

**CONSUMER PERCEPTION TOWARDS  
ALTERNATIVE BILL PAYING POINTS:  
THE CASE OF KPLC EASY PAY //**

**BY**

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## DECLARATION

This management Research project is my original work and has not been submitted for the award of a degree in the University of Nairobi or any other university.

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

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## **DEDICATION**

To my Parents Mr. & Mrs. King'ori Mundui. Your Love and sacrifice for education is beyond reach. May God bless u abundantly!

## ACKNOWLEDGMENT

I owe my supervisor, Ms Catherine Ngahu special thanks for her immeasurable support and guidance. Her vast knowledge in marketing research, uncompromising stance on quality and detail greatly motivated me.

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To almighty God I say 'This far you have brought me'

## ABSTRACT

The quality of Customer service has been found to be a critical differentiating factor for service companies. Customers are becoming more sophisticated in their requirements and are increasingly demanding higher standards of services. Many major service companies have woken up to the need for improving customer services in order to compete in today's highly competitive service environment

The objectives of this study were to investigate the Consumers expectations and perceptions of service quality offered by KPLC Easy pay. In order to achieve these objectives a sample of 100 Kenya power and lighting customers were picked randomly at the various pay points and administered with questionnaires. Data was analysed by determining frequency distributions, Percentages, mean scores and standard deviation.

The findings indicate that the expected service quality on all the five dimensions used in the study, is relatively high with a general agreement on their importance across the respondents. The perceived service quality is lower than expected service resulting in a relatively high service gap of about 12 percent (12%).Based on this study it is recommended that there is need for companies and more so service providers, to study consumer perceptions along the main service quality dimensions. With such understanding, companies stand to gain from increased sales, higher profits, excellent and free advertising through word of mouth as happy customers speak good of the Company.

It is also suggested that future studies could be undertaken country wide in order to find out whether there is a significant difference between consumers' expectations and perceptions in rural and urban areas.

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## LIST OF ABBREVIATIONS

<b>ATM</b>	Automated Teller machine
<b>EAP&amp;L</b>	East Africa Power and Lighting Company.
<b>E.G.</b>	For Example
<b>GDP</b>	Gross Domestic product
<b>I.E</b>	That is
<b>IT</b>	Information Technology
<b>JND</b>	Just noticeable difference.
<b>KENGEN</b>	Kenya Electricity Generating Company limited
<b>KPLC</b>	Kenya Power and Lighting Company limited
<b>LTD</b>	Limited
<b>PCK</b>	Postal Corporation of Kenya
<b>SAPs</b>	Structural adjustment programs
<b>USA</b>	United States of America

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background

The market place is changing radically as a result of major environmental forces such as technology advances; globalization and deregulation (Kotler, 2006). Customer needs and expectations have changed drastically as they expect higher quality services and greater customization. According to (Kotler, 2006), the digital revolution has placed a new set of capabilities in the hands of consumers and businesses, which has led to substantially new forms of marketing and business.

Changing market environment has posed serious challenges to companies thus affecting the company's survival and profitability Mbau, (2002).The introduction of structural adjustment programs (SAPs) called for the adoption of market driven economy. At national level one of the key aims of SAPs was to streamline the public sector by rationalizing government expenditure, limiting subsidies and introducing cost sharing in all sectors of the economy. These measures have in turn affected both profit and non profit organizations. Thus customers now have a choice so far as buying and consumption of goods and services are concerned.

Organizations have therefore to provide better customer service than hitherto before since customers want "value for their money", this calls for the adoption of market driven economy with new behaviors and challenges. Customers are increasingly expecting higher quality services and some customization; they perceive fewer real product differences and show less brand loyalty. Competitive pressures have forced organizations to adopt the marketing orientation, which calls for constant change as market conditions evolve, as a strategy for dealing with market turbulence, (Kotler, 2006)

The search for competitive advantage has led organization to re-configure their operations and by extension their organization. Kotler (2003) summarizes the changes in marketing philosophy that have emanated from the environmental changes, marketers are rethinking their philosophies, concepts and tools. The major marketing themes in the new economy are customer relationships marketing, customizing customer data base, integrated communications channels as partners, every employee as a marketer and model based decision making.

A company has to identify the segment within a product market, in the identified market segment it can choose to target and implement marketing programs that position the product or service for the targeted market segment. When companies choose to appeal to only a portion of the product or service market they are said to have adopted selective targeting Kotler (2006) explains that in the case where the company targets the whole market the targeting is referred to as extensive.

The marketer has to design an offering and image to occupy a distinct place in the mind of the target market. This is referred to as product or service positioning. The result of positioning is successful creation of a customer-focused value proposition that explains why the target market should buy the service (Johansson ,2002; Barkowitz et al,2003).the positioning strategy that would give a marketer such advantage requires adequate market research (Craven,1991;Middleton,1998)

The traditional classical models of marketing have been found to be ineffective as the external environment continues to change (Kotler, 2003 and Peck et al, 1999 and).these are build around 4p's framework (I.e. product, price, place and promotion) for marketing decision making which emerged from Borden in 1960s. Peck (1999) These were divisive at an era when there is rising consumer demand. Payne (1995) too cast doubt on the relevance of the traditional marketing theory especially when applied to international, industrial and service marketing.

The emerging trend of focusing on the customer is in the recognition that customer satisfaction and loyalty is built through the creation of superior value of the customer which is created throughout the organization and beyond (peck at al, 1999).The shift to customer focus has resulted in a service culture, which has been fueled by the environmental changes (love lock et al., 1996)

### **1.1.1 The Concept of Consumer Perception**

It is the process, by which the individual's selects, organizes and interpret stimuli into a meaningful and coherent picture of the world (Kanuk and Shiffman, 2004). Quality relates to the individual characteristics of each product or service that enables it to satisfy customers. Perception represents the way in which individuals analyze, interpret and make sense of incoming information, and is affected by personality, experience and mood. No two people will interpret the same stimuli (whether it is a product's packaging, taste, smell, texture or its promotional messages) in exactly the same way. Even the same individual might perceive the stimulus differently at different times, immediate needs affect the interpretation of the message (Brassington and Pettit, 1997).

Perception is defined by Leon et al, (1994) as the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the world. A stimulus is any unit of input to any of the senses and examples of stimuli include products, packages, brand names, advertisements and commercials sensory receptors are the human organs (e.g.) eyes, ears, nose, mouth and skin that receive sensory inputs. Thus, perception is largely the study of what we sub consciously add to or subtract from raw sensory inputs to produce our own private picture of the world.

Perception is the process by which the individual selects organizes and interprets information in order to create a meaningful picture of the world. It is an individualized process as it depends on internal factors such as the individual beliefs, experiences needs and moods as well as external characteristics of a stimuli itself. (Belch, 1999).

Perceived quality is the customer's perception of the overall quality or superiority of product or in this case a service with respect to its intended purpose. It is the perception of a customer and judgment about what is important to customers who are involved Aaker (1991). It is also an overall feeling about a brand of service (E.g. Easy Pay) .The roles of perceived service quality are: it provides a pivotal reason to buy influencing which brand are included and excluded from consideration and the brand that is to be selected. This makes all elements of the marketing program more effective.

Perceived service quality is able to differentiate and position the service offered among other similar services, it also aids in gaining distribution to the channel members who are motivated to carry brands that are well regarded. Perceived service quality does create profitability, this means that a higher perceived service quality allows a business to charge a higher price which directly improves profitability or allow the business to improve quality further to create higher competitive barriers

Some of the dimensions cited by Aaker (1991) that are used by consumers to pass a judgment that indeed there is adequate perceived service quality include: competence of the service people in the delivery of the basic function being sought by the customer. Tangibles: Do the physical facilities, equipment, and appearance of personnel imply quality, Reliability in standardizing a service facility and operating system for efficiency, Credibility which relates to the personal interface between the service firm and the customer (e.g.) was the customer treated with respect. Parasuraman (1991) also cite the above dimensions in a series of studies of customer perceptions of service quality.

### **1.1.2 Alternative Bill Paying Options.**

James (2002) defines public utilities as a group of firms mostly in the electrical power, natural gas and communication industries that are closely regulated by one or more government agencies. The agencies control the entry into the business, set prices, establish product quality standards and influence the total profits that are earned by the firms.

According to William (1966), utilities are usually vitally connected with the public health or well being. This means to the socialists that these industries are not to be entrusted any longer than absolutely necessary to the profit seekers. Moreover these industries in most cases are already organized on a monopolistic basis under exclusive franchise granted by the government authorities. Their operations and rates have been regulated by the government commissions with the objective of keeping their activities in line with public interest and their rates at about a cost of production level.

A unique feature of the companies providing these utility services is that they are nearly monopolies or oligopolies, the standards of quality are imposed by the regulatory agencies and consumers expect continuous uninterrupted services from utilities. To attain a rate for increase, utilities have to address all public criticism and the consumer controls the consumption and generates an instantaneous demand (Amitava,1998).The utility industry in Kenya is mainly dominated by the bodies that provide the services of water, electricity and telecommunication.

These bodies are various local authorities, national water and pipeline conservation for water: The KENGEN and KPLC for electricity and Telekom for communications (Njoroge, 2003).The corporate governance of these bodies are fairly similar and nature of their services quiet similar in the delivery process. Thus, the customer requirements of service quality by these bodies are similar. Though the focus of this study is in the KPLC, their findings could be used in other utilities due to similarity of corporate governance, customers demand and environment operation.



### **1.1.3 Kenya Power and Lighting Company**

The Kenya Power & lighting was incorporated in 1922 as the East Africa Power and Lighting Company (EAP&L). It became KPLC in 1983. The majority shareholder of KPLC is the government of Kenya and its institutions while the rest is owned by private shareholders through the Nairobi Stock Exchange (Ng'ang'a, 2004). Before the major restructuring of the power sector in 1997, KPLC managed all the country's power generating stations on behalf of the government.

In 1997, the restructuring process separated the functions of the generation from those of transmission and distribution. The electric power act 1997 created the regulatory environment for the restructuring of the sector. KPLC which owns transmission and distribution assets buys electricity in bulk from generating Companies for transmission, distribution and retail to customers. The KPLC responsibility is to ensure sufficient transmission capacity to meet forecast demand, operate and maintain distribution network and to ensure satisfactory delivery of services to the customers. (Kenya Power & Lighting Company, 2008)

The business of KPLC is guided by the vision to achieve the world class status as a quality service business enterprise so as to be the first choice supplier of electrical energy in a competitive world (KPLC financial statement, 2001). The vision describes the desired future focus of the Company. It is meant to stimulate, motivate and create enthusiasm through out the organization by guiding activities, behavior and providing a sense of common destiny. The business of KPLC is defined by its mission, which is to efficiently transmit and distribute high quality electricity through out Kenya at cost effective tariffs, to achieve the highest standards of customer's service and to ensure Company's long term technical and financial viability.

To achieve the objectives of the vision and mission, the organization embarked on a business re-engineering process through the integrated strengthening project. This involves radical re-thinking and re-designing of the Company's process to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality service and speed. Overtime however it has become apparent that it is not enough merely to re-engineer the system, process and structure without focusing on the people who do the work itself. According to (Argis, 1999) a business plan without means of achieving it is incomplete and may be useless. KPLC as a service sector is faced with this challenge. The quality of the service offered by this very essential service provider has been questioned by customers who have become more sophisticated and demanding.

