

**ANALYSIS OF CUSTOMER PERCEPTION OF SERVICE
OFFERED BY KENYA POWER AND LIGHTING
COMPANY LTD IN MOUNT KENYA REGION.**

UNIVERSITY OF NAIROBI
LOWER KABETE LIBRARY

BY

PATIENCE/NYAOGA

**A PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS OF
BUSINESS AND ADMINISTRATION.**

**FACULTY OF COMMERCE
UNIVERSITY OF NAIROBI.**

SEPTEMBER, 2003

DECLARATION

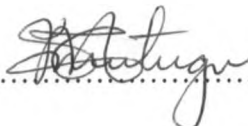
This project is my original work and has not been submitted for a degree in any other University.

Signed 

Patience K. Nyaoga

Date: 17/11/2003

This project has been submitted for the examination with my approval as the university supervisor

Signed 

T.M. Mutugu

Senior Lecturer

Department of Business Administration

Date: 17-11-2003

DEDICATION

This project is dedicated to my late Mum Isabella Wangui Toni, who passed away midway through the programme, for her unwavering love, loyalty and confidence for me.

ACKNOWLEDGEMENTS

My special thanks go to my supervisor, Mr. Mutugu, Senior Lecturer of Business Administration Department for his guidance and advise.

My appreciation is also extended to all the lecturers of the faculty of commerce for imparting invaluable knowledge to me. To my MBA classmates for the company.

I also wish to thank the customers who also took their valuable time to fill my questionnaires and Kenya Power and Lighting Company for approval to study the company.

My most sincere thanks and gratitude to my husband for giving me encouragement and assistance. Special thanks to my three sons for their patience and understanding during the course.

My sincere thanks to my Dad and late mum for working hard to realize a good education foundation for me, and inspiration in pursuance of further studies.

Finally, my thanks go to all those who assisted in one way or another during the programme, and to Anne Kinyanjui especially in the typing of various reports, and to all those who made tremendous contribution in pursuing the MBA programme and their names are not mentioned. I register my profound appreciation to you all.

TABLE OF CONTENTS

	PAGE NO
Declaration	i
Dedication	ii
Acknowledgement	iii
Table of contents	iv
List of Tables	vi
List of Figures	vii
Abstract	viii
CHAPTER ONE: 1.0 INTRODUCTION	
1.0 Introduction	1
1.1 Background information	1
1.2 Kenyan Energy sector	4
1.3 Statement of the problem	5
1.4 Objectives of the study	7
1.5 Importance of the Research	8
CHAPTER TWO: LITERATURE REVIEW	
2.0 Literature Review	9
2.1 Marketing of services	9
2.2 Definition of services	9
2.3 Characteristics of services	10
2.4 Dimensions of service quality	14
2.5 Managing service quality	15
2.6 Challenges in marketing services	17
2.7 Strategies for effective customer services and marketing	18
2.8 Marketing of electric energy	21
2.9 The Kenya Power and Lighting Company Limited	23

CHAPTER THREE: RESEARCH DESIGN

3.0 Research design	26
3.1 Introduction	26
3.2 Research setting	26
3.3 Population	26
3.4 Sampling	27
3.5 Data collection method	27
3.6 Data analysis	28

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.0 Data analysis and findings	29
4.1 Response rate	29
4.2 Demographic characteristics of respondents	30
4.3 Importance of attributes to customers in evaluation	33
4.4 Customer level of satisfaction with KPLC services	35
4.5 How customers reach KPLC	37
4.6 Communication channels preferred by customers	38
4.7 Suggested improvements for new products/services	39

CHAPTER FIVE: DISCUSSIONS, SUMMARY & CONCLUSIONS

5.0 Discussions, summary and conclusions	40
5.1 Introduction	40
5.2 Discussions and conclusions	40
5.3 Recommendations	45
5.4 Limitations of the study	46
5.5 Suggestions for future research	47

REFERENCES	48
-------------------	-----------

APPENDICES

1. Letter of Introduction
2. Questionnaire

LIST OF TABLES

Table 4.1	Response Rate	29
Table 4.2	Type of account	30
Table 4.3	Age of account	30
Table 4.4	Analysis of education level	31
Table 4.5	Age of respondents	32
Table 4.6	Analysis on gender	32
Table 4.7	Importance of attributes to customers	33
Table 4.8	Customer level of satisfaction	35
Table 4.9	Customers communication to KPLC	37
Table 4.10	KPLC channels of communication	38
Table 4.11	Suggested new products improvements	39

LIST OF FIGURES

	PAGE NO
Figure 1. The Gaps Model of service quality	17

ABSTRACT

This study was conducted with the objectives of determining attributes of importance in evaluation of service quality, evaluate the customer service offered by Kenya Power and Lighting Company, and determine whether there exist differences among the different customer categories. The researcher was motivated to carry out this study by the continued complaints by the customers of the firm.

To achieve the above objectives, a sample of 100 customers was picked. A questionnaire was administered to each of them. The questionnaire had semi-structured and likert scale questions. The Mount Kenya region was picked for the study. This is one of the four administrative regions of the company and it covers about ten 10 districts within parts of Central and East Kenya. A number of ten (10) respondents were picked at random from each of the district to constitute the sample.

The data collected was analyzed using percentages, means and standard deviations. Analysis of the data indicated that there are many attributes that customers consider important in their evaluation of service quality. Attributes such as ability to offer dependable services, provision of prompt service, ability to solve supply problems correctly first time, willingness to help customers, promptness in solving complaints, ability to give service at reasonable cost, accessibility to service provider, were among those brought as important considerations by the customers.

Most of the respondents indicated that they were dissatisfied with the service level of the Kenya Power and Lighting Company. According to the customers, the firm does not have a satisfying customer education program. There is a high frequency of corrupt practices, the cost of the service is considered high, a lot of time is taken before new constructions are done after they are paid for, there is poor availability of staff to answer customer queries, and new applications take long periods to process.

On communication between the company and customers, the traditional methods are still very popular. These included telephones, service outlets and post office being

widely used by the customers to reach the service provider. The customers also indicated that they prefer the company mainly using radio/TV, fliers attached to bills, and print media to communicate to them.

Lastly, the researcher recommends that further research can be done on customer service perception. Such studies may focus on other service providers who may either be entirely private organizations or quasi-government corporations. Other studies may isolate specific attributes and attempt to determine their individual effects on customer perception.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background information

'High power tariffs are a big impediment to Industrial growth in the region' the chief executive of BOC gases said (Daily Nation, November 8, 2001). According to Makali (Sunday Nation, November 11, 2001) 'the fact is that the KPLC has been about the only parastatal with a semblance of efficient service. If your power went out, you had it fixed or got an explanation. Its technician with their little Datsun pick ups and Toyota vans, erecting ladders in the neighbourhood. Well, with a little nagging they still do it'. The client feels that KPLC have one-sided investigated an alleged wrong doing on her part, prosecuted and determined her guilt and charged her without a hearing dubbed as KPLC's uneasy relationship with one of their customers (East African standard November 21, 2001).

The other complaints are fraud related, (mainly tampered meters), payment related, deposit and interest refunds, new supply, change of address, wrongful disconnection or delayed reconnection, High consumption and estimated bills, operations and maintenance complaints received through the commercial office and correspondence and quality of customer service complaints.

These complaints have mainly included, customers being referred from office to office, lack of proper and timely information to customers on company procedures and policies, rudeness and aggressive behavior by field staff, misdirecting of the customers by members of staff, complaints of the telephone not being answered by the switch board and emergency personnel, or being kept on hold for too long and allegations of staff demanding bribes from customers to prevent disconnection. According to the Bribery incidence list, KPLC is ranked

number 43 with 37.5 % incidence rate of bribery cases (East African Standard January 19, 2002). Mombasa Municipal Council tops the list with a 91.6 incidence rate.

However, KPLC strives to respond to the various complaints lodged by customers through the media in which the e-mail address for customers with queries has been given as customercare@kplc.co.ke (East African standard November 4, 2001). According to Face the facts (East African standard December 21, 2001) KPLC has not failed to respond to queries raised by the public on face the facts column. Therefore, last year i.e. 2002 though they reminded KPLC one or two times to respond, the East African standard do not lose sight of the fact that KPLC have seized every opportunity available to talk to their customers thus remain high on the list of performers. The other channels for responding to the customers have been through correspondence, call center, query counters and the customer relations and marketing offices for customer consultations.

Issues raised in the recently hosted East African business summit for business executives in the East African region held at the Mt. Kenya Safari Club identified the first challenge for KPLC from a business point of view as the cost. Electric power is grossly overpriced at around \$70 per Mw in Kenya. The second is the quality and reliability of the electricity supplied (The East African, September 29 - October 5, 2003).

The minister for energy emphasizes that KPLC should be able to connect 150,000 customers every year and thus reduce tariffs (Daily Nation, September 27, 2003).

The key challenges affecting the sector currently are trying to open up new markets. The high power tariff in Kenya is principally due to not having a sufficiently large customer base. According to the summit the challenges to be tackled are in 4 major areas namely expanding customer base i.e. whole sale, retail, financial intermediaries, etc., minimizing transmission

losses, managing the reduction in the power tariff and improving the reliability of supply (The East African, September 29 – October 5, 2003).

As technological advancement has equalized most production processes, one of the few remaining strategies that can set one company apart from others is customer service. Companies overlook their most important competitive advantage i.e. their own customers. A Company whose customers are truly satisfied with its products and services has a significant advantage over its competitors. It can command a higher price, its customers are more loyal and it has more time to adapt to changes in the market conditions, technology and labour costs (Ndegwa, 1996).

