FACTORS THAT DETERMINE CUSTOMER LOYALTY: A CASE OF THE PORT OF MOMBASA

By

Kamau Edward Mungai

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION

THE SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

NOVEMBER 2008

DECLARATION

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

Signature

Date November 20, 2008

Kamau Edward Mungai

D61/P/7141/2006

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

Signature **Date** **X \ - H - 2 0 0 g**

Mr. T.M. Mutugu

Senior Lecturer

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

DEDICATION

This project paper is dedicated to my family: Damaris, Kevin and Keith - your cheers and warrnth are a source of strength and inspiration to my life.

To rny parents for having taught me lessons on importance of knowledge through education and good morals.

ACKNOWLEDGEMENT

Special gratitude goes to Mr. Tom Mutugu, Senior Lecturer the University of Nairobi, for imparting to me the requisite insights for the success of this study. His authority in marketing and specifically in the area of brand management was invaluable to this project paper.

My gratitude is also extended to my wife who encouraged me to enroll for the MBA degree programme and my two young sons who always gave me a hug and a cheer when I got home after my evening lessons.

I would also like to thank all my lecturers, colleagues and the entire fraternity of the University of Nairobi for the support and affording me an enabling academic environment.

Lastly, through the care and blessing of the good Lord I was able to successfully undertake my studies.

ABSTRACT

In today's highly competitive market place, retaining brand loyal customers is critical for survival. Keeping customers is often a more efficient strategy than attracting new customers. Customers have become more confident and more demanding. They want products and services that satisfy them and have no time for those which do not. More and more customers have a need to distinguish themselves from one another to express their individualism. For this reason, they demand quality that is sustained.

The main objective of this study was to investigate the factors that determine customer loyalty at the Port of Mombasa. A descriptive survey was undertaken for the current research where the population of the study was key customers of the Port of Mombasa who included cargo owners, clearing agents, shipping lines and agents, transporters and oil companies. A sample of 200 respondents was selected from lists of frequent Kenya-based port users and foreign port users which form the sampling frame.

Primary data was collected by use of a semi-structured questionnaire. Descriptive statistics namely percentages, frequencies, mean scores and standard deviations were used to analyze data. In addition Statistical Package for Social Sciences (SPSS) was also used to aid in factor analysis.

Factors were then ranked according to their significance in determining customer loyalty at the Port of Mombasa. From the research, reasonable charges at the Port of Mombasa were ranked first followed by the security within the port. The researcher therefore concluded that, the cost of services at the Port of Mombasa as well as the urgency to which customer complaints are handled within the Port are the major determinants of customers' loyalty.

Charges at the Port of Mombasa should therefore be reviewed to reflect the value of services offered to build customer loyalty from both importers and exporters who use the Port of Mombasa. At the same time, security should be guaranteed to ensure that cargo at the Port is secured both from pilferage and fire.

LIST OF ABBREVIATIONS

ADB	African Development Bank
BOT	Built Operate Transfer
CEO	Chief Executive Officer
CFS	Container Freight Station
EDI	Electronic Data Interchange
ERS	Economic Recovery Strategy
EU	European Union
FZ	Free zone
GC	General Cargo
GoK	Government of Kenya
ICD	Inland container depot
ICTs	Information and Communications Technologies
SOT	Shimanzi Oil Terminal
TQM	Total Quality Management
RVR	Rift Valley Railway
KPA	Kenya Ports Authority
KOT	Kipevu Oil Terminal
KEBS	Kenya Bureau of Standards
KRA	Kenya Revenue Authority
PPP	Public Private Partnership
ROCE	Return on Capital Employed
RORO	Roll on Roll off
USA	United States of America
WB	World Bank
WTO	World Trade Organization

TABLE OF CONTENTS

LIST OF TABLES, GRAPHS AND CHARTS

TABLES

GRAPHS

CHARTS

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In today's highly competitive market place, retaining brand loyal customers is critical for survival (Evans, 1997). Keeping customers is often a more efficient strategy than attracting new customers (Rosenberg, 1983). Customers have become more confident and more demanding. They want products and services that satisfy them and have no time for those which do not. More and more customers have a need to distinguish themselves from one another to express their individualism. For this reason, they demand quality that is sustained (Baker, 1992). Further, today's customers are tougher, more informed and so sensitive to poor service that they often walk away and never come back (Bearden, 1995). To make it worse, the average dissatisfied customers tells 9 to 10 other people (Albrecht, 1985). Many marketing managers are concerned with a growing trend toward brand switching. Among the reasons given for the decline in brand loyalty is customer dissatisfaction with products/ services, the many new products appearing in the markets and consumers' increased concern on the price at the expense of brand loyalty (Schiffman, 1994). Today's customers are also becoming more and more knowledgeable, their tastes, preferences and quality expectations continue to change and this exerts pressure on organizations which seek to meet these ever changing customer needs and build their success on a long-term customer relationships (Ndeti, 2007).

1.1.1 Brand Loyalty

Nicolas (2003) defines a brand as something that is owned by buyers and other stakeholders. It indicates that the power in a relationship between an individual and an organization is not necessarily where we think it is. Although a brand is related to a physical product or service it is itself immaterial. It is a transforming idea that converts the tangible into something of value, by delivering something of value. Thus a brand only exists in the buyers mind and it is the buyer who has the power to begin, sustain or terminate a relationship with it. The company does not control the life of a brand - the customer does. A brand is determined by an understanding of likely future performance and predicted cash flows, that are defined in large part by an extrapolation of past customer acquisition and loyalty.

Brands originated as a means of claiming ownership of possessions and have subsequently come to be a stamp of authenticity to help sell products. Since a brands' value comes from its ability to apply a consistent premium to a customer transaction, brands have gradually come to be seen as having a financial value in their own right and so ultimately, have come to be owned by investors, who buy and sell them. This so called brand equity is primarily created through mass advertising which inscribes messages in the mind of customers. The discipline of branding is thus about maintaining a constant flow or "current" of inspiring images flowing to customers' head to create differentiation. By protecting this space in the mind, brands sustain loyalty (Nicolas, 2003). Brand equity refers to the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name (Keller, 2003).

A brand is also defined as a distinguishing name and/or symbol such as logo, trademark, package, design as a combination intended to identify the good or service (Aaker & Joachimsthaler, 2000). Brand loyalty therefore is a key aspect in enhancing brand equity. Brand loyalty is a consumer's preference to buy a particular brand in a product or service category. It occurs because consumers perceive that the brand offers the right product features, images or level of quality of the right price. This perception becomes the foundation for a new buying habit. Consumers will initially make a trial purchase of the brand and after satisfaction, form habits and continue purchasing the same brand because the product is safe and familiar (Giddens, 2006). Kapferer (1999) underscored the importance of branding by asserting that when brand loyalty exists, there is value created in the eyes of the customers. Aaker (1991) argues that loyalty of existing customers represents a strategic asset that has potential to provide value in several ways through reduced marketing costs, trade leverage, attracting new customers and giving the company time to respond to competitive threats.

Recent years have shown a growing interest in customer loyalty. The globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities. According to Rosenberg (1984), it can cost as much as six times more to win a new customer than it does to keep an existing one. Depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration by 5% (Reichheld, 1993). Hence we can see that the increase and retention of loyal customers has become a key factor for long-term success of companies. The main emphasis in marketing has shifted from winning new customers to the retention of existing ones. Traditionally there are two approaches to treat customer loyalty. Some researchers have investigated the nature of different levels of loyalty; others have explored the influence of individual factors on loyalty. The potential for establishing loyalty depends on the object (i.e. product or vendor), on the subject (customer) or on the environment (market, other suppliers etc).

Research studies done in the field of brand loyalty and customer service include Wambugu (2002) that investigated the factors determining store loyalty in selected supermarket chains in Nairobi and found that availability of all types of merchandize, location of supermarket, convenient operating hours, prompt service and courtesy of employees as the top five highly ranked factors. Ongubo (2003) sought to highlight the determinants of brand loyalty for prescription brand medicine by doctors in Nairobi and found that patients buying power, experience through samples given to doctors, source of medicine and literature about the product as among the top five important factors. Mwangi (2005) studied the factors affecting choice of milk store brands by consumers in Nairobi and concluded that consumers buy milk store brands because of quality, packaging, trust in retailer's name and low price offered in that order. Ndeti (2007) sought to find out the factors that determine brand loyalty to commercial banks in Westlands area of Nairobi and found that prompt service, employees willingness to help, location of bank, operating hours and availability of Automatic Teller Machines outlets were ranked highest in that order. She concluded that customers want to be served fast and at convenient locations and to deal with employees who appreciate them and treat them with courtesy. Previous studies on the Port of Mombasa include Mwendar (1987) who sought to investigate the perceived quality of port services at Kilindini Harbour and revealed that the quality of services rendered at the port as perceived by the port users generally fell below their expectations. Tai (2007) studied on Strategy Implementation in K.PA and found that Government interference and regulations, people not being measured or rewarded for executing business plan, poor communication about execution of strategy among multiple levels in the organization, senior managers simply failing to put a priority on strategy, and failure to understand progresses ranked high as the main challenges of strategy implementation in KPA. The knowledge gap that the current study wants to fill is that of finding out customer loyalty factors at the Port of Mombasa.

1.1.2 The Port of Mombasa

The Port of Mombasa traces its history back many centuries to the time when dhows called at the Old Port on the north side of Mombasa Island. The Old Port is next to Fort Jesus, which was built by the Portuguese navigator Vasco da Gama in 1593. This was during the famous spices trade between the Arabian Gulf, the East Coast of Africa, the Indian Subcontinent and the Far East when navigators were looking for a new route to the Far East. The Kilindini Harbour was inaugurated in 1896 when work started on the construction of the Uganda Railway. In 1967 the three countries joined forces to set up the East African Community (EAC). They also created a new authority, the East African Harbour Corporation, to run the principal ports of Dar es Salaam, Mombasa and the oil port of Tanga. There was positive development under this new organization, but with the collapse of the EAC in 1977 and subsequent dissolution of the East African Harbours Corporation, the running of Kenya's ports was taken over by the national government which established the Kenya Ports Authority (KPA) as a parastatal organization through an Act of Parliament in 1978. KPA was enlarged in 1986 when it merged with the autonomous state organization Kenya Cargo Handling Services Limited to form a single body responsible for all aspects of national port development and operations. KPA manages maritime activities along the Kenyan coast. Her jurisdiction covers the Port of Mombasa and all scheduled seaports on Kenya's coastline namely Lamu, Malindi, Kilifi, Mtwapa, Kiunga, Shimoni, Funzi and Vanga.

Kenya Ports Authority's strategic direction is guided by her vision "to be rated amongst the top 20 ports in the world in terms of reputation and performance by the year 2010". Its mission is "facilitate sea borne trade in the most efficient manner by progressively benchmarking operational targets to internationally acceptable standards". Her key Objective is to improve managerial, operational and financial performance; develop, maintain and sustain port facilities and infrastructure to meet the customer needs; promote the Port of Mombasa as a primary gateway to the Great Lakes Region and also serve the horn of Africa; maintain and promote a clean, safe working and rewarding environment; integrate the functionality of the Port of Mombasa in the development vision of the republic of Kenya and the region; and instill sound corporate governance practices. The services offered by the Port include:- container handling: general cargo, what is known as conventional cargo, (imports and exports of general cargo and vehicles); bulk handling (cement and fluorspar, soda ash, grain and agri-bulks, oil and multipurpose terminal - a new berth for handling bulk minerals and petroleum products); ship repair; waste reception; passenger services (cruise); and Inland Container Depots. The Port has a liaison office in Uganda, located at the central business district of Kampala City. It acts as a marketing coordination point for the transit market, namely; Uganda, Rwanda, Burundi and Eastern Democratic Republic of the Congo. This facilitates prompt handling of customer issues.

1.1.2.1 Port Performance

Cargo throughput at the Port of Mombasa in 2007 was driven by sustained growth in container and liquid bulk trades. The largest growth in trade volume was accounted for by the Asian continent. Impressive domestic and regional economic growths contributed significantly to the increased cargo throughput. In 2007 total traffic recorded was 15.96 million tons against 14.42 million tons registered in 2006; resulting in a growth of 10.7 per cent. This outstripped growth in many world ports. Most of this growth was associated with increased imports which accounted for 82 per cent of the trade. This dominance underscores the import substitution strategy behind the region's industrial manufacturing. Unmatched growth was witnessed in container traffic; in 2007 the port recorded a year-on-year growth of 22.1 per cent in terms of TEUs (compared with the average growth in container trade over the last five years which has been 12.7 per cent per annum). This phenomenon is attributed to the global shift towards containerization and shipment in bulk which are economical, efficient and convenient (KPA Annual Review and Bulletin of Statistics 2007, March 2008).

