understood by service providers so that they price in line with offerings and customer expectations (Zeithaml & Bitner, 1996). Price can have a negative effect on perceived value and the respondents' willingness to buy (Dodds et al, 1991).

Implications of the framework

The seller assesses the total customer value and total customer cost associated with each competitor's offer to know his/her own offer stacks up; and/or

The seller who is at a delivered-value disadvantage has low alternatives: in that case the seller should try and increase customer value or decrease total customer cost.

Zeithaml (1988) adopted a Means-End Model Relating Price, Quality and Value to determine customer's shopping behavior and choice of a product as shown overleaf.

Figure 1. A Means-End Model Relating price, Quality and value

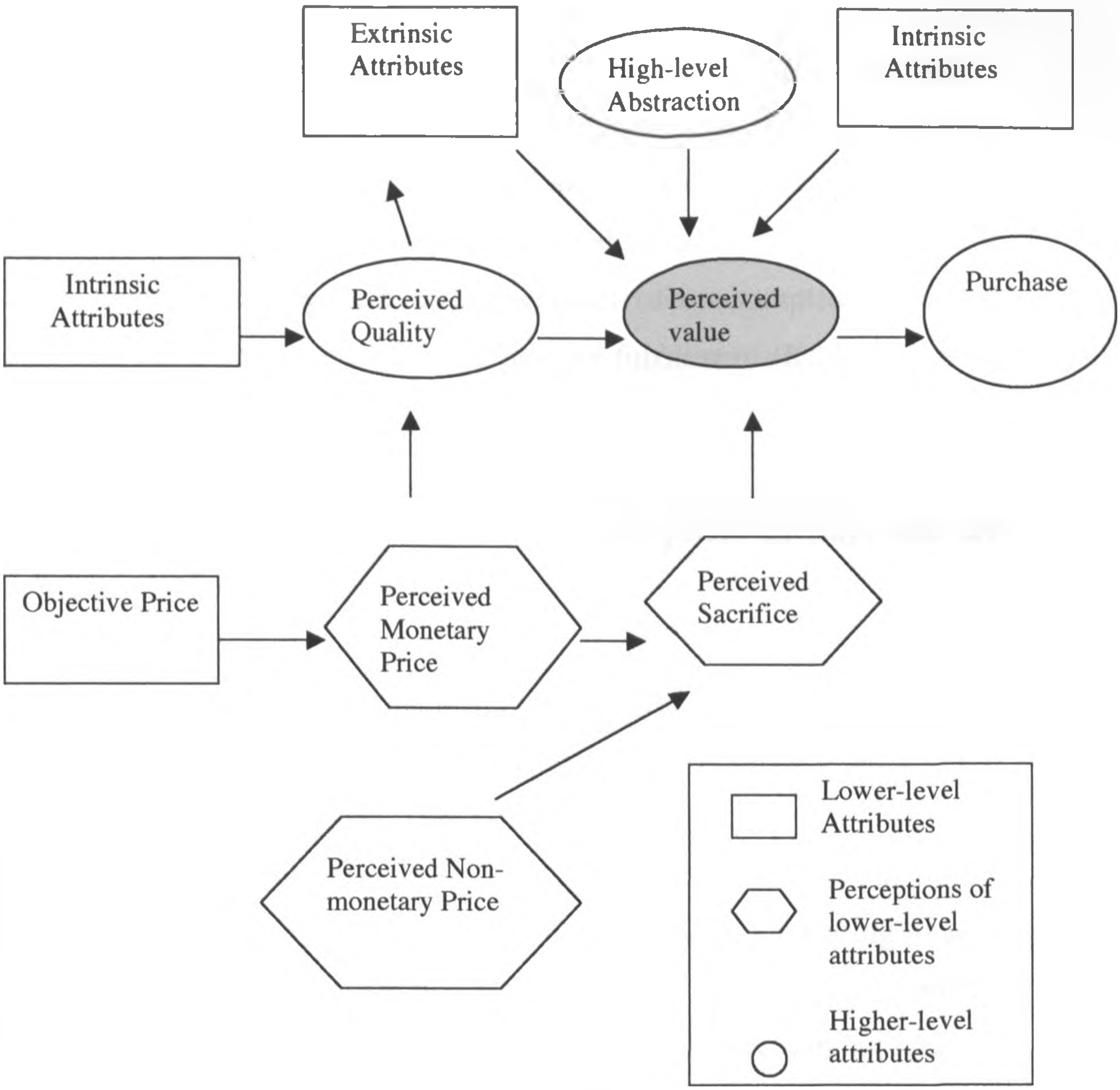

Figure 1: A Means-End Model and Synthesis of Evidence, Valarie A. Z (1988) in "Consumer Perceptions of Price, Quality, and Value", Journal of Marketing. Vol.52 No.3 Pg 2-22

The means-end model has the following elements:

Service features or cues (shown in rectangular boxes) – these are **intrinsic attributes**, specific features of the service such as duration of the service, times of availability, and types. **Extrinsic attributes** are not inherent to the service: include price, brand name and level of advertising. Product or **service feature** provide a pleasurable level of consumption - related fulfillment, including levels of under or over fulfillment (Katherine et al, 2002).

Perceived monetary price – Customers frame prices in ways that are meaningful to them.

Perceived non-monetary price – Represent other sources of sacrifice perceived by consumers when buying and using a service - time costs, search costs and psychic costs. These often enter into evaluation of whether to buy or re-buy a service, and may at times be more important than monetary price (Zeithaml and Bitner, 1996). **Time costs** are waiting time as well as time when the customer interacts with the service provider. **Searching costs** is the effort invested to identify and select among services than for physical goods. The most painful non-monetary costs are the **psychic costs** incurred in receiving some service – fear of not understanding, fear of rejection or fear of uncertainty.