The service environment has evolved due to the following factors: changing patterns of government regulation, technological innovations, the service quality movement, pressures to improve productivity, relaxation of professional association restrictions on marketing, internalization and globalization etc (Lovelock, 1996). This has caused a lot of dynamism in the service sector, competition has increased and consumers are exposed to more information. To survive, service companies must differentiate themselves mainly by being as close to the customer as possible. This has led to an over emphasis in the area of service marketing to enable marketers in developing service strategies to respond to the market (Kimonye, 1998).

Service marketing is a key vehicle for understanding customer expectations and perceptions of services (Scheuing *et. al*, 1998, Kotler 1999, McNealy, 1994). In services, as with any offering, a firm that does no marketing research at all is unlikely to understand its customers. Marketing of services must focus on service issues such as what features are most important to customers, what levels of these features customers expect, and what customers think the company can and should do when problems occur in service delivery.

Services research must continually monitor and track service performance because performance is subject to human variability and heterogeneity.

A major focus of service research involves capturing human performance at the level of the individual employee, the team, the branch, the organization as a whole, and the competition. Another focus of services is documenting the process by which service is performed. Even when service employees are performing well, a service provider must continue to track performance because the potential for variation in service delivery is always present (Lovelock *et al*, 1996).

Services research is the need to consider and monitor the gap between expectations and perceptions. This gap is dynamic because both perceptions and expectations can fluctuate.

1.2 Kenyan energy sector

According to the KPLC magazine May 2001, The enactment of the Electric Power Act 1997 set the pace for liberalization of the power sector. This saw the separation of transmission and distribution functions from generation under KPLC and KENGEN respectively. The Electric Power Act, hereafter referred to as “the Act” stipulates the inter-relationships between these key players and other stakeholders such as consumers and the government. The Act further provides direction on the development of future power systems in Kenya. Further, the Act also provides for separation of commercial functions from policy setting, regulatory and coordinating functions. Under these reforms and as stipulated in the Act, the roles of key players in the power sector have been restructured.

The role of the Ministry of Energy has remained that of overall policy formulation in the energy sector. The Electricity Regulatory Board (ERB) has been given the role of approving contracts for generation and sale of electricity. The board also sets and reviews electricity

tariffs as well as enforcing safety and environmental regulations in the power sector.

Safeguarding of the interests of electricity consumers is also a role played by the board. (The Electric Power Act, 1997)

The Kenya Electricity Generating Company (Kengen) manages all public power generation facilities. It generates and sells electricity in bulk to KPLC. The company is also responsible for developing new public sector generation facilities to meet increased demand. The liberalization of the power sector has attracted private participation in the generation of electricity. Independent Power Producers (IPP's) now build, operate and own power stations, and sell power in bulk to KPLC with whom they sign Power Purchase Agreements (PPAs)

The Kenya Power and Lighting Company Limited (KPLC) now owns all transmission and distribution assets. The Company buys electricity from generating companies in bulk and retails it to customers.

The following comprises of trends in the electricity environment currently.

- Electricity is the second most important source of commercial energy in the country
- KPLC's current market share is estimated at 9%
- Current customer base is 635,900 countrywide
- 46% have access to power in the urban areas while only 4% have access in the rural areas.
- Average growth in number of customers in the past has been about 7%

1.3 Statement of the Problem

Service quality has been found to be critical in enabling service companies to identify and implement strategies to meet customer expectations (Mukiri, 2001).

Customer service is the key strategic weapon for the millennium for any type of organization (McNealy, 1994). The company has embarked on an aggressive campaign to increase customer base and achieve the target of 150,000 customers annually. Competition has not been stiff since KPLC has been a monopoly. As there is no major competitor in the distribution of power there is need to incorporate good services to ensure customers remain loyal to avoid a scenario of an avalanche movement of customers in the face of competition from power substitutes such as solar, generators, gas etc.

Services are intangible, perishable, and difficult to describe and communicate. These characteristics of services are the heart of the challenge involved in designing and positioning services (Zeithaml and Bitner, 1996).

Perceptions are always considered relative to expectations. However, expectations are dynamic, evaluations may also shift over time from person to person and from culture to culture. What is considered quality service or the things that satisfy customers today may be different tomorrow. The entire discussion of quality and satisfaction is based on customers' perceptions of the service. Customers perceive services in terms of quality of the service and how satisfied they are overall with their experiences (Zeithaml *et. al*, 1996)

Considerable research has been devoted to understand what impacts on customers' evaluations of service encounters as well as the nature of those evaluations (e.g., Arnold and Price, 1993; Bitner, Booms and Tetreault 1990; Iacobucci, Grayson and Ostrom 1996; Oliver 1997; Surprenant and Solomon 1987; Parasuraman, Zeithaml, and Berry 1985 as quoted by Scheuing *et al*, 1998).

There have been several studies undertaken in the Kenyan service sector which have mainly focused on perceived quality from the customer perspective. Some included management's perspective as well. e.g. Muriithi (1996), analyzed customer service offered by Kenya commercial banks, (Masinde, 1986) studied perceived quality of service in the airline industry, (Mwaura, 2002) researched on perceived quality in the 'matatu' industry and (Mwenda, 1985) investigated perceived quality of port services. (Ndegwa, 1996) studied analysis of customer service offered by Kenya's Commercial Banks. Recently KPLC conducted a study on customer electricity usage, which also included selected aspects of customer service funded by the World Bank.

In spite of all the above studies, the customer complaints have persisted. It is the continued complaints that prompted this study. Further, to the best of the knowledge of the researcher, none of the studies done previously focused on the power sector.

Therefore the motivation for the study was to find out how KPLC can improve customer service in order to attract more customers and achieve the 150,000 new customers target annually.

1.4 Objectives of the study

The objectives of this study were:

- 1) To identify the range of attributes that customers consider important in judging quality of service.
- 2) To find out how customers perceive customer service offered by the Kenya Power and Lighting Company Limited.
- 3) To determine if there exists differences in the perceived service quality among the various categories of KPLC customers.

1.5 Importance of the study

This study may be useful to the following; -

1. KPLC Management- the study can enable KPLC management improve the quality of service to their customers with a view to attracting more business i.e. 150,000 customers.

Researchers- the research offers a basis for further academic investigation in service quality in any other service sector.

2. KPLC customers can be able to understand what interventions KPLC has implemented in addressing service challenges.

3. Other organizations involved in provision of services as they will know what attributes their customers may be interested in.

4. Scholars and academicians can use the results of the study as a basis of further research on issues to do with service marketing.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Marketing of services

Marketing as a discipline developed initially in connection with selling of physical products. In practice, marketing is of crucial importance in all sectors of the economy including the energy sector. The energy sector have perhaps been slow to adopt the marketing philosophy (Ndegwa, 1996). Generally, through the years, as the economies have grown, more and more complex, it has become necessary to look at marketing from the broader viewpoint of the marketing of services (Oumah, 1988).

This literature review highlights the energy sector as a service and establishes a setting for the reader to understand the uniqueness of services as well as what is involved in their marketing.

2.2 Definition of services

Services have traditionally been difficult to define.

Kotler (1999) defines service as any act or performance that one party can offer another, that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

(The American Marketing Association AMA, 1960) defines service as “activities, benefits, and satisfaction which are offered for sale or are provided in connection with the sales of goods.”

Service has also been described as “something which can be bought or sold, but which you cannot drop on your foot” by Gummesson as quoted by (Lovelock, 1996).

(Zeithaml *et al.* 1996) defines service simply as deeds processes and performances.

For the purpose of this study the researcher adopted the definition given by Kotler, who defines service as,

“Any act or performance that one party can offer another, that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.”

The above definition has the following implications: -

To produce a service one may or may not require the use of tangible goods

There is no transfer of title as there is no physical good.

Marketing exchange occurs. This involves obtaining a desired product from someone by offering something in return.

2.3 Characteristics of services

There is general agreement by service marketers (Tomke, 2003: Kotler 1999: Goonroos, 1990: Zeithaml *et. al*, 1996: Lovelock *et. al*, 1996: McNealy, 1994) that inherent difference between goods and services exist. The special nature of services stems from several distinctive characteristics which lead to quite unique problems in service marketing. The main problem has been the difficulty in developing a concrete easily perceivable service offering that fits that which is conceptualized by service purchasers. This difficulty arises from the: (a) intangible nature of the market offering; (b) inseparable nature of the production, consumption and marketing processes; (c) lack of standardized marketing entity; and (d) perishability of fluctuation of demand and supply services.

2.3.1 Intangibility

Services are intangible. They are only deeds or performance that cannot be sampled through our senses of taste, hearing and feel (Goonroos, 1990: Zeithaml *et. al*, 1996, Lovelock *et.al*, 1996).

First, they cannot be 'touched' in the physical sense and secondly, they are abstract and extremely difficult to grasp mentally.

The marketing implications are:

Communicating services is difficult (Kimonye, 1998). One must experience the service to know what the service is all about. The service provider's task is to 'manage the evidence' (Kotler, 1999). They must focus on the benefits to the consumers. Service quality may be difficult for consumers to assess (Zeithaml *et al*, 1996), Services cannot be patented legally thus competitors can easily copy service concepts.

Pricing is challenging as actual costs of a unit of service are hard to determine and the price/quality relationship is complex (Zeithaml *et. al*, 1996).