KPA has a workforce of 7,848 (managerial staff being 921, 3,297 are in union and 1,878 casual **staff).** Structurally, the Corporation is under the Transport Minister, whose direct report is the **Permanent** Secretary, ministry of transport. The board of directors comprises a non-executive **chairman,** seven government officials (namely; the Attorney General, the PS transport ministry, PS **finance** ministry, the Investment Secretary, the Managing Director KPA, Secretary to the

Board and the Deputy Corporation Secretary) and six directors who are ex-officials, i.e. government/political appointees. Fuctionally, there are eight divisions headed by division managers and under them thirty eight departments led by departmental heads or managers.

The globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product or service price and qualities. Instead, companies build their success on a long-term customer relationship. When a customer is loyal, he or she is likely to speak well to others about the brand (Aaker 2000). Customer loyalty is actually a manifestation of a deep relationship between the brand and the customer (Kotler 2000). A major challenge for the Port of Mombasa is enhancement of customer loyalty at a time when there is intense political pressure in top management appointments at KPA, congestion due to delays in offloading goods, and inefficient processing of documents (due to the slow stabilization of the system introduced to automate sea-front operations) that have seen the ports revenues slump by more than 50 percent in the last two years (Daily Nation, August 12, 2008 p; 10).

1.2 Statement of the Problem

A number of researches have been done in the field of customer and brand loyalty focusing on other sectors. Wambugu (2002) investigated the factors that determine store loyalty: A case of selected supermarket chains in Nairobi and found that availability of all types of merchandize, location of supermarket, convenient operating hours, prompt service and courtesy of employees as the top five highly ranked factors. A study carried out by Ongubo (2003) sought to highlight the determinants of brand loyalty for prescription brand medicine by doctors in Nairobi and found that patients buying power, experience through samples given to doctors and source of medicine literature about the product as among the top five important factors. Mwangi (2005) studied the factors affecting choice of milk store brands by consumers in Nairobi and concluded that consumers buy milk store brands because of quality, packaging, trust in retailers name and low price offered in that order. He also pointed out that convenience in terms of location and shop opening time was very important in deciding where to buy milk store brands. Ndeti (2007) sought to find out the factors that determine brand loyalty to commercial banks in Westlands area of Nairobi and also to rank these factors in order of their importance. She found out that prompt service, employees willingness to help, location of bank, operating hours and availability of ATM outlets were ranked highest in that order. She concluded that customers want to be served fast and at convenient locations and to deal with employees who appreciate them and treat them with courtesy.

It is twenty years since Mwendar (1987) studied perceived quality of port services. A lot has changed since 1987, with liberalization of the maritime sectors fueling competition from other ports within the region namely the ports of Durban, Beira, Nacala, Salalah, Louis, Djibouti and Dar-Es-Salaam competing for the regions share of commerce. Technologically also, recent developments in E-commerce have changed the way business is done all over the world creating new ways of building brands and increasing customer loyalty through the websites; web sponsored advertising content; internet; intranet; customer extranet; web public relation and email. Peace in the great lakes region and Sudan has also opened business opportunities in Rwanda, Burundi, Eastern DR Congo, and Southern Sudan, It is felt that a knowledge gap exists in the field of customer and brand loyalty with respect to the Port of Mombasa which is at the heart of trade in Eastern and Central Africa and Southern Sudan, a case that this study seeks to investigate.

The research therefore seeks to answer the following two questions:

(i) Which specific factors determine customer loyalty at the Port of Mombasa?

(ii) What are the most important factors determining customer loyalty to the Port of Mombasa?

1.3 Objectives of the Study

1 • To identify the factors that determine customer loyalty at the Port of Mombasa.

2- To rank the most important factors in determining customer loyalty to the Port of Mombasa.

1.4 Importance of the Study

The findings of the study will be beneficial to various groups in the following ways:

(i) The Kenya Ports Authority management and other stakeholders at the port of Mombasa will benefit from the findings after getting an insight on how to build customer and brand loyalty. The insights will be useful in the process of developing a marketing and brand strategy for the organization, with outputs that can be used in definition of brand strategy constituents such as market mapping and customer segments, brand positioning, development of brand essence and development of brand proposition (key brand benefit).

(ii) Marketers and business people interested in building brands through customer loyalty strategies will benefit from the findings.

(iii) The study is invaluable to the academics as it contributes to literature on customer loyalty hence narrowing the knowledge gaps in the areas of port services and customer loyalty. It also opens up avenues for further research in related topics.

(iv) Government and regulatory authorities gain more information for developing and improving policy and regulatory guidelines on ports and other services sector.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature related to the purpose of the study providing a clear understanding of existing knowledge base in the problem area.

2.2 The Concept of Customer Loyalty

There are multiple approaches to customer loyalty. Theories of behavioral loyalty were dominating until 1970 considering loyalty as the function of the share of total purchases (Cunningham, 1956; Farley, 1964), function of buying frequency or buying pattern (Tucker 1964; Sheth, 1968) or function of buying probability (Harary et al, 1962; McConnell, 1968; Wernerfelt, 1991). These approaches looked at brand loyalty in terms of outcomes (repeat purchase behavior) rather than reasons, until Day (1969) introduced the two-dimensional concept of brand loyalty, which stated that loyalty should be evaluated with both behavioral and attitudinal criteria. Contemporary researches consider and accent the psychological (mostly attitudinal and emotional) factor of loyalty (Jacoby et al, 1973; Oliver, 1999; Chaudhuri, 1995; Djupe, 2000; Reichheld, 2003). There are also approaches comparing loyalty with marriage (Hofmeyr et al, 2000; Lewitt, 1983; Dwyeretal, 1987).

These different approaches allow distinguishing customers as whether behaviorally or emotionally loyal. Behaviorally ioyal customers act loyal but have no emotional bond with the brand or the supplier whereas emotionally loyal customers do. Jones and Sasser call these two kinds of loyalty accordingly false or true long-term loyalty (Jones et al, 1995). Hofmeyr and Rice (2000) define customers as loyal (behavioral) or committed (emotional). Emotional loyalty is much stronger and longer lasting than behavioral loyalty. It's an enduring desire to maintain a valued relationship. The relationship is so important for the customer that he or she makes maximum efforts to maintain it (Morgan et al, 1995; Reichheld, 2003; Moorman et al, 1992). **Highly** bonded customers will buy repeatedly from a provider to which they are bonded, recommend those providers to others, and strongly defend these choices to others - insisting that they have chosen the "best" product or service (Butz et al, 1996). Behaviorally loyal customers could be divided to sub-segments by the reason of acting: (i) forced to be loyal; (ii) loyal due to inertia; and/or (iii) functionally loyal.

Customers are forced to be loyal when they have to be clients even if they do not want to. Customers may be forced to consume certain products or services offered by certain vendors e.g. when the company acts as a monopoly or the poor financial status of the customer is limiting his selection of goods. Companies with low price strategy had a much higher loyalty than expected from their customer satisfaction. On the other hand, companies that had used a lot of energy on branding indeed had a high customer satisfaction but they did not have a correspondingly high loyalty (Gronholdt et al, 2000). Forced loyalty could be established through creating exit barriers as well. Loyal behavior may also result from inertia - customer does not move to another vendor due to comfort or relatively low importance of operation - if the choice has low importance, there is no point to spend time and effort on searching for alternatives. Thus, based on his faith in the suitability of the current product, the customer continues to use it without checking alternatives. It's in accordance to Oliver's approach of cognitive loyalty: the loyalty that is based on brand belief only. "Cognition can be based on prior or vicarious knowledge or on recent experience-based information.

If the transaction is routine, so that satisfaction is not processed (e.g. trash pickup, utility provision), the depth of loyalty is no deeper than mere performance (Oliver, 1999). Hofmeyr and Rice (2000) say that one of the reasons that customers don't switch brands when they are dissatisfied is that they feel that'the alternatives are just as bad as the brand they are using or even worse. Inertia may be caused also by lack of information about attractive characteristics of the brands (Wernerfelt, 1991). Functionally loyal customers are loyal because they have an objective reason to be. Wernerfelt points out "cost-based brand loyalty" where brand utilities have a positive influence on brand choice. Functional loyalty can be created by functional values using price, quality, distribution, usage convenience of a product or through different loyalty programs (points, coupons, games, draws etc.) giving a concrete reason to prefer certain supplier. Unfortunately competitors can most easily copy functional values. Thus, creating functional value offers a fleeting competitive advantage: functional loyalty cannot be very long lasting (Barnes, 2003).

Jones and Sasser (1995) propose three measures of loyalty that could be used in segmentation by loyalty: Customer's primary behavior - recency, frequency and amount of purchase; Customer's secondary behavior - customer referrals, endorsements and spreading the word; Customer's intent to repurchase - is the customer ready to repurchase in the future. Based on the theoretical literature presented above, the customers of a company could be segmented by their loyalty as follows: Committed or emotionally loyal customers who are active customers who use only certain provider's services and declare that they will use only this provider in the future and recommend this provider to others; behaviorally loyal customers who are active customers who use only the certain provider's services and declare that they will use only this provider in the future but do not agree to recommend this provider to others (inert or functionally loyal); Ambivalent or dubious customers are active customers who use only the certain provider's services but don't know which provider they will use in the future; Disloyal reducers are customers who have reduced or will reduce the percentage of the provider's services in their usage; Leavers are customers who declare that they will certainly leave this provider.

2.3 Factors Affecting Customer Loyalty

The impact of satisfaction on loyalty has been a popular subject of studies. Several studies have revealed that there exists a direct connection between satisfaction and loyalty: satisfied customers become loyal and dissatisfied customers move to another vendor (Heskett et al, 1993). The primary objective of creating ACSI (American Customer Satisfaction Index) in 1984 was to explain the development of customer loyalty. In ACSI model customer satisfaction has three antecedents: perceived quality, perceived value and customer expectations (Anderson et al, 2000). In the ECSI (European Customer Satisfaction Index) model perceived quality is divided into two elements: "hard ware", which consists of the quality of the product or service attributes, and "human ware", which represents the associated customer interactive elements in service, i.e. the personal behavior and atmosphere of the service environment (Gronholdt et al, 2000). In both models increased satisfaction should increase customer loyalty.

When the satisfaction is low customers have the option to exit (e.g. going to a competitor) or express their complaints. Researches have shown that 60-80% of customers who defect to a competitor said they were satisfied or very satisfied on the survey just prior to their defection

(Reichheld et al, 2000). So it's clear that there must be also other factors beside satisfaction that have a certain impact on customer loyalty.

Image of brand or supplier is one of the most complex factors. It affects loyalty at least in two ways. Firstly, customer may use his preferences to present his own image. That may occur both in conscious and subconscious level. According to the Belk's theory of extended self, people define themselves by the possessions they have, manage or create (Belk, 1988). Aaker has shown how consumers prefer brands with personality traits that are congruent with the personality traits that constitute their (malleable) self-schemas (Aaker, 1999). Kim, Han and Park have researched the link between brand personality and loyalty. They did get positive support to hypothesis that the attractiveness of the brand personality indirectly affects brand loyalty (Kim et al, 2001). People use products to enhance self-image.

Secondly, according to social identity theory, people tend to classify themselves into different social categories. That leads to evaluation of objectives and values in various groups and organizations in comparison with the customer's own values and objectives. They prefer partners who share similar objectives and values (Ashforth et al, 2001). Fournier (1998) states that consumer-brand relationships are more a matter of perceived goal compatibility. Brands cohere into systems that consumers create not only to aid living but also to give meanings to their lives. Oliver (1999) argues that for fully bonded loyalty the consumable must be part of the consumer's self-identity and his or her social-identity.

Trustworthiness of the partner is a factor that has certain impact on the establishment of loyalty - nobody expects a long-term relation with a partner that cannot be trusted. Trustworthiness is one criterion for measuring the value of the partner. Trust is a cornerstone of the strategic partnership (Doney et al, 1997). Morgan and Hunt (1994) posit that trust is a major determinant of relationship commitment: brand trust leads to brand loyalty because trust creates exchange relationships that are highly valued. Chaudhuri and Holbrook (2001) have showed that brand **trust** is directly related to both purchase and attitudinal loyalty. Many authors have accented that **trust** is important in conditions of uncertainty (Moorman et al, 1992; Doney et al, 1997; Dwyer et al> '987; Morgan et al, 1994). Uncertainty may be caused by dependence or large choice: people tend then to prefer popular or familiar brands or partners. Many definitions describe loyalty as a desire to retain a valuable or important relationship (Morgan et al 1994; Moorman et al. 1992). That way the establishment of loyalty is predetermined by the importance of relevant relationship or selection. Weiss (2001) points out three aspects that may increase the importance of the relationship: (i) Strategic importance of a product; (ii) High risks involved in the transaction or (iii) Costs incurred by cancellation of contracts.