#### **1.1.4 KPLC Easy pay service**

Many corporations have been quick to harness the quality of service that comes with IT as well as the image that later emerges. (Sokoni, 2008).Kenya Power and lighting (KPLC) has not been left behind in the quest to position the corporation as customer centric by provision and innovation of technology driven solutions that enhance its customer service portfolio. The Company has in the recent past embarked on technological innovations that have sought to address the customer plight i.e. long queues and congested banking halls as well as inept feed back on inquiries.

This has seen the introduction of a number of IT driven service the latest being the Easy Pay service that is taking the country by storm (Sokoni, 2008).After research, KPLC established that the long queues in the corporation's banking halls always proved a nightmare to customers at times of settling bills and so it was necessary for the corporations to seek ways of ensuring customers were satisfied and remained a satisfied lot (Sokoni, January 2008)

More good news for KPLC is the introduction of alternative points which is a move aimed at making it easier for customers to pay bills at points of convenience. This service is under the KPLC Easy Pay Brand which signifies ease of electricity bill payment (E.A Standard, 2008) .The Company has partnered with selected Uchumi outlets, Postal Corporation of Kenya, Standard chartered bank, Co-operative bank of Kenya and Barclays bank. As a result of this partnership customers can now pay their bills at selected Uchumi outlets for instance in Nairobi, customers can pay their bills at Uchumi Ngong hyper, Uchumi Capital centre and Uchumi Langata hyper. While in Meru, Customers can pay their bills at Uchumi Meru branch. The unique feature of Uchumi pay point is the luxury of paying your bills as you shop at these branches which are open from 8am to 8.30pm from Monday to Sunday (E.a standard, 2008)

The addition of Postal Corporation of Kenya (PCK) as a pay point has seen an increase in convenience for customers who can now pay in over 200 post offices in and around the country at no extra charge as shown in (Appendix 6). Banks have also become instrumental in the growth of the Easy Pay brand with co-operative bank allowing their customers to pay via ATM and mobile phones through the M-Banking service while the rest of the public can pay over the counter at any of their branches at a commission of ksh50. At Standard chartered bank customers can access electricity bill payment service through their ATM services while in Barclays bank, customers can pay at any Barclays branch country wide as illustrated in (Appendices 3,4 and 5)

The Easy pay brand is an evolving brand meant to deliver its promise of allowing customers to pay anywhere. The continued partnership with other service providers with a purpose of easing bill payment is a demonstration by Kenya Power & Lighting Company of its commitment to meet customer expectation in service delivery efficiency. The emergence of IT solutions that address and aim to position corporations as customer centric has never been on the rise as is presently being witnessed (E.A standard, 2008)

## 1.2 The Research Problem

The quality of Customer service has been found to be a critical differentiating factor for service companies, Customers are becoming more sophisticated in their requirements and are increasingly demanding higher standards of services. Many major service companies have woken up to the need for improving customer services in order to compete in today's highly competitive service environment. In the marketing literature customer service is often seen to be part of the 'place' marketing mix element and to be concerned with the distribution and logistics component of that element (Zeithmal, 2002).

Kenya Power and Lighting limited has not been left behind either especially with the development of the easy pay brand, however there is need to continue addressing the issue if the Company intend to continue satisfying its customers. For instance with the growth in customer base which is now about 980,000 customers (KPLC, 2 008) the company is experiencing quality customer service problems especially with long queues and congestion in the Company's commercial offices as customers scramble to pay their monthly bills. The issue of long queues and congestion in the banking halls has continued despite the company's efforts to roll out alternative pay points in partnership with organizations in the revenue collection business such as Banks and Postal Corporation of Kenya outlets. This prompted the need to study perception and expectations of the consumers towards the alternative pay points.

In Kenya, researches on consumer perception have been carried out by (Maina, 2001 Kuria, 2002, Mwaura, 2002, Nyaoga, 2003, Njoroge, 2003 and Owour, 2007). Owour (2007) focused on 'Differences in perception of service quality by customers and managers of KPLC', Njoroge (2003) focused on the 'Customers perception of service quality of a decentralized system in the public utility sector. The case of KPLC', Nyaoga (2003) focused on 'Analysis of customer perception of services offered by KPLC in Mount Kenya region'

Kuria (2001) focused on 'Perception of opportunities in the regional economic groupings by Kenya entrepreneurs' while Maina (2001) focused on 'Perception of service quality provided by mobile phone companies in Kenya'. Given that the areas studied by the researchers are different from the one to be studied, their findings could not be conclusively applied across all studies on consumer perception.

Perceptions are always considered relative to expectations, however expectations are dynamic and evaluations may also shift over time from person to person and from culture. Customers perceive services in terms of quality of the service and how satisfied they are overall with the experiences (Zeithmal,2002). While Owuor (2007) Nyaoga (2003) and Njoroge (2003) focused on customers' perception of service quality in Kenya Power Lighting Company none of the studies focused on the quality of customer service provided by the company. Therefore these studies differ from the proposed study which focused specifically on consumers' perception towards alternative pay points provided by the KPLC Easy Pay brand.

This is a brand that was created with an aim of making it easy for Kenya Power and Lighting Company' customers' pay their bills conveniently and comfortably. The brand also address customers', whose needs may be unique in the sense that, while some may prefer paying their bills when doing other things (e.g.) shopping and banking, others have always wanted to pay their bills conveniently and in a hassle free, without having to queue in the company banking halls when paying their bills.

Driven by the forces of energy sector statutory reforms, customer demand for lower prices and enhanced service quality delivery, KPLC undertook a structuring program from 1997,with the objective of improving the financial performance and service quality delivery. Towards improving service quality delivery, the Company has embarked on improving customer service with more emphasis on convenient billings and mode of bills payment. The service quality indicators as identified by KPLC management are detailed on (Appendix 7)

However, up to date there has been no customer survey done to explore the customer perception towards the developments in customer service especially the alternative pay points. hence this study attempted to answer the following questions:- As a utility Company, what are the expectations of KPLC customers towards alternative pay points? Are the Kenya Power & Lighting Company Customers satisfied by service quality offered by the alternative bill pay points. Are there differences in the perceived service quality towards the alternative bill paying points?

### **1.3 Objectives of the Study**

The objectives of this study will be;

- i. To determine the expectation of KPLC customers towards 'KPLC easy pay' service
- ii. To determine the perception of KPLC customer towards 'KPLC easy pay' service

### **1.4 The importance of the study**

The results of this study are expected to be useful to the following:-

The Kenya Power and Lighting Company management in understanding attributes that are important to customers and their performance on these attributes in service delivery. Company resources may then be directed towards revamping the areas of weakness and sustaining the areas of strength. The Company can thus direct or redirect efforts to match customers' expectations. The KPLC customers who will be able to understand what interventions, the Company shall implement in addressing the challenges in the quality of customer service as presented .Other public utility Companies when making decisions aimed at effective customer service delivery and other scholars and researchers who may use it for reference.

## CHAPTER TWO

### LITERATURE REVIEW

#### **2.1 Meaning and importance of service**

Services are deeds, processes and performances. Services are all said to include all economic activities whose output is not a physical product, a service is generally consumed at the time it is produced and provides added values in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchasers.

The increasing interest in the service sector has been accompanied by considerable disagreement and debate as to what constitutes a service and whether service marketing is a distinctive subject area. Many authors have sought to develop definitive descriptions of service, yet no adequate agreed definition has emerged. Our definition, recognizing that any definition is inherently restrictive, is as follows:- Service is any act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. The production may not be tied to a physical product (Kotler, 1999).

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 sale of good.” Blois as quoted by Ndegwa (1996) defined a service as an activity offered for sale that yields benefits and satisfactions without leading to a physical exchange in the form of a good. These definitions have the following implications: The entity that is under consideration must be intangible although perceived. Marketing exchange occurs when something of value is acquired by the purchaser as an activity, benefit or satisfaction.

Kotler (1999) has distinguished four categories of offer, varying from a pure good to a pure service, a pure tangible good such as soap, toothpaste or salt, no services accompany the product, a tangible good with accompanying services to enhance its consumer appeal e.g. computers, a major service with accompanying minor goods and services such as first class airline travel, a pure service like baby sitting and psychotherapy. This categorization starts to make it clear why it is difficult either to define or generalize about services.

Services may vary considerably over a range of factors, including whether they are directed at businesses or individual consumers; whether they require a customer's physical presence; and whether they are equipment intensive or people intensive. Marketing as a discipline developed initially in connection with selling of physical products. However over the years, as economies grow more and more complex; it has become necessary to look at marketing from the broader view point of marketing for services.

Maina (2001) asserts that, the most marked change in the structure of the developed economies in the twentieth century particularly in the latter half century has been the transformation from an emphasis on the manufacture of physical goods to the production of intangible services. Many forces have led to the growth of service marketing and many industries, companies and individuals have defined the scope of the concepts, framework and strategies that define the field. It is important to note that the field of service marketing and management has evolved as a result of these combined forces and the roots and scope of the field are global.



### **2.1.1 Service Based Economy**

Service marketing concept and strategies have developed in response to the tremendous growth of service industries resulting in their increased importance to the US and the world economies. In 1999 the service sector represented 80 percent of the total employment and at least 8 percent of GDP of the USA, Zeithmal (2003). Another indicator of the economic importance of services is that trade in services is growing world wide, in fact while the US balance of trade in goods remains in the red, in 2001 there was an \$81 billion trade surplus in services. world-class providers of services such as America Express, McDonalds and Marriott hotels, together with many small service Companies are exporting information, knowledge creativity and technology the world badly needs(Zeithmal et al, 2003)

### **2.1.2 Service as a business imperative in manufacturing and information technology**

Early in the development of the field of services marketing and management, most of the interest and impetus came from service industries such as banking and health care. As these traditional service industries continue to evolve and become more competitive, the need for effective service management and marketing strategies is still there now. However manufacturing and technology industries such as automobiles, computers and software are also recognizing the need to provide quality service in order to compete world wide. These Companies are realizing that their large percentage of their revenues and profits is coming from services.

In most industries providing quality service is no longer simply an option. The quick pace of developing technologies and increasing competition make it difficult to gain strategic competitive advantage through physical product alone. (Zeithmal et al, 2003). Customers are more demanding, they also expects high level of services along with them. A manufacturers and information technology Companies become more and more service-focused, the need for special concepts and approaches for managing and marketing services become even more apparent.

### **2.1.3 Deregulated and professional service needs**

Specific demand for services marketing concept has come from the deregulated industries and professional services as both of these groups have gone through rapid changes in the ways they do business. As a result marketing decisions that used to be tightly controlled by the government are now partially and sometimes totally within control of individual firms. (E.g.) until 1978 all airlines fares, routes and commission paid to travel agents were determined and monitored by the government. Now individual airlines are free to set their own pricing structures and determine which routes they will fly. Deregulation created turmoil in the airline industry, accelerating the need for more sophisticated, customer based and competition and marketing in that industry.