A lot is also staked on the physical representation of the service, such as the well groomed and uniformed cashiers, meter readers and call centre operators (Shostack, 1977 and George, 1974). This may include management of the environment, which is the setting within which the service is performed whereby there is a beautiful flower at the entrance, and a well-polished floor, neat counters and well managed queues.

Intangibility quite obviously raises great difficulties in "product" planning and other components of marketing mix.

2.3.2 Inseparability (Simultaneous Production and Consumption)

Services are first sold, then produced and consumed simultaneously with the consumer wholly or partially entering the production process. (Regan, 1963; Shostack, 1977; Zeithaml, 1985). There is a high interaction (a) between consumer and physical/technical resources; (b) between the consumer and other consumers; (c) between consumer and 'contact' personnel; and (d) between the consumer and his own peculiar characteristics. On one hand, therefore, a consumer is a source of productive capacity. On the other hand, his role in the process creates uncertainty for the managers about the process time (like in the case of long queues in electricity house), the product's quality, and the facility's accommodation of the customer's needs and expectations (like an immediate reconnection despite late settlement of bill).

Nevertheless, quality can be standardized somewhat by introduction of standardized procedures (Shostack, 1977) and uniform training employees (Hostage, 1975; George, 1977). Ultimately, quality control must be carefully guarded because a bad experience in one outlet e.g. Stima plaza or Electricity house Mombasa can affect business in other outlets.

2.3.3 Heterogeneity (Lack of a Standardized 'Product')

The quality and essence of a service can vary from producer to producer (due to people-orientation) or from customer to customer (due to peculiarities in the human nature) and from time to time (due to extraneous factors). It is particularly difficult to forecast the quality of a service in advance of buying it, for example, forecasting the services of KPLC. Services are 'one-off' production runs (Kimonye, 1998).

The marketing implications here are ensuring consistent service quality. Quality depends on many factors that cannot be fully controlled by the service provider e.g. the ability of the consumer to articulate his or her needs, the willingness of personnel to satisfy those needs, or

the level of demand for service etc. This is because service is performed “out there in the field by distant and loosely supervised people working under highly variable and often volatile conditions” which may lead to varied features and quality of service (Levitt, 1972). Moreover, during personal service, discretion is given and discretion is the enemy of order, standardization and quality. The problem raised here is a consistent product that can be promoted, displayed, priced and distributed using standard methods. Because of these complicating factors, the service manager cannot always ensure that the service is being delivered in a manner consistent with what was originally planned and promoted.

2.3.4 Perishability (Fluctuation of Demand and Supply)

This implies that services cannot be saved, nor can they be stored or reclaimed (Sasser, 1976). Currently there is an excess capacity of electric energy generated yet this cannot be reclaimed with passage of time and neither can they be inventoried for the purpose of creating ‘stocks’ or buffer to handle fluctuating demand. Unused services thus represent business lost forever to the operations of that firm. This is a merchandising problem.

Due to the involvement of the customer, demand cannot be forecast and effectively planned for, and thus, demand and capacity can only be adjusted simultaneously for a closer fit (Sasser, 1976); or demand-leveling strategies employed and at the same time supplying-control strategies used. In addition, establishing and measuring capacity levels for a service operation are often highly subjective and qualitative tasks that disrupt schedules of operation. The above overview of the unique problems of service marketing sheds some light on the conditions under which Kenya power operates.

2.4 Dimensions of service quality

Customer use basically similar criteria to determine service quality regardless of the type of service (Parasuraman *et. al*, 1985 and Swartz *et. al*, 1993). These criteria are;-

- Reliability

This refers to consistency in performance and dependability, accuracy in billing invoicing, keeping records correctly, performing the service at the designated time.

- Responsiveness

Willingness or readiness of employees to provide service. Calling the customer back quickly, giving prompt service e.g. serving food quickly, Mailing a transaction slip immediately.

- Competence

Possession of required skills and knowledge to perform service. Knowledge and skill of contact personnel, knowledge and skill of operational support personnel. Research capability of the organization.

- Credibility

Trustworthiness, believability, honesty. Organizational name or reputation. Personal characteristics of contact personnel.

- Communication

Keeping customers informed (in language they can understand) and listening to them.

- Courtesy

Politeness, respect, consideration and friendliness of contact personnel. Clean and neat appearance of public contact personnel. Friendly and polite reception.

- Access

Approachability and ease of contact. Waiting time to receive service is not extensive. Convenient hours of operation. Convenient location of service facility.

- Security

The service is free from danger risk or doubt.

- Empathy

Understandability and knowing the customer.

Making the effort to understand the customer needs, learning the customers specific requirements. Providing individualized attention and recognizing the regular customer.

- Tangibles

Physical evidence of the service includes physical facilities, appearance of personnel, Tools or equipment used to provide the service.

2.5 Managing service quality

Marketing the quality of service is central to the success and growth of business. (Parasuraman *et. al*, 1985) in developing the service quality model defined service as the gap between service and perceived performance.

A service firm may win by delivering consistently higher quality service than competitors and exceeding customers' expectations (Kotler, 1999). After receiving the service, customers compare the perceived service and expected service. Parasuraman, Zeithaml and Berry formulated a conceptual model that positions the key concepts, strategies and decisions in services marketing. This model, shown in Figure 1, identifies five gaps.

Gap 1: The Customer Gap

Gap is the difference between customer perceptions and expectations. Customer perceptions are basically subjective assessments of actual service experiences. On the other hand customer expectations are the standard performance against which service experiences are compared. It is therefore the goal of services marketing to bridge this distance by designing strategies to close this customer gap.

Gap 2: The Service Design Gap

Gap is caused by not selecting the right service design standards. It exists in service organizations for a variety of reasons. Those responsible for setting standards sometimes believe that customer expectations are unreasonable or unrealistic. Management may also not have a commitment to service quality (Zeithaml *et. al*, 1996)

Gap 3: Service Standards Gap

Gap identifies the discrepancy between development of customer driven service standards and actual service performance by employees. Standards must be backed by appropriate resources (people, systems, and technology) and must be supported to be effective.

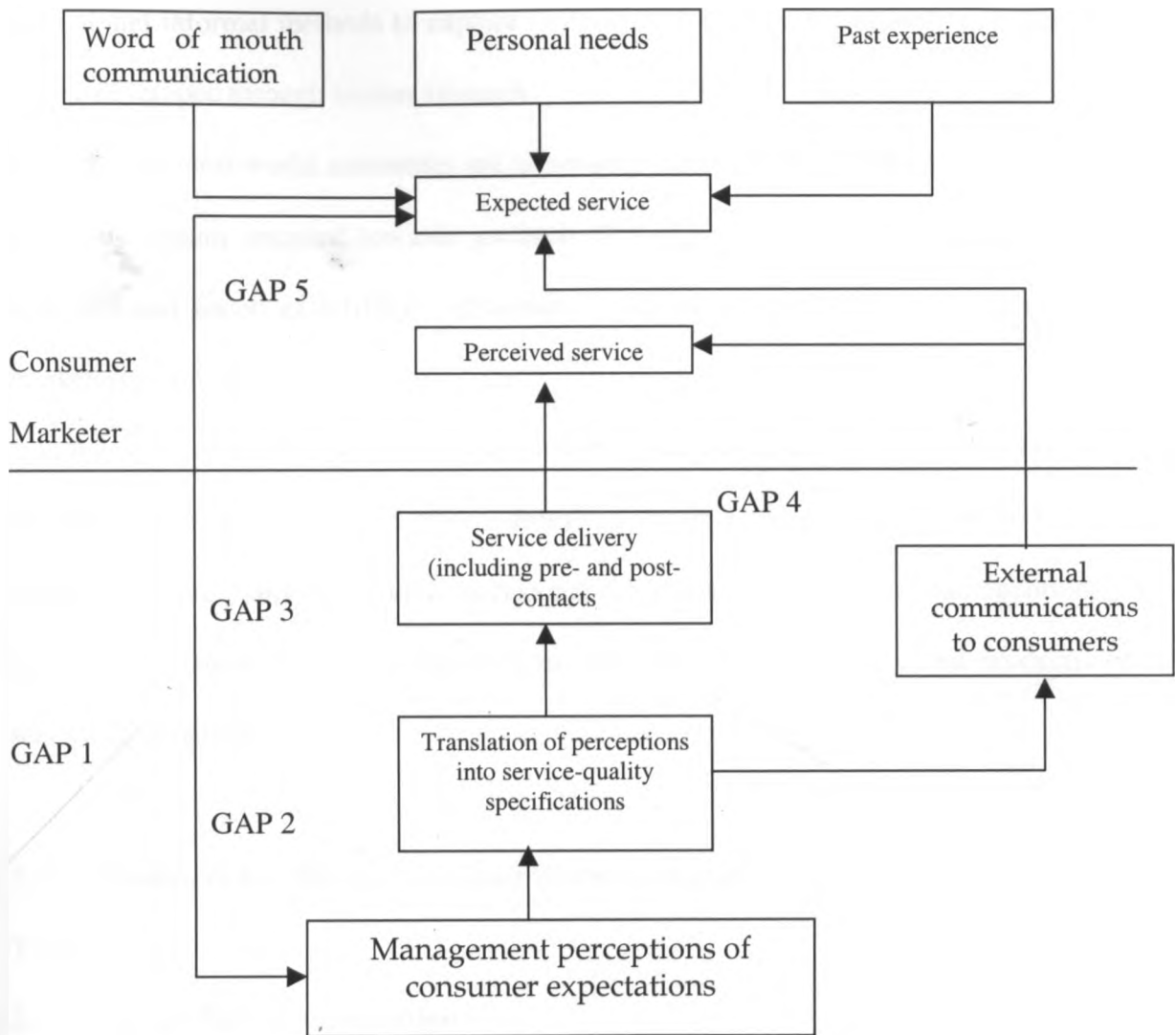
Gap 4: Performance/Promise Gap

Gap illustrates the difference between service delivery and the service provider's external communications. This discrepancy between actual and promised service therefore broadens the customer gap thus improved service quality and control of all communication so that inflated promises do not lead to higher expectations.