Various authors have compared loyalty with marriage (Levitt, 1983; Dwyer et al, 1987; Gummeson, 1998; Hofmeyr et al, 2000). Marriage is one of the most personal and important relationships. That means that intimacy is one determinant for importance of relationship. Levitt (1983) has considered a role of salesman in making relationship more personal. Other factors not mentioned include price, price activity, distribution, existence or domination of alternatives (Farley, 1964); social class, demographic characteristics and other individual and environmental factors (Kanwar et al, 1992); advertising pressure, constraints on choice (budget limitations, time pressures), usage situation (Lattin, 1987); double jeopardy phenomenon (Ehrenberg et al, 1990), etc.

2.4 The Concept of Brand Loyalty

A brand is a total offering of a product or service including a set of assets (and liabilities) linked to the name and symbol that adds to (or subtracts from) the value provided by the products or service to a firm and/ or that firm's customers (Aaker, 1996). The major asset categories include: brand loyalty, name awareness, perceived quality, brand associations and other proprietary brand assets (Aaker, 1991). Assael (1998) defines brand loyalty as representing a favourable attitude towards a brand as a result of consistent purchase of the brand over time. According to Assael, loyalty is the result of customers learning that one brand can satisfy their needs. He further adds that loyalty is not reflected by just continuous buying behaviour. This supports George Day (1969) who argued that, to be truly loyal, the consumer must hold a favourable attitude toward the brand in addition to purchasing it repeatedly.

Further, Aaker (1991) says that loyalty is manifested through commitment. He argues that a strong brand has high equity as a result of the commitment. This commitment manifests itself through a high level of interaction and communication that is involved with the product. The consumer likes to talk about the brand with others and actually recommends it (Aaker, 1991).

Brand loyalty is a measure of the attachment that a customer has to a brand. It reflects how likely a customer is to switch to another brand, especially due to that brand's change in price and / or product features. Oliver (1999) has also defined brand loyalty as a deeply held commitment to re-buy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause one to switch. This definition emphasizes two different aspects of brand loyalty - behavioural and attitudinal (Aaker, 1991; Assael 1998; Day, 1969). According to these writers, behavioural or purchase loyalty consists of repeated purchases of the brand, whereas attitudinal brand loyalty includes a degree of dispositional commitment in terms of some unique value associated with the brand.

A brand has been defined by Aaker (1999) as a distinguishing name and/or symbol (such as a logo, trade mark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. Nilson (1999) also argued that the brand is the means by which you differentiate your offering from that of everyone else. He further says that a name becomes a brand if it fulfills the criteria of: carrying distinct values, differentiating, appealing and having a clear identity (Nilson, 1999). Unique brand associations have been established using product attributes, names, packages, distribution strategies and advertising (Aaker, 1991). Aaker further defines a brand association as anything "linked" in memory to a brand (1991).

2.4.1 Brand Loyalty as a Brand-Equity Asset

Brand equity has been defined as the brand assets (or liabilities) linked to a brand's name and symbol that add to (or subtract from) a product or service (Aaker, 1991). Brand equity represents the values inherent in the image of the brand and is often based on the communication strategy surrounding the brand rather than on the physical characteristics of the product (Webster, 1994). Brand loyalty, together with name awareness, perceived quality, brand associations and other proprietary assets such as patents and trademarks are what determine the level of brand's equity (Kotler, 1999). Brand equity is therefore highly related to the degree of brand loyalty (Kotler, 2000). This is perhaps further explained by David Aaker (1991) when he said that the other four brand equity dimensions enhance brand loyalty.

According to Kotler therefore, brand loyalty can be seen as the point of intersection for all the other assets that determine equity level. Kotler's argument can be taken further to say that the strength and impact of the other four assets will be seen in the extent to which they enhance loyalty, which in turn transforms into financial benefits for the brand. However, although loyalty is influenced by other dimensions of brand equity, in some cases, it occurs quite independent of them. This is to mean that loyalty provides an important basis of equity that in sufficiently distinct from the other equity dimensions (Aaker, 1991).

2.4.2 Levels of Brand Loyalty

Kotler (2000) says that consumers have varying degrees of loyalty to specific brands, stores and other entities. He further divides consumers into four groups of loyalty status as follows: Hard-core loyals; consumers who buy one brand all the time, Split loyals; consumers who are loyal to two or three brands, Shifting loyals; consumers who shift from one brand to another, Switchers; consumers who show no loyalty to any brand. Evans (1997) views brand loyalty as a continuum from undivided brand loyalty to brand indifference. He further gives the five different categories along the continuum as: Undivided Loyalty; this is an ideal one. It is a situation where consumers purchase only a single brand and forego purchase if it is not available, Brand loyalty/occasional switch; this is a more likely situation and occurs where customers occasionally switch for such reasons as their usual brand being out of stock, a new brand may come to the market and is tried; or a competitive brand offered at a special low price, Brand loyalty/switch; reflects a competitive goal especially in low growth markets, Divided loyalty; refers to consistent purchase of two or more brands, Brands indifference; refers to purchases with no apparent repurchase pattern. It is the opposite extreme of undivided brand loyalty.

The financial value of a brand is a function of the amount of its future expected return and of the degree of risk on these returns (Kapferer, 1999). Loyal customers are profitable because they spend more with the brand they are loyal to and are less sensitive to price.

Bewa et al (1987) also support this notion when they say that store loyalty is negatively related to out-of-store deals because such deals often require store switching. There is further evidence that store loyal people are less price sensitive and this suggests a negative relationship (Kim, Srinivasan and Wilcox, 1999). For any business, it is expensive to gain new customers and relatively inexpensive to keep existing ones, especially when the existing ones are satisfied with the brand (Aaker, 1991). Further, higher loyalty means greater trade leverage since customers expect the brand to be always available (Aaker, 1991). Research done by Chaudhuri and Holbrook has also established that brand loyalty which expresses itself through both repeat purchase and attitudinal commitment (Jacoby and Kyner, 1973) leads to sales related brand outcomes such as market share. Further evidence from the research also showed that loyalty leads to premium - related outcomes such as higher relative prices in the market place (Chaudhuri et al, 2001). As Chaudhuri further argues, the two - higher market share and a premium price - are direct determinants of a brand's financial performance.

2.4.3 Developing and Enhancing Loyalty

Brands are strong when they enjoy loyalty (Kotler, 2000). According to Kotler's views, to achieve loyalty, a product must go beyond achieving visibility and differentiation. It should develop deep relationships with the customer group where the brand becomes a meaningful part of the customer's life and/ or self-concept. When this occurs, the customer will be highly loyal (Kotler, 2000). Taking a loyal customer to be the one who has a commitment to continue to do business with a company on an on-going basis, developing brand loyalty simply means seeking to create committed customers (Christopher, 1995). Christopher gives the process of loyalty building in the form of a ladder whereby the customer has to be converted into a client, then into a supporter, then an advocate and ultimately into a partner. To convert the customer into a client requires that a pattern of repeat buying is established. This is done by making it possible for the customer to do business with the company. But being a client does not necessarily signal commitment. Since many clients may express high levels of dissatisfaction with the product or service and then switch. A customer oriented approach becomes necessary to turn the clients into supporters - they are pleased with the product or service. If they are really impressed with the quality of the relationship, they may well become advocates - they tell others about their satisfaction with the offer. The power of word-of-mouth is high and can do even more than advertising. The ultimate expectation should be to make the advocate a partner - a situation where a mutually rewarding relationship has been achieved and neither party intends to leave the other (Christopher, 1995).

Customer loyalty is seen as two way street (Webster, 1994). According to Webster, customers remain loyal to the company that serves their needs and preferences with a total set of related products and services, while on the other hand, companies demonstrate and maintain their loyalty to the customers by becoming knowledgeable about them and responding to them with enhanced product offerings (Webster, 1994). To Webster, the commitment to deliver superior value to customers contains an explicit commitment to managing customer loyalty. A company that has commitment towards customer loyalty should be able to exhibit that through releasing the resources necessary to retain those good customers by offering them a broad range of related products and services that will keep them loyal as their needs change and evolve over time (Reichheld, 1993).

The maintenance and enhancement of loyalty is also achieved through some basic rules (Aaker, 1991), namely; treat the customer right, stay close to the customer, measure/manage customer satisfaction, create switching costs and provide extras. Treat the customer right: a product or service that functions is expected to provide a basis for loyalty since customers have no reason to switch. Customer should be treated with respect and a positive interaction maintained all the time. Stay close to the customer: the company should have its people, including top executives, keep contacts with the customers who use their products. This makes them (customers) know that they are valuable. Measure/manage customer satisfaction: regular surveys of customer's satisfaction/dissatisfaction are particularly useful in understanding how customers feel and in adjusting products and services. Create switching costs: one way of creating switching costs is to create a solution for a customer problem that may involve redefining the business. Another approach is to reward loyalty directly. A good example here is the airlines frequent-flyer clubs. Provide extras: it is relatively easy to change customer behaviour from tolerance to enthusiasm by just providing a few extra unexpected services. An explanation of a procedure or a simple apology may be a good example here (Aaker, 1991).

Considering the above, it is clear that the loyal customer wants to be recognized. He therefore has to be identified, a direct bond has to be established with him and he should be the focus of special attention. Customers should be treated as friends and not as accounts - the basis to a long lasting relationship (Kapferer, 1999). In the words of Kotler, brand loyalty is built by meeting the customers' expectations or even better, exceeding them. Kotler gives the example of Nordstorm, an American department store with very high customer loyalty rating. A man came into Nordstom with an automobile tyre asking for his money back. Nordstrom gave him 'back' his money though the store does not sell tyres (Kotler, 1999).

2.4.4 How Loyalty Generates Value

The purpose to build brand loyalty may also be seen in the very tenets of the new marketing concept. Whereas the objective of marketing in the old concept was just to make a sale, under the new marketing concept, the objective is to develop a customer relationship in which the sale is just the beginning (Webster, 1994). When brand loyalty exists, there is value created in the eyes of the customers. One important question to ask is if brand loyalty is of any strategic value. Aaker (1991) argues that loyalty of existing customers represents a strategic asset that has potential to provide value in several ways. According to Aaker, brand loyalty provides value through reduced marketing costs, trade leverage, attracting new customers and giving the company time to respond to competitive threats. Reduced marketing costs imply that it is much less costly to retain customers than to get new ones. Existing customers are relatively easy to hold if they are not dissatisfied. The higher the loyalty, the easier it is to keep customers happy and they will have no reason to switch (Aaker, 1991). At the same time, Aaker mentions that the loyalty of customers represents a substantial entry barrier to competitors - a lot of resources may be required to entice the loyal customers to switch. In trade leverage, strong loyalty towards a brand will ensure a preferred shelf space because the retailers know that customers will always buy the brand (Aaker, 1991).

To attracting new customers, assurance to prospective customers is provided by a satisfied customer base. A satisfied customer base provides an image of the brand as accepted and successful, and one that will be around and capable of product improvements (Aaker, 1991). **Brand** awareness can be generated from the customer base. This awareness may come from a favourable word-of-mouth from the loyal customers (Webster, 1994) or may be a result of **Wends** and colleagues of users just seeing the brand being used.

2.5 Branding of Services

Services are different from products in several ways that affect their branding. Services are intangible; meaning that we cannot see, feel or touch them, perishable; hence cannot be stored, inseparable: meaning that services come into existence only at the moment of delivery and variable; in that they are necessarily offered by people and people cannot be controlled precisely (Randall 2000). An effective route to convey the values of service brands is through the way the company does things (Chernatony & McDonald 2000). Thus the company's' culture acts as a key communicator of values. There is need for an effective brand strategy which is supported by high quality top management that shows commitment towards providing guaranteed excellent service delivery.

The brand vision also needs to be communicated to all employees in order for them to remain committed to it, the vision should be translated into clearly defined result driven goals. Competitiveness should be enhanced by benchmarking the brands performance against best practice, both inside and outside the sector and also by use of new technologies that are source of sustainable competitive advantage. Finally the brand strategy should be consumer focused meaning that the consumer needs to be regarded as central to everything the organization does (Chernatony & McDonald, 2000).

2.6 Port Services

A port is essentially a point where goods are transferred from one mode of transport to another. In an era of economic globalization, ports are evolving rapidly from being traditional land/sea interfaces to providers of complete logistics networks. This means that ports have had to face many challenges due to unpredictable environmental changes and trends in the shipping, port, and logistics industries. To cope with these challenges, and emerging issues, ports across the world have been trying to develop their physical infrastructure, especially container terminals and related facilities, and to expand their port hinterland through introduction of free trade zones with hope to developing hub ports and international logistics centers. In addition many ports have been carrying out port reforms such as port governance, restructuring and deregulations of Private and public partnerships (Tai, 2007).

