FACTORS DETERMINING CONSUMERS' PATRONAGE TO MOBILE PHONE SERVICE PROVIDERS IN KENYA: A CASE OF SAFARICOM KENYA LTD

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A Research Project Submitted to the Graduate School in Partial Fulfilment of the Requirements for the Award of Master of Business Administration (Marketing Option) Degree of Egerton University.

EGERTON UNIVERSITY

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DECLARATION

I hereby declare that, this research project is my original work and has not been presented for examination to any other institution for the award of an academic certificate.

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Kellen Gaitung'u Date

CM16/0110/12

RECOMMENDATION

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

………………………………………….. ……………………………..

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DEDICATION

This project is dedicated to my mum who kept me motivated throughout the MBA program more so during the research period.

ACKNOWLEDGEMENTS

The completion of this study was not easy. It has taken concerted efforts of several people to successfully accomplish this research project writing to whom I owe a debt of gratitude: First and foremost my profound gratitude goes to the almighty God for granting me the gift of physical and mental health and finances which enabled me to successfully accomplish my academic goals. Secondly,Egerton University fraternity for providing a conductive environment to undertake my studies. Thirdly, my sincere appreciation goes to my supervisor Ms. Petronilla Oduor and other university staff who sat in my panel for taking me through the process. Your skilful guidance, constructive criticism, patience, enthusiasm and suggestions, supported the efforts to get study successfully completed.

ABSTRACT

This study sought to establish factors that determine consumers' patronage to mobile phone service providers in Kenya with a specific focus on Safaricom Kenya Ltd. Safaricom has faced intense competition in recent years in the Kenyan mobile phone market due to entry of other service providers in the industry. The competition has been mainly price based with competitors emphasizing on price reductions. While Kenyans generally exhibit price sensitive buying behaviour, in this case, they are behaving contrary to expectations. This study, therefore, sought to determine why this seeming contradiction. The main objective of this study is to identify factors that determine consumer patronage to mobile phone service providers in Kenya, with a case of Safaricom. Earlier researches in the mobile telephone sector with regards to patronage carried out in Nigeria and University of Malaysia found; customer satisfaction, service quality, brand image and switching cost are determinant factors to patronage. This study therefore, sought to establish if there exists an effect of switching costs, service quality, consumer satisfaction and brand image on consumer patronage to Safaricom Kenya ltd. The study employed descriptive research design. Sampling was done using snowball method. The sample size was of 180 respondents .Data was collected from a sample of mobile telephone subscribers in four major towns in Kenya: Nairobi, Kisumu, Mombasa and Nakuru. The clusters were further divided into three categories based on social classes depending on their disposable incomes (Lower, Middle and Upper classes). Data was collected using a structured questionnaire with close ended questions. The data collected was edited, coded and analyzed using SPSS package. Descriptive statistics such as the means and standard deviations was calculated to summarize the data. Regression analysis was also done to establish if there was a relationship among variables. Regression analysis results showed a significant effect on customer patronage by service quality, switching cost and customer satisfaction. However, the relationship between, customer patronage and brand image was not significant at 5% level of significance. The findings of this study are expected to assist both the telecommunication companies and corporate brand-management teams to better understand the value of service quality, significant switching cost and customer satisfaction in getting service and product patrons. This research was only able to explain patronage in the mobile phone sector by 79.4%.there is a 20.6% cause for patronage that was not explained. Future researchers should try to find out what the 20.6% is composed of.

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List of acronyms and abbreviations

CCK-	Communications Commission of Kenya now Communications Authority of Kenya
KNBS-	Kenya National Bureau of Statistics
SSPS-	Statistical Package for Social Sciences
ITU-	International Telecommunications Union
TQM –	Total Quality Management

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The modern business environment is characterized by cutthroat competition. The competition is spurred by globalization, technological change, more demanding customers and higher levels of uncertainty which have made management of organizations more challenging than before (Oliver,2005).To survive, organizations require innovative strategies to reduce costs and improve performance. In this regard telecommunication firms in Kenya have examined brand patronage as a major route to gaining the competitive edge required to make businesses successful. According to Fearme and Fowler (2006) consumer patronage is the route to competitive advantage in such an environment to cope with high levels of uncertainty and turbulence (Christopher *et. al*., 2000).

In 2013 the communications sub-sector accounted for 56.0% of the total earnings in the transport and communications sector. Moreover, the sector registered a growth of 14.5 percent from Ksh.605.5 billion recorded in 2012 to 693.1 billion in 2013(KNBS, 2014).Therefore services go to the heart of value creation within the economy (Rust and Oliver, 2004). The growth and usage of mobile phones in Kenya has reached unprecedented heights with the highest growth experienced in 2007 (Phoebe, 2011).

This trend has seen a fray of entry by mobile phone subscribers into the Kenyan market. Due to the nature of competition, the telecommunication companies have from time to time developed innovative products to enable them stay competitive and increase their market share. The notable routes that have been pursued in this regard include the introduction of M payment, M banking, loyalty schemes, and data services.

1.2 Mobile Telephony Industry in Kenya

In Kenya, the growth of mobile phone subscribers has been tremendous. The subscriber base expanded to 31.309 million from 31.301 million between the last quarter of 2013 and the first quarter 2014(CCK, 2014). This growth resulted in an increase in mobile penetration rate from 52.2% in June 2013 to 64% at the end of April 2014.This was above the penetration rates estimated by the International Telecommunications Union (ITU) at 41.0% during the same period.

According to Phoebe (2011) the telecommunications industry is one of the fastest growing in the Kenyan economy, resulting in saturation and tending towards maturity. Over time brand patronage has been noted as a focal point of marketing, resulting in a myriad of changes in the industry, as scramble for market share intensifies. This has prompted more innovative products and tariff wars among the industry players: Safaricom, Bharti -Airtel, Essar-Yu and Telkom Kenya- Orange.

Safaricom was the first mover to the market in 1999 August and followed by Ken cell some months later in December 1999. Safaricom has maintained its brand name as such throughout the years, whereas Kencell has rebranded and changed ownership Three times: from Ken-cell to Celtel, Celtel to Zain and finally Zain to Airtel in 2010. Orange and Yu have been new entrants in the market. Both Orange and Yu joined the market in 2008-2009.

When Airtel took over Zain cost leadership became their penetration strategy into the market. They charged ksh.1 for text messages and ksh.3 for voice calls while safaricom charged Kshs.8 and Kshs. 3 for text messages. With time, however, cost leadership didn't deliver and tariffs were reviewed again, as those who migrated from Safaricom due to low tariffs have thronged back to the provider as well as new subscribers signing up. This is despite the fact that Safaricom is the highest tariff charger while Airtel, Yu and Orange are all season low in tariff charges, free calls and minimal charges within service provider, kshs.3 across other service providers for voice calls, cheaper internet and lower rates for mobile money transfer. Airtel even offers no cost to send money across all networks .Despite all these lower tariffs from its competitors Safaricom still retains 67.9% of the total market share with the highest number of new subscriptions (CCK, 2014).

According to CCK, April, 2014, the total number of mobile subscribers rose to 31.309 million recorded in the 2014 first quarter: Safaricom gained 593,036 new subscribers, Essar Telkom (Yu) gained 223, 974, Airtel gained 91,283 subscribers while Telkom Kenya Orange lost 609,321. Safaricom thus leads by 67.9%, followed by Airtel with 16.5%, Orange with 7.2% and Essar Telkom (Yu) with 8.5%.

YU, the last entrant into the market, wants to get out of the Kenya market despite it being the cheapest service provider in voice calls, messaging and data. One would expect it to penetrate the market but it seems getting the market share from the most expensive service provider, Safaricom is an uphill task. Telkom Orange Kenya too is sourcing for an investor as it seeks to leave the Kenyan market, despite it charging kshs.2 per minute to all networks in comparison to Safaricom's kshs.4 per minute. In addition, the portability of mobile telephone numbers showed substantial growth in the last quarter by 72.8% (CCK, 2014). This has significantly reduced the high switching cost which was significantly reducing the buyer power while significantly raising the supplier power in the economical perspective. The entry of mobile virtual networks by Equity bank and Tangaza riding on the airtel network has not changed this trend.

These statistics do not portray the typical Kenyan market, where consumers tend to be price sensitive. Instead subscribers are shifting from cheaper tariff providers to the more expensive provider, Safaricom. It is not clear why Safaricom has a high consumer patronage despite their higher tariffs. Could then the perceived exclusive value added to their services, quality network and perceived quality service, switching costs and brand image be the reason for consumer patronage of Safaricom in Kenya?

1.3 Statement of the problem

A number of studies have been done in Marketing especially in relation to mobile telephone sub sector. Maina (2001) investigated perceived quality service and found that there is a difference between customer expectation and management perception in mobile telephony business. Murugu (2008), studied the level of customer satisfaction and its impact on loyalty in Airtel (then known as Zain) and found out that customers consistently want certain attributes like ease of use, timeliness, and certainty in virtually all service products Gichuru (2003) investigated brand switching in the mobile telephony business in Kenya and found out that value added services was cause for significant switching cost while other studies such as Ogwo E. (2012) looked at Factors Influencing Attitudes to Patronage of GSM Services in Nigeria and Mokhtar (2011) examined the relationship between service quality and satisfaction on customer loyalty in the Malaysian mobile communication industry.

These studies did not prove sufficient to gain a comprehensive explanation of the factors that affect customers' intentions to adopt or reject the use of mobile phone services, nor did any of them incorporate key constructs in explaining consumer patronage of mobile phone service providers in Kenya. Consumer patronage enables an organization grow its customer base through customer referrals to their peers, it helps an organization cut advertising costs due to word of mouth referrals from customers and repeat purchases by patrons thus maximizing profits.

This study sought to investigate consumer patronage in the mobile phone industry, especially in the face of value added services which result in getting value for money and cost effectiveness to the subscribers.