Gap 5: Perceived Vs Expected Service

Gap occurs when the consumer misconceives the service quality.

Figure 1: The Gaps Model of Service Quality



Source: A. Parasuraman, Valerie A. Zeithaml, and Leonard L. Berry. "A Conceptual Model of Service Quality and its implications for future research," *Journal of Marketing*, Fall 1985, p. 44.

2.6 Challenges in marketing services

Not knowing what customers expect is one of the root causes of not delivering to customer expectations. An accurate understanding of what customers expect and what really matters to them leads to service performance that falls short of customer expectations.

The necessary first step in improving quality of service is for management or empowered employees to acquire accurate information about customer's expectations.

Formal and informal methods to capture customer information about customer expectations can be developed through market research.

Even though most world economies are increasingly dependent on services, most innovation processes remain oriented towards products (Tohoku, 2003). New services need to be designed and tested effectively. (Thomke, 2003) describes the dilemma facing service marketers as follows:

“... Those companies looking for breakthroughs in service development tend to fall back on informal and largely haphazard efforts, from brainstorming, to trial and error, to innovation teams. Such programs can produce occasional successes, but they offer little opportunity for the kind of systematic learning required to strengthen the consistency and productivity of service development....”

2.7 Strategies for effective customer service and marketing

These include: -

2.7.1 Successful Communication

Guidelines should reflect the special characteristics of service and the following are recommended (Lovelock *et.al*: Kitching, 1999: Kotler, 1999: Solberg, 2003): -

Firstly it is to recognize that service is a performance. Advertising should not only encourage customers to buy the service, but should also target employees as a second audience, motivating them to deliver high quality service. Service firms should use internal marketing which entails that the service firm must effectively train and motivate front line employees to work as a team to provide customer satisfaction e.g. the cashiers, call centre staff, query counter staff etc.

The use of own employees rather than professional models in the print and broadcast advertisements e.g. Posters, fliers, calendars for sales promotion.

The use of easily recognizable symbols takes on special importance when offering services in marketing where a significant proportion of the population mainly in the rural areas is illiterate. This is especially important in efforts to extend services to the rural majority anticipating power supply.

2.7.2 Market Segmentation

A market Segment consists of a large identifiable group within a market with similar wants, purchasing power, among other attributes (Kotler, 1999) that it can serve most effectively. A service organization cannot serve an entire market for a particular service as customer needs and wants are diverse. Customers in each segment are presumed to be broadly similar in their needs and wants. There are several categories of customers in Kenya power e.g. corporate customers, commercial, domestic etc.

2.7.3 Service Positioning

How the service is designed will impact the image of the service in the consumer's mind (Ziethaml *et al*, 1996). A service offering's position is the way it is perceived by consumers, particularly in relation to competing offerings (Kitching, 1999)

An organization's service offering is successfully positioned if it has established and maintains a distinctive place for itself in the consumer's mind relative to competing organizations offerings. To develop effective positioning strategies, managers need insights into how the various attributes of a service are valued by current and prospective customer's within that segment (Kimonye, 1998). If a service is successfully positioned, the mention of

the service will conjure up in the customer's mind an image that is distinct from images of similar service offerings (Zeithaml *et. al*, 1996).

What is essential is to position the service on something that is important to consumers, something that can serve to distinguish the service from its competitors and something that can be delivered consistently (Kitching, 1999).

2.7.4 Relationship Marketing

Relationship marketing is a philosophy of doing business that focuses on keeping and improving current customers rather than acquiring new ones. Service companies must see customers as their long-term partners and need to make a commitment in maintaining the relationship through quality, service and innovation (Webster, 1992). This strategic orientation assumes that consumers prefer to have an ongoing relationship with one firm than to switch to others in search for value. Successful marketers are working on effective marketing strategies for attracting, retaining and enhancing customer relationships (McNealy, 1994).

2.7.5 Human Resources

Act quickly, not only must they do their work quickly, but to do so while relating well to customers (Lovelock *et. al*, 1996). With people as part of the service, no service business can afford to divorce its customer contact employees from the firms marketing strategy (Lovelock *et. al*, 1996). The responsibility of an organization's success often rests with relatively junior staff in such customer contact positions as call centre operator, cashier, meter readers etc.

Therefore careful recruitment, training and ongoing mentoring of employees can contribute to improvements in both productivity and service quality (McNealy, 1994). (Zeithaml *et.al.* 1996) identified the following human resource strategies that a service firm can undertake.

- Hire the right people
- Retain the best people
- Provide the needed support systems
- Develop people to deliver service quality

2.8 Marketing of electric energy

Generally this field had remained unexplored as a monopoly enterprise. However due to the encroachment of competition there is need to adopt marketing more aggressively in order to safeguard and increase market share. In view of competition and sophisticated and more enlightened customers, business success requires the firm to become market oriented whereby it operates with a view to producing and developing products, which will fulfill the needs of consumers in those markets.

The energy sector has been slow to adopt the marketing philosophy. In order to survive in business currently an organization needs to embrace marketing as an important management function and an approach for doing business to survive in the ever-changing dynamic environment. Despite there being no other competition in the actual distribution of electric energy, there is need to recognize that customers can turn to other energy sources such as wood, industrial oil, power generators or regional suppliers of electrical energy e.g. the Zambian power grid. It runs through Tanzania, which is currently also connected to the South African and DR Congo Grid and capable of providing 400 megawatts.

It is crucial to plan ahead and ensure the market share is increased and maintained in the event of competition e.g. the electricity company in Ireland still maintained market share of 90% after competition had encroached due to high levels of customer service. An organization with a marketing orientation is one that places the consumer at the centre of its business and attempts to develop products and services that meet the requirements of those consumers.

The company has taken the approach of identifying land divided into domestic plots for developments e.g. house construction. This offers a ready market whereby potential customers are mobilized and organized into group development schemes to apply jointly in order to share costs. Standardized amounts will be quoted for all applicants in the group. This strategy drastically brings down the costs of each applicant. Further a 70% rebate is given on all the labour charges to make the quotation cheaper and achieve the target of 150,000 customers.

The marketing function encompasses a wide variety of techniques and activities concerned with identifying and analyzing markets, understanding how consumers are motivated and how they behave in those markets. The 4P,s namely product, price, promotion and place must be managed to ensure that the right type of product is available at the right price, in the right place and the consumer is aware.

Effective marketing is dependent on the organization taking a strategic view and considering marketing as an integrated and driving force in its strategy and planning. In the current business environments, marketing is the approach to business for an organization to entrench firmly in the structure.

As earlier noted the energy sector has been slow to adopt a true marketing orientation. There is need to develop a fully-fledged marketing department, which can drive the marketing initiatives. Marketing has tended to be accorded low status and viewed generally as having no contribution to make in the highly technical energy sector with senior appointments remaining the preserve of those with engineering backgrounds. However with the need to bring down electric charges and increase customer base by 150,000 the organization is moving towards market orientation which requires that marketing takes a more active role in the determination and development of overall corporate strategy. There is need to review procedures and policies to be friendlier as a campaign to achieve the marketing concepts in the organization.

The first value of service quality is to do it right for the first time. In this way, recovery is unnecessary, customers get what they expect and the costs of undoing the service and compensating for errors can be avoided.

2.9. The Kenya Power and Lighting Company Limited.

The KPLC is a limited liability company responsible for the transmission, distribution and supply of electricity throughout Kenya. KPLC was incorporated in 1922 as the East African Power & Lighting Company Ltd. The majority shareholder of KPLC is the government of Kenya and its institutions, while the rest is owned by private shareholders through the NSE. Before a major restructuring of the power sector in 1997, KPLC managed all the country's power generating stations on behalf of the government, which are currently under KENGEN. (KPLC vision, mission and core values magazine, May 2001)

KPLC owns and operates the entire electricity transmission and distribution system in Kenya. The company is also responsible for the scheduling and dispatch of electricity to about 635,900 customers.

The company's mission is "To efficiently transmit and distribute high quality electricity throughout Kenya at cost effective tariffs: to achieve the highest standards of customer service: and to ensure the company's long term, technical and financial viability. On the other hand, the vision is 'To achieve world class status as a quality service business enterprise so as to be the first choice supplier of electrical energy in a competitive environment.'" (KPLC vision, mission, and core values magazine, May 2001).

The company is currently focused on offering efficient, affordable, sustainable, cost effective, reliable and high quality modern services in line with the vision and mission. The current corporate focus is on augmenting the market share and energy sales in order to enhance the revenue base, reduce electricity costs and turn around the company's business.