It is a well known fact that a country's port is it's gateway to the world and is, consequently, of very great importance to the country. The port, be it an airport, a seaport or a land border post gives the visitor his first impression of the country and his last impression, which have a telling influence on his overall impression of the country and his likelihood of wanting to make a repeat visit. In the case of some ports, the port is all that the visitor sees of a country especially if he or she is in transit or merely having a stop-over. All services rendered to users of a port should, therefore, be perceived by recipients as being of the highest possible quality. In case of this particular piece of work whose scope is limited to seaports, all export and import trade is highly dependent on the efficiency and quality of the port. The quality of services offered by ship owners and ports is an area of primary concern to most importers and exporters and they often keep track of it even if they are not direct users of the port. Naturally, where they are in direct contact with the port they are to avoid problem areas and find the best alternative with which to conduct business.

When a port does not function well, the price of imported products inevitably rises and exports through the port may decrease if importers choose entry points other than the seaport and subsequently hamper its growth even further. It is therefore imperative for a port to function well if it is to allow for low prices of imports and to encourage exports. For many shipping lines, port costs take away more than 50% of the gross freight revenue. These costs are initially paid by the shipping line who, in order to maintain their profitability, pass on such costs to the shippers who in turn pass them on to the consumers. This results in higher prices for goods. Where the shipping line may be governed by international regulations not to charge higher freight rates, when subjected to higher ports costs, then the line is better off by-passing the port.

Proper port organization is fundamental to the smooth operations of any port. As Nielsen says many ports have been almost perfectly planned and built, enormous amount invested, but they may still be a failure just because the various functions have not been properly organized. Indeed the cost of transportation and storage of imported products constitutes the bulk of the final prices of many products. Many ports authorities worldwide admit that they can cause commodity prices to soar uncontrollably, many also admit inefficiency and helplessness in improving service quality. Some features of a well-run port include: (i) a steady flow of traffic - import, export and warehousing - uninterrupted by bad weather conditions, (ii) a happy band of dockworkers pledge to the good working of the port, (iii) sufficient craft, railway wagons, and roads, so that port traffic is always fluid, and (iv) a queuing system that enables working of the berths without congestion.

2.7 Sea Transportation as a Service

The use of water as a method of transportation began ages ago when primitive man used the floating trunks of trees and later developed rafts of logs and reeds and log canoes. This gradually developed through the years into the creation of more sophisticated ocean-going vessels for the provision of communications over longer distances. During the age of exploration, the historical voyages of the likes of Christopher Columbus, Magellan, Vasco da Gama and others established the principle that man could build the ships necessary to transport those goods. In those days, ships were propelled by the wind (as are the Arab dhows that are still a common sight today). Steamships were later built and, nowadays, there are all sorts of diesel-powered and other more sophisticated vessels. In modern civilization "ships are the essential element that unites all nations into one vast and mutually dependent community". The dependence of the world on shipping becomes very evident when ships are delayed or hindered from moving from one port to another for a few days. Naturally, for ships to transport goods from one country to another, seaports are necessary and they, therefore, assume an important role in worldwide communication. Dr. R.S. Doyle observed that the seaports play an essential and often unappreciated role in the economy of East Africa, linking together the land and the sea transport networks, and they are likely to demand increasing attention and considerable further capital investments as the economic development of Eastern Africa proceeds and as such greater demands are consequently placed upon the ocean terminals.

2.8 Management of Port Development

In the development of a port, consideration must be taken of the entire transportation system within the country: the roads, the railways, the air routes, the waterways and even the major pipelines - a systems approach that puts a national ports' plan in total synchrony with the rest of the transportation system. In maritime transport it is sometimes possible to include the shipping, port and inland transport facilities in one plan that is well coordinated. Knowledge of the foreign ships traffic and their requirements and capacities is a more formidable task, however. The idea

of nationwide systems planning for ports especially in developing countries is also helpful in that resources are not wasted in two different competing ports. Rather, the scarce resources are channeled to one port where specialized facilities are created for the particular cargo handling requirement. For example, one section of the port can be devoted to the loading and offloading **of** petroleum in bulk or another section can be specially assigned to the task of offloading motor vehicles from the ships. Recent technological advances in transportation methods require very specialized cargo-handling facilities. Special berths are necessary for the handling of container traffic and such new innovations as the RoRo traffic.

The role of the port may include to serve the international trading needs of its hinterlands, to help the generation of trade and stimulate regional industrial development, to capture and increase share of international traffic, to provide facilities for distant hinterlands and neighbouring landlocked countries, meet the needs of the multifarious objectives of the different parties who have conflicting interests in the port such as the clearers and forwarders, the shippers, the port employees and others.

2.9 Shipping in Kenya

In shipping there are certain fundamental port and vessel requirements. A berth is one most important construction in a ship's port. The port is the installation that enables water-borne cargo to be transferred to land carriage; the berth is the point at which this transfer takes place. The berth therefore constitutes a very important link in the transportation chain which links producers to consumers. The rate at which vessels are loaded or discharged at a berth is described as the 'throughput' of the cargo and it is this throughput that often determines the desirability of a ship's checking in at a port. The berth itself requires several things, such as:- a deep water quay which is not subject to tidal fluctuation of water level, covered premises or open spaces for the shore handling of cargo should be next to the quays, surrounding facilities such as enough space, rail facilities (which are quickly dying out in popularity in favour of roads) road connection, crane capacity, adequate number of cranes and sheds.

The Port of Mombasa at Kilindini Harbour has very many facilities. There are 16 deep water berths with a total length of 3,044 metres. There are also 2 bulk cement berths with a total 'ength of 315 meters. There are 2 bulk oil jetties (tanker berths) at Shimanzi and Kipevu whose drafts are 9.75 and 13.40 meters respectively. In addition to that, there are anchorages and mooring buoys that can accommodate up to 12 and 6 vessels respectively. There are also main quay transit sheds, cold storage sheds, and a customs warehouse whose floor area is 4,002m^2. The Port has stacking grounds whose total floor area is 114, 117m^2. The Port also has a huge dockyard for imported vehicles and has many of the most modern handling appliances in the form of terminal tractors, forklifts, rail-mounted gantry cranes, tyre-mounted cranes and trailers. The RoRo ships that were earlier mentioned are another innovation that has gone a long way into speeding up the turnaround of ships in port. It is growing rapidly in popularity even in Mombasa. Bulk grain and liquid oils handling facilities enhance cargo discharge at the Port.

2.10 Competitors of the Port of Mombasa

Global changes such as liberalization of the maritime sector have fueled competition from other ports within the region for the regional share of commerce. The marketing department of KPA carried out a competitor analysis and identified the ports of Durban, Beira, Nacala, Salalah, Louis, Djibouti and Dar-Es-Salaam as the main competitors. The Port of Durban is located in the city of Durban in Kwa-Zulu Natal province within the Republic of South Africa, is well developed on land and water in an area of 1, 854 hectares. The whole distance around the port is 21 kilometers and is only a block away from the Durban Central Business District. Designed to handle imports, exports have also gained prominence as a result of the lucrative mining activities of the region. It is the busiest port in Africa and largest in terms of container capacity capable of handling over 1 million TEUs. The Port handled 4,545 sea-going ships with a gross tonnage of 97,453,430 or about 32 percent of the ships calling at all South African ports in 2006.

The Port of Beira in Mozambique is situated at the mouth of the Pungoe River in Mozambique. By the mid to late 1920s, construction of deepwater berths improved anchorage at Beira which has essentially been a transit port, handling the import and export cargoes from Zimbabwe, Malawi, Zambia and other countries in the region. The Port of Nacala is Mozambique's most northerly port situated on the south side of Baia de Bengo, a large and sheltered bay 60 metres deep and 800 metres wide at the entrance. Nacala Harbour serves its own hinterland and landlocked Malawi to the West, served by a 914 kilometre railway. Typical cargoes handled include containers, agricultural products, tobacco, timber, coal, cement, grains, fertilizer and petrochemicals.

The Port of Salalah is located in the southern Region of Oman providing convenient access to the Middle East, the Indian Sub-continent, the Red Sea region & Upper Gulf and the East African markets with a total population of around 1.6 billion consumers. The port is a deepwater port and accommodates vessels up to 16 metre draft. As the main container transshipment terminal of the region it lies in a sheltered harbor protected by breakwater. Salalah is a multipurpose port with facilities to handle bulk cargo, containers, general and liquid cargoes and offers value added services such as bunkering, container repairs and container freight stations, warehousing and ship repair services. The bulk of the business comes from the containerized operations, which handled about 2.4 million TEUs and more than 1,300 vessels in 2006.

The Port Louis is situated on the North-West Coast of Mauritius in the island nation of Mauritius. It is a deep natural harbour sheltered by a wide range of volcanic mountains. The port is the principal gateway of Mauritius, handling about 99% of the total volume of the country's external trade.

The Port of Djibouti located in Djibouti at the Horn of Africa is positioned at the crossroads of one of the busiest shipping routes in the world, linking Europe, the Far East, Africa and the Arabian Gulf. It is the principal port in the country serving an area of 1,074,900 square kilometers and a population of approximately 80 million inhabitants of mostly Ethiopia and Eritrea. This is through regular liner services with Europe, the Arabian Gulf and the Indian Ocean. Ethiopia relies on Djibouti for her international commerce. Djibouti's strategic location enabled port authorities to meet the challenge of converting the port into a regional maritime hub by positioning the port as the premier maritime centre at the confluence of the Red Sea and the Indian Ocean.

The Port of Dar-Es-Salaam is located along the Indian Ocean coastline of the United Republic of Tanzania. It was founded as a trading port in 1865 by the Sultan of Zanzibar adjacent to the village of Mzizima. Responsible for 95% of Tanzania's international trade, it also serves cargo from Burundi and Southern Democratic Republic of Congo, Malawi, Zambia, Uganda and Rwanda. To enable quality service delivery the port is equipped with marine craft; 6 berthing tugs; 16 lighter towing tugs; 4 lighters; 2 labour launches; 2 pilot boats, 2 patrol boats and 13 mooring boats.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

According to Brown *et al* (1998), research design provides the glue that holds the research project together. A descriptive survey was undertaken for the current research. Descriptive designs result in a description of the data, whether in words, pictures, charts, or tables. Descriptive surveys based on a carefully selected representative sample will produce results that are broad, credible and generalisable to the whole population.

3.2 Population of the Study

The population of the study was key customers of the Port of Mombasa who include cargo owners, clearing agents, shipping lines and agents, transporters and oil companies. There are 2,000 regular customers of the Port. Both local and foreign customers were considered.

3.2.1 Sampling

The entire population of port users includes virtually the whole nation and customers from the surrounding landlocked countries hence sampling was inevitable. Only those port users who have frequent contact with the port on a commercial basis would be able to have customer loyalty that is relevant to this study. A sample of 200 respondents was selected from lists of frequent Kenya-based port users and foreign port users which form the sampling frame. Proportional sampling was done in order to satisfy the customer groups (70% from Kenya market and 30% from the regional market).

3.3 Data Collection

Primary data was collected by use of a semi-structured questionnaire (see Appendix 1). The questionnaire had both open and closed ended questions. The questionnaire consisted of three parts. Part A consisted of items pertaining to customer loyalty factors while Part B comprised ranking of the top fifteen customer loyalty factors in order of importance. Part C consisted of questions on the demographic profiles of the respondents.

Since most of the customers at the Port of Mombasa are established firms, the researcher emailed the questionnaires for them to fill. For the customers who do not have email addresses and are based in Mombasa town, questionnaires were dropped in their offices. The researcher followed up through phone calls after five days which helped in clarifying issues, and realization of a high response rate.

3.4 Data Analysis and Presentation

Descriptive statistics namely percentages, frequencies, mean scores and standard deviations were used to analyze data in Part A and B. To determine whether there are differences between various groups of respondents, the chi-square test of independence were used. Statistical Package for Social Sciences (SPSS) was used to aid in factor analysis. The data pertaining to the profile of respondents in Part C was analyzed by percentages, frequencies and tables. The findings were presented with the aid of frequency tables, charts, graphs and narratives.

CHAPTER FOUR: DATA FINDINGS, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter discusses data findings, analysis, interpretation and presentation. The topic of research was to investigate the factors that determine customer loyalty at the Port of Mombasa. Descriptive survey was undertaken for the study where the population was the customers of the Port of Mombasa who include cargo owners, clearing agents, shipping lines and agents, transporters and oil companies. A sample of 200 respondents was selected from lists of frequent Kenya-based port users and foreign port users which form the sampling frame. Proportional sampling was done in order to satisfy the customer groups (70% from Kenya market and 30% from the regional market). The response rate was found to be 67% indicating that out of the 200 respondents that the researcher had targeted, 134 of them were able to successfully fill and return back the questionnaires to the researcher. The data collected was analyzed using SPSS and the output presented in form of tables, pie charts and bar charts. The research made the use of frequencies, percentages and Likert scale to interpret the information. For ease of analysis, the chapter is divided into two parts: demographic information and the information on the Port of Mombasa.

4.2 Findings from the Demographic Information

This section concentrates on the demographic information of the respondents. The research was interested in knowing the occupation of the respondents, their gender, age bracket, education level and the marital status. The research also wanted to know the amount of cargo that the respondents clear in every month at the Port of Mombasa. Information on this section enables the researcher judge whether they chose the appropriate persons for the study.