Providers of professional services such as dentists, accountants, lawyers, Engineers and architects have also demanded new concepts and approaches for their businesses as these industries have become more competitive and professional standards have been modified to allow at least limited advertising. Where as traditionally professionals avoided using the word marketing, they are now seeking better ways to understand and segment their customers, to ensure the delivery of quality services and to strengthen their positions amidst a growing number of competitors (Zeithmal, 2003).

### **2.2 Differences in goods versus service marketing**

There is general agreement that inherent differences between goods and services exist and they result in unique or at least different management challenges for service business and manufacturers that sell services as core offering. These differences and associated marketing implications are shown in the Table 2.1

**Table 2.1 Difference between Goods and Service marketing**

<b>Goods</b>	<b>Services</b>	<b>Resulting Implications.</b>
Tangible	Intangible	Service cannot be inventoried Services cannot be patented Services cannot be readily displayed or communicated. Pricing is difficult.
Standardized	Heterogeneous	Service delivery and customer satisfaction depend on employee action. Service quality depends on uncontrollable factors. There is no sure knowledge that service delivered matches what was planned and promoted.
Production separated from consumption	Simultaneous production and consumption.	Customers participation and affect transaction Customers affect each other. Employee affect the service outcome Decentralization may be essential. Mass production is difficult.
Non-Perishable	Perishable	It is difficult to synchronize supply and demand with services. Services cannot be returned or resold

Source: Lovelock (2002) principles of service marketing and management, 2<sup>nd</sup> Edition  
Person education Inc, New Jersey, Pg 43.

## **2.3 Unique Characteristics of Services**

Services have unique characteristics that differentiate them from goods or manufactures products. The four commonly ascribed to services are:

### **2.3.1 Intangibility**

Services are to large extent abstract and intangible. (i.e.) they cannot be sampled through out five senses, and have no physical characteristics. They cannot be seen, tested, heard or smelled before they are purchased. Services are performances that can be experienced only as they are delivered (Schostack, 1982; Berry 1980). Services are performances rather than objects, precise manufacturing specifications concerning uniform quality can rarely be set. Most services cannot be counted, measured, inventoried, tested and verified in advance of sale to assure quality. To reduce uncertainty emanating from intangibility buyers will look for signs of service quality. Because of intangibility, the firm may find it difficult to understand how consumers perceive their services and evaluate service quality (Zeithmal, 1981)

### **2.3.2 Heterogeneity**

Services are non standard and highly variable. These are experiences and differ from day and time to time i.e. each unit of a service is different from another. Services especially those with high labour content are heterogeneous. The performances often vary from producer to producer and customer to customer from day to day. Uniform quality is difficult to assure (Booms and Bitner, 1981) because what firm intends to deliver may be entirely different from what the customer receives. The quality of the service cannot be controlled in advance, and consumers have to experience the service to judge its quality.

### **2.3.3 Inseparability**

Service are typically produced and consumer at the same time, with customer participation in the process (i.e.) services cannot be separated from the giver. Production and consumption are thus inseparable (Carmen and Langeard, 1980).Quality in services is not engineered at the manufacturing plant then delivered intact to the customer. In labour intensive services, quality occurs during service delivery usually in the interaction between the clients and the service provider (Lehtien and lehtien, 1982).Some services require the participation of the customer in the production process. The service firm manager has less managerial control over quality in services, where consumer participation is intensive, because client effects the process. In such cases the consumer input becomes critical to the quality of service performance (Maina, 2001).

### **2.3.4 Perishability**

Services cannot be inventoried, since they are performed in real time. Time periods during which service delivery capacity sits idle represents revenue- earning potential that is lost forever. Periods of peak demand cannot be prepared in advance of producing and storing services nor can they be made up after the fact. A serious opportunity occurs at a point in time and when it is gone, it is gone forever. Perishability of service put pressure on service marketers to match services capacity to demand patterns. Several authors have pointed out that these characteristics by no means fully describe all services and that some manufactured products have one or more of the four characteristics. It should also be recognized that at least some characteristics might also apply to goods.

Services can only be described as having a tendency towards intangibility, heterogeneity, inseparability and perishability. To emphasize on each of the four service characteristics can vary for a given service, and can also be a source of competitive differentiation. A service which is more easily understood, and whose benefits are more easily assessed, may have a distinct advantage over a less 'tangible' service product. Understanding the position of a particular service on each continuum, and the position of competitors, is an important step toward finding possible sources of competitive advantage

#### **2.4 Services versus Customer service**

Services encompass a wide range of industries (e.g.) Telecommunications, Hotels, Transportation, Financial services. However services can be offered to the market place by manufactures and technological Companies as well (e.g.) IBM and Compaq traditionally manufacturers offer IT consulting services to the market place, competing with firms like EDS and accenture, traditionally service industry firms. Customer service is also provided by all types of Companies including manufacturers, IT companies and service companies.

Customer service is the service provided in support of the Company core products. It most often includes answering questions, taking orders, dealing with billing issues, handling complaints and perhaps scheduling maintenance or repairs. Customer service can occur on site (as when retail employee helps a customer find a desired item or answer a question) or occur over phone or via internet. Typically there is no charge for customer service. Quality Customer service is essential to building customer relationship. It should not however be confused with services provided for sale by a company (Zeithmal et al, 2003)

A major differentiating factor for services companies is the quality of customer service. Customers are becoming more sophisticated in their requirements and are increasingly demanding higher standards of services. Many major service companies have woken up to the need to improve customer services in order to compete in today's highly competitive service environment. In the marketing literature customer service is often seen to be part of the 'place' marketing mix element and to be concerned with the distribution and logistics component of that element.

This view of customer service as the outcome of the distribution and logistics functions seeks to explain its significance in terms of the way in which services are delivered and the extent to which customers are satisfied, especially in the context of reliability and speed of delivery. Several arguments support the choice of customer service as a broader and separate element of the marketing mix. These include the following:- changing customer's expectations. In elude every market the customer is now more demanding and more sophisticated than he or she was a few years ago.

The increased importance of customer service. With changing customer expectations, competitors are seeing customer service as a competitive weapon with which they differentiate their sales. The need for a relationship strategy. To ensure that customer service strategy that will create a value proposition for customers is formulated, implemented and controlled it is necessary to give it a central role and not that which is subsumed in the various elements of the marketing mix.

Companies often have different perspective on customer service. Studies have shown that a range of views exists as to the definition of customer service. These include, in a service context. All the activities required to accept process, deliver and fulfill customer orders and to follow up on any activity that has gone wrong. Timeliness and reliability of delivering products and services to customers in accordance with their expectations. A complex of activities involving all areas of the business which combine to deliver the company's products and services in a fashion that is perceived as satisfactory by the customer and which advances the company's objectives.

These alternative views illustrate the extent to which the meaning of customer service varies considerably from one company to another. Our view of customer service is that it is broader than any other of these definitions and that it is concerned with the building of bonds with customer and other markets or groups to ensure long-term relationships for mutual advantage which reinforce the other marketing mix elements. Customer service can thus be seen as an activity, which provides time and place utilities for the customer and which also involves pre-transaction and post transactions considerations relating to the exchange process with the customer.

In the concept of relationship marketing, service companies are now realizing the importance of building upon their existing client base, increasing their understanding of client needs and creating additional cross-selling opportunities to tie these customers more closely to them. In order to do this, employees need to be trained to take a pride in providing the best possible customer service to match the client's requirements. Services have a particular advantage in that very often there is close personal contact between the service provider and customers. This represents an opportunity to provide excellent customer service, but it also provides an opportunity for a poorly trained employee to destroy the relationship between the customer and the company.



## **2.5 Perception**

According to (Kanuk and Shiffman, 2004) .It is the process by which individuals select, organize and interprets stimuli into a meaningful and coherent picture of the world. The study of perception is largely the study of what we subconsciously add to or subtract from raw sensory inputs to produce our own private picture of the world. Elements of perception are:-

### **2.5.1 Sensation**

Sensation is the immediate and direct response of the sensory organs to simple stimuli for example an advertisement, package or a brand name. Human sensitivity refers to the process of sensation. Sensitivity to stimuli varies with the quality of individuals' sensory receptors (E.g. eyesight or hearing) and the amount or intensity the stimuli to which he or she is exposed to (E.g.) a blind person may have a more highly developed sense of hearing than an average sighted person and may be able to hear sounds that an average person cannot.

### **2.5.2 Absolute Threshold**

According to (Kanuk and shiffman, 2004) the lowest level at which an individual can experience a sensation is called absolute threshold. The point at which a person can detect a difference between 'something' and 'nothing' is that persons' absolute thresh hold for that stimulus. The distance at which one can note a specific billboard on the highway is that individual's absolute threshold. Two people riding together may first spot the billboard at different times (i.e. at different distances) thus they appear to have different threshold.

### **2.5.3 The differential threshold**

The minimal difference that can be detected between two stimuli is called the differential threshold or the (j.n.d) for just noticeable difference. A 19<sup>th</sup> century German scientist named Ernst Weber discovered that the just noticeable difference between two stimuli was not an absolute amount, but an amount relative to the intensity of the first stimulus. Weber law states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different.(Kanuk and Shiffman,2004)

### **2.6 Perception and perceived Quality**

Perception is the process which attribute meaning to incoming stimuli received through our five senses (Kibera,1988).Marketers are interested in perception because it involves what customers believe. To provide satisfaction effectively in the market place, marketers must understand how all their marketing activities are perceived because perception greatly influence buyer behavior (Njoroge,2003).Consumers perceive the same situation differently.(Kibera,1988) point out the following perception characteristics, namely:- Consumer perception is objective, Consumer perception is selective and time related, Consumer perception is summative.

#### **2.6.1 Perceived Quality**

Perceived quality can be defined as the consumer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternative (Zeithmal,2003).Consumers often judge the quality of a product or services on the basis of variety of informational cues that they associate with the product. Some of these cues are intrinsic to the product or service, whereas others are extrinsic. either singly or composite, such cues provide the basis for perception of product and service quality (Kanuk,2004)

Cues that are intrinsic concern physical characteristics of the product itself, such as size, color, flavor or aroma. In some cases consumers use physical characteristics (E.g. the flavor of ice cream or cake) to judge product quality. Consumers like to believe that they base their evaluation of product quality on intrinsic cues, because that enables them to justify their product decisions (either positive or negative as being “rational” or “objective” product choices. Often however they use extrinsic characteristics to judge quality. for example, though many consumers claim that they buy a brand because of its superior taste, they are often unable to identify that brand in blind taste tests (Kanuk,2004)

Zeithmal (2002) observed that, it is more difficult for consumers to evaluate the quality of services than the quality of products. This is true because of certain distinctive characteristics of services. They are intangible, Variable, Perishable and are simultaneously produced and consumed. To overcome the fact that consumers are unable to compare competing services side by side as they do with competing products ,consumers rely on surrogate cues (i.e. extrinsic cues) to evaluate service quality. In evaluating a doctor’s services, for example, they note the quality of the office and examining room furnishing ,the number (and source) of framed degrees on the wall, the pleasantness of the receptionist and the professionalism of the nurse, all contribute to the consumer’s overall evaluation of the quality of doctor’s services.