In an attempt to decentralize services delivery, KPLC has recently done a restructuring of its business. One of the changes implemented has been the rationalization of fully fledged business units. The company divided its market (Kenya) into four regions. These regions operate as strategic business units and allow for more effective supervision and effective customer service. The regions are further split into zones, which are basic operating units with customer contact. This was intended to bring decision making closer to the customer and thus enhance customer service delivery. The four regions are Nairobi, Coast, West, and Mount Kenya. Each of the regions is headed by a regional manager who is assisted by assistant regional manager. All the regional functional heads report to the regional manager. Nairobi region covers Nairobi city and its environs, Coast covers Mombasa and the

neighbouring districts, West covers Rift Valley, Western Kenya and Nyanza while Mt Kenya covers the central parts of the country.

Some of the complaints KPLC customers have had include and not limited to rigid operational policies especially in regard to reconnection and disconnection, long queues in banking halls, high tariffs, lack of courtesy by staff, lack of access to senior management.

Press reports and statements on the quality of the services provided by KPLC have been varied and controversial. Satisfied customers, politicians, interest groups and other people concerned have not hesitated to make their point. There have been complaints, criticisms, complements on the various aspects of the services extended to customers and even reprimands at other times (Masinde, 1986).

CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This section sets out the research methodology that was adopted to meet the objectives stated in section one of this study. The research setting, population of study, data collection instruments, data analysis, data techniques are discussed. The research was of a descriptive nature. A descriptive study was preferred as the researcher is able to investigate the relationship between two or more variables (Peterson, 1982). This design was followed because several other studies pertaining to customer service had successfully used it in the past (Masinde, 1986: Ndegwa 1996).

3.2 Research Setting

This research was carried out within Mount Kenya region. This region covers the central areas of Kenya stretching from Thika, Maragwa, Murang'a, Kirinyaga, Embu, Nyeri, Meru, Laikipia, Nyandarua and Isiolo. This region was picked at random out of the four regions. This was done in consideration of the financial and time resources available to the researcher, which did not allow for a study covering all the regions. However, the region also forms part of the developed areas of Kenya and therefore good target for business expansion.

3.3 The Population of Study

The study was based on all KPLC customers. The various categories of customers, which include domestic, small commercial and large commercial customers, were therefore involved. This made the study more comprehensive. The target population of interest in the study was mainly the customers in Mount Kenya region, which covers central Kenya.

3.4 Sample Design

The study's sample was selected as follows:

3.4.1 KPLC Customer

Random sampling was used to select the respondents. For each district, 10 respondents were selected to respond to the questionnaire. Since there are 10 districts within the region, this made a total of 100 customers. Other studies on perceived service quality have had response rates of between 60% - 85%. (Ngatia, 2000, and Mwaura, 2002). This study had therefore expected to get a response rate of at least 60%. This would have been 60 respondents and thus conform to the widely held rule of thumb that a sample above 30 respondents is representative and would allow for the use of statistical tools of analysis proposed. The questionnaire was administered during October which is a desirable period when the weather condition is stable thus the respondents were likely to give a rational view of the quality of services. This is in comparison to views during the rainy season when breakdowns increase due to the weather conditions.

3.5 Data Collection method

A review of the service literature revealed pertinent attitudes and service quality factors, which were incorporated in the questionnaire. The data collection instrument was a questionnaire (Appendix 2) with both structured and semi-structured questions.

3.5.1 Customer Questionnaire

The questionnaire contained three parts. Section A consisted of introductory and demographic questions

Section B was designed to capture perception on various aspects of services. This information was important to gain an insight on customers' views on various issues considered important to improve on customer service to enable increase customer base.

Section C was designed to elicit information about the customer perception towards KPLC performance, and the customers perceived image of the Company and the products offered by the institution.

The questionnaires were administered through personal interviews and drop off and pick method was used.

3.6 Data Analysis Techniques

Data collected was analyzed using descriptive statistics such as percentages, proportions and frequencies. Tables and graphs were used to present the data collected for ease of understanding. Interpretive analysis was done in order to respond to the objectives of the study.

Research has shown that high levels of satisfaction do not necessarily indicate a strong feeling of loyalty or a strong relationship with a product, brand or service. It is usually the underlying intangible factors that influence consumers' behavior and relationships and motivate consumers to be disciplined loyal users of a product, brand or service.

CHAPTER FOUR

4.0. DATA ANALYSIS AND FINDINGS

4.1. Response Rate

After the questionnaires were filled in, they were edited and coded. All the questionnaires returned by the respondents were usable for data analysis.

Table 4.1. Response Rate

Targeted Respondents	Actual Respondents	% Response Rate
100	74	74%

Source: Research data.

As shown on the table above, the response rate was 74 (74%). The researcher deemed this as adequate and sufficient response rate for data analysis purposes. This compares well with other previous studies such as Ngatia (2000), Maina (2001), and Mwaura (2002), which had response rates falling between 60% and 85%. They were able to yield good results. This is also consistent with the widely held rule of thumb that a sample of 30 respondents and above is adequate for the application of statistical tools proposed and used in this study.

4.2. Demographic Characteristics of Respondents

4.2.1. Type of account

Table 4.2

Type of Account	Frequency	Percentage
Domestic	52	70%
Small Commercial	18	25%
Large Commercial	4	5%
Total	74	100%

Source: Research findings.

From table 4.2 above, it can be noted that domestic consumers form the bulk of Kenya Power and Lighting Company Customers. This category is followed by small commercial consumers (25%) and the large commercial consumer has the lowest number (5%). This can possibly be attributed to the levels of industrialization of the country.

4.2.2. Age of Account.

Table 4.3.

Age (Years)	Frequency	Percentage
Below 2 years	13	18%
2 – 5 years	29	39%
5 years and above	32	43%
Total	74	100%

Source: Research data

The results above indicate that 82% of those interviewed have held electricity accounts for a period exceeding 2 years. Only 18% of the respondents indicated that they have had accounts for less than 2 years. This means that most of the respondents have been KPLC customers for a period that is adequate for them to have formed perceptions on quality of service. The

opinions of the respondents can therefore be relied upon as it is based on their experiences as customers over a reasonable period of time.

4.2.3. Education Level.

Table 4.4.

Level	Frequency	Percentage
No formal Education	0	0
Elementary	1	1%
Secondary	10	14%
Polytechnic	8	11%
University/College	55	74%
Total	74	100%

Source: Research findings.

From the table above, 74% of the respondents have University or College education. Another 11% have Polytechnic education. There was nobody among the respondents who do not have formal education, and only 1% has elementary education. This situation can be used to argue that most customers of Kenya Power and Lighting Company (KPLC) are knowledgeable people. The customers are therefore likely to make their decisions and form opinions based on rationality, and from a point of knowledge.

4.2.4. Age of Respondents

Table 4.5

Age (Years)	Frequency	Percentage
20 – 30 years	21	28%
31 – 40 years	33	45%
41 – 50 years	11	15%
50 years and above	9	12%
Total	74	100%

Source: *Research findings*

The results above indicate that most of the respondents are between the ages 31 – 40 years. This category had 33 (45%) of the respondents. Further, the age bracket of 20 – 30 years is second with a frequency of 21 which is 28% of the respondents. These categories constitute the young adults and middle aged. This group of people is trendy and looks for the best when it comes to purchases. They would therefore be looking for the best service level.

4.2.5 Gender

Table 4.6

Gender	Frequency	Percentage
Male	36	49%
Female	38	51%
Total	74	100%

Source *Research findings*.

It can be noted in Table 4.6 above that 49% of the respondents were male and 51% were female. This indicates that there are no major differences in terms of numbers of KPLC customers between male and female. Further, the opinions and perceptions expressed in the study are therefore almost equally distributed among these two categories of respondents.

4.3 Importance of attributes to customers in Evaluation of KPLC services.

Table 4.7

Attribute	Minimum	Maximum	Mean	Standard Deviation
Ability to offer dependable services	3	5	4.72	.537
Ability of Emergency crew to solve supply problems correctly first time	2	5	4.59	.720
Ability of commercial office staff to correctly solve complaints	3	5	4.46	.645
Ability to generate and send correct bills	3	5	4.47	.707
Willingness to help customers	3	5	4.55	.622
Provision of prompt service	3	5	4.62	.635
Willingness and promptness in solving complaints	2	5	4.55	.685
Knowledge of employees on the services they offer	1	5	4.28	.914
Possession of skills by field staff in solving problems	2	5	4.39	.825
Courteous, friendly and polite employees	2	5	4.38	.789
Trustworthiness, believability and honesty of employees	2	5	4.50	.707
Guarantee of the work done by service crews	2	5	4.41	.775
Feeling of security with KPLC staff when undertaking works in your premises	1	5	4.18	1.025
Feeling of security when in KPLC premises	1	5	4.11	.945
Feeling of security when all bills are paid (guarantee that supply will not be disconnected)	2	5	4.32	.862
Proximity and accessibility to KPLC Managers and Supervisors when in need	2	5	4.08	.872
Convenience of official opening hours	1	5	3.95	1.019
Convenience of location of offices	1	5	4.09	.894
Accessibility to Emergency offices through telephone during times of supply interruptions at all times	2	5	4.53	.744
Accessibility to complaints' offices by personal visits	1	5	4.14	.865
Caring and understanding staff	2	5	4.19	.839
Feedback of queries by staff	2	5	4.23	.750
Caring and individualized attention	2	5	4.09	.878
Flexible staff towards customers schedules	1	5	4.04	.913
Appearance of service staff	1	5	3.66	1.197
Safety and appearance of KPLC facilities and equipment	2	5	4.24	.824
Ability to give service at reasonable cost	2	5	4.53	.763
Existence of customers education programs	1	5	3.85	1.178
Appearance and understandability of electricity bills	2	5	4.16	.907

Mean score ranked on a 5-point scale with 1= very dissatisfied and 5= very satisfied.