Safaricom has faced intense competition in recent years in the Kenyan mobile phone market. This is due to entry of other service providers in the industry. The competition has been mainly price based with competitors emphasizing on price reductions. However cheaper mobile service providers continue losing subscribers to Safaricom while those who migrate to other networks, at some point, return to Safaricom (Phoebe, 2011).Despite it being the most expensive mobile service provider in Kenya today, Safaricom commands 67.9% of the total market share of this sub sector (CCK, 2014). While Kenyans generally exhibit price sensitive buying behavior, in this case, they seem to be behaving contrary to expectations. This study, therefore, sought to determine why this seeming contradiction.

1.4 Objectives of the study

The main objective of this study was to establish factors that determine consumers' patronage to mobile phone service providers in Kenya.

The specific objectives of the study were to:

i) Establish the effect of service quality on consumers' patronage to Safaricom
ii) Establish the effect of switching costs on consumers' patronage to Safaricom
iii) Establish the effect of consumer satisfaction on consumers' patronage to Safaricom
iv) Establish the effect of brand image on consumers' patronage to Safaricom
v) Determine the combined effect of service quality, switching cost, consumer satisfaction and brand image on consumers' patronage to Safaricom.

1.5 Hypotheses

Ho1 Service quality has no significant effect on consumer patronage

Ho2 Switching costs has no significant effect on consumer patronage

Ho3 Consumer satisfaction has no significant effect on consumer patronage

Ho4 Brand image has no significant effect on customer patronage

Ho5The combined effect of service quality, switching cost, consumer satisfaction and brand image has no significant effect on consumer patronage.

1.6 Significance of the study

The study shall be of great importance to academic institutions focusing on the emerging trends in mobile telephony. Secondly, from the managerial point of view, the study shall help practicing managers as the policy makers to improve on mobile phone policies as well as improve on the current weaknesses in the sub-sector. By identifying the major reasons why some mobile phone providers retain high market shares despite their higher tariffs, this study will assist policy makers to go back to the drawing board and chart the way forward with the knowledge that price alone cannot earn them patrons.

The study will also contribute to the existing literature in brand management bringing benefit to scholars and other researchers wishing to carry out further research as the study will be a source of reference material.

1.7 Limitations of the study

There is limited literature available on consumer patronage in the telecommunications sector in Kenya. Thus getting substantial review of the study was a challenge. The researcher was, however, able to use available consumer patronage materials from other parts of the world with the assumption that the Kenyan consumer conforms to it.

1.8 Definition of terms

Brand image

Brand image pertains to the perception or mental picture a customer holds of a mobile phone service provider a consumer is subscribed to and its services ,whether, reasoned or emotional

Patronage

This refers to the willingness of a customer to stay with their mobile phone service provider, deliver good word-of-mouth of the provider, pay premium prices, buy more in the future and repurchase. The patronage to the brand measures the grade of attachment between the consumer and the brand.

Switching cost

The switching cost refers to the difficulty of switching to another mobile phone service provider that is encountered by a customer who is dissatisfied with the existing service, or to the financial, social and psychological burden felt by a customer when switching to a new provider.

Service quality

Service quality is a consumer's overall impression of the relative efficiency of the current mobile phone service provider a consumer is subscribed to and its services.

Customer satisfaction

Customer satisfaction is the customer's fulfilment response current mobile phone service provider a consumer is subscribed to and its services.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores the theoretical and empirical literature underpinning with the objective of finding what other scholars have researched on or written regarding consumer brand patronage. This chapter also develops a conceptual framework, which underlie the study.

2.2 Customer Purchasing Behavior

Customers' satisfaction and relationship marketing greatly contribute to the understanding of customers' behavior especially towards a brand, shop or supplier. Trust and patronage are both grounded on experience of satisfaction accumulated over time. Therefore customer's satisfaction resulting from market transactions is connected to repurchase decisions leading, to high level of customer patronage due to other intervening variables (Rust and Oliver, 2004).

Other features of the most stable and durable relationships are commitment, stability, interaction, power, influence, dependence, reciprocity and cooperation. Commitment is durable desire to maintain an important relationship. Morgan and Hunt (1994), identified determinants of commitment as the degree to which customers and firms share the same values (value congruence). The level of shared aims in the relationship (goal congruence), the value of the benefits deriving from the relationship as well as the costs which interrupting the relationship would cause. Given (2005), linked commitment to satisfaction deriving from the perceived equity in the exchange process.

2.3 Theoretical framework

Jagdish N. (1981), integrative consumer patronage theory preferences and intentions do not automatically result in behavior. The patronage behavior is a function of preference, that is, behavior discrepancy caused resulting in unexpected events of either no effect or an inducement.

This shopping predisposition as depicted by the consumer is dependent on social economic settings and in-store marketing that then results in either no effect or an inducement to purchase. Patronage behavior is planned, unplanned or foregone.

The personal determinants such as age, sex, friends and reference groups influence purchase behavior while on product usage, product typology and brand loyalty are the determinants. Inflation, unemployment, interest rates form the social economic setting and new brands, in store promotion and sales effort forms the in store marketing. These determine the highness or lowness of the purchase behavior. The inducement is the effect of the marketing communications whereas planned reactions are conscious decisions made by the consumer.

2.4 Patronage

Customer patronage implies allegiance and faithfulness resulting in a continuing relationship that is part of the way in which products are supplied to the market (Smith and Whan Park 2002). Patronage is an emotional feeling of commitment where past memories lead to current and future obligations. There are three forms of brand patronage; transactional patronage, perceptual patronage and complex patronage. Transactional patronage relates to a customer buying behavior changing but what motivates that change is not clear, perceptual patronage relates to attitudes and opinions reflecting possible buying behavior in future. Complex patronage relates to a combination of transactional and perceptual loyalties (Morgan and Hunt 1994).

Oliver (2007) identified four sequential stages in developing customer patronage. First is cognitive patronage where the customer purchase with a belief the offer is superior. Secondly the customer is affectively loyal and this is achieved after repeat purchases. Thirdly, the customer is combatively loyal where there is high involvement and purchases are intentional. The last stage is action patronage where actions are taken with the desire to overcome every possible obstacle that might hinder purchasing the brand to which a person is a patron.

Mobile telephone providers should make an attempt to move from cognitive patronage to action patronage since retaining customers is financially less expensive than attracting new customers (Reicheld and Schefter, 2000). Aaker (2001) noted that brand patronage leads to certain marketing advantages such as reduced marketing costs due to referrals by patrons and increased business due to customer base and greater trade leverage. Aaker reported that attracting and retaining customers could be attributed to core services and trust builders. He gave favorable return policy, section and choice of merchandise, rewards programs and promotions as examples of core services and good staff attitude, accurate product information, delivering on advertising promises, knowing the people and being recognized as examples of trust builders.

2.5 Brand image and patronage

According to Jacoby and Kyner (2003), brand patronage is a behavioral response and as a function of psychological processes. It is a function of both attitudes and behavior. Brand patronage represents a general concept which describes a consumer’s overall buying behavior patterns within a product class (Day 1998). It is a descriptive variable that refers to individual differences in consumers’ general shopping behavior and buying styles within a particular product class. Brand patronage can therefore be broadly be defined as a consumer’s preference to buy a single brand name in a product. It is a result of the perceived quality of the brand and not necessarily its price (Kyle 1998).

According to Aaker (1991) brand patronage reflects how likely a customer was be to switch to another brand, especially when that brand makes a change, either in price or product features. Brand and customer patronage represents a buyer’s overall attachment or deep commitment to a product, service, brand, or organization (Oliver 1999). The patronage concept is similar in meaning to relationship commitment, which is described by the relationship marketing literature as an enduring desire to be in a valued relationship (Morgan and Hunt 2004). Patronage manifests itself in a variety of behaviors, the more common ones being recommending a service provider to other customers and repeatedly patronizing the provider (Fornell, 2002).

Different authors have presented different perceptual and cognitive factors that influence repeat purchases hence leading to brand patronage. According to Aaker (2001), brand awareness, brand associations, and perceived product or service quality are the major determinants of brand patronage. Chernatony and McDonald (2003) included image, perceived value, personality; and organizational associations as additional determinants. Brand awareness refers to the strength of the brand node in memory, i.e. how easy it is for the consumer to remember the brand, brand recall is the most common way to erasure brand awareness while brand image refers to strong, favorable and unique brand associations in memory which result in perceived quality, a positive attitude and overall positive effect (Kottler and Keller, 2003).

There are many advantages of brand patronage. According to Keller, (2003) the interest in brand patronage derives from the value that patronage generates to companies in terms of substantial entry barriers to competitors, an increase in the firm's ability to respond to competitive threats, greater sales and revenues, establishment of a customer base that is less sensitive to the marketing efforts of competitors, lower customer price sensitivity, reduced expenditure on attracting new customers and improved organizational profitability (Rowley,2005).

Brand patronage leads to greater and continual sales since the same brand is repeatedly purchased, irrespective of situational constraints. Consumers may use more of the brand to which they are loyal, since they may "like" using the brand or because they identify with the image of the brand. Brand loyal consumers are willing to pay more for a brand because they perceive some unique value in the brand that no other alternative can provide. Moreover brand loyal users are willing to search for a brand and they require less advertising frequency, resulting in lower costs for advertising and distribution (Kyner 2003).

According to Smith (2002) brand patronage enables an organization to expand its market share. Smith further argues that brands with greater market share demonstrate greater levels of repeat purchasing behavior habit among their buyers. According to Ehrenberg *et al*.,(2000) there is a correlation between market share and number of purchases per buyer and that people appear to like popular (high-market share) products more than less popular ones. Other researchers have also found that there exists a strong positive correlation between brand patronage and market share and, that habitual buying is directly related to market share (Smith and Whan Park, 2002).