The most widely accepted framework for researching service quality stems from the premise that a consumer's evaluation of service quality is a function of the magnitude and direction of the gap between the consumer's expectations of service and the customer's assessment that is perception of the service actually delivered. For example, a brand-new graduate student enrolled in an introductory marketing course at a highly reputable university has certain expectations about the intellectual abilities of her classmates, the richness of classroom discussions and the Professor's knowledge and communication skills. At the end of the term her assessment of the course's quality is based on the differences between her expectations at the start of the term and her perception of the course at the end of the semester (Kanuk, 2004).

### 2.6.2 SERVQUAL (Service quality) model

The SERVQUAL scale was designed to measure the gap between customers expectation of services and their perceptions of the actual service delivered, based on the following five dimensions: reliability, responsiveness, assurance, empathy and tangibility. These dimensions are divided into two groups: the outcome dimensions (which focuses on the reliable delivery of the core service) and the process dimension (which focuses on how the core service is delivered, that is the employees' responsiveness, assurance and empathy in handling customers and services tangible aspects) the process dimension offers the service provider a significant opportunity to exceed customer expectations (Kanuk, 2004)

Since its development, the SERVQUAL scale has been used in numerous studies, though not all of its empirical findings correspond precisely to the five dimensions that the scale is designed to measure. The scale has also been modified and its most recent version featured as shown in table 2.2 below.

**Table 2.2 SERVQUAL Dimension for measuring service quality.**

Reliability	Providing the service as promised, at the promised time and doing it right the first time; handling customer problems in dependable manner and keeping customers informed
Responsiveness	Prompt service, willingness to help customers, and readiness to respond to customer requests.
Assurance	Instilling confidence in customers and making them feel safe in their transactions; Consistently, Courteous employees with the knowledge to answer customers' questions.
Empathy	Employees who deal with customers in a caring fashion and understand their needs; giving customers individual attention and having their best interest at heart.
Tangibility	Modern equipment, visually appealing facilities and material related to the service, employees with professional appearance, and convenient operating hours.

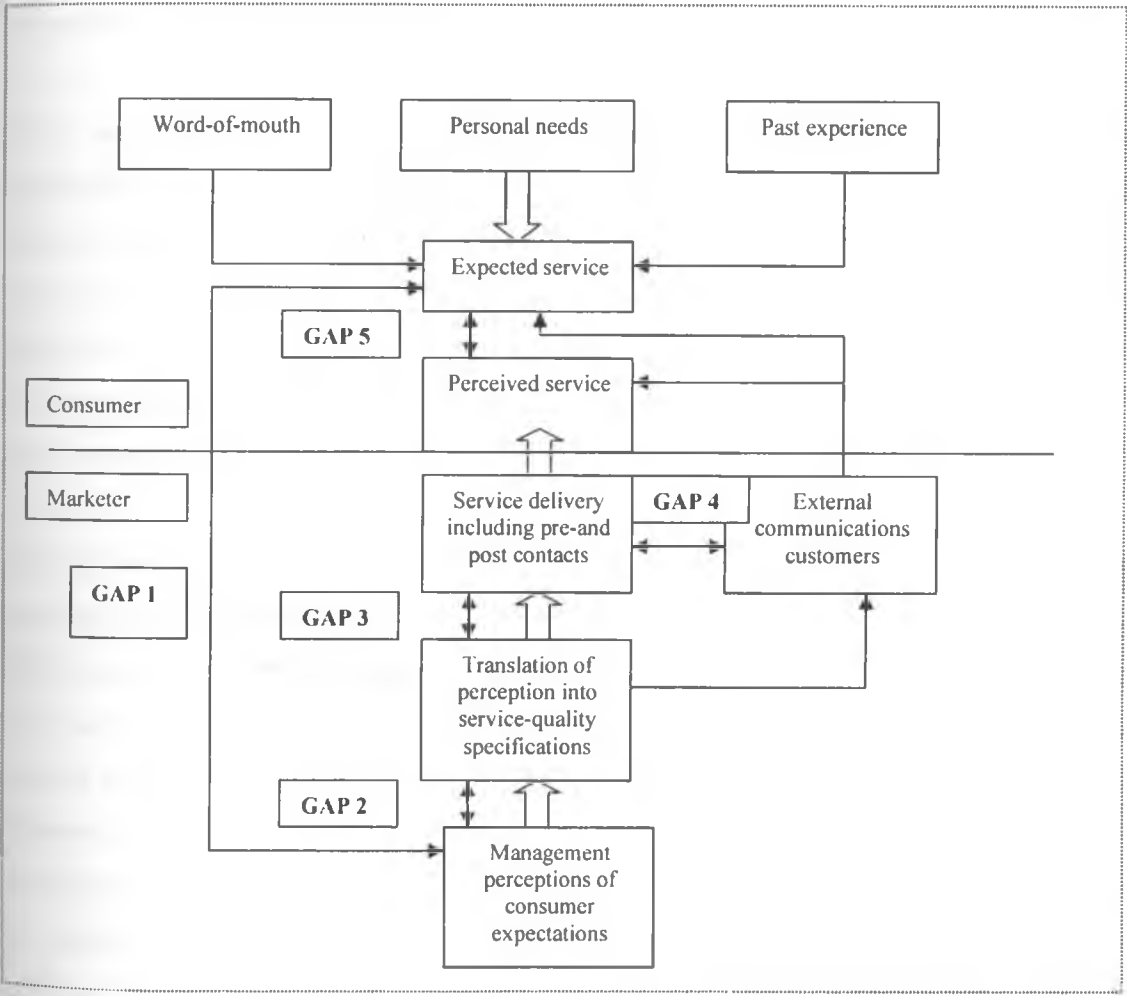
Source: Kanuk (2004) Consumer Behavior, 8<sup>th</sup> edition, New Delhi, India, pg 42

### **2.6.3 SERVQUAL (service quality) model and Service gaps**

Products can be good or impressive on their own but this is not what customers want the products or service should meet customers' needs. It is important that the said company's products meet the needs and expectation of the customer (Njoroge,2003).Customers generally have expectations of quality delivery based on word of mouth, past personal needs and external communications from the service provider experience.(Owino,1996) identify five gaps which lead to poor service quality, the major contributing factors to the gaps and a model for continuously reducing the gaps and hence improving service quality.(Palmer,1992),identified five gaps where there may be a shortfall between expectation of service level and perception of actual service delivery.

Gronroos (1982), introduced the first comprehensive model of service quality. Parasuraman, et al (2000) amplified the model and refined Gronroos' framework. Research by Parasuraman, et al, (1985) has indicated that consumers' quality perception are influenced by a series of four distinct gaps occurring in organizations and whose summative effects lead to a fifth gap. These service gaps are shown in the figure 1 below (Conceptual model of service quality)

**FIGURE 1 CONCEPTUAL MODEL OF SERVICE QUALITY**



Source: Parasuraman A., Zeithaml A.V and Leonard L.B. A conceptual model of service quality and its implications for future research, Journal of marketing, fall 1985, p44; Lovelock (1996), services marketing, 3<sup>rd</sup> edition, Prentice Hall International, pp 469.

**Gap 1: Difference between management's perception of consumer expectations and consumer's expected service:**

Knowing what customers expect is the first and most critical step in delivering quality service. Providing a service that customers perceive as excellent requires that a firm know what customers expect. Being a little bit wrong can mean expending money, time and other resources on things that do not count to customers, or even not surviving in a fiercely competitive market. For instance, a utility company (E.g. KPLC) can invest in improving the office environment while the customers prefer an interruption free supply. The difference between what customers expect and what management perceives they expect is often the result of overlooking the need to fully understand customer's expectations.

Since services do not have tangible cues, gap one is consistently larger in service organizations than it is in the manufacturing. Mugo (2000) as quoted by Njoroge (2003) suggests that the key reason for gap one are-lack of marketing research orientations for example insufficient marketing research, inadequate use of research findings and lack of interaction between management and customers. To close this gap, Mugo (2000) suggests that market research must focus on relevant issues such as the features and considerations that are most important to customers.

**Gap 2: Difference between the management's perception of consumer expectations and the translations of the perceptions into quality specifications.**

Once managers accurately understand what customers expect, their next critical challenge is to use knowledge to set service quality standard for the organization. Management may not be willing to put in place the system to match or exceed customers' expectation. Resources' constraints, short term profit orientation, market condition or management indifference could all account for gap two (the discrepancy between managers' perceptions of customers expectations) almost always change requires a willingness to be open to different ways of restructuring, calibrating and monitoring the way service is provided.

**Gap 3: Difference between the translated service quality specifications and the service delivery (including pre and post contacts)**

In some cases, management understands customers expectations, set appropriate specifications and still the service delivered by the organization falls short of customers' expectations. The difference between specification and the actual service delivery is the service performance gap, when employees are unable or not willing to perform the service at the desired level. Unfortunately this service – performance gap is common in the service industry. Key reasons for gap 3 are role ambiguity, role conflict, poor employee-job fit, poor technology-job fit, Inappropriate evaluation or compensation system or lack of team work. Empowering employees to satisfy customers help to reduce gap three.

**Gap 4: Difference between the promised service (from external communications) and the service delivery (including pre and post contacts).**

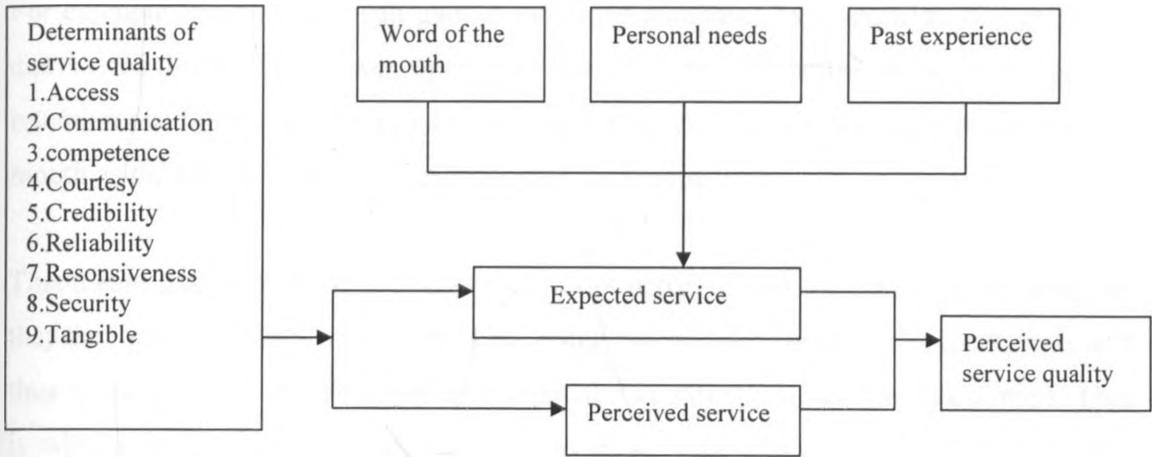
Accurate and appropriate Company communication-advertising, personal selling and public relations that do not over promise or over represent a product or service is essential in delivering service that customers perceive as high in quality. The gap between what a firm promise about the service or product and what it actually deliver must be consciously and deliberately minimized. Because of the less controllable nature of human beings (as opposed to machines),the potential to over promise on service is high. when advertising, personal selling or any other external communication set up unrealistic expectations for customers, actual encounters disappoint them. it is the role of marketing to ensure that external communications accurately (if compelling) reflect what happens in actual service encounters, while operations in turn must deliver the promise.