Source: Research data

As the above shows, the customers considered different attributes as important in varying degrees.

It can be noted that out of all the attributes considered, there was not a single one that was not considered to be very important by some customers (All the factors had a maximum ranking of 5 which was 'very important'). At the other extreme, the level of importance for the attributes varied from 1 to 3. This is to mean that some of the attributes were perceived as not at all important by some customers, others were at the lowest considered not important, while still others were seen by customers to be somewhat important at the lowest.

Overall, all the attributes studied other than 3, were considered to be very important by the respondents. All these twenty-six attributes had a mean score ranking of between 4.00 and 5.00. The most important of the attributes was ability to offer dependable services with the highest mean score at 4.72. This was followed by provision of prompt service with a mean score of 4.62. At position three was ability of emergency crew to solve supply problems correctly first time. This was followed by willingness to help customers, willingness and promptness in solving complaints, ability to give service at reasonable cost, accessibility to emergency offices through telephone during times of supply interruptions at all times, and trustworthiness, believability and honesty of employees. These attributes had mean scores of 4.55, 4.55, 4.53, 4.53 and 4.50 respectively.

The three attributes that were considered only as important by the respondents included appearance of service staff, which had the lowest mean score with 3.66. The others were existence of customer education programs, and convenience of official opening hours with mean scores of 3.85 and 3.95 respectively. However it is important to note that the mean scores for these three factors also came very close to being very important.

4.4 Customer Level of satisfaction with KPLC services

Table 4.8

	Minimum	Maximum	Mean	Standard Deviation
Communicating a consistent & relevant image	1	5	3.01	1.188
Handling customers who are difficult	1	5	2.78	1.126
Courtesy of front office employees	1	5	2.85	1.143
Management commitment to customer service	1	5	2.84	1.098
Staff training on customer service	1	5	2.99	1.092
Clean and tidy environment	1	5	2.99	1.176
Understanding customer expectations	1	5	2.62	1.094
Handling customers queries on telephone	1	5	2.62	1.069
Exceeding customer expectations	1	5	2.62	1.167
Availability of staff to answer customer queries	1	5	2.59	1.109
Offering quick and efficient services	1	5	2.62	1.155
Design and construction standards on the network	1	5	2.97	1.020
Age and efficiency of the network	1	5	3.01	1.104
Application of formal research in solving customer challenges	1	5	2.96	1.026
Costs of the service	1	5	2.50	1.347
Availability of information for customers	1	5	2.80	1.135
Speed of responding to customer complaints	1	5	2.69	1.215
Time taken in way leaves acquisition	1	5	2.70	1.017
Time taken before construction of jobs/schemes already paid for.	1	5	2.50	1.150
Convenience of location of KPLC offices	1	5	2.74	1.135
New applications' processing period	1	5	2.59	1.181
Market friendliness and responsiveness of new business development policy	1	5	2.65	1.116
Flexibility of existing tariff structure	1	5	2.72	1.129
Adequate and accessible KPLC and customer contact points	1	5	2.81	1.119
Shortages of materials	1	5	2.74	1.135
Existence and frequency of corrupt practices	1	5	2.49	1.138
Ability of KPLC to offer reliable and dependable service	1	5	2.74	1.171
Existence of customer education programs	1	5	2.31	1.097
Any other (specify)				

Mean score ranked on a 5-point scale with 1= Not at all important and 5= Very important.

Source: Research data

From the above table, it can be observed that the respondents rated their satisfaction on various service attributes to different degrees. It is important to note that as far as individual

respondents were concerned, all the attributes had a minimum mean score of one from at least 1 (very dissatisfied) respondent and a maximum mean score of 5 (very satisfied).

From an overall point of view, only two attributes received mean scores indicating that respondents were neither satisfied nor dissatisfied with them. These were communicating a consistent and relevant image, and age and efficiency of the network each with an average score of 3.01. All the other attributes received mean scores indicating that customers were dissatisfied with them. According to the results on the table above, customers were most dissatisfied with the existing customer education programs. This attribute had the lowest mean score with 2.31. This was followed by the existence and frequency of corrupt practices with a mean score of 2.49. At third position were cost of the service, and time taken before construction of job/schemes already paid for each with a mean score of 2.50. These were followed by availability of staff to answer customer queries, and New applications processing period. Each of these had a mean score of 2.59. The above were therefore seen as the most dissatisfying attributes of the service offered by Kenya Power and Lighting Company. However, as earlier mentioned many of the others had their mean scores falling below 3.00 and therefore also dissatisfying to the customers.

Looking at the results above, there were no significant differences among the respondents. As such one can argue that the sample was a well distributed and a good representation of KPLC's customers. It was a reliable sample.

4.5 How Customers reach KPLC

Table 4.9

Contact Method	Frequency (Users)	Frequency (Non-users)	Total	Percentage (Users)	Percentage (Non-users)	Total Percentage
Telephone/hotlines/emergency numbers	62	12	74	84%	16%	100%
Postal address	37	37	74	50%	50%	100%
Email/Website	17	57	74	23%	23%	100%
Service outlets (Offices/Paypoints)	39	35	74	53%	53%	100%
Contact persons in regional areas & zones	30	44	74	41%	41%	100%

Source: Research finds

From the above results it is evident that telephone is the most widely used contact method by customers who have a problem and want to reach Kenya Power and Lighting Company. 62 (84%) of all the respondents indicated that they use this mode of communication. The second most widely used contact method is the service outlets. These include the KPLC offices and paypoints. This method is used by about 53% of the customers. At the same time, the postal address method is also popular and about 50% of the respondents use it to reach KPLC.

E-mail and Website came out as the most unpopular contact method. Only 17 (23%) of the respondents indicated that they use this method. The use of contact persons in regions, areas and zones is also not a very popular method as it is used by only 41% of the customers interviewed.

4.6 Communication Channels preferred as ideal by Customers

Table 4.10

Communication Channel	Frequency (Users)	Frequency (Non-users)	Total	Percentage (Users)	Percentage (Non-users)	Total Percentage
Radio/TV	61	13	74	82%	18%	100%
Print Media	48	26	74	65%	35%	100%
Fliers attached to bills	53	21	74	72%	28%	100%
Bill messages	37	37	74	50%	50%	100%
Posters/branches	25	49	74	34%	66%	100%
E-mail, Internet	23	51	74	31%	69%	100%
Interpersonal interaction with KPLC staff	24	50	74	32%	68%	100%

Source: Research findings

The above table shows the ideal communication channels that KPLC should use in passing necessary information to its consumers. This is per the customers' preferences. From the results, Radio and TV is the most preferred communication channel. This was indicated as ideal by 61 (82%) of the respondents. Fliers attached to bills and print media are also popular in positions 3 and 4 with 53 (72%) and 48 (65%) preference respectively. Bill messages were indicated as popular by about half (50%) of the respondents. On the other hand the use of E-mail and Internet was not seen as an ideal method for KPLC communication to its customers. Only 23 (31%) of the respondents indicated this is an ideal method. The interpersonal interactions with KPLC staff, as well as the Posters method were also not seen as ideal by most of the customers. They had only 32% and 34% of the respondents respectively indicating them as ideal for KPLC in passing information to its customers.

A number of customers also indicated that KPLC should come up with marketing campaigns to enlighten the customers about its services

4.7 Suggested Improvements for new products and services

Table 4.11

Improvement	Frequency (suggesting)	Frequency (not suggesting)	Total	Percentage (suggesting)	Percentage (not suggesting)	Total Percentage
Prepayments	32	42	74	43%	57%	100%
Direct debit	24	50	74	32%	68%	100%
Supermarkets	24	50	74	32%	68%	100%
ATMs	34	40	74	46%	54%	100%
Banks/Post office	41	33	74	55%	45%	100%
Call centre	29	45	74	39%	61%	100%
New KPLC payment/offices	56	18	74	76%	24%	100%
Budget schemes	10	64	74	14%	86%	100%

Source: Research findings

The table above is the result of what customers suggested as desired improvements for KPLC's new products and services. As it can be noted, 56 (76%) of the respondents suggested that KPLC should open more new payment points and offices. This means that most of the customers do not see the existing paypoints and offices as adequate. Further, 41 (55%) of the respondents also suggested the opening up of banks and post office as outlets for Kenya Power and Lighting Company services. This further strengthens the feeling of inadequacy of the existing outlets at the moment. The use of Automated Teller Machines (ATMs), as well as a prepayment method also came out fairly as suggestions for improvement. They were suggested by 46% and 43% respondents respectively.

From informal talks with customers, many also suggested that KPLC should lower its prices for new products/services. Others suggested that the company should widen its opening hours especially for the customer service centres.

CHAPTER FIVE

5.0 DISCUSSIONS, SUMMARY AND CONCLUSIONS

5.1 Introduction

This study intended to identify the range of attributes that customers consider important in judging quality service. It also sought to find out how customers perceive the services offered by Kenya Power and Lightning Company Limited. Due to the fact that the firm has categorized its customers into three, the study also intended to identify any differences existing amongst the categories in relation to customer service perception.

In the literature review, some attributes were highlighted as being important determinants of the quality of service. This study attempted to confirm whether such attributes are important, and also find out any others that KPLC customers consider in their service value judgements.