Table 4.1: Occupation

	Frequency	Percent
Formal employment	47	35.1
Self employment	87	64.9
Total	**134**	**100.0**

Table 4.1 shows the occupation of the respondents. According to the table, 64.9% of all respondents were in self employment while 35.1% were in the formal employment. This implies that majority of the respondents were self employed. This is also illustrated by the pie chart.

Chart 4.1: Occupation

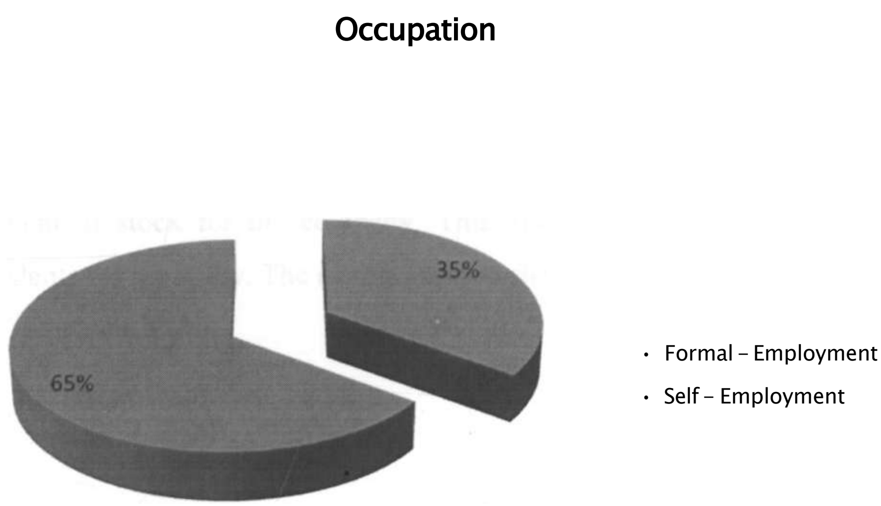


Table 4.2: Respondents' Designation

	Frequency	Percent
Financial Manager	23	17.2
Marketing Manager	10	7.5
General Manager	4	3.0
Chief Executive Officer	14	10.4
Administrator	17	12.7
Operations Manager	66	49.3
Total	**134**	**100.0**

Table 4.2 shows the designation of the respondents in their respective companies. According to the table, 49.3% of the respondents were operations managers in their companies while 17.2% were financial managers. On the other hand, only 3% were general managers. This implies that majority of the respondents at the Port of Mombasa are operation managers in their respective companies. The reason for this could be because operation managers deal directly with movement of stock for the company. This also implies that the research chose the relevant respondents for the study. The results are also shown by the bar chart.

Graph 4.2: Respondents' Designation

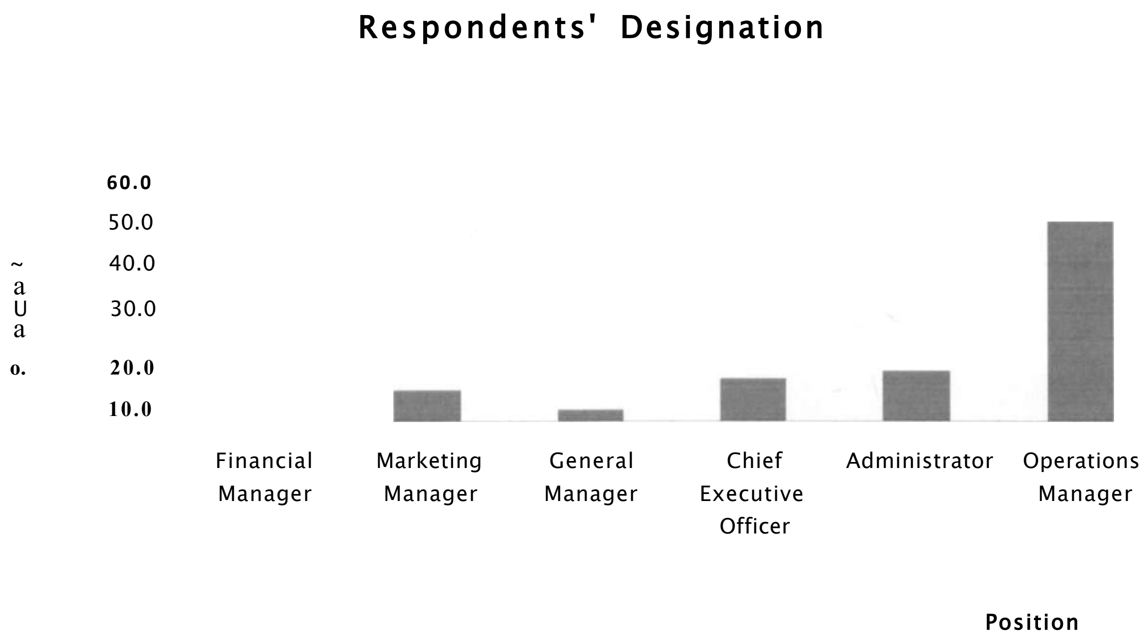


Table 4.3: Formal Employment

Sector	Institution	Frequency	Percent
Public	Government	12	25.53
	Parastatal	6	12.77
	Sub-Total	**18**	**38.30**
Private	Companies	21	44.68
	NGOs	8	17.02
	Sub-Total	**29**	**61.70**
	Grand Total	**47**	**100.00**

Table 4.3 shows the specific sector of occupation for the respondents who were formally employed. Those who were in the formal employment were either in the public or the private sectors. According to the table, 38.3% of those respondents who were in the formal employment were in the private sector while 61.7% were in the private sector. It was also notable that 25.53% were employed by the government while 12.77% were in the parastatal. On the private sector,

44.68% were employed by companies while 17.02% were in NGOs. This implies that majority of the respondents in the formal employed are in the private sector. At the same time, most of these employees are employed in companies. This is as shown by the bar graph.

Graph 4.3: Formal Employment

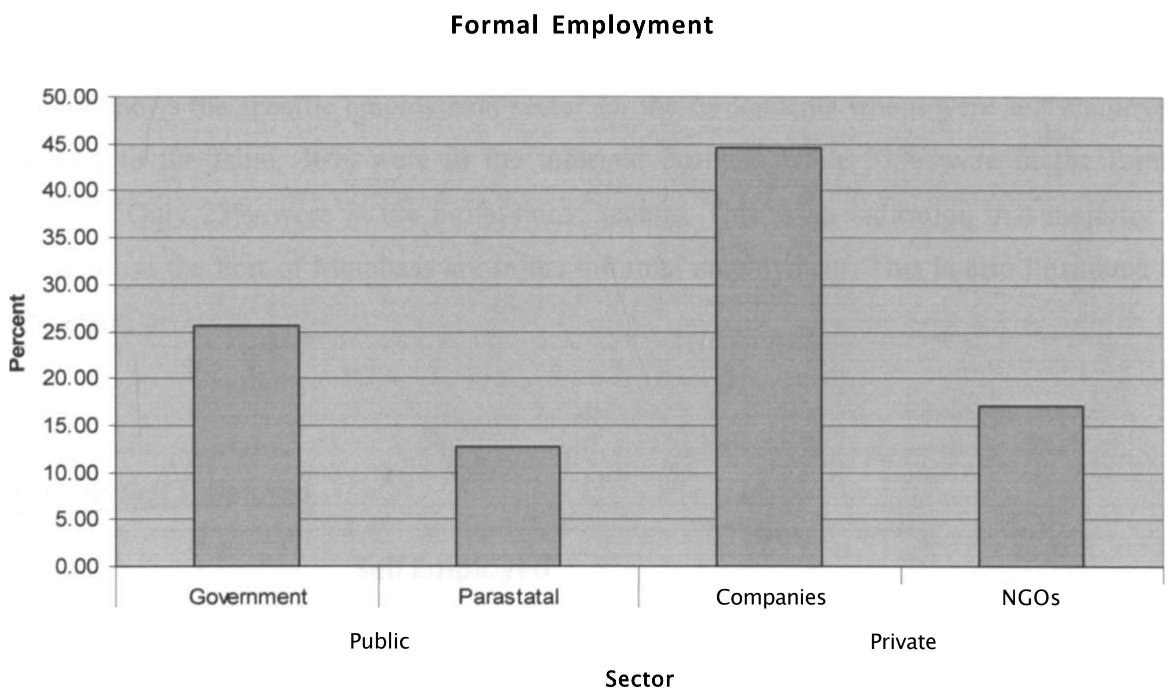


Table 4.4: Self Employed

	Frequency	**Percent**
Formal business person	27	31.0
Professional	20	23.0
Informal business person	40	46.0
Total	**87**	**100.0**

Table 4.4 shows the specific employment sector for the respondents whom were self employed. According to the table, 46% were in the informal business while 31% were in the formal businesses. Only 23% were in the professional sectors. This is an indication that majority of those who use the Port of Mombasa are in the informal employment. This is also illustrated by the pie chart.

Chart 4.4: Self Employed

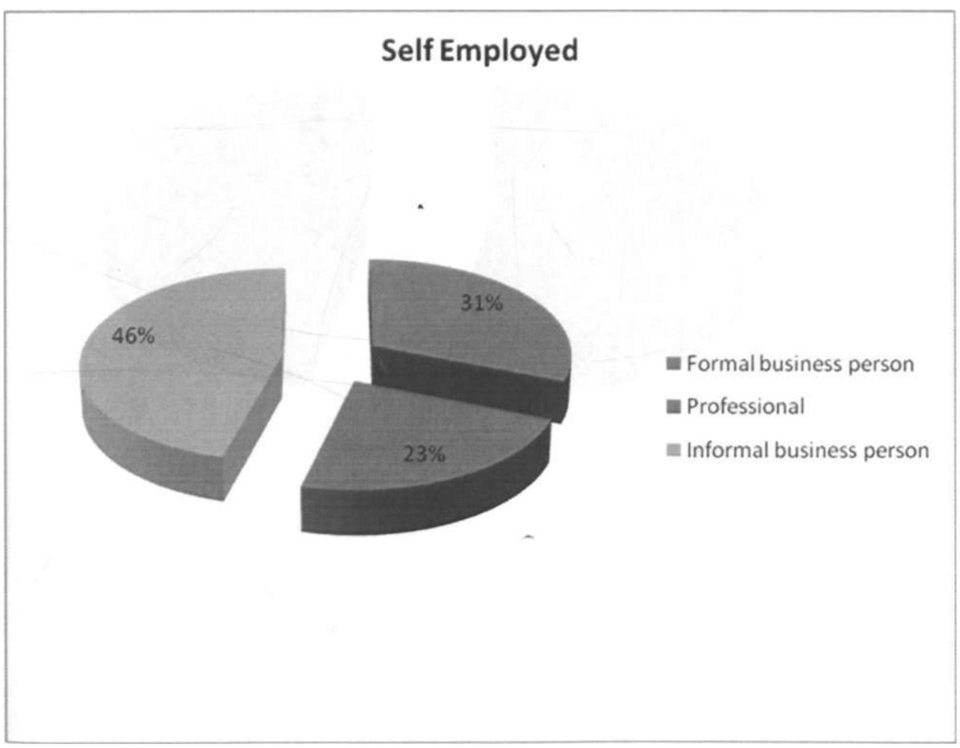


Table 4.5: Gender

	Frequency	Percent
Male	71	53.0
Female	63	47.0
Total	**134**	**100.0**

Table 4.5 illustrates the gender of the respondents. According to the table, 53% of all the respondents were male while 47% were female. This implies that majority of the customers at the port of Mombasa are male. This is also an indication that majority of business persons dealing with foreign market are male. The pie chart below indicates the same information.