**Gap 5: Difference between the customers' expected service and the perceived service.**

Service quality is the discrepancy between customer's expectations and customer's perception of the delivered service. This discrepancy is gap five and is made up of gap one, two, three and four. The objective of management in organizations that wish to maintain a competitive edge in the quality service delivery is to close the gaps in all the four cases above. These result in closing ultimate gap between the customers expectations and the customers perception of the quality of the service delivered (Njoroge, 2003). The quality that a customer perceives in a service is a function of the magnitude and the direction of the gap between expected service and perceived service. This gap is influenced by the four preceding gaps. There is little chance of management acting in any meaningful way to close the gap between performance and expectations if these two key variables are not defined and measured. If the gap is great, the task of bridging the subsequent gaps becomes greater and indeed it could be said that in such circumstances quality service can only be achieved by good luck rather than good management (Njoroge,2003)

FIGURE 2 SERVICE QUALITY MODEL (Showing Perceived Service Quality from Service Quality Dimensions' input)



Source; modified and adopted from Christopher, Payne and ballantyne (1991),relationship marketing; bringing quality, customer service and marketing together, lovelock(1996),service marketing,3<sup>rd</sup> edition, prentice hall international,pp 563.

## **2.7 Summary**

According to the various past studies conducted by researchers on this field of perception and service quality.(E.g.Maina,2001,Njoroge,2003,Nyaoga,2003 and Owour,2007) there seems to be substantial evidence that if the customers perception towards a particularly company's goods and services is good, the company stands to gain a lot in many ways. For example, the company can gain in increased purchases by customers, higher profits due to the high sales, lower operating costs due to economies of scale employees retention due to the probable growth of the company and free advertising through word of mouth as the happy customers speak good of the company.

This means that firms need to study the levels of perception of the customers regularly so that they may establish whether they are going below their customers' expectations and thus are able to take corrective measures to make sure they maintain their customers. This is why service quality understanding would make good marketing tool in helping the company achieve its goals and objectives.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research design**

The research design was a survey study. It entailed measuring the consumer perception towards alternative bill pay points: The case of KPLC easy pay service. A descriptive design was preferred since it has dimensions of investigating possible relationships between two or more variables. According to Kinner and Taylor, (1998), a study aimed at determining the who, what, when, where and how of a phenomenon is a descriptive study, which was the focus of the completed study. Several other studies pertaining to service quality had successfully used this type of research design. (Njoroge, 2003, Maina, 2001, Ngatia, 2000, Masinde, 1989 and Ndegwa, 1996).

#### **3.2 Population of the study**

The population for the study consisted of KPLC customers randomly selected at the bills pay points in Nairobi. This population was selected by the researcher as they were considered to be representative of Easy Pay consumers. The list of pay points was obtained from KPLC customer relations office (Appendix 3). According to the list there are four main easy paying points with various branches.

#### **3.3 Sample Design.**

A sample size of 100 was studied. A list of customers was obtained from the integrated customer service management system which was the most current source. It included all those customers who were paying their bills during the period of study. 100 domestic consumers were sampled. (Odhiambo, 2000 and Mukiri, 2001) had used a sample size of 100 in similar studies successfully.

Owing to financial and time constraint, it was not be possible to sample customers at all bills pay points country wide. Therefore the researcher selected respondents through the bills pay points in Nairobi. The points were selected using simple random sampling through the lottery method without replacement. Every third adult who was visiting the pay point was asked to complete the questionnaire and if willing was given the questionnaire for administration. Those who did not have electricity account numbers were excluded from the sample, this helped to screen out new applicants. In such cases the next customer was picked. A total of 100 respondents were sampled.

### **3.4 Data collection method**

Data for the study was collected using a questionnaire. The questionnaires were distributed to the respondents who filled them and then collected later by researcher or research assistants. The questionnaire was divided into two parts. Section A was aimed at collecting data on general information of respondents. Section B contained questions on factors that consumers considered as important on the choice of the easy pay service and on how consumers rate the factors in relation to what KPLC easy pay, offer them.

### **3.5 Data analysis techniques**

Data was analyzed using descriptive statistics. Data on general information was analyzed through determining frequency distribution and percentages, Data on objectives was analyzed by obtaining mean scores and standard deviation, this helped to determine the extent to which consumers deemed factors as important to them in the choice of KPLC easy pay service as well as the extent to which they were satisfied with the KPLC easy pay services on the same factors. The analyzed data was presented on tables. Two paired test was used to test statistically the difference between means in order to establish the significance of the difference.

## CHAPTER 4

### DATA ANALYSIS, FINDINGS AND DISCUSSION

In this chapter data pertaining to KPLC customers' expectations of easy pay service and their perception of the quality of service received was analysed and interpreted. Data collection was done at the bill paying points.

#### 4.1 Response from customers

The questionnaires were checked for correct entries and seven questionnaires were rejected because of double entries in some questions. Table 4.1 below shows a summary of the response rate with respect to the usable questionnaire and the target sample size for the KPLC customers.

##### 4.1.1 Response rate of the target sample of customer

Table 4.1 Response rate of the target sample of customer

Respondents	Target respondents	Actual	% Response rate
KPLC customers	100	74	74
Total	100	74	74

Source: Target respondents are obtained from chapter 3 while respondents are obtained from research data.

As shown in the table, 74 of the targeted 100 customers responded to the questionnaire. Overall, the response rate was 74% which the researcher found adequate and sufficient for the purpose of data analysis. This compares favorably with other studies on perception such as 70% and 87% by (Owour, 2007 and Njoroge, 2003) respectively.

#### 4.1.2 The age of respondents account with KPLC

Table 4.1.1 the age of respondents account with KPLC

Account Age	No of Respondents	Percentage
Less than 1 year.	4	5.4
1 – 10 years	43	58.1
11 – 20 years	15	20.3
More than 20 years	12	16.2
Total	74	100

Source: Research Data

From the table, it is evident that a majority of the respondents had operated the account with KPLC for more than one year. This can be explained by the monopolistic nature of the utility Company, where customers have limited or no option of switching to alternative service provider.

#### 4.1.3 Average Monthly bills of respondents for the last 2 years

Table 4.1.2 Average Monthly bills of respondents for the last 2 years

Average Monthly bill	No of Respondents	Percentage
Less than Ksh 1,000	19	25.7
Ksh 1,001 - Ksh 10,000	49	66.2
Ksh 10,001 - Ksh 20,000	3	4.1
Ksh 20,001 - Ksh 30,000	3	4.1
Total	74	100

Source: Research Data

From the table,(25.7%) of the respondents reported that they pay less than Ksh 1,000 while (66.2% ) pay between Ksh 1,001 and 10,000 per month. It is therefore evident that majority of the respondents fall in this range of Ksh 1,001 to Ksh 10,000.This can be explained by the fact that the respondents used for the study were domestic customers as shown in (Appendix 8)

#### 4.1.4 Respondents preferred bill pay points

Table 4.1.3 Respondents preferred bill pay points

Pay points	Respondents	Percent
Post office	12	16.2
KPLC banking hall	48	64.9
Co-operative Bank	8	10.8
Uchumi Super market	3	4.1
Standard Chattered bank	1	1.4
Barclays Bank	2	2.7
Total	74	100

Source: Research Data

From the table, respondents were spread among the various pay points, However close to half of the sampled respondents (48%) reported that they prefer paying their bills at KPLC banking hall, while those who prefer paying their bills at post offices were represented by (12%). This can be explained by the fact that at KPLC banking hall respondents feel they can easily address any bill related problem e.g. a case of inflated bills. Post offices on the other hand have a wide customer base and distribution network which explains the patronage. Only (2.7%) of the respondents pay through Barclays bank, which can be explained by the fact that, being the latest pay point to be rolled under Easy pay brand, it has not gained huge popularity among KPLC customers.



#### 4.1.5 Reasons for the preferred bill pay point

Table 4.1.4 Reasons for the preferred bill pay point

<b>Factors</b>	<b>Respondents</b>	<b>Percent</b>
Convenience	41	55.4
Dependability	8	10.8
Speed	5	6.8
Accuracy	10	13.5
Trustworthy	10.2	13.5
Total	74	100

Source: Research Data

From the table, these findings are a clear indication that majority of respondents (55.4%) cited convenience reasons. This can be explained by the fact that most of the respondents perceive KPLC baking halls as the only place where they can pay their bills and address any issue or a problem that may arise in future. This also explain why both trust and accuracy scored (13.5%).

#### 4.1.6 Would you prefer paying elsewhere?

Table 4.1.5 Would you prefer paying elsewhere

Response	Respondents	Percent
Yes	51	68.9
No	23	31.1
Total	74	100

Source: Research Data

From the table, (51%) of the respondents would prefer paying their bills elsewhere if a chance arises, while (31.1%) would stick with their preferred pay point. This can be explained that respondents would prefer paying at the alternative pay points, if they were certain that these points are convenient, accurate and trustworthy, instead of queuing at the KPLC banking halls.

#### 4.1.7 Have you heard or read about 'KPLC Easy pay'

Table 4.1.6 Have you heard or read about 'KPLC Easy pay'

Response	Respondents	Percent
Yes	74	100
No	0	0
Total	74	100

Source: Research Data

From the table, all the respondents studied have heard about the Easy pay. The findings are clear that all the respondents studied were aware about the existence of alternative pay points.

#### 4.1.8 If 'Yes' through which communication channel did you learn?

Table 4.1.7 if 'Yes' through which communication channel did you learn

Channels.	Respondents	Percent
Newspaper	11	15.1
Radio	10	13.7
TV	43	58.9
Outdoor advertisement	2	2.7
Posters	3	4.1
Others	4	6.8
Total	73	100

Source: Research Data

From the table, (58.9%) of the respondents learnt about easy pay through TV, (15.1%) through the newspaper while the rest of the channels were scored less than (5%). This can be explained by the fact that the study was done within Nairobi where almost all homesteads presumably own a TV, further more there has also been many advertisements on Easy pay running on TV.

#### 4.1.9 Choose an animal that best describe your feelings towards 'KPLC Easy pay'

Table 4.1.8 Choose an animal that best describe your feelings towards 'KPLC Easy pay'

Animal	Respondents	Percent
Chameleon	17	23
Dove	19	25.7
Rabbit	12	16.2
Fox	6	8.1
Tortoise	2	2.7
Peacock	4	5.4
Cat	14	18.9
Total	74	100

Source: Research Data

From the table 4.1.8 above, (25.7% ) of the respondents described Easy pay as dove,(23%) view easy pay as a chameleon,(18.9%) view it as a Cat and (16.2%) as a rabbit, this can be explained as follows, to those who see it as a dove, easy pay is still new and has remained untested. To those who see it as a chameleon, they find it inconsistent, while those who see it as a cat and rabbit are the young and adventurous who might have found it as a reliable and fast way of paying bills. Only (2%) of the respondents thought of it as a tortoise, which represented a slow service.