2.4 Conceptual framework

Perception is the process by which individuals select, organizes and interpret stimuli into a meaningful and coherent picture of the world (Schiffman & Kanuk 2000). Individuals act on the basis of their perceptions and not on other basis of objective reality. Zeithaml & Bitner (1996) notes that many companies miss out - they think that they know what customers should want and deliver that rather than finding out what they do want. When this happens, companies provide services that do not match customer expectations. This, he argues creates a gap between customer perception and company perception as illustrated in figure 6.1 below.

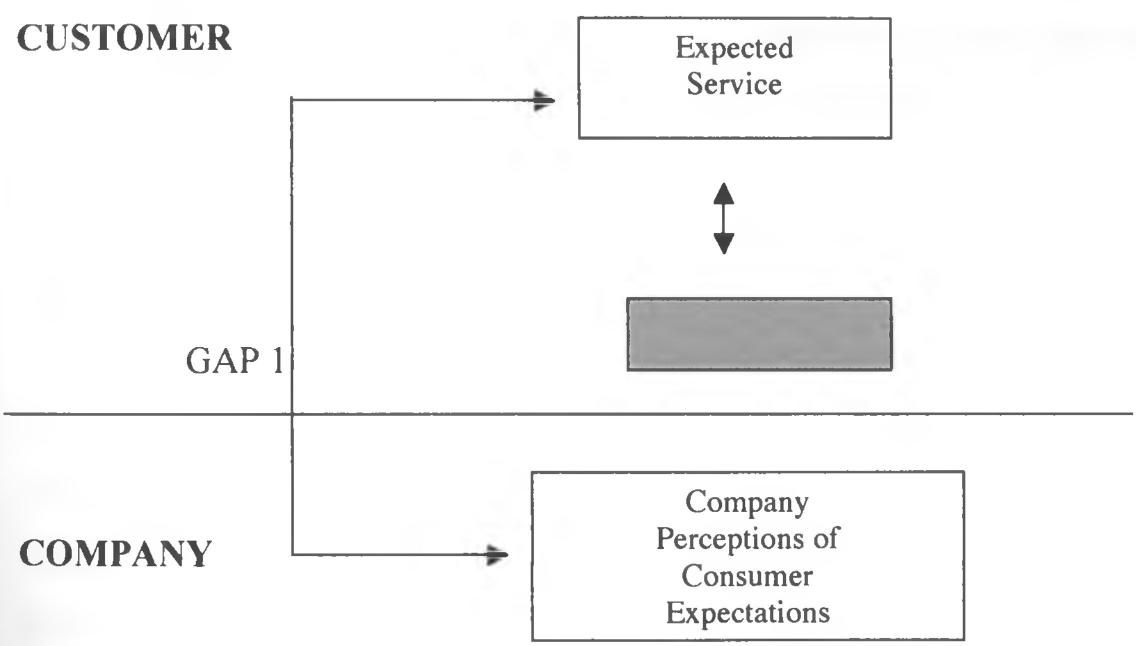

Figure 6-1: Provider Gap 1. Zeithaml V.A and Bitner J.O., (1996) in "Service Marketing"

Not knowing what customers expect is one of the root causes of not delivering to customer expectations. Provider gap 1 is the difference between customer expectations of service and company understanding of those expectations. The gap exists because of many reasons: no direct interaction with customers, unwillingness to ask about expectations, and/or un-preparedness in addressing them. For example spending too much money on buildings and the appearance of a company's physical facilities when customers may be much concerned with how convenient, comfortable, and functional the facilities are (Zeithaml and Bitner, 1996).

Consumers use **convenience** as a basis for making purchase decisions. Intrinsic to consumers' perceptions of service convenience is the time and effort required to buy or use a service. **Time** and **effort** are non-monetary costs consumers must bear to receive the service. Time and effort are opportunity costs that prevent consumers from participating in other activities (Berry et al, 2002

Customer satisfaction leads to repeat business. Kotler (1999) contends that a satisfaction is a function of performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If performance matches the expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted. Value therefore reflects the growing customer concern of getting more for money, time, and effort invested. It becomes paramount then for companies to maintain a closer touch with their customers and adjusting their offerings to feature value.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section outlines research method that was used to achieve the objective of the study. The design gives the research setting, population of study, sample and sampling design, data collection instruments and data analysis techniques.

3.2 Research setting

The study was carried out in Nairobi. The customers of telephone services for the purpose of the study were the consumers of service of the three telephone providers – Telkom Kenya, Safaricom Ltd and Kencell Communications.

3.3 The population of study

The population of study consisted of all the consumers of both mobile and fixed line telephone services within Nairobi city center. The telephone providers were namely: Telkom Kenya, Kencell Communications and Safaricom Limited. The Sales and Marketing Managers from the three service providers also constituted the population of study to provide evidence of value propositions in the firms.

Nairobi was selected by the researcher because of accessibility and limitation of resources such as time and finances. The target population had considerably been exposed for a longer period to the telephone services (fixed and mobile) hence not restricted in making different choices due to lack of their preference choice.

3.4 Sampling

A sample size of 90 consumers was considered adequate to provide general view on customer delivered value by the services of the three competitors and form the basis of drawing conclusions. A sample size of 90 respondents was selected at the provider's point of service within the city centre. A list of Mobile Mega shops and Telkom Tele-care Centers are as shown in Appendix 1. The Mega shops for the Mobile providers provided convenience for the researcher since they are located within the city centre of Nairobi. Telkom Tele-care centers were chosen because they are frequented by a large number of clientele.