Chart 4.5: Gender

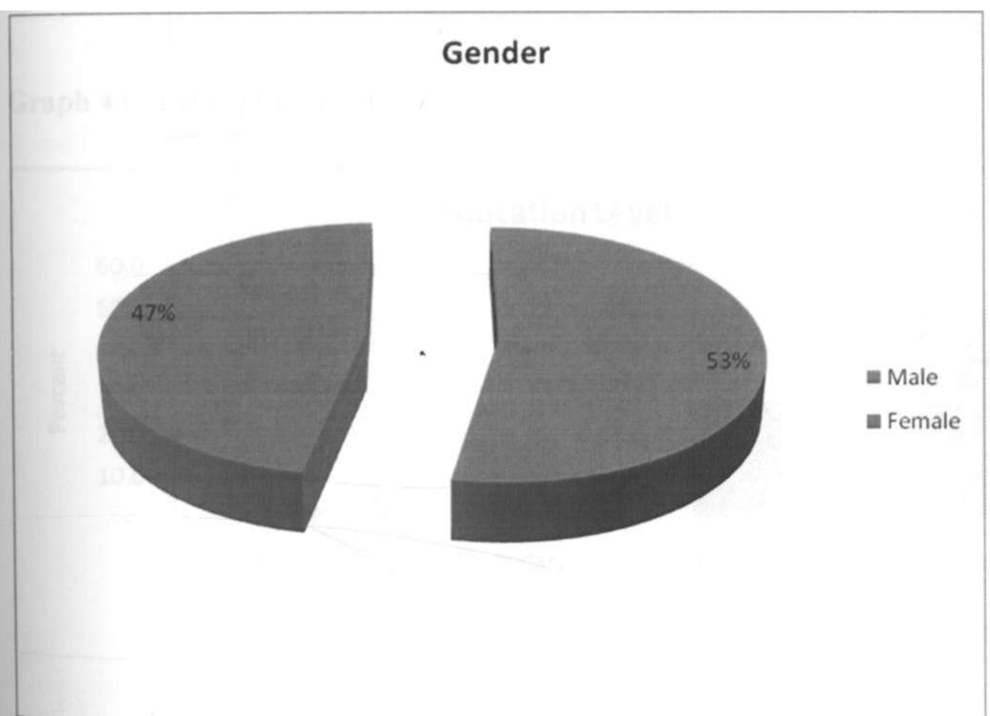


Table 4.6: Level of Education

	Frequency	Percent
Primary	4	3
Secondary	25	19
College	38	28
University	67	50
Total	134	100

Table 4.6 is an illustration of the level of education of the respondent. According to the table, 50% of all the respondents were university graduates while 28% had gone up to the college level. Only 3% had gone up to the primary level. This indicates that majority of the respondents had at least a college certificate. This is also an indication that most of those people who use the Port of Mombasa have at least a diploma. Details of this information are shown by the bar graph.

Graph 4.6: Level of Education

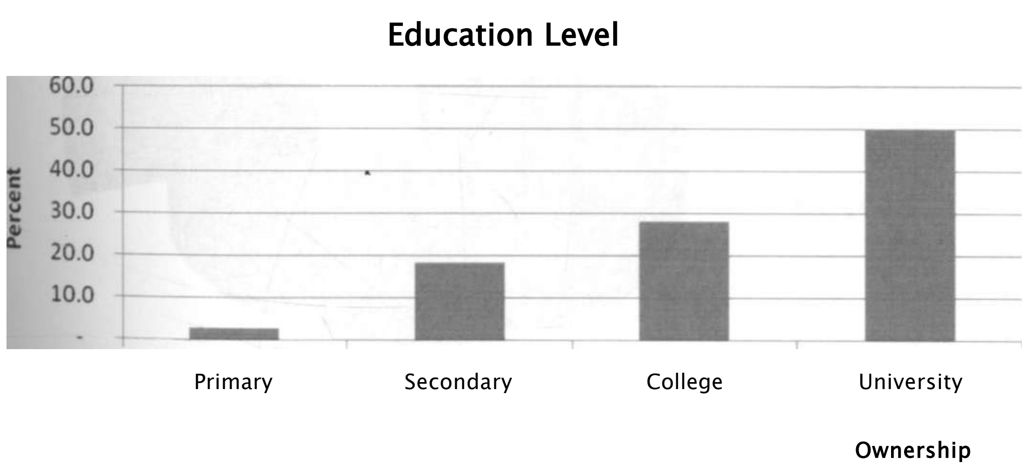


Table 4.7: Marital Status

	Frequency	Percent
Married	93	69.4
Single	41	30.6
Total	**134**	**100.0**

Table 4.7 shows the marital status of the respondents. From the table, 69.4% of the respondents were married while 30.6% were not married. This implies that majority of the customers in the Port of Mombasa are married. This also illustrated by the pie chart.

Chart 4.7: Marital Status

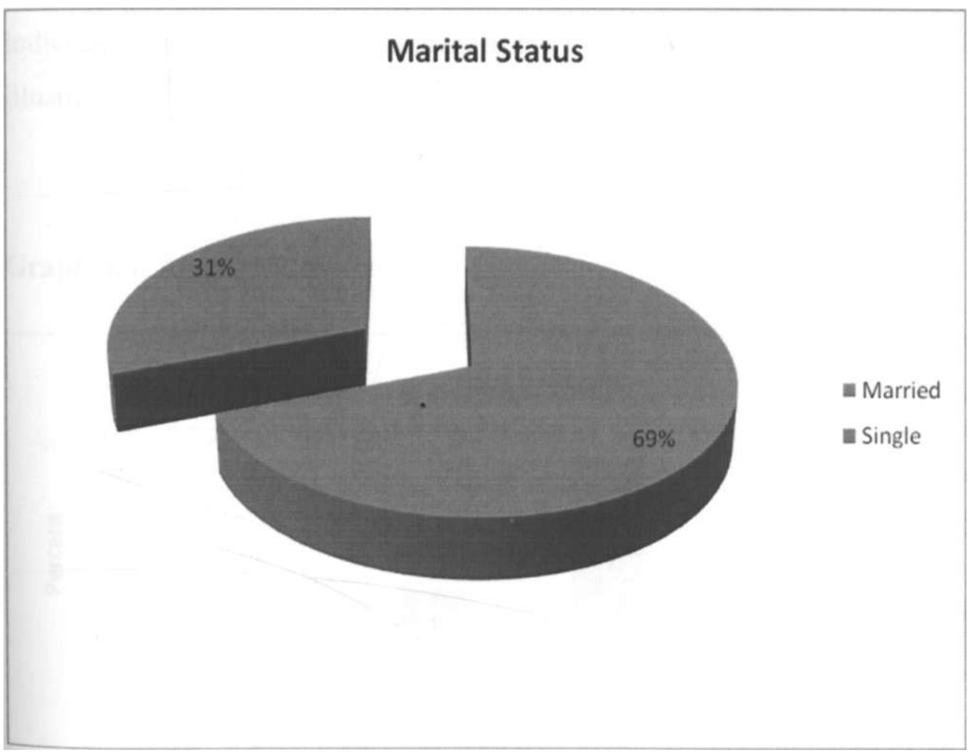
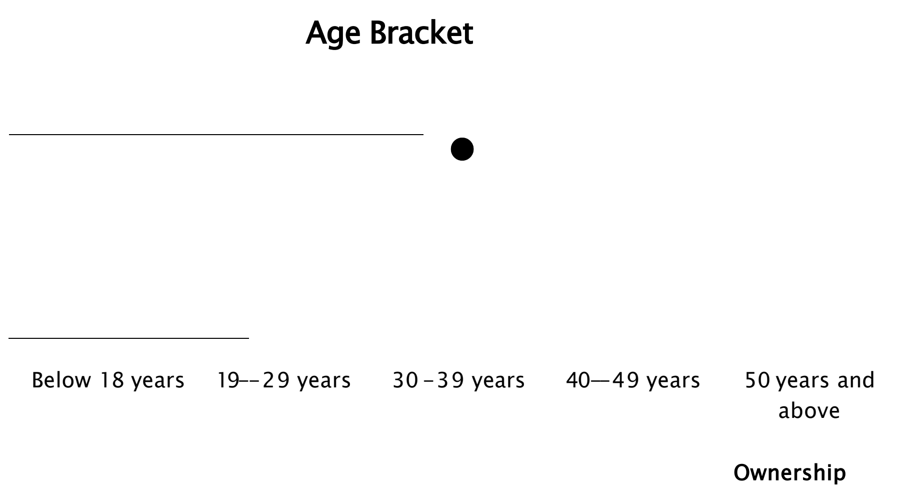


Table 4.8: Age Bracket

	Frequency	Percent
Below 18 years	1	0.7
19-29 years	25	18.7
30 - 39 years	60	44.8
40 - 49 years	26	19.4
50 years and above	22	16.4
Total	**134**	**100.0**

Table 4.8 shows the age bracket of the respondents. According to the table, 44.8% of all respondents were between 30 and 39 years while 19.4% were 40 - 49 years of age. Only 0.7% of all respondents were below 18 years. However, 16.4% of the respondents were above 50 years and above. This indicates that majority of the respondents were below 39 years of age. This is an indication that most of the customers in the Port of Mombasa are in the middle age. This is also illustrated by the bar graph.

Graph 4.8: Age Bracket



4.2.1 Conclusion

This section dealt with the demographic information of the respondents. According to the research, majority of clients in Port of Mombasa are men, self employed in the private sector and below 39 years of age. This indicates that there are few females who are in the self employment sector and especially in the exports or imports business. In addition, majority of them are middle aged with at least a college level education. This has an indication that, education is of great essence for one to enter into the foreign market business.

4.3 Information on Customer Loyalty

This section discusses the information on factors that determine customer loyalty at the Port of Mombasa. The research used Likert - Scale to analyze the data where a five point rank was used. Mean and standard deviation were used to show the extent to which the some factors determine customer loyalty in the Port of Mombasa.

Table 4.9: Extent to Which Some Factors Are Important In Your Decision for Use of a Port

	Not Important at All	Less Important	Moderately Important	Important	Very Important	Mean	Std. Dev.
Reasonable charges for services	0	0	9	25	100	4.7	0.6
Availability of Supervisor in case of customer queries	0	2	15	45	72	4.4	0.7
Knowledge by employees about port services	0	12	19	90	13	3.8	0.7
Willingness of the employees to help	0	0	68	34	32	3.7	0.8
Well trained employees	0	2	36	59	37	4.0	0.8
Employees are courteous and warm with customers.	2	0	56	45	31	3.8	0.9
^Sincere interest in solving customer problems	0	4	22	22	86.	4.4	0.9

All employees working as a team	4	7	14	51	58	4.1	1.0
Convenient operating hours	0	0	9	60	65	4.4	0.6
A channel for customer complaints	0	0	0	79	55	4.4	0.5
Delivery of bulky items to destination	0	14	20	40	60	4.1	1.0
Adequacy of ship-to-shore communication with port personnel	0	2	39	38	55	4.1	0.9
Timeliness of ship-to-shore communication with port personnel	0	2	36	59	37	4.0	0.8
Pilotage inwards	2	0	56	45	31	3.8	0.9
Pilotage outwards	0	8	30	59	37	3.9	0.9
Courtesy of pilot	2	0	56	45	31	3.8	0.9
Dexterity of pilot	0	4	20	24	86	4.4	0.9
Other harbour craft	4	7	14	51	58	4.1	1.0
Tugs availability	0	5	12	89	28	4.0	0.7
Fire fighting facilities	0	4	22	22	86	4.4	0.9
Security services and policing at the port	0	2	12	60	60	4.6	0.7
Refueling facilities	0	7	33	44	50	4.0	0.9
Cranes at berth	0	3	44	61	26	3.8	0.8
Sheds at berth	0	5	29	20	80	4.3	0.9
Transport facilities from berth	0	6	10	90	28	4.0	0.7
_Speed of offloading	0	6	23	50	55	4.1	0.9
Speed of loading	0	1	38	67	28	3.9	0.7
Other services (water, electricity, sewerage)	0	2	34	40	58	4.1	0.9
.Lighting (for night work)	0	20	60	30	24	3.4	0.9
Ships provisions and spare parts	1	34	45	33	21	3.3	1.0
.Expenses accruing to port services	0	0	21	44	69	4.4	0.7
.Navigation aids	4	11	51	45	23	3.5	1.0
-IlHl^ortation network within the port	0	0	23	50	61	4.3	0.7
facilities within the port	0	0	13	27	94	4.6	0.7

Adequacy of communication with port personnel	2	2	21	35	74	4.3	0.9
Timeliness of communication with personnel	2	3	60	12	57	3.9	1.0
Cargo handling facilities	1	0	20	50	63	4.3	0.8
Efficiency of customs personnel	0	0	21	66	47	4.2	0.7
Courtesy of customs personnel	0	5	29	45	55	4.1	0.9
Efficiency of C.D.O. personnel	0	3	44	60	27	3.8	0.8
Courtesy of C.D.O.	0	5	12	89	28	4.0	0.7
Efficiency of cargo handling personnel	0	5	23	55	51	4.1	0.8
Courtesy of cargo handling personnel	0	1	50	24	59	4.1	0.9

According to the table, various factors were considered whereby the respondents ranked them from those that were not important at all to those that were very important. Those factors that were not important at all were awarded 1 point while those that were very important for customer loyalty were given 5 points. Between the two extremes are 4 points for important factors, 3 points for moderately important and 2 points for the less important points.

According to the research, reasonable charges were mentioned as the most important determinant of customer's loyalty. This was supported by a mean of 4.7 with a standard deviation of 0.6. Other equally important factors were the availability of supervisor in case of customer queries; sincerity of the Port in solving the customer's problems; convenient operating hours; a channel for customer complaints; fire fighting facilities and the amount of expenses accrued in the services offered at the port. All these factors had a mean of 4.4. This implies that majority of customers at the Port of Mombasa value the charges for the services offered at the Port of Mombasa. In addition, they are keen on the convenience of operating hours and availability of personnel to attend to their queries, security of their cargo. On the other hand, ship provision and spare parts had a mean of 3.3 implying that customers at the Port of Mombasa do not consider whether the ship has spare parts or not in deciding on whether to use the Port of Mombasa. Other less important factors are the presence of navigation aids, lighting and the number of cranes at berth. All these were supported by a mean of less than 3.9 as shown in table 4.8.