Consequently small market share brands have fewer buyers and they are purchased less frequently by these few buyers. In contrast, more popular brands have more buyers and they are also purchased more often by these same many buyers. This is because there is greater awareness and distribution support for high market share brands. For example, a high market share brand may be the only brand that is carried by some stores and, thus, distribution patterns may favor the habitual buying of high market share brands (Fader and Schmittlein, 2003). In relation to brand patronage in the mobile telephony industry, the growth in M banking and M payments has played a significant role. Other factors include, aggressive strategies adopted by the mobile telephone service provides and effective brand management.

2.6 Service quality and patronage

Several studies established a positive relationship with varying influence levels between transmission/network qualities; network coverage; pricing/billing; data services; and customer service on clients' satisfaction/intention to use (Bolton and Drew, 1991; Varki and Colgate, 2001). Similarly, Boulding *et al (*1993) found a positive relationship between service qualities and repurchase intention and willingness to recommend.

Marketing in mobile telephone industry aims to ensure that services are managed to achieve set goals (Oliver 2005). Consequently mobile telephone providers have a responsibility of persuading customers to entrust them with their funds (money transfer services).Better tariffs, clear networks, a wider coverage and reliability are some of the services for the customers. Since basic management principles apply to both management of services and products, there is historical lack of interest in services. (Cannon, 1999). This is attributed to the little understanding of differences that exists between management of products and services. Parasuranam *et al* (1993), and Zeithamal *et al* (1996), noted that services are usually perishable, variable, intangible and heterogeneous. This means they cannot be replicated. Service providers are obligated to ensure that capacity and demand patterns are commensurate.

Kerringer (2008) asserted that services are highly variable since they highly depend on their provider when and where they are produced. Since production and consumption of services occur at the same time, consumers' participation becomes critical if performance in providing quality service is not increased since services cannot be tasted, heard, felt or smelled before purchasing. Customers are forced to form opinions and attitudes based on previous experiences. Firms have to seek opinions from customers in order to get feedback on services to avoid difficulties in trying to maintain consistently high service level because customers' opinions are individualistic. Hence daily monitoring of customers reaction to service provision is essential (Cannon 1999).

In determining customer's patronage the rating of service quality plays a significant role as it leads to customer satisfaction which influences repeat transactions (Rust and Oliver, 2004). Like other business organizations mobile telephone providers should adopt the use of total quality management (TQM). This will ensure mobile telephone providers achieve operational efficiency by reducing time and resource wastage and replacing unsatisfactory services

Since service quality is inferred from experiences perceived quality is emphasized. Perceived quality cannot be objectively determined because customers judge products and services quality based on different important attributes such as product characteristic like reliability and performance that differ among them (Aaker, 2006), attitude of customers towards products will generally be influenced by customer perception of quality service .Perceived quality service can be said to be the degree to which a product or service is uniquely positioned and perceptually differentiated from its competitors. It is judged based on a variety of intrinsic informational cues that they associate with product by providing a basis for perceptions of products and service quality (Oliver, 2004).

The research marketing team of Parasuraman, Berry and Zeithmal (1988) use SERVQUAL for service quality measurement. It has twenty two test items where respondents first rate the service provider based on their expectations and later rate the same test items based on actual service delivery thus showing their perceptions rate these items on a seven-point scale. The mean of the gap difference between perception and expectation for all items showed the SERVQUAL score with low service quality being signified by a negative score. The team viewed perception of service quality as the discrepancy between customer’s expectations or desires and their perceptions. The SERVQUAL model has five dimensions namely tangibility, reliability, responsiveness, assurance and empathy. This is shown in figure 2.6.

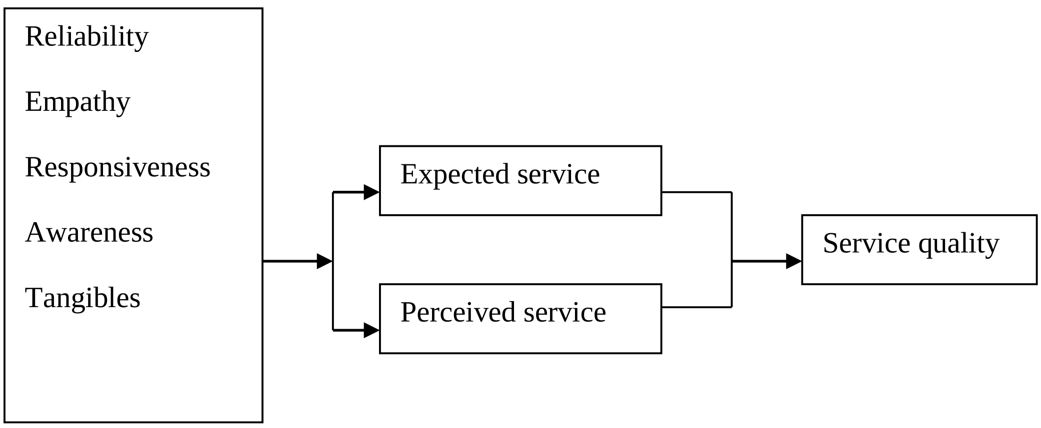


Figure 2.6: SERVQUAL model

Model of Service Quality

Source: Parasuraman Zeithmal & Berry (1988)

Despite several criticisms leveled against it, the SERVQUAL model has performed better than any other measuring instrument. Buttle (1996) criticized it for failing to draw assumptions from any established economic, statistical and psychology theory.

2.7 Customer Satisfaction, service quality and patronage

Rust and Zahorik (2003), noted service quality could be effectively managed if the concept of satisfaction is clearly understood. Rust and Oliver (2004), described customer satisfaction as the customer's fulfillment response, a process in which satisfaction is viewed as largely based on meeting or exceeding customer satisfaction and service quality.

Service quality can therefore be used to indicate the level of customer satisfaction. This can be done with measurement of dimensions of service quality (Buttle, 1996) hence mobile telephone providers are committed to delivery satisfaction. From these considerations mobile telephone provider's management should measure the overall customers' satisfaction and attempt to understand the nature of service quality and interactions between customer value and service quality (Maina, 2001). Cerchigro and Ayrosa (2003) found that service quality, future purchase intentions and custom satisfaction are related when comparing perception of service quality in British and Kenyan mobile telephone providers. They found that customer satisfaction and overall evaluation of service quality were related to the same factors in both countries. For British providers, dependability of the service closely matched customer satisfaction and service quality while for Kenyan providers assurance links service quality and customer satisfaction.

2.8 The Switching Barriers and Customer patronage

The switching barrier refers to the difficulty of switching to another provider that is encountered by a customer who is dissatisfied with the existing service, or to the financial, social and psychological burden felt by a customer when switching to a new service provider (Fornell, 1992).

The switching barrier is made up of switching cost, the attractiveness of alternatives, and interpersonal relationships. Switching cost means the cost incurred when switching, including time, money and psychological cost. In addition to objectively measurable monetary costs, switching costs may also pertain to time and psychological effort involved in facing the uncertainty of dealing with a new service provider (Kim *et al*, 2004).

Switching costs lock a customer in his initial decision if the switching cost is significant. Thus, suppliers can hinder their customers from turning to his rivals for relative low prices.

According to Kim (2004), switching cost means the cost that consumers pay when they shift to use products and services of other operators. It includes not only the study cost that consumers pay to familiarize the service of other operators but also the cost of sacrificing the original phone number value and accumulated scores of service (Liang, *et al*, 2005).

Switching costs are partly consumer-specific (Shy, 2002). For this reason, a switching cost can be seen as a cost that deters customers from demanding a rival firm's brand. The switching cost is a sunk cost which appears when the customer changes his/her brand, for example the costs of changing a mobile service provider(Klemperer, 1987) or the costs of changing one's GSM operator.

2.9 Conceptual framework

Customer patronage requires mobile telephone providers to focus on factors that affect their ability to retain customers. This includes having highly differentiated products from those of competitors, high end products where price is not the primary buying factor, products that have a high service component and multiple products meant for the same customer.

Given that in acquiring the services consumers use money, the related products/ services must provide customer satisfaction with services, perceived value of products/services provided by the provider and the firm image should work together to influence the customer's decision to participate in repeat transactions with a particular provider.

Pricing and promotional activities tend to act as catalysts between the relationships existing among brand image, actual and perceived service quality, and customer satisfaction, switching cost and patronage in this context. These same outcomes are also the result of manifest of brand patronage. The conceptual frame is seen in figure 2.8 below.