30 users of the telephone providers were interviewed from each provider on different dates. They were selected systematically – every 10^{th} consumer entering the service outlet was asked to complete the questionnaire. This elicited varied response from the respondents towards drawing conclusions of the research study.

The sample population excluded those not connected or first time buyers of the telephone service.

The Marketing and Sales Manager from each of the telephone service providers was asked to fill the questionnaire on evidence of value propositions in the respective firms.

3.5 Data collection

Primary data was collected using a questionnaire format with both open ended and closed-ended questions (Appendix 3). The questionnaire was self administered with the help of a research assistant. The researcher adopted a survey design to gather information about knowledge, attitudes, preferences and buying behavior from a portion of population of interest.

A five point likert scale was used to rate the different variables in the area of study.

The questionnaire was divided into two sections: Section A sought information on customer delivered value by the telephone services and a separate questionnaire was administered to the managers of the service providers on their perception of value. Section B was used to collect bio data of the users of the telephone services.

3.6 Data Analysis

The questionnaire was edited for completeness and consistency before processing. Editing detects errors and omissions and corrects them where possible and to certify that minimum data quality standards are achieved. Data was coded to enable responses to be grouped into categories. Coding involves assigning numbers or other symbols to answer so the responses can be grouped into number of classes or categories.

Descriptive statistics such as frequency distribution table, percentages and proportions were used to summarize and present the data. Frequency distribution table were used to compare the frequency of occurrences of categories or values fore two or more variables.

Factor analysis was used where the variables or objects to be considered are large or varied. The technique helped identify superiority of statistically revealed importance weights over self-stated importance weights linking service features/attributes to perception. T- test statistics were used to measure whether there was significant difference between customer perception of value and the expected performance.

CHAPTER 4: FINDINGS AND CONCLUSIONS

4.0 Introduction

A total of ninety (90) questionnaires were administered by use of research assistant at Telkom (K), Safaricom (K) Ltd and Kencell Communications' service centers within Nairobi city center. A preliminary check revealed that most of the customers visit the service providers' outlets as indicated in the Appendix 1 due to their strategic positions and convenience. All the respondents interviewed at least subscribed to either one or more telephone services provided by the different dealers.

The data analysis was guided by the research objectives presented in chapter one. The body of the report contains tables directly related to the objectives. Correlation analysis was done where necessary. Data in the study was summarized and presented in terms of mean scores, tables, percentages and proportions.

4.1 Responses rate

All the 93 questionnaires were duly completed and returned to the researcher and after editing and coding they were all found useful. The findings were used to draw conclusions of the study. 30 respondents from each of the service provider were targeted. A representative from each of the 3 service providers was interviewed to establish aspects of value propositions in their firms. The response rate was as presented in Table 1 overleaf.

Table 1: Response rate

Respondents	Telephone service provider	Target Respondents	Actual Response	Cumulative percent
Customers	Safaricom	30	30	33.3
	Kencell	30	30	66.6
	Telkom (K)	30	30	99.9
Managers		3	3	100

Source: Research data

4.2 Sample demographics

Analysis was carried out on the respondent's demographics i.e. age, gender and education. The researcher considered those customers who subscribe to telephone services both mobile and fixed line. The researcher was only interested with the demographics of the customers and therefore ignored those of the managers.

To establish the respondents' profile they were asked to state their age bracket, gender and educational levels. The following Tables (2 to 4) provide the response rate in the above categories.

4.2.1 Table 2: Respondents gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	71	78.9	80.7	80.7
	Female	17	18.9	19.3	100.0
	Total	88	97.8	100.0	
Missing	System	2			
Total		90			

Source: Research data

The respondents were not equally distributed in terms of gender. From the findings in Table 2 above, it can be concluded that most of the respondents in the study (78.9%) were male, whereas 18.9% were female.

4.2.2 Table 3: Respondents Age

			Frequency	Percent	Valid Percent	Cumulative Percent
Valid		**Below 20 years**	4	4.4	4.6	
		21-30	58	64.4	66.7	
		31-40	21	23.3	24.1	
		41-50	3	3.3	3.4	
		51 & above	1	1.1	1.1	
		Total	87	96.7	100.0	
	Missing	**System**	3	3.3		
		Total	90	100.0		

Source: Research data

From the findings in Table 3 above, 4.4% of the respondents were below 20 years of age. Those between 21 – 30 years were the majority (64.4%), those between 31 – 40 years of age were 23.3% and those between 41 – 50 years of age were 3.3%. Only1.1% of the respondents was above 51 years of age.

This implies that the younger group of the respondents between the age bracket of 21 and 40 years relatively value the telephone services. The group is known to be active members of the society and issues of social status and staying connected are very important to them.

4.2.3 Respondents' Education level.

According to Table 4 overleaf, the respondents were well educated and informed. More than half (70%) of the respondents had attained college or university education whereas 26.7% had attained secondary education, only 2.2% had primary education.

Table 4: Education categories of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary	2	2.2	2.2	2.2
	Secondary	24	26.7	27.0	29.2
	College	45	50.0	50.6	79.8
	University	18	20.0	20.2	100.0
	Total	89	98.9	100.0	
Missing	System	1	1.1		
Total	90	100.0			

Source: Research data

4.3 Customer value perception

There was need to establish what the customer perceived value to be. This part of the study aimed at establishing those factors or attributes the customers regard as important or not important when choosing a telephone service. A five point likert scale used to identify the respondents' perception of value: 5 being the most important and 1 not important at all.