#### **4.2 Measure of customer expectation of service.**

For each of the Service quality attributes in this study, the respondents were asked to rate their expectations on the quality of service offered by KPLC Easy pay on a 5-point likert scale. The mean for each question was calculated and was used indicate the level of importance the respondents attached to the question. This is shown in table 4.2 below. As per the likert scale, a score above 3.5 is important, the results were categorized into an operationalized SERVQUAL model to show the dimensions of service quality and how the respondents value them. From this table, it is evident that KPLC customers rated responsiveness as the most important dimension followed in order of importance by reliability, empathy, assurance and tangibles with a mean score of 4.41, 4.32, 4.30, 4.16 and 4.04 respectively. It is evident that the minimum mean score was 4.04. This implies that all the 18 quality attributes covered here were important to the customers.

**Table 4.2 Measure of Consumers expectations on service offered KPLC Easy pay.**

SERVICE QUALITY DIMENSIONS	RESULTS	
	MEAN	STD DEVIATION
<b>RELIABILITY</b>		
Ability to offer error free service	4.32	0.9667
Service clarity	4.48	0.8352
Ability to offer dependable services	4.14	1.2856
<b>Mean</b>	<b>4.32</b>	
<b>RESPONSIVENESS</b>		
Efficient management of complaints	4.37	1.0010
Ease of bill retrieval	4.43	0.9942
Simplicity of service instructions	4.42	0.7586
Manageable or no queues	4.43	1.0348
<b>Mean</b>	<b>4.41</b>	
<b>ASSURANCE</b>		
Caring and listening staff	4.11	0.9590
Knowledgeable customer service staff.	4.08	0.9328
Courteous and friendly front office staff.	4.28	0.9865
<b>Mean</b>	<b>4.16</b>	
<b>EMPATHY</b>		
Ability to pay while performing other tasks e.g. shopping	3.99	1.1286
Cost and time incurred when making payment	4.61	0.6153
<b>Mean</b>	<b>4.30</b>	
<b>TANGIBLES</b>		
The outlook of the pay point	3.87	0.9264
Use of modern technology	4.45	0.8623
Outdoor posters	3.65	0.9990
Location of the pay point	4.65	0.7106
Amount of the bill to be paid	3.87	0.8492
Promotional campaigns carried out	3.77	1.0142
<b>Mean</b>	<b>4.04</b>	

Source: Research data

### **4.3 Measure of Consumer satisfaction on quality of service offered by KPLC Easy pay**

For each of the quality attributes covered in the question, the respondents were asked to rate their satisfaction with the quality of service offered by KPLC Easy pay, this was measured on a five point likert scale with mean of the scores taken to indicate the level of satisfaction with the level of service as perceived by the customer. The mean score was 4.28 for empathy, 4.25 for responsiveness, 4.24 for reliability, 4.0 and 3.76 for tangibles and assurance respectively. It can therefore be seen that all measures of quality of service are rated as satisfactory by KPLC customers. Similarly the mean score for Empathy is highest, followed by responsiveness, reliability, tangibles and lastly assurance.

**Table 4.3 Measure of customers' satisfaction on service offered by KPLC Easy pay**

SERVICE QUALITY DIMENSIONS	RESULTS	
	MEAN	STD DEV
<b>RELIABILITY</b>		
Ability to offer error free service	4.45	0.7242
Service clarity	4.14	1.2856
Ability to offer dependable services	4.15	0.1784
<b>Mean</b>	<b>4.24</b>	
<b>RESPONSIVENESS</b>		
Efficient management of complaints	4.13	0.9356
Ease of bill retrieval	4.26	0.7596
Simplicity of service instructions	4.22	0.9830
Manageable or no queues	4.38	0.8392
<b>Mean</b>	<b>4.25</b>	
<b>ASSURANCE</b>		
Caring and listening staff	3.82	1.1510
Knowledgeable customer service staff.	3.28	1.3899
Courteous and friendly front office staff.	4.18	1.0772
<b>Mean</b>	<b>3.76</b>	
<b>EMPATHY</b>		
Ability to pay while performing other tasks e.g. shopping	4.37	0.8532
Cost and time incurred when making payment	4.19	1.2786
<b>Mean</b>	<b>4.28</b>	
<b>TANGIBLES</b>		
The outlook of the pay point	3.80	0.8755
Use of modern technology	4.43	0.8771
Outdoor posters	3.66	0.6880
Location of the pay point	4.54	0.6660
Amount of the bill to be paid	3.66	1.1381
Promotional campaigns carried out	3.92	0.7541
<b>Mean</b>	<b>4.00</b>	

Source: Research data

#### **4.4 Perceived Service Quality Gap**

The gap measures the perceived service quality by comparing the customer expectations on service quality from Easy pay with their perception of actual service delivered. The service quality gap was found by measuring the difference between the customer perceptions and expectations of the quality of service offered by KPLC Easy pay. The difference was tested using a paired t-test.

HO: There is no difference between customer perception and expectations of service quality offered by KPLC Easy pay.

HA: There is a significant difference between customer perception and expectation of service quality offered by KPLC Easy pay

The gap was tested using a two tailed test with significance at 0.01. The results are as shown in the table 4.9.2 below. A negative (-ve) gap indicate that the customers perceived that KPLC Easy pay did not meet their expectations. A positive (+ve) indicate that customer perceived that service delivery met their expectations. For instance all attributes studied showed a (+ve) or (-ve) gap.



**Table 4.4 Mean Difference between Customers expectation and perception of service**

SERVICE QUALITY DIMENSIONS	Customer Expectations CE	Customer Perceptions CP	Gap CP-CE	T-value
Ability to offer error free service	4.32	4.45	0.13	T-value
Service clarity	4.48	4.14	-0.34	-0.953
Ability to offer dependable services	4.14	4.15	0.01	1.936
Efficient management of complaints	4.37	4.13	-0.24	-0.065
Ease of bill retrieval	4.43	4.26	-0.17	2.478
Simplicity of service instructions	4.42	4.22	-0.2	1.341
Manageable or no queues	4.43	4.38	-0.05	1.217
Caring and listening staff	4.11	3.82	-0.29	0.341
Knowledgeable customer service staff.	4.08	3.28	-0.80	1.732
Courteous and friendly front office staff.	4.28	4.18	-0.1	3.706
Ability to pay while performing other tasks e.g. shopping	3.99	4.37	0.38	0.642
Cost and time incurred when making payment	4.61	4.19	-0.42	-2.464
The outlook of the pay point	3.87	3.80	-0.07	2.497
Use of modern technology	4.45	4.43	-0.02	0.510
Outdoor posters	3.65	3.66	0.01	0.110
Location of the pay point	4.65	4.54	-0.11	-0.112
Amount of the bill to be paid	3.87	3.66	-0.21	1.210
Promotional campaigns carried out	3.77	3.92	0.15	1.233

Source: Research data

Using a two tailed test with significance level of 0.05, the result shows that there is a significant difference between the perceived level of service and the expected level of service quality offered by the KPLC Easy pay in all service attributes.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

Nyaoga (2003) observe that, public utilities offer vital services for the economic well being of the general public in any country. The enormous public funds expended in the public utilities is a growing concern to the government, shareholders, customers and other stake holders, thus provision of quality customer service is no longer an option but an obligation. Therefore, utilities then have to focus on perfecting customer service in their endeavors to satisfy customers.

This chapter presents a summary of the findings of the study as well as conclusion gathered from analysis of the data. Findings have been summarized alongside the objectives of the study, conclusion have been drawn and recommendations given. The study was a survey on Consumer perception towards alternative bill pay options: The case of KPLC Easy pay service. It was aimed at determining the perception of consumers towards KPLC Easy pay service and establishing the difference between their expectation and perception of the Easy pay service.

#### **5.2 Summary**

Regarding the customers expectations of easy Pay services, a mean grade of 4.25 was obtained from the likert scale scores of the respondents. This means that customers rate the importance of each service quality dimension relatively high. The standard deviation of 0.9268 is an indication that the degree of agreement of the importance on the various attributes by different customers is quiet high. The mean of expected service range from 3.65 for outdoor posters to 4.65 for 'location of the pay point', this shows a general agreement of a high degree of expected service along all the service quality dimensions.

A similar study by (Owour,2007) on 'Differences in perception of service quality by customers and managers of the Kenya power and Lighting Company ltd' and (Nyaoga,2003) on 'Analysis of customer perception of service offered by Kenya power and lighting Company Ltd in Mount Kenya region have almost the same means of expected service' The high level of expected service also, agree with the studies of Zeithmal(1988) who initially identified five dimensions used by customers in their assessment of service quality, in deed, their identified five dimensions of service quality are confirmed as important by this study.

Regarding Perception of KPLC easy pay services by customers, a mean grade of 4.11 was obtained from the likert scale of the respondents. This means that consumers' perception of each service quality dimension is relatively low compared to their expectations. The low standard deviation of 0.9141 is also an indication that the degree of agreement on perception by different customers is quiet high. The mean of customer perception range from 3.28 for 'knowledgeable staff' to 4.54 for 'location of the pay point', this shows a general agreement on perception across all service quality dimensions. Studies by (Owour, 2007) and (Nyaoga, 2003) gave almost the same results.

For perceived service quality of KPLC customers towards the easy pay service, the average overall gap was -0.12 or 12% which is quiet significant. The highest gap is for the dimensions of assurance, responsiveness and empathy. These dimensions were among those ranked highly in customer expectations. It is therefore evident that Kenya power and lighting Easy pay need to address issues relating to these dimensions as a matter of priority.

### **5.3 Conclusions**

From the findings and discussions it is evident that consumers perception deviates from the assumption that the alternative pay points have been widely accepted as easier way of paying electricity bills. This is supported by the fact that although most of respondents indicated to have some knowledge about the Easy pay service, they still prefer to queue in the KPLC banking halls, despite claims by the Company that the easy pay service are convenient, reliable or even responsive, customers feel that the level of assurance is low hence there is need for the Company to build on attributes identified in order to give assurance to its customers.

### **5.4 Recommendations**

From the study findings, it is clear that consumers perceived service quality focuses on five main dimensions (i.e.) Reliability, Responsiveness, Assurance, Empathy and tangibles, companies need to build their services along these dimensions since they stand to gain from increased sales, higher profits due to the high sales, employees retention due to the probable growth of the company, excellent and free advertising through word of mouth as the happy customers speak good of the company.

There is need therefore for companies to study the customers' perception regularly so that they may establish whether they are going below their customers' expectations and thus be able to take corrective measures to make sure they maintain their customers. This is why an understanding of consumer perception would make good marketing tool in helping the company achieve its goals and objectives for example in enhancing better match between service offer and positive consumer perception.

## **LIMITATIONS OF THE STUDY**

The study was carried out in Nairobi hence limiting the findings to a small area, had the whole country been studied the results would be different. Financial and time constraints were also evident, since were it not for these limitations a large sample size from the customers would have been suitable for this study. A methodological limitation was encountered in likert scales used, the study required that respondents enter an opinion varying from positive to negative. The issue of understanding the scale items was evidenced by clarification sought by respondents who completed questionnaires on an item-by-item basis. Respondents did not show duplication in the usable questionnaires and so they were treated as 'understood'. In addition the framing of likert scale may have introduced some bias in feeling or opinion of the respondents.