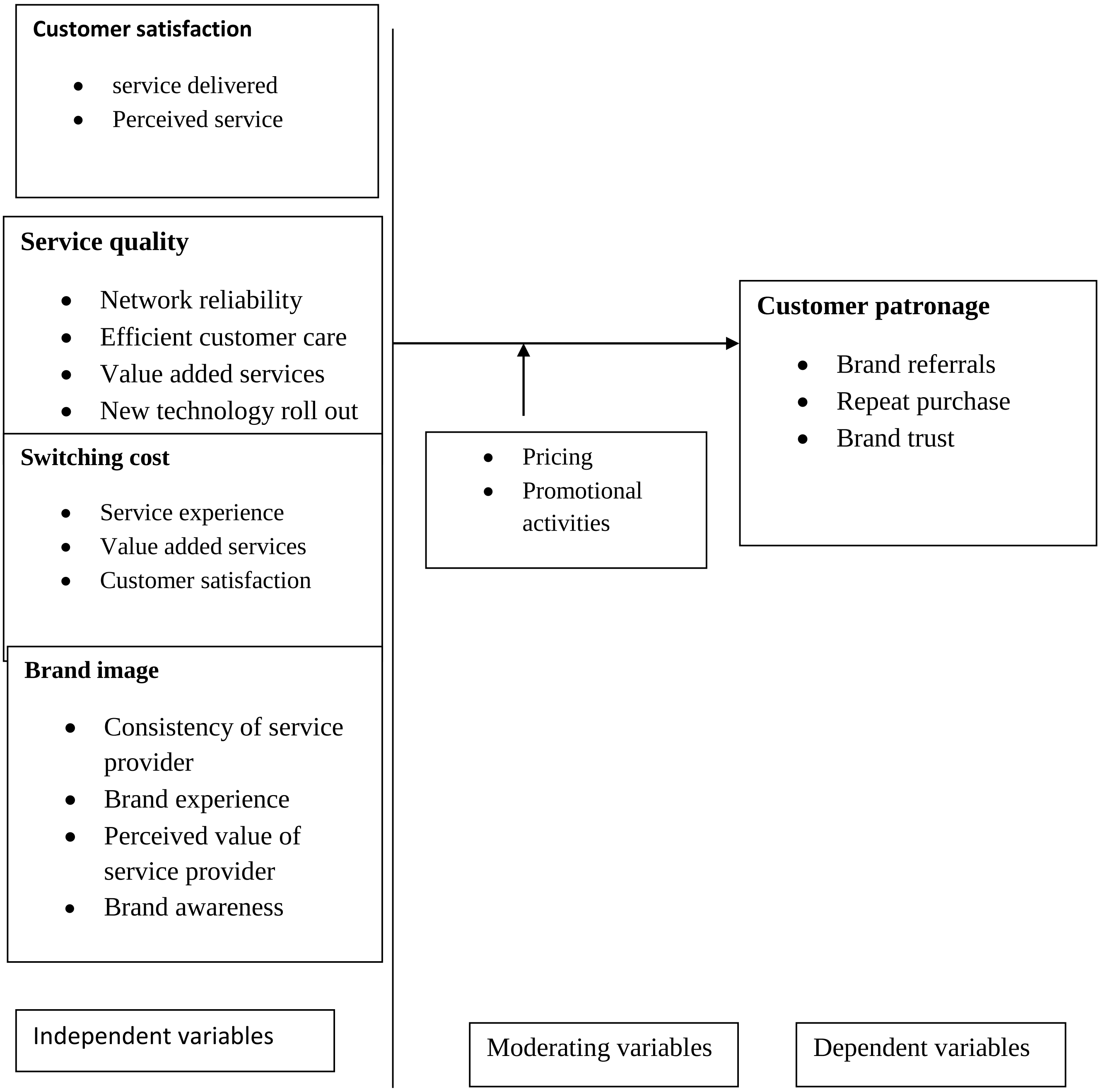


Figure 2.8 Conceptual Framework Model

Source: Own conceptualization

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the overall methodology that was used to carry out this research. It embodies the research design, population of study, sampling design, research procedures, data collection methods and the data analysis methods.

3.2 Research Design

The study adopted a descriptive research design in determining factors responsible for consumer patronage in the mobile phone sub sector in Kenya. Descriptive research gathers quantifiable information that can be used for statistical inference on your target audience through data analysis, it takes the form of close ended questions, (Glass&Hopkins, 1984). The method is used to reveal and measure the strength of a target group's opinion, attitude, or behavior with regards to a given subject, as the surveying of demographical traits in a certain group (age, income, marital status, gender, etc.). The researcher thus found it justifiable to use the research design. The design has been used by Mokhtar (2011) who examined the relationship between service quality and satisfaction on customer loyalty in Malaysian mobile communication industry. This design fits

3.3 Population of the study

For the purposes of this study, the population of interest was all mobile telephone subscribers in Kenya's major towns namely Nairobi, Mombasa, Nakuru and Kisumu. These are the highest in population (KNBS, 2014) with Nairobi having 3,375,000, Mombasa 1, 200, 000, Kisumu 409,928 and Nakuru 289,380 residents.

3.4 Sampling

The population of interest was divided into four clusters namely Nairobi, Kisumu, Nakuru and Mombasa. Each cluster was further divided into three categories based on their social class depending on disposable incomes. The Kenya National Bureau of statistics ranks Kenyans spending less than kshs 23,670 per month, to belong to lower class, those spending between kshs 23,670 and 199,999 per month, to belong to middle class while those that spend above kshs 121,000 per month, to belong to high class. This social class categorization by KNBS was act as a guide for the study.

Snow ball sampling method was applied on subscribers per town. A snowball sample is one in which the researcher collects data on the few members of the target population he or she can locate, then asks those individuals to provide information needed to locate other members of that population whom they know. This sampling technique is motivated by the social class categorization as income is a sensitive topic that respondents find personal.

According to Saunders et al. (2003), in order to have confidence your survey results are representative, it's critically important to have a large number of randomly selected participants. In addition the following conditions apply to sampling: a 90-99% confidence level, 1-10% margin of error and a standard deviation of 0.5, as that is the standard, standard deviation and it ensures the sample is large enough.

Necessary sample size:

$$n = (z^2 pq)/e^2$$

Where: n is the minimum sample size required

z is the standard normal deviate that is, 1.96 for .05 margin of error

p is the proportion in the target population estimated to have the characteristic recommended to be 50% if there is no estimate available of the proportion in the target population assumed to have the characteristic of interest.

q Is the proportion not having the characteristic (that is, 1-p)

e is the margin of error required (set at 5% in this study).

Source, Saunders et al. (2003)

Based on Saunders et al. (2003) sampling method for a representative sample, the researcher arrived at 384 respondents, with a z-score of 1.96 of the 95% confidence level, 5% margin of error and standard deviation of 0.5. Substituting the information in the formula gives a sample size of 384.

Sample size= (1.96)2*.5(.5)/. (05)2

= (3.8416*.25)/.0025

=0.9604/ 0.0025 =384.16 =384 respondents

Saunders et al. (2003) further suggested that if the researcher is to study sub-sets, the rule is to have at least 10 cases per subset. The researcher thus found a sample of 15 respondents per subset, per town statistically sufficient for data collection purpose and further generalization of findings.

The sample was be selected as shown in the table below: TABLE 3.4

Town	**Low Income**	**Middle Income**	**High Income**	**Total**
Nairobi	15	15	15	45
Kisumu	15	15	15	45
Nakuru	15	15	15	45
Mombasa	15	15	15	45
Total	60	60	60	180

3.5 Data Collection

The main instrument for data collection was the questionnaire. Most questions in the questionnaire are taken from prior studies that had proven their validity and reliability, though revalidated to meet present and environmental realities. The questions were on a 5-point Likert scale for easy coding and analysis.

The questionnaire was divided into two sections; section A to collect information about the profiles of respondents and section B to address factors that determine consumer patronage and relationships as well as factors that discourage brand switching. The questionnaires were administered by the researcher face to face to the respondents to allow for probing and clarifying ambiguities in responses.

3.6 Data Analysis

The questionnaires were inspected for completeness and omissions. The data collected was edited, coded and analyzed using SPSS package. Descriptive statistics such as the means and standard deviations was calculated to summarize the data. Regression analysis was also done to show relationship between variables. The data was then summarized using tables, histograms and pie charts.

3.7 Reliability and validity

A reliability test was conducted using Cronbach's alpha Coefficient. Cronbach's Alpha examines scores between each item and the sum of all relevant items to provide a coefficient of inter-term correlations, where, a strong relationship between the items within the measurement suggests high internal consistency. I.e. A value of Cronbach's Alpha of .70 or above is consistent with the recommended minimum values stated by Nunnally (1978**)**

Table 3.7: Reliability and validity of the Questionnaire

VARIABLES	NO.OF ITEMS	CRONBACH,S ALPHA
Customer Satisfaction	4	0.749
Service quality	5	0.790
Switching cost	3	0.739
Patronage	4	0.759
Brand image	4	0.781

Table 3.7 shows different Cronbach's Alpha for the 5 constructs of the questionnaire (1dependent variable and 4 independent variables). Switching cost has the lowest Alpha of 0.639, followed by Customer satisfaction and loyalty with 0.649, customer service with 0.659, brand image with 0.681 and service quality with the highest alpha of 0.690. Overall, all the items in each variable in the questionnaire have a good reliability.

CHAPTER FOUR

RESULTS AND INTERPRETATIONS

4.0Introduction

The study targeted a sample size of 180 respondents from which 171 filled in and returned the questionnaires making a response rate of 95%. The characteristics of the respondents sampled are presented in the first part of this chapter. The second part involved analysis on factors determining, consumers' patronage to mobile phone service providers in Kenya.

4.1 Profile of the sampled respondents

4.1.1 Characteristic of the respondents

Table 4.1 presents the gender of the respondents who participated in the study. Majority of the respondent (53.8%) were males whereas 46.2% of the respondent were females, this is an indication that both genders were involved in this study and thus the finding of the study did not suffer from gender bias.

Table 4.1: Gender

	Frequency	Percent
Male	92	53.8
Female	79	46.2
Total	171	100

Majority of the respondents (32.2%) were aged 20 to 25 years while the minority werebelow20 years of age. These results show that the study sample was sensitive to the age of the respondents capturing opinions across all the age groups.