Table 5: Perception of value

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low price	5	5.6	5.6	5.6
	Service Satisfaction	10	11.1	11.1	16.7
	Quality	55	61.1	61.1	77.8
	Benefits/ Costs	19	21.1	21.1	98.9
	Missing	1	1.1	1.1	100.0
	Total	90	100.0	100.0	

Source: Research data

From the findings in Table 5 above, majority of the respondents (61.1%) equated value with quality, whereas 21.1% saw value as a good representative of what they actually pay for, 11.1% perceived value as that aspect of service that satisfy their wants, whereas 6% were concerned with the cost of service provision.

4.4 Company profile and customer base

The researcher was interested in establishing what customers perceived as 'value' offered by different telephone service providers. Frequency and percentages were used to determine those specific value attributes the customers hold as important to them when choosing the services provided. However it was important first to establish the company profile in terms of customer base.

4.4.1 Categorization of respondents by service provider

It was important first to ascertain the company's profile in terms of the subscriber base. The summary results in Table 6 below show the respondent by service provider.

Table 6:

		Frequency	Percent	Valid percent	Cumulative Percent
Valid	Safaricom	30	33.3	33.3	33.3
	Kencell	30	33.3	33.3	66.6
	Telkom (K)	30	33.3	33.3	99.9

Source: Research data

4.4.2 Service usage:

Respondents were asked to specify the period during which they have subscribed to the telephone services. The period usage was measured by the time one has owned and used the telephone service. This is presented in Table 7 below:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Less than six months**	32	35.6	36.0	36.0
	6months to 1 year	23	25.6	25.8	61.8
	1 to 2years	20	22.2	22.5	84.3
	Over 2 years	13	14.4	14.6	98.9
	Not applicable	1	1.1	1.1	100.0
	Total	89	98.9	100.0	

Source: Research Data

61.1% have owned and used telephone services for less than one year, 22.2% have used the service for a period of over one to two years. Only 14.4% of the respondents have used the service for over 2 years. This development can be attributed to the liberalization of the telecommunication sector in 1998 that saw the expansion of the industry in the subsequent years.

4.4.3 Respondents level of loyalty and switching preference

In order to understand the industry position the respondents were asked to indicate whether they have switched services form one telephone provider to another. This provided a basis of establishing levels of loyalty and customer switching operations. According to the findings in the Table 8 below 61.7% of the respondents have remained loyal to the service provider that they subscribed to from the time of connection. 18.9% of the respondents were indicated to have switched mobile service connection from Kencell to Safaricom whereas 8.9% of the respondents switched connection from Safaricom to Kencell. Only 1.1% of the respondents have switched from fixed line telephone service provider to mobile services, whereas 3.3% preferred mobile services to fixed line services.

Table 8: Level of loyalty and switching preference

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Remained loyal to the service provider	61	67.8	67.8	67.8
	Kencell to Safaricom	17	18.9	18.9	86.7
	Safaricom to Kencell	8	8.9	8.9	95.6
	Fixed line to Mobile provider	1	1.1	1.1	96.7
	Mobile provider to Fixed line provider	3	3.3	3.3	100.0
	Mobile provider to Fixed line provider	3	3.3	3.3	100.0
	Total	90	100.0	100.0	

Source: Research data

4.5 Customer perception of each of the service provider

The researcher was also interested in establishing value attributes held by the customers for each of the service provider. Four levels of attributes i.e low price, service satisfaction, quality and benefits derived from costs were proposed and the respondents were asked to indicate what they hold as most important when choosing the service. The findings are shown in the following tables per service provider.

4.5.1 Table 9: Perception of value by the subscribers of Kencell services

	Value Attributes				
	Low Price	Service satisfaction	Quality	Benefit/cost	
Frequency	2	4	16	8	30
Percent	6.7	13.3	53.3	26.7	100%

Source: Research data

From the findings in Table 9 above, 53.3% of the respondents equated value they get from Kencell services to quality. 26.7% saw value as what they get for what they pay. Whereas 13.3% were of the opinion that value derives their satisfaction, only 6.7% believed value to be low price.

4.5.2 Table 10: Perception of value by the subscribers of Safaricom (K)

	Value Attributes				
	Low Price	Service satisfaction	Quality	Benefit/cost	
Frequency	1	2	20	7	30
Percent	3.3	6.7	66.7	23.3	100%

Source: Research data

According to Table 10 above, 66.7% of the respondents were of the opinion that value is the quality they get from the services offered by service provider. 23.3% equated value to the benefit accrued from money spent, 6.7% believed value was satisfaction derived from the service whereas only 3.3% saw value as low price.

4.5.3 Table 11: Perception of value by the subscribers of Telkom (K)

	Value Attributes				
	Low Price	Service satisfaction	Quality	Benefit/cost	
Frequency	2	2	20	6	30
Percent	6.7	6.7	66.7	20	100%

Source: Research data

From the data analysis in Table 11above, 66.7% of the respondents' equated value to quality, 20% were of the opinion that value is the benefit derived from money spent, whereas 6.7% equated value to service satisfaction and low price respectively.

4.6 Correlation between respondents bio-data and perception of value as per service provider

Correlation analysis has been carried out on the respondent's demographics such as gender, age and education level and their perceived value of telephone services. The findings are shown per service provider.

