DETERMINANTS OF CUSTOMER RETENTION IN THE MOBILE TELECOMMUNICATION INDUSTRY IN KENYA: A CASE OF AIRTEL KENYA

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DETERMINANTS OF CUSTOMER RETENTION IN THE MOBILE TELECOMMUNICATION INDUSTRY IN KENYA: A CASE OF AIRTEL KENYA

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ABSTRACT

The purpose of the study was to explore the determinants of effective customer retention in the mobile communication industry in Kenya. The specific objectives of the study were to examine how customer satisfaction, customer care service, sales promotion and price/ tariff structure influence customer retention in the mobile communication industry in Kenya. The study adopted a descriptive survey and the study targeted 680 employees of Airtel Kenya.A sample of 68 respondents was used and stratified sampling technique was carried out and primary data was collected through the use of questionnaires. The secondary data was obtained from published documents such as journals, periodicals, magazines and reports to supplement the primary data. A pilot study was conducted for the data collection instrument. The data was analyzed with help of SPSS version 21 and Excel. The study adopted correlation and regression analysis at 5% level of confidence to determine strength and direction of the relationship of the variables under study. The analysis showed that customer satisfaction had the strongest positive (Pearson correlation coefficient =.837) influence on customer retention. In addition, customer care service and sales promotion were positively correlated while price/ tariff structure was negatively correlated to customer retention (Pearson correlation coefficient =.667, .639 and -.781) respectively. The study recommends that the organization to develop policies to ensure that there is customer care is well taken care of as it influences customer retention in Airtel Kenya, sales promotion should match with the changing environment, the organization should have a wide range of sales promotion to suit different people, offer continuous sale-promotion to its customers, enact strategies to ensure that there is sale-promotion of Airtel Kenya and appreciated by its customers and the organization should offer more sale-promotion than its competitors and ensure customers are satisfied with the prices offered by the service provider as the price is an indicator of the quality of service and need for the organization to offer relatively cheaper and affordable products as compared to other mobile companies.

Key Words: *Customer Retention, Mobile Telecommunication Industry*

INTRODUCTION

The chapter provides the background information, Statement of the Problem, research objectives and research questions that underpin the study. The chapter also has significance, scope and limitations of the study.

Background of the study

Telecommunication has been seen as a key resource for a country‘s development and hence the importance to understand the trends that influence its penetration in the country. Customer retention is vital for continuity of an organization. This is because the organization is ensured of repeat purchases, word-of-mouth advertisement and lower customer handling costs as the customer is aware of the standard operating procedures among many other benefits. Besides, it reflects "the state of mind that customers have about a company and its products or services when their expectations have been met or exceeded. This state reflects the lifetime of the product or service experience. Marketers recognize that it is usually less costly and easier to do business or sell to an old satisfied customer, than to keep seeking new ones(Hughes, 2001)

The world has taken cognizance of the emergence of the service industry as a prominent contributor to its economy over the last century. A number of countries in the last few decades have experienced a dramatic change in the importance of services and the role of the services sector in their economies (Sharma, 2002). The ultimate goal of service industry is the satisfaction of its customers because their satisfaction can somehow make them to come again. But if the customer is loyal then he will definitely turn back. In today's challenging economy and competitive business world, retaining your customer base is critical to your success. If you don't give your customers some good reasons to stay, your competitors will give them a reason to leave. Customer retention and satisfaction drive profits. It's far less expensive to cultivate your existing customer base and sell more services to them than it is to seek new, single-transaction customers. Most surveys across industries show that keeping one existing customer is five to seven times more profitable than attracting a new one. If a business successfully creates and keeps customers in a cost-effective way, it will make a profit while continuing to survive and thrive. If, for any reason, a business fails to attract or sustain a sufficient number of customers, it will experience losses. Too many losses will lead to the demise of the enterprise (Lewis, 2004).

Global Perspective of Customer Retention

Communication industry is gaining popularity and importance in many advanced and developing countries. Today, communication is becoming the nerve of the life. Mobile usage is growing rapidly, and telecommunication marketers are developing new strategies to take advantage of the potential customers. According to Federal Communications Commission (2003), subscribers for mobile telephony services in the United States for 2002 stood at 141.8 million. Literature also shows that 7.5% of all mobile phone subscribers actually use the phones to browse the Internet. On the other hand, an estimated 11.9 million in the U.S. subscribe to mobile Internet service. Customer satisfaction is an important issue for marketing managers, particularly those in services industries (Lewis, 2004). In general, if the customers are satisfied with a provided goods or a particular service, the probability that they use the service again increases (Venetis & Ghauri, 2004).