Table 4.9 below illustrates the ranking from the most important factors to the least important.

Table 4.10: Ranking of factors

		Not Important at All	Less Important	Moderately Important	Important	Very Important	Mean	Std. Dev.
1	Reasonable charges for services	0	0	9	25	100	4.7	0.6
2	Security services and policing at the port	0	2	12	60	60	4.6	0.7
3	Storage facilities within the port	0	0	13	27	94	4.6	0.7
4	Availability of Supervisor in case of customer queries	0	2	15	45	72	4.4	0.7
5	Sincere interest in solving customer problems	0	4	22	22	86	4.4	0.9
6	Convenient operating hours	0	0	9	60	65	4.4	0.6
7	A channel for customer complaints	0	0	0	79	55	4.4	0.5
8	Security services and policing at the port	0	4	20	24	86	4.4	0.9
9	Fire fighting facilities	0	4	22	22	86	4.4	0.9
10	Expenses accruing to port services	0	0	21	44	69	4.4	0.7
11	Sheds at berth	0	5	29	20	80	4.3	0.9
12	Transportation network within the port	0	0	23	50	61	4.3	0.7
13	Adequacy of communication with port personnel	2	2	21	35	74	4.3	0.9
14	Cargo handling facilities	1	0	20	50	63	4.3	0.8
15	Efficiency of customs personnel	0	0	21	66	47	4.2	0.7

Table 4.10 above shows the ranking of factors that determine customer loyalty at the Port of Mombasa. According to the table, factors were ranked with the extent to which they determined customers' loyalty starting with the most prevalent to the least prevalent. According to the rank, reasonable charges for the services was ranked as the factor determining customer loyalty at the Port of Mombasa most. This implies that the amount that the Loyalty at the Port of Mombasa is Price elastic meaning that the higher the charges, the lower the customer loyalty. In addition, security services and policing at the port was also mention as a major factor determining customer loyalty. This implies that customers at the Port of Mombasa are very mindful of how secure their cargos are at the port. Other factors that highly determine customers' loyalty at the Port were found to be the availability of storage facilities at the port, availability of supervisors in vase of customer queries, sincere interest in solving customers' problem as well as convenient

operating hours. The researcher therefore concluded that, the costs of services at the port as well as the security within the port are the major determinants of customers' loyalty within the port.

4.4 Other information from the Respondents

The researcher was also interested in knowing if there was any other issue determining customer loyalty at the Port of Mombasa. According to the respondents, delay in document processing in billing at KPA was mentioned as a major issue. This was caused by customs clearing procedures e.g. scanning of containers, 100% verification of goods in containers, issuance of gate passes, unavailability of adequate tractors at the terminal, poor railway network hence higher costs of transport and various cargo interveners/controllers in the Port, for example, KRA customs clearing, checks by KEBS, Kenya Plant Health Inspectorate Services, Port Health and the like. There was also noticed to be cargo damage due to mishandling by equipment operators. Other issues are lack of timely submission of manifests by vessels/shipping agencies, unroadworthy trucks (breakdowns delay delivery of consignments) and issue of empty containers - too many empty containers at the Port causing congestion at the container terminal and also rendering the same unavailable in overseas markets for reloading.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The researcher was investigating the factors that determine the customer loyalty at the Port of Mombasa. According to the research, 64.9% of all respondents were in self employment while 35.1% were in the formal employment occupations. This implies that majority of the respondents were self employed. Since there were only 35.1% of all respondents who were in the formal employment, the researcher projected this percentage to 100%. From the research, 34% of the respondents were in private sector while 27.7% were in companies. Only 6.4% were in the government employments. On the self employed sector, 46% were in the informal business while 31% were in the formal businesses. Only 23% were in the professional sectors. This is an indication that majority of those who use the Port of Mombasa are in the informal employment. It was also notable that, 53% of all the respondents were male while 47% were female. This implies that majority of the customers at the Port of Mombasa are male. This is also an indication that majority of business persons dealing with foreign market are male.

Concerning the level of education of the respondents, 50% of all the respondents were university graduates while 28.4% had gone up to the college level. Only 3.0% had gone up to the primary level. This indicates that majority of the respondents had at least a college certificate. This is also an indication that most of those people who use the Port of Mombasa have at least a diploma. The researcher was also interested on the marital status of the respondents whereby 69.4% of the respondents were married while 30.6% were not married. This implies that majority of the customers in the Port of Mombasa are married. Moreover, 44.8% of all respondents were between 30 and 39 years while 19.4% were 40 - 49 years of age. Only 0.7% of all respondents were below 18 years. However, 16.4% of the respondents were above 50 years and above. This 'ndicates that majority of the respondents were below 39 years of age. This is an indication that most of the customers in the Port of Mombasa are in the middle age.

Prom the research, reasonable charges were mentioned as the most important determinant of customer's loyalty. This was supported by a mean of 4.7 with a standard deviation of 0.6. Other equally important factors were the availability of supervisor in case of customer queries; sincerity of the Port in solving the customer's problems; convenient operating hours; a channel for customer complaints; fire fighting facilities and the amount of expenses accrued in the services offered at the Port. All these factors had a mean of 4.4. On the other hand, ship provision and spare parts had a mean of 3.3 implying that customers at the Port of Mombasa do not consider whether the ship has spare parts or not in deciding on whether to use the Port of Mombasa. Other less important factors are the presence of navigation aids, lighting and the number of cranes at berth. All these were supported by a mean of less than 3.9

5.2 Conclusion

According to the research, majority of clients in the Port of Mombasa are men, self employed in the private sector and below 39 years of age. This indicates that there are few females who are in the self employment sector and especially in the exports or imports business. In addition, majority of them are middle aged with at least a college level certificate. This has and indication that, education is of great essence for one to enter into the foreign market business. In addition, majority of customers at the Port of Mombasa value the charges for the services offered at the Port. In addition, they are keen on the convenient operating hours, availability of personnel to attend to their queries and security of their cargo.

Goodwill that a port has will largely depend on the cost of offering the services to the clients who use the port. This is also projected to other companies, NGOs, private businesses, government institutions and parastatal.

5.3 Recommendations

From the research, the researcher recommends the following to policy makers:

Charges at the Port of Mombasa should be revised to reflect the value of services charged. This would attract customer loyalty from both importers and exporters who use the Port of Mombasa. At the same time, security should be guaranteed to ensure that cargo at the Port is secured both from pilferage and fire. This would therefore call for better facilities within the Port. On the same note, customer services should be given its due priority by attending to the complaints promptly. This would help in maintaining the customer loyalty.

Bond cancellations - transit cargo must be accompanied by security bond to ensure no local dumping (bond cancelled upon cargo exiting the border point into country of destination).

5.4 Suggestion for future studies

The research dealt with investigating the factors that determine customer loyalty at the Port of Mombasa. The research recommends that a similar study be carried out at the Jomo Kenyatta International Airport. This would assist in comparing efficiency of operations between an airport and a sea port. In addition, a research on challenges affecting the operations of the Port of should be carried out.

REFERENCES

Aaker, J. L. (1999). The Malleable Self: The Role of Self-Expression in Persuasion. - **Journal of Marketing Research,** Vol. 36, Issue 1, pp. 45-58.

Andreson, E.W., Fornell, C. (2000). Foundations of the American Customer Satisfaction Index. - **Total Quality Management,** Vol. 11, No. 7, pp. 869-882.

Ashforth, B. E., Mael, F. (1989). Social Identity Theory and the Organization. - **Academy of Management Review,** Vol. 14, No. 1, pp. 20-39.

Barnes, J. (2004). Loyalty: **A Multidimensional Concept.** (www.CRMguru.com).

Belk, **R.** W. (1988). Possessions and the Exended Self. - **Journal of Consumer research,** Vol. 15, pp. 139-168.

Butz, H. E. jr., Goodstein, L. D. (1996). Measuring customer value: gaining a strategic advantage. - **Organisational dynamics,** Vol. 24, Issue 3 pp. 63-77.

Chaudhuri, A. (1995). Brand Equity or double jeopardy. - **Journal of Product & Brand Management,** Vol. 4, No. 1, pp. 26-32.

Chaudhuri, A., Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: the role of brand loyalty. - **Journal of Marketing,** Vol. 65, Issue 2, pp. 81-94.

Cunningham, Ross, M. (1956). Brand Loyalty - what, where, how much? - **Harvard Business Review,** No. 34, pp. 116-128.

Daily Nation (2008). **Editorial,** Tuesday 12, August, p; 10, Nairobi, Kenya.

Day, G. S. (2003). Creating a Superior Customer-Relating Capability. - MIT **Sloan Management Preview,** Vol. 44, Issue 3, pp. 77-83.

Djupe, P.A. (2000). Religious Brand Loyalty and Political Loyalties. - **Journal for the Scientific Study of Religion,** Vol. 39, Issue **1,** pp. 78-90.

Doney, P. M., Cannon, J. P. (1997). An Examination of the Nature of Trust in Buyer-Seller Relationships. - **Journal of Marketing,** Vol. 61, pp. 35-51.

Dwyer, F. R., Schurr, P. H., Oh, S. (1987). Developing Buyer-Seller Relationships. - **Journal of Marketing,** Vol. 51, pp.11-27.

Ehrenberg, A. S. C., Goodhardt, G. J., Barwise, T. P. (1990). Double Jeopardy Revisited. - **Journal of marketing,** Vol. 54, pp. 82-91.

Farley, John, U. (Nov 1964). Why Does "Brand Loyalty" Vary Over Products? - **Journal of Marketing Research,** pp. 9-14.

Fournier, S. (1998). Consumers and their Brands: Developing Relationship Theory in Consumer Research. - **Journal of Consumer Research,** Vol. 24, pp. 343-373.

GOK (1987). **The state Corporation's Act$_a$** Cap 446 of the Laws of Kenya Government Printer, Nairobi.

GOK (2001). **A strategy for performance improvement in the public service,** Government Printer Nairobi.

GOK (2003). **Economic Recovery Strategy for wealth and employment creation,** Government printer, Nairobi.

Gronholdt, L., Martensen, A., Kristensen, K. (2000). The relationship between customer satisfaction and loyalty: cross-industry differences. - **Total Quality Management,** Vol. 11, Nos. 4/5&6, pp. 509-514.

Gummesson, E. (1998). Productivity, quality and relationship marketing in service operations. - **International Journal of Contemporary Hospitality Management,** Vol. 10/1, pp. 4-15.

Harary, F.; Lipstein, B. (1962). The Dynamics of Brand Loyalty: A Mar-kovian Approach. - **Operations Research,** Vol. 10, Issue 1, pp. 19-40.

Heskett, J. L., Jones, T. O., Lovemann, G. W., Sasser, W. E. jr., Schlesinger, L. A. (1994). Putting the Service-Profit Chain to Work. - **Harward Business Review,** Vol. 72, Issue 2, pp. 164-174.

Hofmeyr, J., Rice, B., (2000). **Commitment-Led Marketing.** Chichester: John Wiley & Sons Ltd., 299p.

http**://www.kpa.co.ke/**

Jacoby, J., Kyner, D. B. (1973). Brand Loyalty Vs. Repeat Purchasing Behavior. - **Journal of Marketing Research,** Vol. 10, pp. 1-9.

Jones, T. O., Sasser, Jr. W. E. (1995). Why satisfied Costumers Defect. - **Harvard Business Review,** Vol. 73, Issue 6, pp. 88-99.

Kanwar, N., Pagiavlas, N. (1992). When Are Higher Social Class Consumers More and Less Brand loyal Than Lower Social Class Consumers?: The Role of Mediating Variables. - **Advances in Consumer Re-search,** Vol. 19, pp. 589-595.

Keller, K. L., (2003). "Brand Synthesis: The Multidimensionality of Brand Knowledge," **Journal of Consumer Research,** 29 (4), 595-600.

Kenya Ports Authoirity (2004). **Adopted Master Plan** 2004 - 2009.

Kenya Ports Authority (2003). **Strategic Plan Roadmap.** Kenya Ports Authority, Mombasa.

Kenya Ports Authority (2005). **Kenya Ports Authority Business Plan** 2005/6 - 07/08, Kenya Ports Authority, Mombasa.

Kim, C. K., Han, D., Park, S. (2001). The effect of brand personality and brand identification on brand loyalty: Applying the theory of social identification. **-Japanese Psychological Research,** Vol. 43, No. 4, pp. 195-206.

Lattin, **J.** M. A. (1987). Model of Balances Choice Behavior - **Marketing Science,** Vol. 6, No. 1, pp. 48-65.