## **SUGGESTION FOR FURTHER RESEARCH**

Future research need to investigate factors influencing low adoption of Easy pay option among KPLC customers. A study similar to the current study should be done in emerging markets such as M-Pesa for Safaricom, Sokotele for Zain and Easy 24/7 for Equity bank. Similarly a comparative study between perception of customers in rural areas and urban areas towards the KPLC Easy pay.

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## Appendix I

### Letter of Introduction

Peter Gatheca King'ori  
University of Nairobi  
P.o. Box 30197-00100  
Nairobi

**Dear respondent,**

**Re: Request for Research Assistance**

I am a student of the University of Nairobi, I am carrying out a research study on 'consumer perception of KPLC customers towards service offered by alternative pay points. The case of Easy pay. This is in partial fulfillment of the requirements for the degree of Master of administration.

You have been selected to be part of the study. This therefore is to kindly request you to assist me collect data by filling in the accompanying questionnaire. The information provided will exclusively be used for academic purposes. We therefore promise that the information will be treated with strict confidence.

Thank for your anticipated co-operation.

Yours faithfully

Peter Gatheca.

Appendix 2  
**QUESTIONNAIRE**

1. Please indicate your account electricity account number (optional)

\_\_\_\_\_

2. As a customer of KPLC, for how long have you been with the Company?

- Less than 1 year.            ( )
- 2 -10 years                    ( )
- 11- 20                         ( )
- More than 20years.        ( )

3. On average how much do you spend in each month on your electricity bills in the last 2 years?

- Less than KSh 1,000        ( )
- Kshs 1,001 - ksh 10,000    ( )
- Ksh 10,001- ksh 20,000    ( )
- Ksh 20,001- ksh 30,000    ( )
- Ksh 30,001 – ksh 40,000    ( )
- Ksh 40,001 – KSh 50,000    ( )
- Above Ksh 50,000            ( )

4. Where do you pay your bills?

- Post office                    ( )
- KPLC banking hall            ( )
- Co-op Bank                    ( )
- Uchumi supermarket         ( )
- Standard Chattered          ( )
- Barclays Bank                ( )

5. Why do you prefer paying your bills at this point?

- Convenience ( )
- Dependability ( )
- Speed ( )
- Accuracy ( )
- Trustworthy ( )

6. Given a chance would you prefer paying your bills elsewhere?

Yes ( ) No ( )

7. a) Have you ever heard or read about 'KPLC Easy pay'?

Yes ( ) No ( )

b) If your answer is yes, through which of the following communication channels did you learn about 'KPLC easy pay'?

- Newspaper ( )
- Radio ( )
- TV ( )
- Outdoor advertisements ( )
- Posters ( )
- Pamphlets ( )
- Any other please indicate.....

8. Which of the following animals' best describe your feeling towards

'KPLC Easy pay'?

- Chameleon ( )
- Dove ( )
- Rabbit ( )
- Fox ( )
- Tortoise ( )
- Peacock ( )
- Cat ( )

9. In a scale of 1 to 5, please indicate the extent to which you perceive the following factors as important in your choice of a pay point?

5- V. Large extent

4 – Large extent

3 – Some extent

2 – Small extent

1 – No extent.

	5	4	3	2	1
a) Location of the pay point	( )	( )	( )	( )	( )
b) Knowledgeable customer service staff	( )	( )	( )	( )	( )
c) Simplicity of service instruction	( )	( )	( )	( )	( )
d) The outlook of the pay point	( )	( )	( )	( )	( )
e) Promotional campaigns carried out	( )	( )	( )	( )	( )
f) Error free service	( )	( )	( )	( )	( )
g) Efficient management of claims/ complaints	( )	( )	( )	( )	( )
h) Ease of bill retrieval	( )	( )	( )	( )	( )
i) Manageable or No queues	( )	( )	( )	( )	( )
j) Courteous and Friendly front office staff	( )	( )	( )	( )	( )
k) Ability to pay while doing other tasks E.g. shopping, banking etc	( )	( )	( )	( )	( )
l) Use of modern technology	( )	( )	( )	( )	( )
m) Service clarity	( )	( )	( )	( )	( )
n) Cost and time incurred when making the payment	( )	( )	( )	( )	( )
o) Amount of the bill to be paid	( )	( )	( )	( )	( )
p) Out door posters	( )	( )	( )	( )	( )
q) Caring and listening staff.	( )	( )	( )	( )	( )
r) Dependable services.	( )	( )	( )	( )	( )

10. Indicate the extent to which the 'Easy pay service' meet your expectations on the following factors on a scale of 1 to 5, where;

5- V. Large extent

4 – Large extent

3 – Some extent

2 – Small extent

1 – No extent.

	5	4	3	2	1
a. Location of the pay point	( )	( )	( )	( )	( )
a. Knowledgeable customer service staff	( )	( )	( )	( )	( )
b. Simplicity of service instruction	( )	( )	( )	( )	( )
c. The outlook of the pay point	( )	( )	( )	( )	( )
d. Promotional campaigns carried out	( )	( )	( )	( )	( )
e. Error free service	( )	( )	( )	( )	( )
f. Efficient management of claims/ complaints	( )	( )	( )	( )	( )
g. Ease of bill retrieval	( )	( )	( )	( )	( )
h. Manageable or No queues	( )	( )	( )	( )	( )
i. Courteous and Friendly Front office staff	( )	( )	( )	( )	( )
j. Ability to pay while doing other tasks E.g. shopping, banking etc	( )	( )	( )	( )	( )
k. Technological innovations	( )	( )	( )	( )	( )
l. Service clarity	( )	( )	( )	( )	( )
m. Cost and time incurred when making the payment	( )	( )	( )	( )	( )
n. Amount of the bill to be paid	( )	( )	( )	( )	( )
o. Out door posters	( )	( )	( )	( )	( )
p. Caring and listening staff.	( )	( )	( )	( )	( )
q. Dependable services	( )	( )	( )	( )	( )

Thank you for your participation and support.

# You can now pay your Electricity bill at the following outlets:-

## Uchumi Branches

1. Langata Road
2. Mombasa Road
3. Ngong Road

## Cooperative Bank

1. University Way
2. Ukulima
3. Naccico Plaza
4. Industrial Area
5. Kiambu
6. SMS (Account Holders)
7. ATM (Account Holders)
8. Any other branches in the City centre

and Environs

## Postal Corporation of Kenya

1. City Square
2. Nairobi GPO
3. Ngara Road Post Office
4. Sarit Centre Post Office
5. Machakos Post Office

## Standard Chartered Bank (SCB)

1. ATM Account Holders



Pay your power bill anywhere



# "Malizakulipamalipopapo hapokokoteulipomalipo papohapo!"

This is one long line you'll never have to stand in. Thanks to KPLC's Easypay service with Posta, you can now pay your electricity bill at over 200 Post Offices in Kenya at no extra charge.

MALIPO PAPO HAPO!





he deadline, will my

ase your payment will  
llowing working day.

have been received  
fected, you will be  
There will be Ksh5  
ending the SMS.

er or higher than my

, simply top it up if it  
nted to pay, you can  
see how you can be  
s of the payment.

do I need to register

an one account. Just  
account. On ATMs,  
number of the KPLC

ber?

application form for  
on the same for the

een debited, but my

all Customer Service

it your nearest  
vice department  
on 3754000.



**Pay your electricity bill  
in a flash!**



**CO-OPERATIVE  
BANK OF KENYA**  
*We are you*



Pay your power bill anywhere

# BARCLAYS

## Countrywide Branch List

### WEST VALLEY

Nairobi • Eldoret Prestige • Kitale • Kitale Prestige/  
Local Business • Kapenguria • Kericho • Gilgil (EXPRESS) •  
Nakuru • Nakuru East • Nakuru • Prestige • Nakuru West • Bomet  
Ngong • Ongata Rongai • Kabarnet • Narok (EXPRESS)

### WESTERN

Kisumu • Bungoma • Mbale • Mumias • Busia

### EASTERN

Meru • Kitui • Isiolo • Nakumatt Meru • Meru • Machakos •  
Wote

### NORTH EASTERN

Meru

### CENTRAL

Nyeri • Limuru • Nyahururu • Karatina • Nanyuki • Nyeri • Thika  
Athaya • Chuka • Githunguri • Kerugoya • Juja • Kikuyu • Kiria-ini

### COAST

Mombasa • Kisii Prestige/ Local Business • Kisumu • Kisumu Prestige •  
Mombasa • Homabay • Migori

### EAST

Malindi • Malindi Prestige • Bamburi • Changamwe • Diani • Digo •  
Mombasa • Mombasa Corporate • Kilifi • Port Mombasa • Voi •  
Wundanyi

### NAIROBI

Eastleigh • Buru Buru • Village Market Prestige •  
Kileleshwa • Kawangware • Githurai • Plaza Premier • River Road •  
Hurlingham • Hurlingham Prestige • Yaya Prestige • Development  
House • Lavington • Muthaiga • Muthaiga Premier Centre •  
Nakumatt Westgate • Karen • Karen Prestige • Ruaraka • Enterprise  
Prestige • Enterprise Rd • JKIA • NIC House • Rahimtulla Prestige •  
Enterprise Rd Corporate • ABC Prestige • Sarit Prestige • Westlands  
Moi Avenue • Moi Prestige • Moi Avenue Business Suite • Plaza  
Prestige • Plaza Corporate • Butere Road • Haile Selassie • Nairobi  
University • Nairobi West • Parklands • Pangani • Kariobangi •  
Kileleshwa • Mramba Prestige Market • Queensway Hse • Queensway Hse  
Prestige • Queensway Hse La Riba Suite • Queensway Hse Local  
Business Suite • Nakumatt Embakasi