Table 4.2: Age in years

Age Group	Frequency	Percent
Below 20	31	18.1
20-25	55	32.2
26-30	34	19.9
Above 30	51	29.8
Total	**171**	**100**

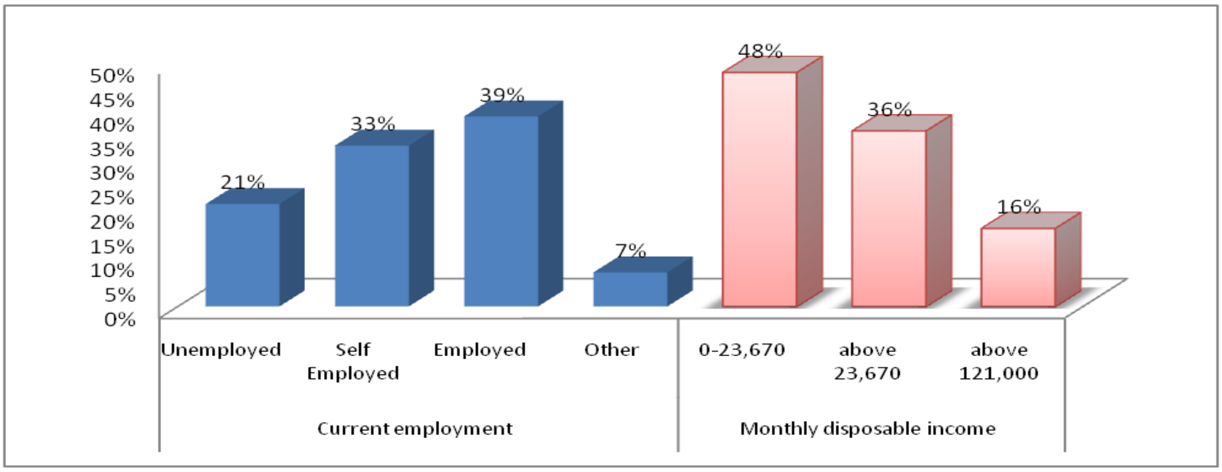
The level of the education can affect the respondents' opinion. This section sought to establish the highest level of education reached by the respondents who took part in the study. The level of education shows whether the respondents understood the concept under study. Majority of the study respondents had secondary education (40%) while a few of them had postgraduate degree (5%).

Table 4.3: Highest level of education

	Frequency	**Percent**
Primary	17	10%
Secondary	69	40%
College	47	27%
Undergraduate degree	29	17%
Post graduate degree	9	5%
Total	**171**	**100**

The respondents were asked to indicate their current sources of income and monthly disposable income. Most of the study respondents (39%) were employed while a third (33%) wereself employed and a good number (21%) unemployed. Most of the respondents (48%) reported their disposable monthly income to be between Ksh.0 and Ksh.23,670 while 36% reported above Ks.23670 with the remainder 16% above Ksh.121000.

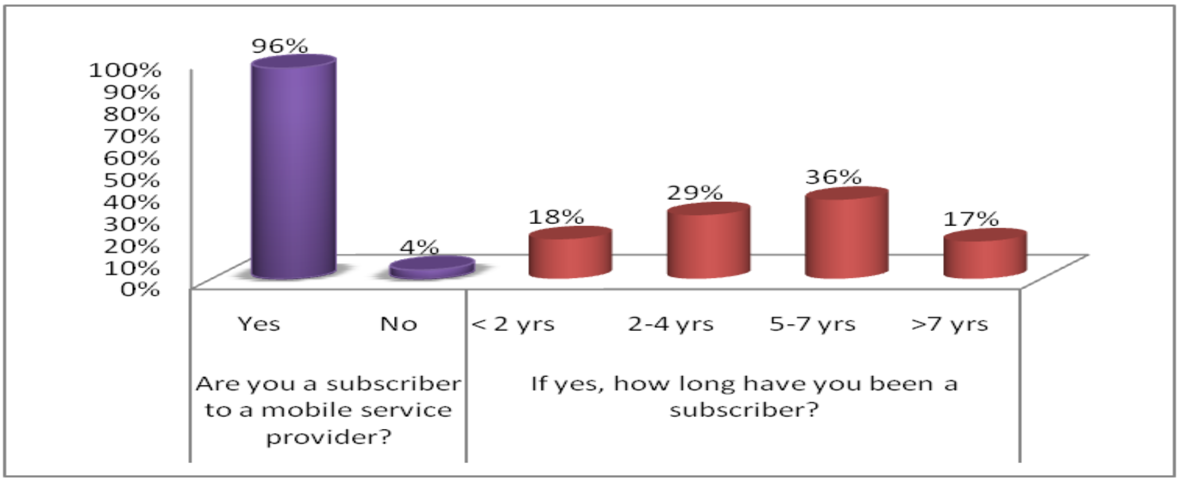
Figure 4.1: Source of income and disposable monthly income



4.2 Mobile Telephone Subscription

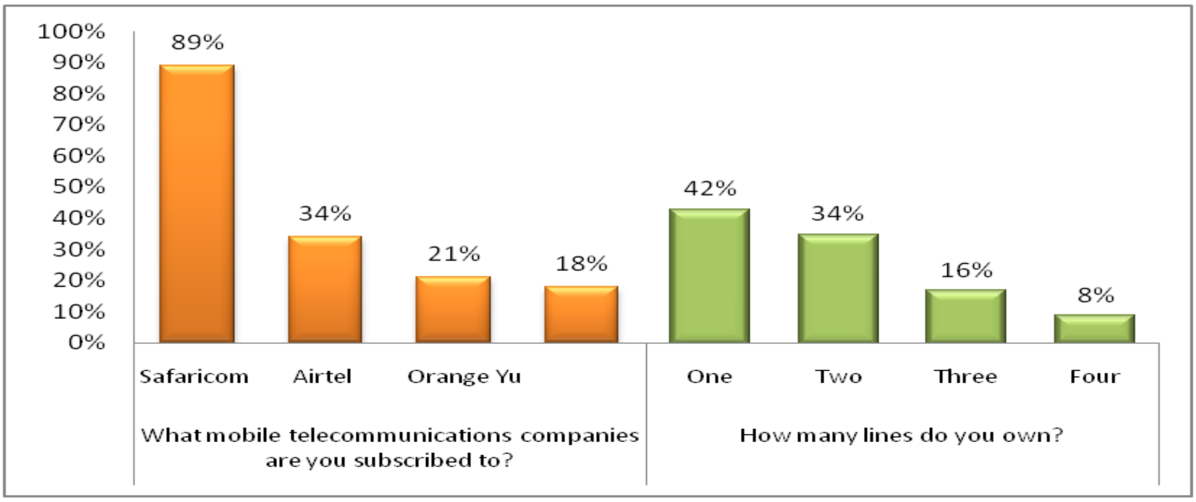
The study sought to investigate the respondents' mobile telephone subscription. Almost all of the study respondents (96%) were subscribers to a mobile service. When asked for how long they had been subscribers, most of the respondents (36%) reported 5-7 years while the minority (7 years) reported above 7 years.

Figure 4.2: Mobile Telephone Subscription



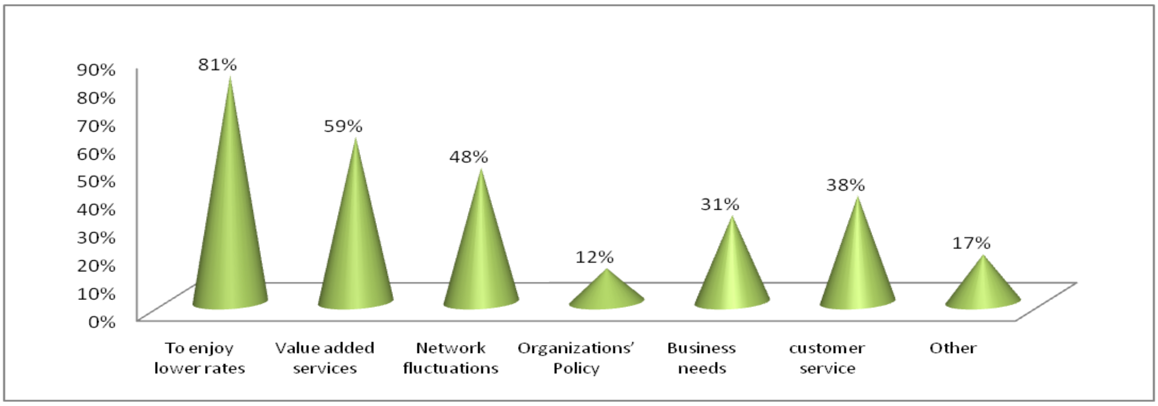
Respondents were further asked to state mobile telecommunications companies they are subscribed to and the number of lines in their possession. Most of the respondents (89%) were subscribed to Safaricom while more than a third (34%) Airtel, Orange and YU mobile telecommunications companies followed at 21% and 18%. When asked to state the number of lines currently owned, most of the respondents (42%) reported one while 34% had two and 16% three and the remainder 8% four.

Figure 4.3: Mobile telecommunication companies subscribed to



The researcher sought to find out the reasons why some of the respondents had more than one line. Most of the respondents (81%) owned more than one line to enjoy lower rates while a significant number (59%) reported value added services. Other reasons cited for ownership of more than one line included; Network fluctuations, Organizations' Policy, Business needs and customer service.

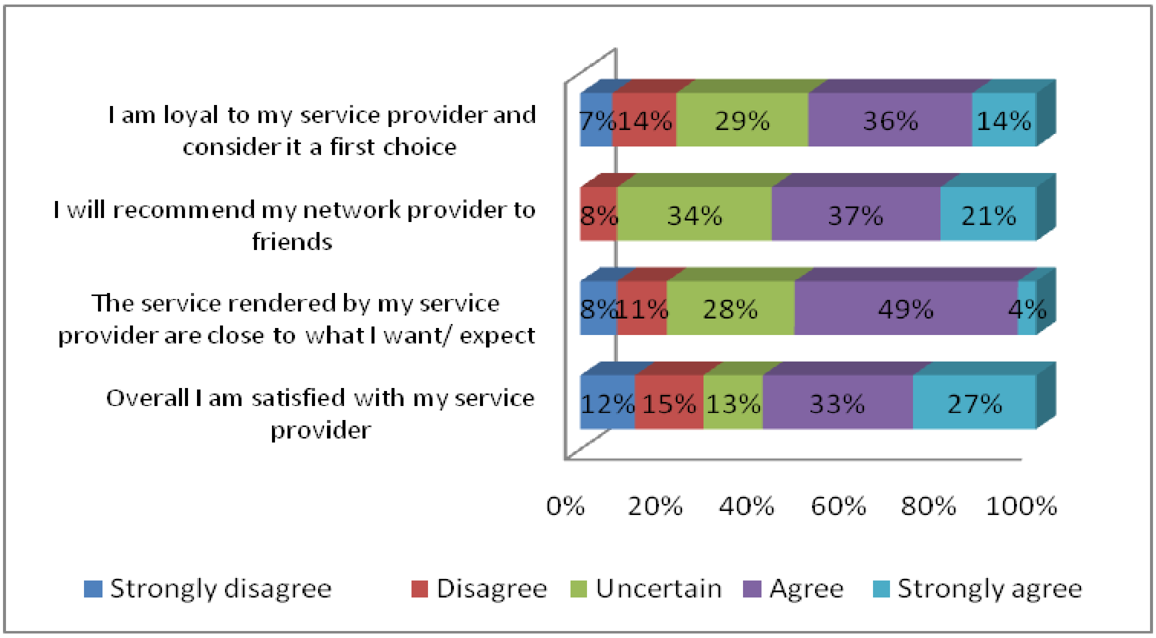
Figure 4.4: Reasons for owning more than one line