4.6.1 Table 12: Safaricom mobile services

		Perception of value				Total
		Low price	Service Satisfaction	Quality	Benefit / Cost	
Respondents gender	**Male**	4.0%	8.0%	72.0%	16.0%	100.0%
	Female	-	-	50.0%	50.0%	100.0%
Respondents age	**>20 years**	-	-	-	100.0%	100.0%
	21-30	4.8%	9.5%	66.7%	19.0%	100.0%
	31-40	-	-	75.0%	25.0%	100.0%
Education	**Secondary**		9.1%	63.6%	27.3%	100.0%
	College	-	6.7%	80.0%	13.3%	100.0%
	University	25.0%	-	25.0%	50.0%	100.0%

Source: Research data

From Table 12 above, the following conclusions can be made about perceived value in relation to respondent's profile:

Gender -Whereas 72% of the Male respondents and 50% of female respondents perceived value as the quality they get from the service, their respective 16% and 50% were of the opinion that value is the benefit from the money spent (Table 12).

Age – 100% of the respondents within the age bracket of 20 years and below perceived value as the benefit they get from what they give – it is a give and take business. 66.7% of the respondents aged between 21 and 30 and 75% of those who fall within the age bracket of 31 and 40 equated value of telephone service to quality of service received (Table 12).

Education - The general observation is that most of the respondents with secondary (63.6%) and college (80%) education perceived value as the quality of service, whereas 50% of those with university education perceived value as the benefit arising from costs of acquiring the service (Table 12).

4.6.2 Table 13: Kencell mobile services

		Perception of value				Total
		Low price	Service Satisfaction	Quality	Benefit / Cost	
Respondents gender	Male	-	17.4%	52.2%	30.4%	100
	Female	33.3%	-	50.0%	16.7%	100
Respondents age	>20 years	-	-	50.0%	50.0%	100
	21-30	6.3%	12.5%	62.5%	18.8%	100
	31-40	-	25.0%	37.5%	37.5%	100
Education	Secondary	-	50.0%	-	50.0%	100
	College	11.8%	11.8%	47.1%	29.4%	100
	University	-	12.5%	75.0%	12.5%	100

Gender – In Table 13 above, the perception of value is relatively similar for both male (52.2%) and female (50%) with an affirmative that value is quality. Whereas 33.3% of the females perceived value as low price the male respondents were neutral. 30.4% of the male respondents believed that value is the benefit they get from what they actually give, while 16.7% of their counterparts agreed on the same.

Age – An equal number (50%) of the respondents below twenty years perceived value from telephone service to be quality and that which they get for what they give (Benefit/cost). Comparatively, 37.5% of the respondents aged between 31 and 40 years were of the same opinion, while 62.5% of those aged 21 to 30 equated value of mobile service to quality (Table 13).

Education – Half (50%) of the respondents with secondary education related value to the satisfaction derived from the mobile service while another 50% were of the opinion that value is what they get from what they give (benefit/cost). Comparatively, 47% and 75% of those with college and university education perceived value as quality service (Table 13).

4.6.3 Table 14: Telkom (K) fixed line services

		Perception of value				
		Low price	Satisfaction	Quality	Benefit / Cost	Total Percent
Respondents gender	Male	4.5%	9.1%	72.7%	13.6%	100.0
	Female	14.3%	-	57.1%	28.6%	100.0
Respondents age	>20	8.7%	8.7%	65.2%	17.4%	100.0
	21-30	-	-	71.4%	28.6%	100.0
	31-40	6.7%	6.7%	66.7%	20.0%	100.0
Education	Secondary	-	-	85.7%	14.3%	100
	College	5.9%	5.9%	70.6%	17.6%	100
	University	16.7%	16.7%	33.3%	33.3%	100

Gender – According to Table 14 above, 72% of the male and 57% of the female respondents equated value derived from the fixed line services to the quality they get. Only 13.6% and 28.6% respectively related value to the benefit accrued from costs implications, whereas 14.3% of the female respondents perceived low prices.

Age – In Table 14 above, 65.2% of respondents below 20 years, 71.4% aged 21 to 30 and 66.7% of those aged 31 to 40 were on the affirmative that value is the quality of service. Only 17.4%, 28.6% and 20% respectively were of the opinion that value was benefits they get from what they give (benefit/cost).

Education – According to the findings in Table 14 above, 85.7% of the respondents with secondary education perceived value to be synonymous to quality, whereas 14.3% equated value to the benefit versus costs implication. 70.6% of the respondents with college education saw value as quality of service, 17.6% and 5.6% believed that value is benefit received from what they purchase and the satisfaction received or low prices respectively. Respondents who had attained university education had different perception of value; low price (16.7%), derived satisfaction (16.7%), service quality (33.3%) or benefit in relation to costs (33.3%).

4.7 Customer expectations and perceived performance

The researcher also needed to find out whether the customer expectations merged the firm's performance. A comparative study was therefore done and the data was presented in form of mean scores. The highest score was given as 5 and the lowest score 1.

While customers perceived quality of service as relatively significant in choosing the service provider (mean score 3.9), the performance exceeded their expectations by insignificant difference of 0.1. This implies that the firm's performance and customer expectations were relatively the same. Customers indicated high expectations on the following value descriptors: network coverage (mean score 4.38), understanding customer needs (mean score 4.6), service availability (mean score 3.5) and fast action on complaints (mean score 4.5). The perceived performance was however low with mean scores of 4.33, 3.7, 2.8, and 4.00 respectively. These descriptors were perceived by the respondents to be very important in choosing the service provider.

Performance however, exceeded customer expectations in the following descriptors: cost of installation (mean score 4.33); convenient business hours (mean score 5.00); product features (mean score 4.33); adequate service information (mean score 4.67) and time taken to get connected (mean score 4.5) with mean differences of 0.4, 0.87, 0.47, 0.74, and 0.3 respectively

The observation could be attributed to the fast connectivity to mobile services in the one stop store where customers walk in and walk out with the service connected so long as they have the mobile phone gadget.