5.2. Discussions and Conclusions

The findings of the study as highlighted in chapter four are discussed in this chapter.

5.2.1 Important attributes in evaluation of service

As it has been mentioned in Chapter Four, most of the attributes were brought out by the respondents as very important in their evaluation of service quality. This means that most of the customers will form perceptions about the quality of the service based on such factors. Dependability of the service came out as a very important attribute. Customers look for a service (provider) that they can consistently depend and rely on. This is consistent with other studies previously done (Parasuraman *et al*, 1985 and Swartz *et al*, 1993). In the case of Kenya Power and Lighting Company, this would be issues to do with consistency in

performance and dependability, accuracy billing invoicing, keeping customer records correctly, and performance of service at the right time.

Provision of prompt service was also brought out by the customers as another very important attribute. This also agrees with the dimensions of service quality as done by previous researchers and authors (Parasuraman *et al*, 1985). For the Kenya Power and Lighting Company, the concern here would focus on the firm's responsiveness to customer enquiries, requirements, needs and problems. Issues to do with the willingness and readiness to provide service quickly are therefore of importance.

Another attribute that came out as very important was the ability of emergency crew to solve supply problems correctly first time. This particular attribute is therefore in line with competence which is one of the dimensions of service quality. This means that the customer expects the firm's employees to possess the required skills to and knowledge to perform the required service tasks.

All in all, most of the attributes brought out by the respondents as being their major concern in service evaluation agree with most of the provisions of the dimensions of service quality. These include – credibility of the service provider (trustworthiness, believability and honesty), communication (accessibility to emergency offices, keeping customers informed), courtesy (politeness, respect, consideration and friendliness of personnel) and empathy (understandability and knowing the customer). All these are issues that the firm should therefore take care of in order to remain competitive and attractive to customers. A good service provider cannot ignore the tangibles like appearance of personnel. This was also rated by the respondents as an important attribute.

5.2.2. Evaluation of the performance of KPLC through service attributes.

When the respondents were asked to evaluate the performance of Kenya Power and Lighting based on some attributes of service, most of them indicated situations of dissatisfaction on most of the attributes. The firm's current customer education programmes were seen as most dissatisfying. This means that most of the customers would value getting more information about the services provided by the firm. Many of them therefore see any such existing programmes as being ineffective. This means that the service of KPLC as evaluated by customers does not have the communication dimension. Customers require relevant information in a language that they can understand.

The existence and frequency of corrupt practices was also singled out by customers as a major source of dissatisfaction. This means that the firm has some personnel who engage in dishonest and corrupt activities in the process of serving the customers. This works against the credibility of the organization in the eyes of the customers. The image of the firm is therefore dented by such corrupt practices, and the firm should act on them.

The cost of service was also brought out as a source of customer dissatisfaction. This means that most customers perceive the cost of KPLC's service as expensive. The major source of power for service marketing is level of differentiation. However, in a situation where the service provider does not make his service unique, the consumer falls back to the price of the service in his/her judgement. KPLC's customers therefore may be seeing little uniqueness of the service they receive from the firm. As a result, they look at the prices as high. Further, given the economic conditions of Kenya, consumers are constantly considering product/service prices. They look at the existing chances of making a saving. Given this situation, it is a challenge to every service provider to manage costs better and

deliver a service at a lower price. In an environment of poor economic conditions, this will give a competitive advantage to the firm. (Wambugu, 2002).

Other areas where KPLC rated dissatisfying included time taken before construction of jobs/schemes already paid for, new applications' processing period, as well as availability of staff to answer customers queries. All these are issues to do with responsiveness of the service provider. Services are perishable. This means that they cannot be saved, stored or reclaimed (Sasser, 1976). The service provider therefore has a responsibility to maximize on his capacity. Unused services represent business lost forever. On the other hand, the demand of some services cannot be forecast accurately to allow for effective planning. This is perhaps the operational environment of KPLC. However, the firm should try as much as possible to create the optimum match between the two market forces. When this is done it will allow for lesser time before new constructions (paid for) are done. It will also improve on responsiveness to customer queries and problems. (Sasser, 1976).

When the results are considered from a general perspective, KPLC customers are dissatisfied with its performance in almost all attributes. This means that the expectations of the customers in relation to such attributes have not been met. This is consistent with the popularly known customer gap in the management of service quality (Parasuraman, *et al*, 1985). KPLC should therefore look into ways of bridging this gap.

5.2.3. Customer categories versus perceptions

The customers of Kenya Power and Lighting Company are divided into three categories. These are domestic, small commercial and large commercial customers. The categorization is based on the purposes for which the customers use electric power. The consumption levels and patterns also differ from one category to the other. The domestic customer is

expected to be the lowest consumer in terms of units followed by the small commercial one. The large commercial consumers generally consumer the highest units per customer.

When the results of this study are considered, there was major differences in the important service evaluation attributes which could be said to have been based on customer categories. On the issue of the assessment of KPLC service quality, no differences came out depending on the categories. This means that the customers of KPLC form perceptions of the quality of service without consideration of the category they fall into or the purpose for which they use electricity.

Further from informal discussions with the respondents, the problems they face and the enquires customers make are not mainly dependent on the category that one falls into.

5.2.4. Communication between KPLC and Customers

Most of the customers indicated that they use telephone and the service outlets to communicate to Kenya Power and Lighting Company. They also use the post office. On the other hand, E-mail is not a popular method of communication. The high use of telephone can perhaps be attributed to its speed and reliability. This is possibly the same case with service outlets as well as post office. Many customers may not be having access to E-mail which is a modern method of communication. As such, the firm should be able to improve on the methods which are most popular with customers.

When it comes to the communication from KPLC, most customers preferred Radio and TV. These were followed by fliers attached to bills, and also print media. These are traditional methods of communication and most people have access to them in Kenya. They are also cheap to acquire and maintain. On the other hand, such methods as E-mail and

interpersonal interaction with KPLC staff were not very popular. This again because many customers may not have access to E-mail while KPLC staff may not always be accessible to interact with.

Most customers also proposed also proposed that KPLC should open more points and offices. This means that to many customers, the firm does not have enough customer service delivery points. This also has a bearing on how the customers perceive the quality of service given by the organization.

5.3. Recommendations

From the findings it is clear that majority of the customers of Kenya Power and Lighting Company are people with reasonable levels of education. They can make rational decisions. This is a challenge to the organization in the formulation of marketing programmes. The firm needs to understand its current market (customers) well in order to meet their needs.

The customers consider various attributes in their evaluation of service offered. It is necessary for Kenya Power and Lighting Company to know the various attributes so that it can act on them. This will help the organization win a good reputation as a service provider.

Kenya Power and Lighting Company was evaluated as not satisfying its customers. This is critical because it means that most of the customers are ready to switch to any alternatives or competitors. The firm should therefore take actions to improve on various aspects of its customer service. In particular, such issues as customer education programmes, existency and frequency of corrupt practices, cost of service, time taken to respond to customer needs,

among others need to be addressed. The company could come up with an all-round marketing program, which can serve the purpose of communicating good image, educate customers and reassure them on its commitment to provide affordable service. The service must however be availed at the time and in the manner the customer needs it.

It is also recommended that the firm should keep researching in order to keep itself abreast with modern customers service requirements. This will help the organization to tailor its offering and win a competitive advantage. The company should seriously implement marketing strategies which will turn its customers into satisfied ones. It is only through that, that the firm's services will attract even new customers.

5.4. Limitations of the study

The results of this study may have been affected by the following possible limitations:-

1. The sample size was small (100). This could have limited confidence in the results. This might limit generalizations to other situations.
2. The study was conducted only in the Mount Kenya region. The environment may differ from that of some of the other regions. As such the results may not be generalized.
3. The study relied on convenient sampling in picking the respondents. As such the results may have been affected as some interviewer bias may have come in.
4. The use of pre-determined questions in the survey may have forced the respondents to respond to questions without even understanding them.
5. Some respondents did not return the questionnaires. This reduced the response rate to 74%. Although this reduced the probability of reaching a more conclusive study, conclusions were however made with this response rate.

5.5. Suggestions for Future Research

This study was broad as it dealt with many different attributes of service.

The researcher suggests that a future study could be done which concentrates on the various different attributes important in service quality. Studying individual attributes could give a deeper insight into such an attribute's contribution in the determination of quality of service perception.

Studies could also be done in other industries as a way of attempting to determine whether similar attributes are important across the board.

REFERENCES

Daily Nation, November 8, 2001

Daily Nation, September 27, 2003

David J. Luck, Ronald S. Rubin. **Marketing Research**. Seventh Edition.

East African Standard, November 11, 2001

East African Standard, November 21, 2001

East African Standard, December 21, 2001

East African Standard, January 19, 2002

East African Standard, 18th September, 2003

Goonroos, C. (1990), Relationship approach to marketing in a service context: The Marketing and Organizational interface”, Journal of Business Research, vol. 20 pp 2-11

Gummesson, E, and Kingman-Brundage, J, (1991), “**Service Design and quality in Quality Management in Services**”, editors: Kunst, P and Lemmink J, Netherlands: Van Gorcum

Irous. Ken. **Managing Service Companies**. Strategies for Success.

Kimonye, M. (1998), “Service Quality: the key to customer satisfaction”, Journal of Marketing Students Association, University of Nairobi.

Kitching, J (1999), **Building a Service Culture**, Gower Publishing, Hampshire.

Kotler, P., (2001) **Marketing Management**, New Millenium Edition. India, Prentice Hall.