4.3 Customer Satisfaction &Patronage

To assess customers satisfaction, respondents were presented with a list of four statements on satisfaction and asked to rate how much they agreed with each statement. On overall most of the respondents (60%) were satisfied with their service provider. More than half of the respondents (53%) reported that the services rendered by their service provider are close to what they want/ expect. On the other hand 48% of the respondents would recommend their network provider to friends and another 50% reported to being loyal to their service provider and consider it a first choice

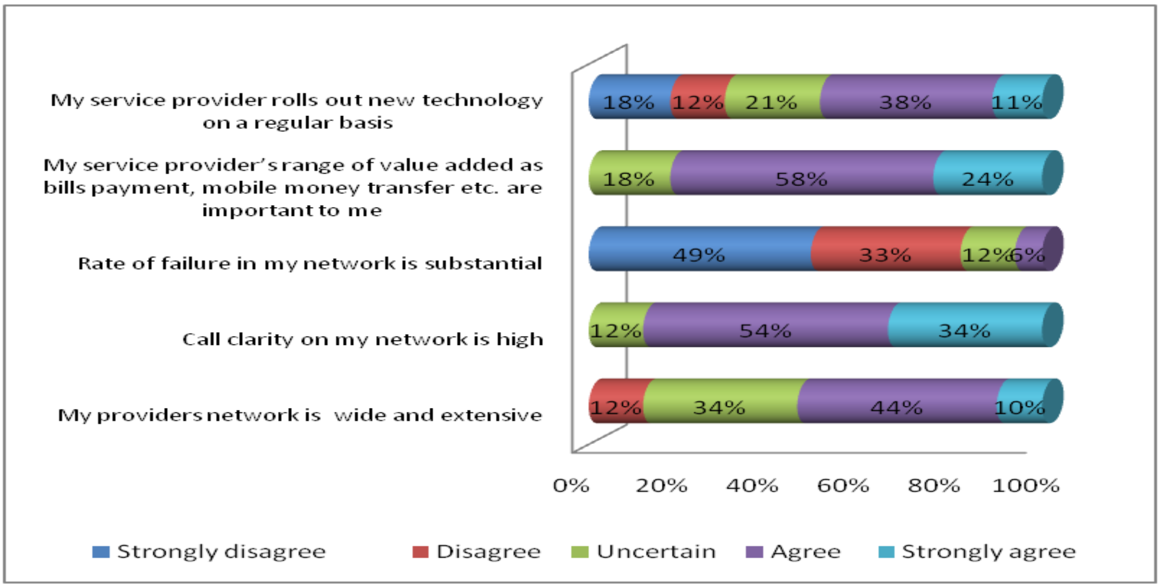
Figure 4.5: Customer Satisfaction



	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	SD
Overall I am satisfied with my service provider	12%	15%	13%	33%	27%	3.48	0.29
The service rendered by my service provider are close to what I want/ expect	8%	11%	28%	49%	4%	3.3	0.39
I will recommend my network provider to friends		8%	34%	37%	21%	3.71	0.33
I am loyal to my service provider and consider it a first choice	7%	14%	29%	36%	14%	3.36	0.32

To evaluate service quality respondents were presented with a list of five items on service quality and asked to state how much they agreed with each. More than half of the respondents (54%) reported that their providers' network is wide and extensive. Most of the respondents (88%) agreed with that call clarity on their network is high. On the other hand 82% of the respondents refuted the statement that rate of failure in their network is substantial. Most of the respondents (82%) agreed that their service provider's range of value added as bills payment, mobile money transfer etc. are important to them. However, 30% of the respondents disagreed that their service provider rolls out new technology on a regular basis.

Figure 4.6: Service Quality



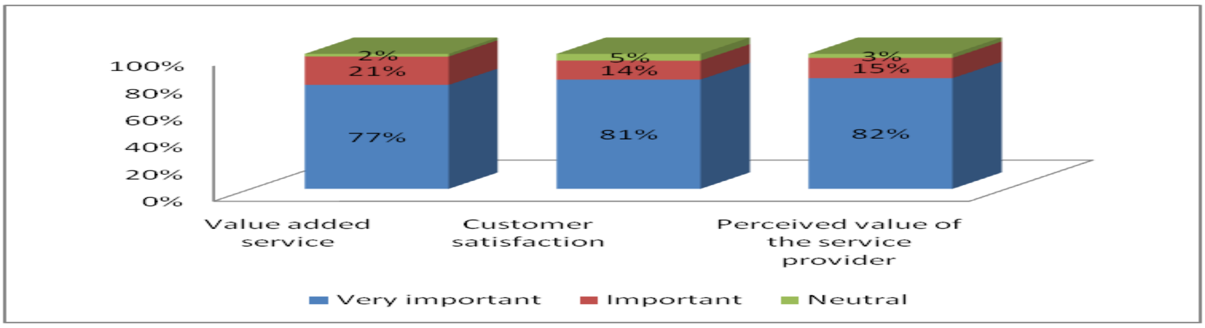
	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	SD
My providers network is wide and extensive		12%	34%	44%	10%	3.52	0.37
Call clarity on my network is high			12%	54%	34%	4.22	0.41
Rate of failure in my network is substantial	49%	33%	12%	6%		1.75	0.40
My service provider's range of value added as bills payment, mobile money transfer etc. are important to me			18%	58%	24%	4.06	0.42
My service provider rolls out new technology on a regular basis	18%	12%	21%	38%	11%	3.12	0.31

4.4 Switching Cost

To investigate switching cost, respondents were presented with three statements on five point likert scale on switching cost and asked to rate the level of importance with each. The question stated "On an importance scale, kindly indicate the extent to which you consider the following factors in your "switching" from one network to another".

Most of the respondent (above 75%) rated Value added service, Customer satisfaction and Perceived value of the service provider as of extreme importance when switching from one network to another.

Figure 4.7: Switching Cost

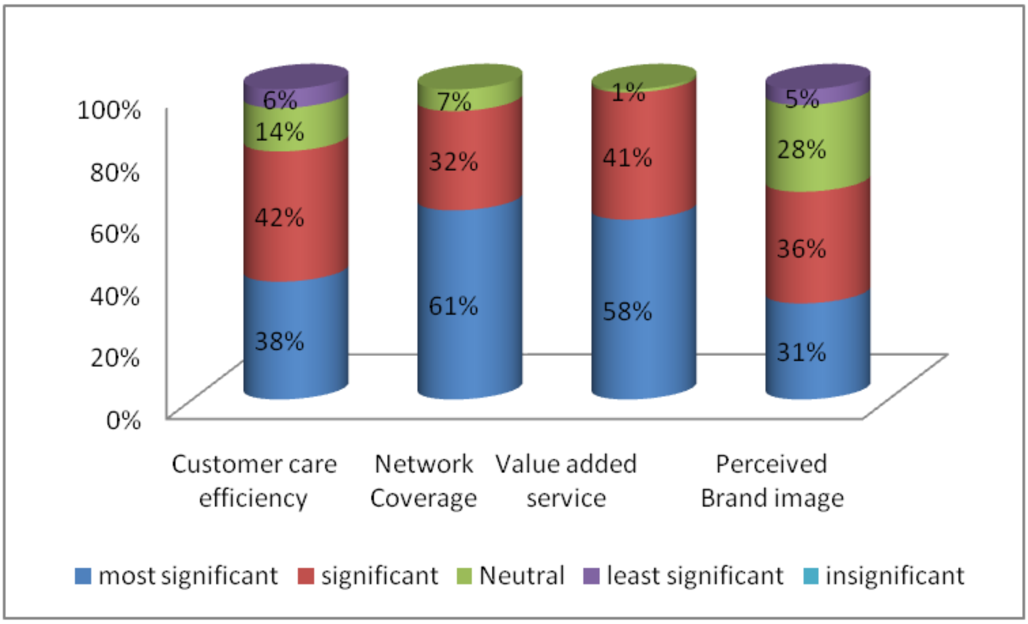


	Very important	Important	Neutral	Not important	Mean	SD
Value added service	77%	21%	2%		4.25	0.66
Customer satisfaction	81%	14%	5%		4.24	0.68
Perceived value of the service provider	82%	15%	3%		4.21	0.68

4.5 Customer Patronage

To evaluate factors influencing patronage to mobile telephony service provider respondents were presented with four statements on likert scale and asked to state the significance of each in their patronage to mobile telephony service provider. Network Coverage and Value added service were rated most significant by half of the respondents at 61% and 58% respectively. On the other hand a significant number of respondents were uncertain on the importance of Customer care efficiency and Perceived Brand image on patronage to mobile telephony service at 14% and 28% mention.