Generally, it was observed that a gap existed between customer expectations and the firm's performance. The researcher conducted a T-test to statistically test whether the gap between expectations and perceived value is significant and whether customers perceived value proposed by the fixed telephone provider to be different from that of the mobile providers.

4.7.1 Customer expectations and Perceived value

There was need to carry out t-test to establish whether there was significant difference between customer expectations and perceived value. The findings of this relationship was as shown below.

Ho = There is no significant difference between customers' expectations and perceived value.

HA = There is a significant difference between customers' expectations and perceive performance

Table 15: Correlation of customer expectations and perceived value

Paired Samples Correlations				
Pair 1	**Perception of value & importance of perception of value in choosing telephone provider**	**N**	**Correlation**	**Sig.**
		90	-.115	.280

The computed t

Paired Samples Test									
	Paired Differences								
				Confidence Interval of the Difference 95%					
	Mean	**Std. Deviation**	**Std. Error Mean**	**Lower**	**Upper**	**t**	**df**	**Sig. (2-tailed)**	
Pair 1	**Importance of value in choosing telephone provider**	1.58	1.091		.115	1.35	1.81	13.718	

Source: Research data

The computed t-value in Table 15 is 13.718, which is outside the acceptance region (lower and upper limit). The null hypothesis (Ho) that there is no significant difference between customers' expectations and perceived value is rejected. Therefore the alternative hypothesis (HA) that there is significant difference between customers' expectations and perceived value is accepted.

4.7.2 Customer expectations of value on fixed telephone line.

The researcher also carried out a t-test to establish whether there was significant difference between customer expectations and perceived value of fixed lines.

Table 16: Correlation of customer expectations of value on fixed line

Paired Samples Correlations		N	Correlation	Sig.
Pair 1	**Fixed line subscription & value perception**	90	.087	.414

Paired Samples Test								
	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Fixed line subscribers- & perception of value	.01	.814	.086	-.16		.18	.129	89

Source: Research data

Results: Computed T-value according to the findings in Table 16 above, is .129 and falls within the acceptance region. Therefore the null hypothesis that there is no significant difference in perceived value of the fixed telephone service provider and customer expectations cannot be rejected.

4.7.3 Customer expectation of value on mobile

A T-test was also carried out to establish whether there is a significance difference between customer expectations on mobile phones and perceived value.

Table 17:Correlation of customer expectation of value on mobile service

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Mobile subscribers	1.06	90	.230	.024
	Perception of value	3.01	90	.772	.081

Paired Samples Correlations				
		N	Correlation	Sig.
Pair 1	Mobile phone & Perception of value	90	-.130	.222

Paired Samples Test									
		Paired Differences							
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	Mobile phone & Perception of value	-1.96	.833	.088		-2.13	-1.78	-22.259	89

Source: Research data

Results: According to the findings in Table 17 above, the computed T-value is -22.259 and falls outside the acceptance region. The null hypothesis that there is no significance difference between customer expectations and perceived value of mobile phones is rejected. Therefore we accepted the alternative hypothesis (HA) that there is a significant difference between expectations and perceived value

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The two objectives of the study were aimed at assessing the perceived value of telephone services from customers' perspective. This was achieved by measuring customer expectation and perception of value and a comparison to that of managers.

5.2 Summary

From the research findings as presented in chapter four several conclusions are drawn guided by the objectives of the study in relation to

i) Perceived value

ii) Customer expectations

iii) Management perspective of value and customers' perception

iv) Management implications

From the findings the concept of value was used by the respondents in the study in many different ways, confirming the observation made by Zeithaml (1988) that value is more individualistic and personal than quality.

A section of the respondents equated value to low price. This implies that the managers must price their services in line with customer expectations. Another subset of the respondents' perceived value as that benefit they receive from a service – they tend to take a subjective view. Other respondents conceptualized value as that tradeoff between price and quality, whereas others deeply believed in the service utility.

Generally, the respondents understanding of value was based on perceptions of what is received and what is given – different attributes of value were emphasized such as volume, quality, convenience and price. In analyzing the bio-data and perceived value, it was found out that male perception of value was different from that of the female. The age difference and level of education also affected the way value was perceived.

The research findings also established that there was no significant difference between customer expectations and the performance of the fixed line service. This observation could be attributed to the decline in the service provision of the firm and the increasing levels of competition following the liberalization of the telecommunication industry that saw the entry of mobile firms into the market. However there was observed significant difference between what the customers expect and the performance of the mobile service provision.

The mobile operator has gained popularity among the respondents, confirming the observation made by Ndungu (2001) that mobile phones were readily accepted by the public due to the short comings of the fixed line operator – unavailability of fixed lines, faulty lines, over-busy lines among other inconveniences.

This implies that the operators are facing a challenge to offer better services to a customer who is becoming sophisticated and with an option of shifting loyalty. The customer perception cannot be ignored in an environment that is competitive. Firms within the industry must continue striving for excellence otherwise they are likely to face extinction.

5.3 Conclusion

Customers and managers perceived value differently in most all the level of service descriptors. Statistically there is relatively a significant difference between customer's expectation and management perception. Therefore there is need to close the gap that exist between the customers and the company.

5.4 Recommendations

An understanding of firm's value proposition offers a promise of improving services through precise market analysis and segmentation, product planning, promotion and pricing strategy. Firms should therefore recognize different ways of increasing value perception, for instance through reduction of monetary and non-monetary costs, decreasing perceptions of sacrifice, adding salient intrinsic attributes and using extrinsic cues to signal value. The selection of strategy depends on the customers' definition of value and not on the basis of the company expectations only.