15 branches countrywide • Over 215 ATM's countrywide

## Appendix 2

THE KPI CATALAN AND LIGHTING COMPANY LIMITED  
DIVISIONAL KEY TARGETS FOR JULY 2003

	DIAGNOSTIC/TYPE/PERFORMANCE RISK YTD %	UNIT	TARGET AS AT 30/06/2001	TARGET FOR MONTH	ACTUAL THIS MONTH	VAR. %	CUMULATIVE TARGET YTD	ACTUAL YTD	VAR. %	REASONS FOR VARIANCE
<b>1. CUSTOMER SERVICE</b>										
1	Distribution Efficiency	%	83.0%	83.0%	75.05%	-9.6%	83.0%	75.05%	-9.58%	Below target
2	Urban Yield	She/amt	6.00	6.02	5.88	-0.02	6.00	5.88	-2.00%	Within target
3	Revenue Collection % of prev with non-fault bills	Per Cent	100.0%	100.0%	101.00%	1.0%	100.0%	101.0%	1.00%	Above target
4	Debt Age - Ordinary Customers	Month	2.10	2.10	3.00	-12.9%	2.10	3.00	-12.86%	Below target
	Industrial Customers	Month	1.10	1.10	1.20	-9.1%	1.10	1.20	-9.09%	Below target
	Government	Month	1.00	1.00	9.90	117.4%	1.00	9.90	117.38%	Below target
	Parastatals - Essential	Month	1.00	1.00	5.71	-12.8%	1.00	5.71	-12.76%	Below target
	Parastatals - Non Essential	Month	1.10	1.10	1.02	0.9%	1.10	1.02	6.88%	Above target
	Local Authorities	Month	3.00	3.00	1.20	-11.9%	3.00	1.20	-11.95%	Slightly below target
	Embassies	Month	2.00	2.00	1.20	30.9%	2.00	1.20	39.93%	Above target
	VIPs	Month	2.00	2.00	1.13	13.5%	2.00	1.13	43.52%	Above target
	MI	Month	2.00	2.00	2.16	-23.0%	2.00	2.16	-23.00%	Below target
5	Average Meter Reading Time	Day	1.60	1.60	2.11	-31.9%	1.60	2.11	-31.88%	Below target
6	Meter Reading Coverage	Per Cent	99.00%	99.00%	97.50%	-1.6%	99.0%	97.42%	-1.63%	Below target
7	Meter Reading Accuracy	Per Cent	2.00%	2.00%	4.00%	-100.0%	2.0%	4.0%	-100.00%	Below target
8	Meters with zero consumption	Number			44,311	-	-	-	-	Monitor - purposes only
9	Billing Average Time	Day	1.50	1.20	1.66	-38.3%	1.20	1.66	-38.33%	Below target
10	Average Time To Solve Billing Anomalies	Day	2.07	1.50	2.21	-19.3%	1.50	2.21	-19.33%	Below target
11	Average Waiting Time For New Connection upon Payment	Day	60.0	60.00	75.63	-26.1%	60.00	75.63	-26.05%	Delays have continued due to shortage of some materials
12	Average Connection Time from Production of Service Order	Day	1.00	1.00	1.00	0.0%	1.00	1.00	0.00%	Within target
13	Per cent of Disconnection Service Orders Actioned	Per Cent	100.0%	100.0%	91.00%	-6.0%	100.0%	91.0%	-6.00%	Within target
14	Percentage orders reconnected outside one day	Per Cent	10%	10%	5.93%	10.7%	10.0%	5.93%	10.70%	Above target
15	Resolution of zero consumption meters in correct situation (Total No. 12,561)	Per Cent	100%	100%	8.10%	-91.6%	100.0%	8.1%	-91.60%	Below target
16	Re-billed amount as per cent of monthly billing - maximum	Per Cent	1.0%	1.0%	0.01%	99.0%	1.0%	0.0%	99.00%	Above target
17	Routine inspection (supplies visited per month)	Per Cent	100.00%	8.33%	3.00%	61.0%	8.3%	3.0%	63.99%	Introduction of new strategy.
18	Debt collection of Finalised Accounts	Million (K. \$hs)	693.00	57.75	52.11	-9.71%	57.75	51.11	-9.71%	Below target
19	Customer Growth	NO	150,000	12,500	3,853	-69.18%	12,500	3,853	-69.18%	Below target
<b>2. OPERATIONS AND MAINTENANCE</b>										
<b>Supply Quality Improvement</b>										
1	Average Repair Response Time to Service Calls	Hours	4.00	4.00	5.30	-32.5%	4.00	5.30	-32.50%	Performance is reflective of wily seasonal
2	Average Restoration Time for programmed interruptions	Hours	8.00	8.00	7.00	12.5%	8.00	7.00	12.50%	Average for all Regions (excl. C.R. & N. Rift)
3	Maximum Number of Transformer Failures	No./month	48.00	48.00	56.00	-16.7%	48.00	56.00	-16.67%	seasonal Variation
<b>3. TRANSMISSION</b>										
1	Transmission Efficiency	Per cent	96.5%	96.5%	95.8%	-0.8%	96.5%	95.8%	-0.78%	Close to target
2	Transmission Line Faults 220 KV	No/100 km/yr	2.00	0.20	0.00	100.0%	0.20	0.00	100.00%	Above target
3	Transmission Line Faults 132 KV	No/100 km/yr	4.00	0.30	0.10	66.7%	0.30	0.10	66.67%	Above target
<b>4. HUMAN RESOURCES</b>										
1	Customer to Staff Ratio	Ratio	117	101	105	3.5%	101	105	3.53%	Target met

\*\* Indicators relevant to the Service Quality

Source: KPI C Monthly Report by Performance Monitoring, Research & Development Division (July, 2003)

# THE KENYA POWER & LIGHTING CO. LTD.

## NEW POWER TARIFFS

to advise the General Public that from 1<sup>st</sup> July 2008, the Electricity Tariffs have been revised upwards as shown in the three tables below.

There are now five main consumer categories: Domestic, Small Commercial, Interruptible, Street lighting and Commercial/Industrial. The new tariff is now Domestic Consumers (DC), A1 is Small Commercial (SC), DO is Interruptible (IT), EO is Street Lighting (SL).

NEW TARIFFS FOR DC, SC, IT AND SL CUSTOMERS						OLD TARIFFS FOR AO, A1, DO AND EO CUSTOMERS				
	Voltage	Consumption per month	Fixed charge	Consumption per month	New Cost per kWh	Old Tariff	Old Fixed charge	Old Consumption per month	Old Cost per kWh	% Increase
Domestic Consumers	240V or 415V	<= 15,000 kWh	KShs. 120.00	0-50kWh	KShs. 2.00	Method AO	KShs. 75.00	0-50kWh	KShs. 1.55	29.03
				51-1500kWh	KShs. 8.10			51-300kWh	KShs. 6.65	21.8
				> 1,500 kWh	KShs. 18.57			301-3000kWh	KShs. 7.00	
								3001-7000kWh	KShs. 13.80	
Commercial	240V or 415V	<= 15,000 kWh	KShs. 120.00		KShs. 8.96	Method A1	KShs. 150	<= 7000 kWh	KShs. 6.70	33.73
Interruptible	off-peak metered at 240V or 415V	<= 15,000 kWh	KShs. 120.00 KShs. 240.00 when used with DC or SC		KShs. 4.85	Method DO	KShs. 150.00	<= 7000 kWh	KShs. 4.95	-2.02
Street Lighting (SL)	metered at 240V		KShs. 120.00	240V or 415V	KShs. 7.50	Method EO	KShs. 250.00	<= 7000 kWh	KShs. 6.20	20.96

Industrial tariffs B0, B1, B2, B3, C1, C2, C3, C4 and C5 have been merged into the Commercial / Industrial tariff as shown in the tables below.

OLD TARIFFS - COMMERCIAL/INDUSTRIAL CUSTOMERS									
	B0	B1	B2	B3	C1	C2	C3	C4	C5
Fixed charge	800.00	600.00	2,000.00	7,500.00	600.00	2,000.00	7,500.00	7,500.00	7,500.00
	415 V	240/415 V	11 kV	66/132 kV	415 V	11/33 kV	66/132 kV	66/132 kV	66/132 kV
Per unit (kWh)	6.40	5.16	4.80	4.40	5.10	4.40	4.17	4.07	4.00
Fixed (KShs. Per)	-	300.00	200.00	100.00	300.00	200.00	100.00	80.00	80.00
Consumed	7,000 - 100,000	7,000 - 100,000	7,000 - 100,000	7,000 - 100,000	100,001 - 5,000,000	100,001 - 5,000,000	100,001 - 5,000,000	5,000,001 - 7,500,000	> 7,500,000

NEW TARIFFS - COMMERCIAL/INDUSTRIAL CUSTOMERS					
	C1	C12	C13	C14	C15
Fixed charge	800.00	2,500.00	2,900.00	4,200.00	11,000.00
	415 V	11 kV	33/40 kV	66 kV	132 kV
Per unit (kWh)	5.75	4.73	4.49	4.25	4.10
Fixed (KShs. Per KVA)	600.00	400.00	200.00	170.00	170.00
Consumed	> 15,000	> 15,000	> 15,000	> 15,000	> 15,000

Government taxes and other levies remain unchanged as follows:

Fuel Oil Surcharge (FOS) which fluctuates every month due to increase/decrease in the price of fuel used in power generation.

Foreign Exchange Rate Fluctuation Adjustment (FOREX).

VAT at 16% of standing charge and taxable value of electricity energy consumed with the exemption of the first 200 units under domestic consumption.

Rural Electrification Programme (REP) Levy at 5% of Revenue from unit sales.

Energy Regulatory Commission (ERC) Levy at cents 3/kWh.

Power Factor surcharge for any installation whose power factor is less than 0.9 lagging.



The Kenya Power & Lighting Co. Ltd.

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Location of the Pay point	74	2.00	5.00	4.6486	.71063
Knowledgeable staff	74	1.00	5.00	4.0811	1.03045
Simplicity of service instruction	74	1.00	5.00	4.4189	.90670
The outlook of the pay point	74	1.00	5.00	3.8649	.95551
The Promotional Campaigns carried out	74	1.00	5.00	3.7703	1.00065
Error free Service	74	1.00	5.00	4.3243	.92319
Efficient Management of complaints	74	1.00	5.00	4.4865	.83162
Ease of bill retrieval	74	1.00	5.00	4.4324	.99424
Manageable or No queues	74	1.00	5.00	4.4324	.96630
Courteous and Friendly Front office staff	74	1.00	5.00	4.2838	.89932
Ability to pay while doing other tasks	74	1.00	5.00	3.9865	1.07898
Use of modern technology	74	2.00	5.00	4.4459	.82995
Service Clarity	74	1.00	5.00	4.4730	.84761
Cost and Time incurred while making payment	74	3.00	5.00	4.6081	.61528
Amount to be paid	74	2.00	5.00	3.8649	.84924
Outdoor posters	74	2.00	5.00	3.6486	.99907
Caring and Listening staff	74	1.00	5.00	4.1081	.95899
Dependable services	74	1.00	5.00	4.1351	1.28558
Location of the Pay point	74	3.00	5.00	4.5405	.66599
Knowledgeable staff	74	1.00	5.00	3.2838	1.38999
Simplicity of service instruction	74	1.00	5.00	4.2162	.98301
The outlook of the pay point	74	.00	5.00	3.7973	.87554
The Promotional Campaigns carried out	74	2.00	5.00	3.9189	.75411
Error free Service	74	3.00	5.00	4.4459	.72418
Efficient Management of complaints	74	1.00	5.00	4.1216	.93564
Ease of bill retrieval	74	3.00	5.00	4.2568	.75961
Manageable or No queues	74	1.00	5.00	4.3784	.83916
Courteous and Friendly Front office staff	74	1.00	5.00	4.1757	1.07726
Ability to pay while doing other tasks	74	1.00	5.00	4.3649	.85327
Use of modern technology	74	1.00	5.00	4.4324	.87712
Service Clarity	74	1.00	5.00	4.1351	1.28558
Cost and Time incurred while making payment	74	1.00	5.00	4.1892	1.27865
Amount to be paid	74	1.00	5.00	3.6622	1.13810
Outdoor posters	74	3.00	5.00	3.6622	.68800
Caring and Listening staff	74	1.00	5.00	3.8243	1.15103
Dependable services	74	1.00	5.00	4.1489	1.17027