Figure 4.8: Patronage

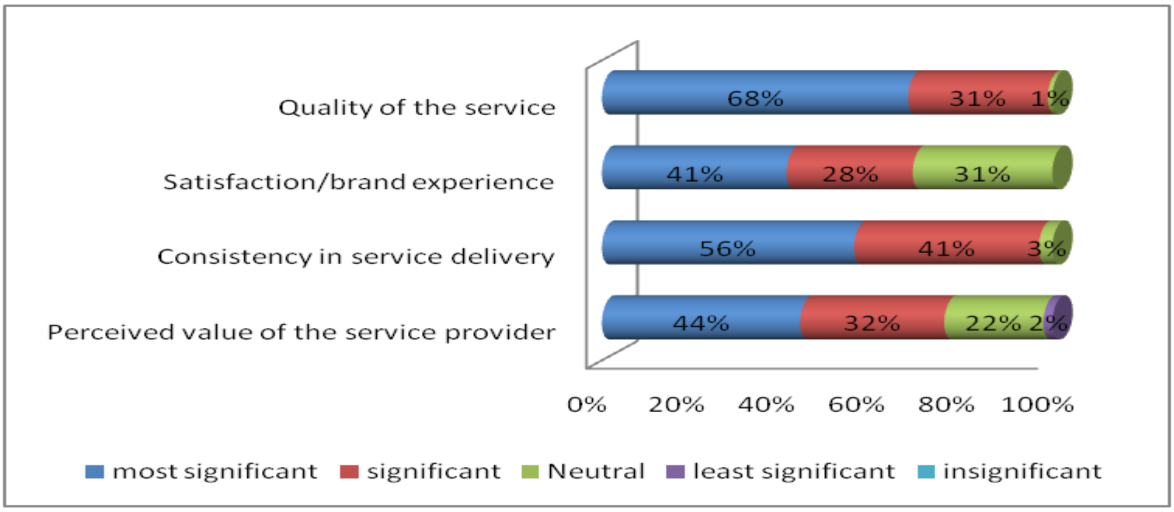


	most significant	**significant**	**Neutral**	**least significant**	**insignificant**	Mean	SD
Customer care efficiency	38%	42%	14%	6%		3.88	0.38
Network Coverage	61%	32%	7%			4.46	0.47
Value added service	58%	41%	1%			4.43	0.49
Perceived Brand image	31%	36%	28%	5%		3.07	0.34

4.6 Brand Image

To evaluate the impact of brand image on the respondents' perception about their service provider, four statements on likert scale were posed to the respondents. Respondents were asked to indicate the extent to which the factors influence their perception about their service provider. Most of the respondents cited quality of the service from their service provider as the most important factor with 68% mention. In addition, consistency in service delivery was also rated very important by more than of the respondents (56%). A significant number of the respondents were indecisive on the fact that satisfaction/brand experience and perceived value of the service provider affects their perception about their service provider with a prevalence of 31% and 22% respectively.

Figure 4.9: Brand image



	most significant	significant	Neutral	least significant	insignificant	Mean	SD
Perceived value of the service provider	44%	32%	22%	2%		4.12	0.38
Consistency in service delivery	56%	41%	3%			4.37	0.47
Satisfaction/brand experience	41%	28%	31%			3.9	0.27
Quality of the service	68%	31%	1%			4.53	0.54

4.7 Descriptive Statistics of the Resultant Variables

Table 4.4 shows descriptive statistics of the composite variables obtained after averaging the components of underlying variables. For example Variable Y was the average of the four components measuring Customer Patronage, while X1 was Service Quality, X2 Switching cost, X3 Brand Image and X4 customer satisfaction

Table 4.4: Descriptive and Assessment of Normality for the variables

	PATRONAGE	S.Q	S.COST	B.I	C.S
N	171	171	171	171	171
Mean	3.7963	3.8660	3.0194	3.2004	3.1194
Median	3.633	3.9167	2.9444	4.1250	2.9312
Mode	3.62	3.92	3.08	3.13	3.18
Std. Deviation	.37118	.48147	.76311	.46255	.66311
Skewness	-.419	-.297	.452	-.230	.342
Std. Error of Skewness	.208	.203	.206	.208	.206
Kurtosis	.155	.683	-.027	-.106	-.027
Std. Error of Kurtosis	.413	.403	.408	.413	.408
Minimum	2.13	2.42	1.50	2.00	1.50
Maximum	4.93	5.00	5.00	5.00	5.00

The ranges of twice the standard error (SE) of skewness of the variables were: Y = $\pm$ 0.416; X1 = $\pm$ 0.406; X2 = $\pm$ 0.412, X3 = $\pm$ 0.416 and X4 = $\pm$ 0.412. The computed skewness value for Y was -0.419. Since this value is almost within the range of twice the SE of Y, Y values were only slightly skewed to the right i.e. most respondents answered "Agree" and "Strongly Agree". For X2 and X4, value for skewness was 0.452, showing that the distribution was skewed slightly to the left. For X1 and X3, the values of skewness fell within the ranges of twice their Standard errors, showing that their distributions were roughly normal.

The ranges of twice the standard error (SE) of kurtosis of the variables were: Y = $\pm$ 0.826; X1 = $\pm$ 0.806; X2 = $\pm$ 0.836, X3 = $\pm$ 0.826 and X4 = $\pm$ 0.836. The computed kurtosis value for Y was 0.155. Since this value is within the range and close to 0(zero) the distribution of the scores was close to normal in terms of peakedness. Since the computed values were close to zero, it showed that the distribution of the variables was nearly normal.

4.8 HYPOTHESIS TESTING

The study sought to determine the effect of factors determining consumer patronage to Safaricom Pearson's correlation analysis was used to test hypotheses one to four.

Table 4. 5: Correlations

		Customer Patronage	Service Quality	Brand Image	Switching cost	Customer satisfaction
Customer Patronage	Pearson Correlation	1	.645**	.674**	.437**	.666**
	Sig. (2-tailed)	.	.000	.000	.000	.000
	N	303	303	303	303	303
Service Quality	Pearson Correlation	.645**	1	.142*	.145*	.177**
	Sig. (2-tailed)	.000	.	.013	.011	.002
	N	303	303	303	303	303
Brand Image	Pearson Correlation	.674**	.142*	1	.239**	.060
	Sig. (2-tailed)	.000	.013	.	.000	.302
	N	303	303	303	303	303
Switching cost	Pearson Correlation	.437**	.145*	.239**	1	.147*
	Sig. (2-tailed)	.000	.011	.000	.	.010
	N	303	303	303	303	303
Customer satisfaction	Pearson Correlation	.666**	.177**	.060	.147*	1
	Sig. (2-tailed)	.000	.002	.302	.010	.
	N	303	303	303	303	303

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Ho1 Service quality has no significant effect on consumer patronage

From the table 4.5 above ,the results reveal that there a positive relationship between service quality and patronage(r=0.211,p=0.009).Ho1 which stated that Service quality has no significant effect on consumer patronage was rejected and the alternative hypotheses which states that there is a positive relationship between service quality and consumer patronage is accepted.

Ho2 Switching costs has no significant effect on consumer patronage

From table 4.7 above, the results reveal a significant positive relationship between switching costs and consumer patronage(r=0.244,p=0.000).Ho1 which stated that switching cost has no significant effect on consumer patronage was rejected and the alternative hypotheses which states that there is a significant positive relationship between switching cost and consumer patronage was accepted.

Ho3 Consumer satisfaction has no significant effect on consumer patronage

From table 4.7 above, the results reveal a significant positive relationship between consumer satisfaction and consumer patronage (r=0.392, p=0.000).Ho3 which stated that Consumer satisfaction has no significant effect on consumer patronage was rejected and the alternative hypotheses which states that there is a significant positive relationship between consumer satisfaction and consumer patronage was accepted.

Ho4 Brand image has no significant effect on customer patronage

From table 4.7 above, the results reveal an insignificant relationship between brand image and consumer patronage (r=0.151, p=0.094).Ho4 which stated that brand image has no significant effect on consumer patronage was accepted.

Ho5The combined effect of service quality, switching cost, consumer satisfaction and brand image has no significant effect on consumer patronage.

The standardized beta coefficient shows that consumer satisfaction (r=0.392, p=0.000), switching cost (r=0.244, p0.000) and service quality (r=0.211,p=0.009) made the strongest individual contribution in influencing consumer patronage. On the other hand, (r=0.151, p=0.094) made insignificant contribution to consumer patronage. This means that consumer patronage increases when service quality and switching cost are high and consumers are satisfied by their service provider.

4.9 Regression analysis

A regression model containing the four independent variables (Service Quality, Switching Cost, Brand Image, and Customer Satisfaction) were ran to predict Customer Patronage from the omnibus effect of the four.

From the table below a variance value, R^2 value of .794 indicates that 79.4% of the variation in Customer Patronage can be explained by the model. Hence service quality; switching cost, brand image and customer satisfaction can explain 79.4% of the variation in customer patronage while other factors can explain 20.6%.An test statistic (F value) was also carried out to help detect auto correlation in residuals from the regression analysis. This is shown in table 4.6.

Table 4.6: Model Summary

					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.891[a]	.794	.786	.31238	.794	96.535	4	100	.000	2.166

a. Predictors: (Constant), Service Quality, Switching cost, Brand Image, customer satisfaction

b. Dependent Variable: Customer Patronage

4.9.1 Analysis of variance and coefficients

To determine how best the regression model fits our data, Analysis of Variance on the coefficient of determination (R^2) was calculated. An F value of 96.535 (df=4, 100 and P<.001) shows that the model is suitable at 95% confidence level. This is seen in table 4.7.

Table 4.7: ANOVA

Model		Sumof Squares	df	Mean Square	F	Sig.
1	Regression	37.680	4	9.420	96.535	.000[a]
	Residual	9.758	100	.098		
	Total	47.439	104			

a. Predictors: (Constant), Service Quality, Switching Cost, Brand Image, Customer Satisfaction

b. Dependent Variable: Customer Patronage

The table 4.7 displays the coefficient of the regression model of Customer Patronage on Service Quality, Switching cost, Brand Image and customer satisfaction. From the table, all the coefficients of the model except Brand Image were significant at 5% level of significance. The variance inflation factor (VIF) for co-linearity gave figures all below 5 meaning was no co-linearity of the predictors in the model, thus independent variables. This is seen in figure 4.8.