5.5 Limitations of the study

The study's limitations can be summarized as:

a) Different meanings of value – consumers tend to attach different attributes to value making it difficult to build a model of study.

b) Geographical scope – all the respondents were drawn from Nairobi city center and therefore generalization of the conclusions would require a larger population from a wider geographical scope.

c) Resources – the lack of finances and time constraints limited the sample size and geographical scope of the study.

5.6 Suggestions for further study

There is need to advance further research to determine the different levels of value attributes, when and why they are selected instead of other cues. In-depth research should also be carried out on the underlying choice of one service provider and not the other.

REFERENCE

Ansoff, H.I., & McDonnel, E.J. (1990), Implanting Strategic Management. 2nd Edition Prentice Hall

Aosa E., (1992) An Empirical investigation of aspects of strategy formulation and implementation within large, private manufacturing companies in Kenya. PHD Thesis, University of Strathclyde (Scotland), February 1992 (Unpublished)

Barreca S., (1999), The Depreciation of the PSTN: What effect is obsolescence having on the value of network technologies? (Enhancing the public switching telephone network for broadband technologies) (Industry Trend or Event)June 1,1999

Beckwith H., (1997), Selling the Invisible. A field guide to Modern Marketing

Bennett R. (1999), Corporate Strategy. 2nd Edition. Pitman Publishing

Berry L.L., Kathleen S., & Grawal D., Understanding Service Convenience. Journal of Marketing, July 2002 Vol. 66 No. 3

Bryam, A., (1989), Research Methods and Organizational Studies. Routledge

Chandler A., (1962), Strategy and Structure: Chapters in the History of American Industrial Enterprise: Cambridge Massachusetts, MIT Press

Colis D.J. Montgomery, C.A.,Creating Corporate advantage: Harvard Business Review. May/June 1998.pg 71-83

David F. R. (2001) Strategic Management Concepts: 8th Edition, Prentice Hall

Dodds B., Monroe K.B., & Grewel D., (1991) Effects of Price, Brand & Store information on Buyers' Product Evaluations. Journal of Marketing Research volume 28, August 1991, Pg 307-319

Drucker F., (1954) The Practice of Management. Harper and Row, New York

Glueck F.W. & Jauch L. R. (1984) Business Policy and Strategic Management. McGraw Hill. Government of Kenya, Telecommunications Act, 1998 No. 3 of 1998

Grant R. M., (1998) Contemporary Strategy Analysis: Concepts, Techniques, Application 3rd Edition, Blackwell, Massechusetts USA

Hamel G. and Prahalad C.K., 'Strategic Intent', Harvard Business Review, May/June 1889 pp 63-76

Haspeslagh Phillippe, Noda Tomo and Boulos Fares (2001) It's Not Just About the Numbers: Harvard Business Review. July- August 2001 pp 65-73

Hines, Peter (1996) Can you create your own World class Supply Chain? Selected Readings in Supply Chain management. Lean Enterprise Research Centre; Cardiff/The chartered Institute of Purchasing & Supply, Easton House

Johnson G. & Scholes K., (2001), Exploring Corporate Strategy. 4th Edition, Prentice Hall, India

Jones I.W. and Pollitt M.G., Putting Values into Action: International Journal of Strategic Management; Long Range Planning, Vol.32 No.2 April 1999

Katherine N.L., Tiffany B. W, & Russell S. W., (2002) Dynamic Customer relationship Management: Incorporating Future considerations into the Service Retention Decision. Journal of marketing Volume 66, No. 1, Pg 1-120 January 2002

Kotler, P., (1999) Marketing Management. Millennium Edition. Prentice- Hall

Kotler P. & Armstrong G (1990) Marketing: An Introduction 7th Edition, New Jersey, Prentice Hall

Kotter J. P. (1996) Leading Change. Harvard Business School Press

Maina P.M., (2001) Perceived Quality Service: The Case of Mobile Telephone Services. Unpublished MBA Project, University of Nairobi

Mintzberg H., (1987) "The Strategy Concept: Five P's for strategy". California Management Review. 30(1) fall 1987 pp 11-24

Mwendar A.M., (1987) Perceived Quality of Port services: The case of Kenya Ports Authority. Unpublished MBA Project, University of Nairobi

Ndungu F., (2001) "Should the telecoms sector be regulated; Commerce & industry; The Publication with Business information. Vol1., No. 18, 2001 First quarter.

Ngatia E.M., (2002) A comparative study of service quality in the Retailing Industry. Unpublished MBA Project, University of Nairobi

Pearce J. A. & Robinson R. B. (2003), Strategic Management: Formulation, Implementation and Control. 8th Edition, McGraw-Hill Irwin

Porter E. M. (1980) Competitive Strategy: Techniques for Analyzing Industries and Competitors. New York, Free Press

Schiffman, G.L & Kanuk L.L (2000) Consumer Behavior: India, Delhi, Prentice Hall

Rice C. (1997), Understanding Customer. 2nd Edition, Butterworth Heinemann

Tapscott D. (1999), Creating Value in the Network Economy: A Harvard Business Review Book

Thompson A.A and Strickland A.J (2003), Strategic Management: Concepts and cases. 13th Edition. McGraw-Hill Irwin

Towett J. C. (2002) Perceived Risks on the use of Mobile Telephone Services among Consumers in Nairobi, Unpublished MBA project, University of Nairobi

Zeithaml Valarie A., (1988) Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. Journal of Marketing, Vol. 52 No. 3 Pg 2-22