Lovelock, C., Vandermerwe, S. and Lewis, B (1996), Services **Marketing**: A European perspective”, Prentice Hall Europe. Third Edition.

Maina, P.M. (2001) "Perceived Service Quality: the case of Mobile Services" **Unpublished MBA Project**, University of Nairobi, Kenya.

Masinde, C. (1985), "Perceived Service Quality: The case of Kenya Airways" **Unpublished MBA Project**, University of Nairobi, Nairobi.

McCarthy E. (1996). "**Basic Marketing a managerial approach**". 11th edition

McNealy, R.M. (1994) **Making Customer Satisfaction Happen: A strategy for delighting customer**, Kluwer Academic Publishers, Boston.

Mukiri, M.P. (2001), Perceived Service Quality: The case of mobile Phone Services", **Unpublished MBA project**, University of Nairobi, Nairobi

Mwaura, A.K. (2002), "Perceived Quality: The case of Matatu Industry", **Unpublished MBA Project**, University of Nairobi, Nairobi

Ndegwa, Robert M. 'An Analysis of Customer Service Offered by Kenya's Commercial Banks,' University of Nairobi, **Unpublished M.B.A. Project**, July 1996

Ngatia, E.M. (2000), "A Comparative study of service providers and customers perception of service quality in the retailing industry: A case of supermarkets in Nairobi. "**Unpublished MBA Project**", University of Nairobi, Kenya

Pitman, B., (2003), "**Leading for Value**", Harvard Business Review Vol. 81 No 4, PP 41-46

Parasuraman, A., Zeithaml, V.A, and Berry, L.L. (1990). **Delivering Quality Service: Balancing Customer Perceptions and Expectations**. New York: Free Press

Roland T. Rust, Anthony J. Zahorik, Timothy L. Keiningham. **Service Marketing**.

Scheuing, E.E., Brown, S. W., Edvardsson, B., and Johnston, R. (1998), **Pursuing Service Excellence: Practices and Insights**, ISQA, New York

Schnieder, B., and Bowen D. E., (1993), "**The Service Organization: Human Resource is Crucial**" Organization Dynamics, spring, pp.39-52

Sciffman, L.G., and Kanuk, L.L (2002), **Consumer Behavior**, 6th edition, New Delhi: Prentice Hall of India.

Shostack, G.L, (1984), "Designing Services That Deliver," Harvard Business Review. January –February 1984, PP 133-139

Solberg, J (2003), "Ten ways to keep your customer coming", in Success Magazine, No 9 Jan/March 2003, pp 26-27

Sparks B. A and Callan V.J., (1996), "**Service Breakdowns and Service Evaluations**": The Role of Customer Attributions: in Journal of Hospitality and Leisure Marketing, vol. 4(2), PP 3-23

Sunday Nation, November 11, 2001

Swartz, T.A, Bowen, D.E, Brown, S.W, (1993), **Advances in Service Marketing and Management**, 2nd edition, Greenwich, Connecticut: JAI press

The East African, September 29 - October 5, 2003)

Tomke, S., (2003), "**R & D Comes to services**", Harvard Business Review Vol. 81 No 4, PP 71-79.

Wambugu, W.M. (2002), Factors that determine store loyalty: " The case of selected supermarket Chains in Nairobi", **Unpublished MBA Project**, University of Nairobi, Kenya.

Webster, F.E. (1992), "The Changing Role of Marketing in the Corporation", Journal of Marketing, October 1992, pp. 1-17.

Zeithaml, V.A, and Bitner, M.J, (1996) **Service Marketing Integrating Customer Focus Across the Firm**. Tata McGraw Hill 2nd Edition.

Zeithaml, V.A, Parasuraman A., and Berry, L.L, “**Problems and strategies in Service Marketing**”, Journal of Marketing vol. 49 (Spring 1985): PP 33-46

Appendix 1

LETTER OF INTRODUCTION

**UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
MBA PROGRAMME – LOWER KABETE CAMPUS**

Telephone
Telegrams:
Telex

P.O Box 30197
Nairobi, Kenya

DATE:.....

TO WHOM IT MAY CONCERN

The bearer of this letter, Patience Nyaoga, Registration
No D/61/8752/00 is a Master of Business and Administration
Student of the University of Nairobi.

She is required to submit as part of her coursework assessment a research project
report on some management problem. She is collecting data on customer
perception of service offered by KPLC. We would like the students to do their
projects on real problems affecting firms in Kenya. We would appreciate if you
assist her by allowing her to collect data in your residence for the research.

Thank you.

**Mr. Mutugu
Senior Lecturer, MBA Programme
University of Nairobi**

Appendix 2

QUESTIONNAIRE

Please respond to the following questions in parts A, B, and C, to the best of your ability and as per instructions in each part.

PART A: General Information

Please write or tick where appropriate.

1. Your name (Optional)
or Name of your Organization (Optional)

2. Your Account Number (Optional)

3. Where is the location of your premises/business? (Estate/district).
.....

4. Please indicate the type of the account you operate.
Domestic ()
Small Commercial ()
Large Commercial ()

5. Please indicate the period you have operated the account in 2, above.
Below 2 years ()
Between 2 to 5 years ()
Above 5 years ()

6. Level of education
University/college ()
Polytechnic ()
Secondary ()
Elementary ()
No formal education ()

7. Please tick the age bracket in which you fall
20 – 30 ()
31 – 40 ()
41 – 50 ()
50 and above ()

8. Gender
Female () Male ()

PART B.

Please indicate on a scale 1 to 5, below the extent to which you consider the following attributes as important to you in evaluation of services offered by KPLC.

Please tick the appropriate Box

		Very Important 5	Important 4	Somewhat important 3	Not Important 2	Not Important at all 1
1	Ability to offer dependable services					
2	Ability of Emergency crew to solve supply problems correctly first time					
3	Ability of commercial office staff to correctly solve complaints					
4	Ability to generate and send correct bills					
5	Willingness to help customers					
6	Provision of prompt service					
7	Willingness and promptness in solving complaints					
8	Knowledge of employees on the services they offer					
9	Possession of skills by field staff in solving problems					
10	Courteous, friendly and polite employees					
11	Trustworthiness, believability and honesty of employees					
12	Guarantee of the work done by service crews					
13	Feeling of security with KPLC staff when undertaking works in your premises					
14	Feeling of security when in KPLC premises					
15	Feeling of security when all bills are paid (guarantee that supply will not be disconnected)					
16	Proximity and accessibility to KPLC Managers and Supervisors when in need					
17	Convenience of official opening hours					
18	Convenience of location of offices					
19	Accessibility to Emergency offices through telephone during times of supply interruptions at all times					
20	Accessibility to complaints' offices by personal visits					
21	Caring and understanding staff					
22	Feedback of queries by staff					
23	Caring and individualized attention					
24	Flexible staff towards customers schedules					
25	Appearance of service staff					
26	Safety and appearance of KPLC facilities and equipment					
27	Ability to give service at reasonable cost					
28	Existence of customers education programs					
29	Appearance and understability of electricity bills					

PART C.

Please indicate on the scale below by ticking, the extent to which you are satisfied with KPLC's performance on the factors listed.

- 5 - Very satisfied
- 4 - Satisfied
- 3 - Neither satisfied nor dissatisfied
- 2 - Dissatisfied
- 1 - Very dissatisfied

		5	4	3	2	1
1	Communicating a consistent & relevant image					
2	Handling customers who are difficult					
3	Courtesy of front office employees					
4	Management commitment to customer service					
5	Staff training on customer service					
6	Clean and tidy environment					
7	Understanding customer expectations					
8	Handling customers queries on telephone					
9	Exceeding customer expectations					
10	Availability of staff to answer customer queries					
11	Offering quick and efficient services					
12	Design and construction standards on the network					
13	Age and efficiency of the network					
14	Application of formal research in solving customer challenges					
15	Costs of the service					
16	Availability of information for customers					
17	Speed of responding to customer complaints					
18	Time taken in way leaves acquisition					
19	Time taken before construction of jobs/schemes already paid for.					
20	Convenience of location of KPLC offices					
21	New applications' processing period					
22	Market friendliness and responsiveness of new business development policy					
23	Flexibility of existing tariff structure					
24	Adequate and accessible KPLC and customer contact points					
25	Shortages of materials					
26	Existence and frequency of corrupt practices					
27	Ability of KPLC to offer reliable and dependable service					
28	Existence of customer education programs					
29	Any other (specify)					

How do you reach KPLC whenever you have a problem you would like them to address?

1. Telephone/hotlines/Emergency numbers ()
2. Postal address ()
3. Email/Website ()
4. Service outlets (offices/paypoints) ()
5. Contact persons in regional, areas and zones ()
6. Any other specify _____ ()

In your opinion what is/are the ideal communication channels KPLC should use in passing information to its consumers/customers about their services?

1. Radio/TV ()
2. Print media ()
3. Fliers attached to bills ()
4. Bill messages ()
5. Posters/branches ()
6. E-mail, internet ()
7. Interpersonal interaction with KPLC staff ()
8. Any other (Specify) _____ ()

What suggestions for improvement do you have for new products and services?

1. Prepayments ()
2. Direct Debit ()
3. Supermarkets ()
4. ATMs ()
5. Banks/Post office ()
6. Call center ()
7. New KPLC payments/offices ()
8. Budget schemes ()
9. Any other (specify) _____ ()

UNIVERSITY OF WAIKATO
DWER KABETE LIBRARY