Table 4.8: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.581	.190		3.063	.003		
Service Quality	.204	.077	.211	2.658	.009	.328	3.052
Brand Image	.107	.063	.151	1.691	.094	.260	3.849
Switching cost	.180	.049	.244	3.657	.000	.461	2.168
Customer satisfaction	.345	.071	.392	4.837	.000	.312	3.200

a. Dependent Variable: Customer Patronage

Therefore, Customer Patronage can be predicted using the following equation:

$Y=.581+.204X_1+.180X_3+.345X_4$

Where;

Y is Customer Patronage

X_1 is the Service Quality

X_3 is the Switching cost

X_4Customer Satisfaction

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of major findings, conclusion drawn from the findings and finally recommendations made. The study assessed factors determining, consumers' patronage to mobile phone service providers in Kenya. The study sought to answer four research questions; is there an effect of service quality on customer patronage to Safaricom?; is there an effect of switching costs on customer patronage to Safaricom?; is there an effect of consumer satisfaction on patronage to Safaricom?; is there an effect of brand image on customer patronage to Safaricom?.

5.2 Summary of major findings

Results showed that almost all of the study respondents were subscribers to a mobile service. When asked for how long they had been subscribers, Most of the respondents reported to have been subscribers of mobile service for 5-7 years while a few above 7 years. Most of the respondents were subscribed to Safaricom while more than a third to Airtel, Orange and YU mobile telecommunications companies had the lest subscribers. Most of the respondents owned one line while a significant number had more than one line. Reasons why some of the respondents had more than one line included to enjoy lower rates, value added services, network fluctuations, organizations' policy, business needs and customer service.

Most of the respondents were satisfied with their service provider. More than half of the respondents reported that the services rendered by their service provider are close to what they want/expect. On the other hand a significant number of the respondents would recommend their network provider to friends.

More than half of the respondents reported that their providers' network is wide and extensive. Most of the respondents agreed that call clarity on their network is high. On the other and most of the respondents refuted the statement that rate of failure in their network is substantial. Most of the respondents agreed that their service provider's range of value added as bills payment, mobile money transfer e.g. are important to them. However, a significant number of the respondents disagreed that their service provider rolls out new technology on a regular basis.

Results on the effect of switching cost on customer patronage revealed that most of the respondent rated value added service, customer satisfaction and perceived value of the service provider as of extreme importance when switching from one network to another.

On factors influencing patronage to mobile telephony service provider network coverage and value added service were rated most significant factors by most respondents. On the other hand a significant number of respondents were uncertain on the importance of customer care efficiency and perceived brand image on patronage to mobile telephony service.

Results on impact of brand image on the respondents' perception about their service provider showed that most of the respondents cited quality of the service from their service provider as the most important factor. In addition, consistency in service delivery was also rated very important by more than of the respondents. A significant number of the respondents were indecisive on the fact that satisfaction/brand experience and perceived value of the service provider affects their perception about their service provider.

Regression analysis results showed a significant relationship between Customer Patronage and Service Quality, Switching cost and customer satisfaction. However, the relationship between, Customer Patronage and Brand Image was not significant at 5% level of significance.

5.3 Conclusion

The study aimed at assessed factors determining, consumers' patronage to mobile phone service providers in Kenya. The study sought to answer four research questions; is there an effect of service quality on customer patronage to Safaricom?; is there an effect of switching costs on customer patronage to Safaricom?; is there an effect of consumer satisfaction on patronage to Safaricom?; is there an effect of brand image on customer patronage to Safaricom?.

The four independent variables explained patronage in the Kenyan mobile telephone sector at 79.4% of patronage in the market leaving 20.6% to other factor not covered in this study as per the variance.

Service quality had a 26.9%stake of the 79.4% in patronage where subscribers gave network reliability; value added services and new technology roll out as reasons for patronage.

Switching cost had an 18% stake of the 79.4%, service experience and value added services by the provider as reasons for patronage. Brand image had no significance if any in patronage to service provider Safaricom; in the 79.4% it had a zero impact on patronage. Customer satisfaction had a 34.5% stake in patronage; subscribers said Safaricom gave them delighted customer moments as perceived service matched service delivered in most instances. Pricing was not really a factor considered by consumers in mobile phone service provider choice. Consumers were more keen on actual service delivered in comparison to perceived service and were willing to pay the price that ensures there is no gaps.

5.4 Recommendations

5.4.1 Telecommunication companies'

Telecommunication companies' management teams should put in place measures to ensure their network is reliable, they continuously roll out new technology and value to their services overtime. They should also ensure their service experience gives customers delighted moments where by perceived service equals service delivered.

They should thus put in place strategies to ensure continuous improved service quality and competitive advantage to give consumers with significant switching cost. Moreover they should have updated consumer feedback so as to know what consumers really want to ensure consumers perceived service match service delivered leading to consumer satisfaction.

5.4.2 Communications Authority of Kenya

Safaricom has consumer patronage from mainly service quality and customer satisfaction. Instead of declaring the service provider a dominant player so that its split up as from your side they are benefitting from brand equity which this research nullified, set standards of the sector that service providers are to stick to and we won't have the problem, currently as is of one service provider been a dominant player due to inefficiencies of the others.

5.5 Areas for Future Study

This research tried to assess factors that determine consumers' patronage of mobile phone service providers in Kenya. This research was only able to explain patronage in the mobile phone sector by 79.4%.there is a 20.6% cause for patronage unexplained. Future scholars should try find out what is the 20.6% composed of in the mobile phone sector and other service sectors of the economy. Future scholars should also determine the extent to which loyalty programs creates and maintains brand loyalty. In other words, what truly bonds the customer to a brand?

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APPENDICES

Appendix: Questionnaire

This research is carried out in partial fulfilment of the award of a Master of Business Administration at Egerton University. Therefore the responses received shall be used for academic purposes only and all the information obtained shall be treated with utmost confidence. Kindly answer the following questionnaire by ticking against your answer. Your cooperation in completing it was be greatly appreciated.

(Kindly tick against your answer)

1. Age Bracket

Below 20 [ ] 20-25 [ ] 26-30 [ ] Above 30 [ ]

2. Gender

Male [ ] Female [ ]

3. Kindly indicate the highest level of education have you attained.

Primary education ☐ Secondary education ☐ College education ☐

Undergraduate degree ☐ Masters Degree ☐ Others ☐ (Indicate)……………

4. In the spaces provided below, kindly indicate the type of employment you are engaged in currently.

Unemployed ☐ Self Employed ☐ Employed ☐ Other ☐

5. Kindly indicate the category in which your monthly disposable income falls.

0-23,670 ☐ above 23,670 ☐ above 121,000 ☐

6. Are you a subscriber to a mobile service provider?

Yes [ ] No [ ]

7. If yes, for how long have you been a subscriber to mobile services?

Less than two years [ ] 2-4 years [ ]

5-7 years [ ] 8years and above [ ]

8. How long have you been a subscriber to the specific mobile company?

Less than two years [ ] 2-5 years [ ]

6-9 years [ ] More than 9 years [ ]

9. What mobile telecommunications companies are you subscribed to?

Safaricom [ ] Airtel [ ]

Orange [ ] Yu [ ]

10. How many lines do you own?

1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

If you own more than one line what are your reasons?

i) To enjoy lower rates ☐
ii) Value added services ☐
iii) Network fluctuations ☐
iv) Organizations' Policy ☐
v) Business needs ☐
vi) customer service ☐

Other………………………. ☐

11. On what scale does price determine your service provider choice?

1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

12. If your service provider reviewed their prices up on the given scale would you stick with them?

1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

13. On what scale do advertisements and promotions determine your service provider choice?

1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

For the following questions please key in the following options

1. Strongly disagree 2.disagree 3. Uncertain. 4. Agree 5. Strongly agree

customer satisfaction &patronage	1	2	3	4	5
Overall I am satisfied with my service provider					
The service rendered by my service provider are close to what I want/ expect					
I was recommend my network provider to friends					
I am loyal to my service provider and consider it a first choice					
service quality					
my providers network is wide and extensive					
Call clarity on my network is high					
Rate of failure in my network is substantial					
My service provider's range of value added as bills payment, mobile money transfer etc. are important to me					
My service provider rolls out new technology on a regular basis					

Switching cost

On an importance scale, kindly indicate the extent to which you consider the following factors in your “switching” from one network to another. Where 5=very important and 1=least important

	5	4	3	2	1
Value added service	[ ]	[ ]	[ ]	[ ]	[ ]
Perceived value of the service provider	[ ]	[ ]	[ ]	[ ]	[ ]

Patronage

Please indicate by ticking the extent to which the following factors influence your patronage to your mobile telephony service provider. Using the following keys

5= most significant, 4= significant, 3=Neutral, 2= least significant, 1= insignificant.

	5	**4**	**3**	**2**	**1**
Brand experience/trust	[ ]	[ ]	[ ]	[ ]	[ ]
Perceived Brand image	[ ]	[ ]	[ ]	[ ]	[ ]

On the scale given above, would you refer your friends to your service provider?

[ ] [ ] [ ] [ ] [ ]

Again On the scale above do you intend to continue using your service provider?

[ ] [ ] [ ] [ ] [ ]

Brand image

9. On an importance scale, kindly indicate the extent to which the following factors influence your perception about your service provider. Where 5 = Very important and 1 least important.

	5	**4**	**3**	**2**	**1**
Perceived value of the service provider	[ ]	[ ]	[ ]	[ ]	[ ]
Quality and Consistency in service delivery	[ ]	[ ]	[ ]	[ ]	[ ]
Satisfaction/brand experience	[ ]	[ ]	[ ]	[ ]	[ ]
Brand awareness	[ ]	[ ]	[ ]	[ ]	[ ]