Zeithaml V.A and Bitner J.O., (1996) Service Marketing, Marcrow-Hill

APPENDICES

APPENDIX 1

LIST OF CUSTOMER SERVICE CENTERS IN NAIROBI CITY CENTRE

Telkom Kenya Tele-care Centers

Tele-posta Towers, Kenyatta Avenue

Ex-telecoms House, Haile Sellaise Avenue

Safaricom Customer service Centers

Safaricom Customer Service Kenyatta Avenue, I&M Building

Safaricom Customer Service, Ex-telecoms Haile Sellaise Avenue

Kencell Customer Service Center

Koinange Street shop

APPENDIX 2: ....Letter of Introduction

Betty Sossion
Box 13433,
Nairobi

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH DATA

I am a Master of Business Administration student at the University of Nairobi carrying out a reach project in partial fulfillment of the degree requirement. The research topic is **"Customer perception on value proposition by fixed and mobile telephone providers".**

I humbly request you to fill the attached questionnaire divided into sections, please answer all the questions in all the parts.

The information obtained is purely for academic purposes and will be held in strict confidence.

Thank you.
Yours faithfully,

BETTY SOSSION

APPENDIX 3..QUESTIONNAIRE A

SECTION A

PART 1
(Question 1 & 2 applicable to fix line subscribers only)

1. Do you have a fixed telephone line?

Yes [ ] No [ ]

If yes, how many lines? (Please specify the number)______________

2. For how long have you been connected?

- 6 months to 1 year [ ]
- 1 years to 2 years [ ]
- Over 2 years [ ]

3. Do you have a mobile phone? **(Question 3 applicable to mobile subscribers only)**

Yes [ ] No [ ]

If yes, which mobile phone company are you connected to?

Safaricom [ ]

Kencell [ ]

4. Have you switched connection from one telephone service provider to another?

Yes [ ] No [ ]

If yes, please indicate from which service provider to which service provider

[ ] Kencell to Safaricom

[ ] Safaricom to Kencell

[ ] Fixed line to Mobile provider

[ ] Mobile provider to Fixed line provider

PART 11

5.How do you perceive (understand) value?

[ ] Value is low price

[ ] Value is whatever I want in a service

[ ] Value should be what I get for the price I pay

[ ] Value is what I get for what I give

Other (specify)____

6. What attracted you to the telephone service provider?

[ ] Low costs

[ ] Service reliability

[ ] Wide National coverage

[ ] Simple and fast application process

Any other(s) specify____________________________________

7. Please indicate on the scale below the extent to which you agree or disagree with the following statements on your perception of value of the telephone service. (Tick as appropriate).

5 Strongly Agree **4** Agree **3** Some what agree **2** Disagree

1 Strongly disagree

	5	**4**	**3**	**2**	**1**
1. Company provide service at the right time	[ ]	[ ]	[ ]	[ ]	[ ]
2. It should not take time and effort to get connected	[ ]	[ ]	[ ]	[ ]	[ ]
3. The service provider has my interest at heart	[ ]	[ ]	[ ]	[ ]	[ ]
4. When I have a problem the provider is ready to solve it	[ ]	[ ]	[ ]	[ ]	[ ]
5. Telephone installation costs are too high	[ ]	[ ]	[ ]	[ ]	[ ]
6. Telephone is convenient for me when ever I want to contact friends or business contacts	[ ]	[ ]	[ ]	[ ]	[ ]
7. The telephone I purchase give value for my money	[ ]	[ ]	[ ]	[ ]	[ ]
8. The product Features are appealing to me	[ ]	[ ]	[ ]	[ ]	[ ]
9. I got connected to the service provider because my friends and relatives are connected to it	[ ]	[ ]	[ ]	[ ]	[ ]

10. The telephone provides easy access when ever I want to make a call	[ ]	[ ]	[ ]	[ ]	[ ]
11. It is prestigious to have a telephone	[ ]	[ ]	[ ]	[ ]	[ ]
12. Being connected to the service gives me satisfaction	[ ]	[ ]	[ ]	[ ]	[ ]
13. The advertisement on the media is appealing to me	[ ]	[ ]	[ ]	[ ]	[ ]
14. Telephone wide area coverage is important to me	[ ]	[ ]	[ ]	[ ]	[ ]

QUESTIONNAIRE B......... THE FIRM'S VALUE PROPOSITION

SECTION A

Circle the importance of the following attributes of value proposition held by your company towards customer service satisfaction.

5 Very important **4** Important **3** Some what important

2 Not very important **1** Not important at all

1. Prompt service	1	2	3	4	5
2. Service delivered right first time	1	2	3	4	5
3. Keeping customers informed	1	2	3	4	5
4. Respond to customer problems	1	2	3	4	5
7. Company has convenient business hours	1	2	3	4	5
8. Respect for individual customer	1	2	3	4	5
9. Service environment	1	2	3	4	5
10. Quality of service	1	2	3	4	5
11. Knowledgeable employees	1	2	3	4	5
12.Promotional message	1	2	3	4	5
13. The price of the telephone service	1	2	3	4	5

SECTION B

1. What is your name (Optional)_______________________________

2. What is your occupation ________________________________

3. Please indicate your gender

Male [ ] Female [ ]

4. Please tick the age bracket in which you fall

Below 20 years [ ]

21 – 30 years [ ]

31 – 40 years [ ]

41 – 50 years [ ]

Above 50 years [ ]

4. Please indicate your level of education

Primary [ ]

Secondary [ ]

College [ ]

University [ ]

(Specify)____

THANK YOU FOR YOUR COOPERATION