Lewitt, T. (1983). After the sale is over... - **Harward Business Review,** Sept./ Oct, pp. 87-93.

McConnell, D. J. (1968). The Development of Brand Loyalty: An Experimental Study. - **Journal of Marketing Research,** Vol. 5, pp. 13-19.

Moorman, C., Zaltman, G., Deshpande, R. (1992). Relationships Between Providers and Users of Market Research: The Dynamics of Trust Within and Between Organizations. - **Journal of Marketing Research,** Vol. 29, pp. 314-328.

Morgan, R. M., Hunt, S. D. (1995). The Commitment - Trust Theory of Relationship marketing. **- Journal of Marketing,** Vol. 58, Issue 3, pp. 20-39.

Mwangi, E.K., (2003). Factors affecting choice of milk store brands by consumer in Nairobi **Unpublished MBA Project,** University of Nairobi.

Mwendar, A. M., (1987). The perceived quality of port services: The case of Kenya Ports Authority. **Unpublished MBA Project,** University of Nairobi.

Ndegwa, R. M., (1996). Analysis of customer service offered by Kenya's commercial banks.

Unpublished MBA Project University of Nairobi.

Ndeti, M.N., (2007). Factors determining brand loyalty: The case of commercial banks is Westlands area of Nairobi. **Unpublished MBA Project** University of Nairobi.

Ogambo, J.N., (2003). Determinants of brand loyalty for prescription brand medicines by Doctors in Nairobi. **Unpublished MBA Project,** University of Nairobi.

Oliver, R. L. (1999). Whence Consumer Loyalty? - **Journal of Marketing,** Vol. 63, pp. 33^44.

Reichheld, F. F. (2003). The One Number You Need to Grow. - **Harvard Business Review,** Vol. 81, Isssue 12, pp. 46-55.

Reichheld, F. F. (1993). Loyalty-based management - **Harvard Business Review,** Vol. 71, Issue 2, pp. 64-72.

Reichheld, F. F. (2000). Markey, R. G.; Hopton, C. The loyalty effect - the relationship between loyalty and profits"; **European Business Journal** (p. 134-139).

Rosenberg, L., Czepiel, J.A. (1984). A Marketing Approach to Customer Retention - **Journal of Consumer Marketing,** Vol. 1, pp. 45-51.

Sheth, J. N. A (1968). Factor Analytical Model of Brand Loyalty - **Journal of Marketing Research,** Vol. 5, pp. 395^104.

Tai, K.J., (2007). Strategy implementation in Kenya Ports Authority. **Unpublished MBA Project** University of Nairobi.

Tucker, W. T. (1964). The Development of Brand Loyalty - **Journal of Marketing Research,** Aug., pp. 32-35.

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

Weiss, A. (2001). When Do B2B Customers Want a Close Relationship? **(www.MarketingProfs.com/tutorials).**

Wernerfelt, B. (1991). Brand Loyalty and Market Equilibrium. - **Marketing Science,** Vol. 10, No. 3, pp. 229-245.

APPENDICES

Appendix I: Questionnaire

(Please help answer the following questions)

PART A

I. Please indicate the extent to which these statements are important in your decision for use of a port. Using the scale of 1- Not at all important, 2- Not important, 3- Somewhat important, 4- Important, 5- Very important

1. Reasonable charges for services	2	3	4	5
2. Availability of Supervisor in case of customer queries	2	3	4	5
3. Knowledge by employees about port services	2	3	4	5
4. Willingness of the employees to help	2	3	4	5
5. Well trained employees	2	3	4	5
6. Employees are courteous and warm with customers.	2	3	4	5
7. Sincere interest in solving customer problems	2	3	4	5
9. All employees working as a team	2	3	4	5
10. Convenient operating hours	2	3	4	5
11. A channel for customer complaints	2	3	4	5
12. Delivery of bulky items to destination	2	3	4	5
13. Adequacy of ship-to-shore communication with port personnel	2	3	4	5
14. Timeliness of ship-to-shore communication with port personnel	2	3	4	5
15. Pilotage inwards	2	3	4	5
16. Pilotage outwards	2	3	4	5
17. Courtesy of pilot	2	3	4	5
18. Dexterity of pilot	2	3	4	5
19. Other harbour craft	2	3	4	5

20. Tugs availability
21. Fire fighting facilities
22. Security services and policing at the port
23. Refueling facilities
24. Cranes at berth
25. Sheds at berth
26. Transport facilities from berth
27. Speed of offloading
28. Speed of loading
29. Other services (water, electricity, sewerage)
30. Lighting (for night work)
31. Ships provisions and spare parts
32. Expenses accruing to port services
33. Navigation aids
34. Transportation network within the port
35. Storage facilities within the port
37. Adequacy of communication with port personnel
38. Timeliness of communication with personnel
39. Cargo handling facilities
40. Efficiency of customs personnel
41. Courtesy of customs personnel
42. Efficiency of C.D.O. personnel
43. Courtesy of C.D.O. personnel
44. Efficiency of cargo handling personnel
45. Courtesy of cargo handling personnel

2. What are the most important factors in your choice of a port? Please rank all the factors starting from 1 for the most important to 15 for the least important.

PART B

1. What is your name? (Optional)
2. What is your job designation?

Financial Manager	[ ]
Marketing Manager	[ ]
General Manager	[ ]
Chief Executive Officer	[ ]
Administrator	[ ]
Operations Manager	[ ]

3. Please tick your occupation below as appropriate.

(a) Formal employment

<u>Public</u>

Government	[ ]
Parastatal	[ ]

<u>Private</u>

Company	[ ]
NGO	[ ]

(b) Self-employed

Formal business person	[ ]
Professional	[ ]
Informal business person	[ ]

Any other, please specify

4. Please tick the age bracket in which you fall

(i) Below 18 years [ ]

(ii) 19-29 years [ ]

(iii) 30-39 years [ ]

(iv) 40-49 years [ ]

(v) 50 years and above [ ]

5. What is your gender (tick)

Male [ ] Female [ ]

6. What is your education level?

(i) Primary

(ii) Secondary

(iii) College

(iv) University

7. Please indicate your marital status

(i) Single [ ]

(ii) Married [ ]

Thank you for taking your time to complete this questionnaire.

Appendix II: List of KPA Customers 2008

Local Market Importers

Importers	No. of firms
Petroleum & Petroleum Products	26
Chemicals/Insecticides	18
Sugar	3
Motor Vehicles/Cycles and Lorries	24
Iron and Steel	16
New and Used Clothes	24
Ceramics	3
Fertilizers	11
Edible Veg. Fats and Oils	11
Cement and Clinker	3
Paper and Paper Products	4
Malt	1
Poles	1
Hides and Skins	1
Flour	7
Total	**153**

Local Exporters and Related Firms

Firms	No. of firms
Tea	20
Coffee	20
Soda Ash	1
Tobacco	3
Fish and Fish Products	3
Iron, Steel & Related Pdts	4
Cotton, Clothing and Apparel	5
Seeds and Nuts	2
Cement	2
Horticultural Pdts	7
Beefand Other Meat Pdts	2
Hides and Skins	4
Sisal and Sisal Products	4
Leather	6
Total	**83**

Transit Market (Burundi, Rwanda, South Sudan)

Sno	Importers	No. of firms
1	Multiple Cotton (Folded Or Cabled Yarn)	1
2	Petroleum Products	16
3	Other Machines & Mechanical Appliances	3
4	Other Vehicles, Spark Ignition Engine	5
5	Boxes, Cases,Crates	1
6	Other Tubes,Pipes Of Iron /Steel	1
7	Other Paper And Paperboard	3
8	Passenger Motor Vehicles	2
9	Newsprint, In Rolls Or Sheets	1
10	Semi-Milled Or Wholly Milled Rice	1
	Total	**34**

Burundi

	Burundi Exporters and Related Firms	**No. of firms**
1	Coffee	3
2	Whole Hides & Skins	2
3	Niobium,Tantalum Or Vanadium Ores	5
4	Black Tea	2
5	Full Grain,Unsplit,Grain Splits	1
6	Mine Wagon Pushers,Locomotives	1
7	Other Printed Books,Brochures	1
	Total	**15**

South Sudan

Importers

Sno.	**Category**	**No. of firms**
1	Vehicles	15
2	Mineral Waters	1
3	Phamarceutical Goods	1
4	Plastics and others sacks and bags	4
5	Iron and steel	2
6	Cement and other building products	7
7	Cereals and grains	3
8	Garments	5
9	Vegetable oils	2
10	Furniture	2
11	Food preparation goods	4
12	Wood	1
13	Dry cells and others chlorides	3
14	Non-alcoholic beverages	10
15	Alcoholic beverages	5
16	Kitchen and household goods	4
17	Machines and mechanical appliances	9
18	Oil	11

Exporters

Sno	**Category**	**No. of firms**
1	Coffee	3
2	Hides and Skins	1
3	Gum Arabic	3

Rwanda

Main Importers		**Exports**	
Oil companies	10	Coffee	4
Construction equipment	1	Hides and skins	1
Plastics	1	Dairy machinery	1
Vehicles & motor vehicle parts	4	Tiles	1

Firms in the Transhipment Segment	
1	Maersk Sealand
2	MSC Ltd
3	PIL Ltd
4	Mitsui
5	ZIM Lines
6	Spanfreight Ltd
7	Delmas Shipping Co.
8	Messina Line
9	EMSL
10	Global Shipping Line

Shipping Lines/Agents

1	Seaforth Shipping (Kenya) Ltd	31	Alpha Logistic Ltd
2	Maersk Kenya Ltd	32	Shimco Ltd
3	Inchcape Shipping Services (K) Ltd	33	A. M. A. Al Ammary
4	Bat-Haf Barwil Agencies Ltd	34	Marine Customer
5	Oceanfreight (E.A) Ltd	35	Basta & Sons
6	Diamond Shipping Services Ltd	36	Southern Shipping Mgt Services
7	Seabulk Chartering & Shipping	37	ITTICA Limited
8	E. A. Commercial & Shipping Company	38	Miscellaneous Sales Customer
9	PIL (Kenya) Ltd	39	W.E.C. Lines (Kenya) Ltd
10	Express Shipping & Logistics (EA) Ltd	40	African Marine & General Engineering
11	Sharaf Shipping Agency (K) Ltd	41	Star Shipping Company
12	Sturrock Shipping (Kenya) Ltd		
13	Star East Africa Company Ltd		
14	Makedonia Maritime Ltd		
15	African Liner Agencies		
16	Delmas (K) Limited		
17	CMA CGM Kenya Ltd		
18	African Shipping Limited		
19	Spanfreight Shipping Ltd		
20	Motaku Shipping Agencies		
21	Zam Zam Shipping Agency		
22	Spears Shipping Agency		
23	Wananchi Marine Prod. (Kenya) Ltd		
24	Alba Petroleum Ltd		
25	Green Island Shipping Services Ltd		
26	Mombasa Shipping Agents Co. Ltd		
27	Kenya National Shipping Line Ltd		
28	Kenya Marine Services Limited		
29	Issa Trading & Provision Limited		
30	Shipmarc Limited		

Appendix III: Introduction Letter

Kamau Edward Mungai
D61/P/7141/2006
University of Nairobi
P.O Box 30197
NAIROBI.

September 26, 2008

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH DATA

I am a Master of Business Administration student at the University of Nairobi undertaking a research project in partial fulfillment of the requirements of the degree. My research topic is **'Factors that determine brand loyalty: a case of the Port of Mombasa".**
Your organization has been selected as part of the sample for this study. Please assist my research assistant by filling the questionnaire.

The information collected will be used for academic purposes only confidentiality will be observed. A copy of the project will be submitted to your organization upon request for the same.

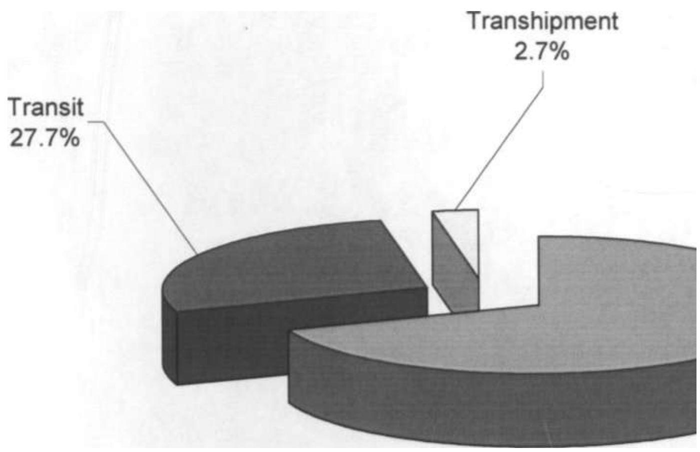
Yours faithfully,

-c^CtX

Kamau Edward Mungai

Appendix IV: Market Segmentation - The Port of Mombasa

MARKET SEGMENTATION : 2007



Local
69.6%

Appendix V: Map of the Port of Mombasa