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. Instead, companies build their success on a long-term customer relationship (Venetis & Ghauri, 2004). Customer retention programs have increased in recent decades and customers are members in several loyalty programs. Loyalty programs are seen as a tool of exploiting customer relationship management with the aim of long-term, profitable customer relationships (Eriksson & Vaghult, 2000).). Companies have created such a market where customers are rewarded automatically, even if they are disloyal. In addition, companies are struggling as they try to motivate customers to purchase more and make more frequent visits (Arantola, 2003)

It has been estimated that in 2003 there were 1.4 billion mobile phones worldwide, half of them capable of being internet-enabled (Clarke III, 2001). Communication devices for both entertainment and commerce, corporations are also increasing considering cell phones as a critical success factor to conducting business activities. Recently, customers can go to market with the —mobility that new technology has brought to customer's daily lives. Usage of mobile phones has now extended from voice communications to the internet, increase in extension of mobile internet technology and much development of m-commerce applications has opened great opportunity for mobile service users. However, surveys on US consumer's perceptions of mobile service show that the level of satisfaction is much lower for mobile service carriers compared to other service sectors (Sharma, 2007) Mobile service carriers need to be aware of drivers of customer satisfaction and loyalty in order to build effective business strategies for customer retention. In the highly competitive, complex and dynamic environment of the communication industry, the very slight differences which exist in financial services and products together with an increasingly demanding customer have led to a great transformation in the industry. The traditional product-oriented organization is becoming increasingly customer-oriented in accordance with the basic principles of relational marketing, which focuses on customer retention as its main goal. In this sense, Winner (2001) considers that constant customer-oriented behaviour is a requisite for improving the implementation of quality in services marketing. Indeed, factors such as financial products and distribution have attained similar levels of development and technology and have thus been relegated to a secondary role as reference points for distinguishing between one organization and another (Edward & Sahadev, 2011).

In this sense, Gilmore et al., (2009) argue that, given that many financial services are parity offerings, it can be stated that a customer is unlikely to be overly impressed by core product attributes when all companies are providing similar offerings(Carson *et al*, 2009).Communication industry is gaining popularity and importance in many advanced and developing countries. Today, communication is becoming the nerve of the life. Mobile usage is growing rapidly, and telecommunication marketers are developing new strategies to take advantage of the potential customers. According to Federal Communications Commission (2003), subscribers for mobile telephony services in the United States for 2002 stood at 141.8 million. Literature also shows that 7.5% of all mobile phone subscribers actually use the phones to browse the Internet. On the other hand, an estimated 11.9 million in the U.S. subscribe to mobile Internet service. It is commonly known that there is a positive relationship between customer retention and profitability. Alshuredi & Alkurdi (2012) found that when a company retains just 5 percent more of its customers, profits increase by 25 percent to 125 percent. Their study caught the attention of both practitioners and researchers, arousing a great interest in customer retention (Kandampully,& Suhartanto, 2004).).

It can cost as much as six times more to win a new customer than it does to keep an existing one (Chuah et al., 2014). Depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration by 5% (Verhoef, 2003). Hence the increase and retention of loyal customers has become a key factor for long-term success of the companies. Loyal customers will also help promote your hotel. They will provide strong word-of-mouth, create business referrals, provide references, and serve on advisory boards. Kaplan & Atnkson (2015) states, loyal customers serve as a —fantastic marketing force by providing recommendations and spreading positive word-of-mouth; those partnership-like activities are the best available advertising a company can get. Loyal customers increase sales by purchasing a wider variety of the hotel‘s products and by making more frequent purchases. Guttafusson (2005) found loyal hotel customers had higher food and beverage purchases than non-loyal customers.

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. (Kivetz *et al*, 2004) calls trust a cornerstone of the strategic partnership. Uncertainty may be caused by dependence or large choice: people tend then to prefer popular or familiar brands or partners. Reinartz (2005) 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. Chauduri 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 (Thomas, 2001).

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 retention. Ehrenberg, Ndungu (2012) investigated the nature of different levels of loyalty, others (e.g. Day, 2003) have explored the influence of individual factors on loyalty. Lavierre (2005) has considered a role of salesman in making relationship more personal thus enhancing customer retention. Hofmeyr and Rice (2000) point out that the more important the relationship is to a person, the more willing that person is to tolerate dissatisfaction in favour of trying to fix it. By contrast, when a relationship doesn‘t matter, then even the perfectly satisfied consumer can switch on a whim. (Hofmeyrand Rice, 2000) A relationship can also be made important by personal approach. Various authors have compared loyalty with marriage. Marriage is one of the most personal and important relationships. That means that intimacy is one determinant for importance of relationship.

The potential for establishing loyalty depends on the subject (customer) or on the environment (market). Customer retention is the feelings or attitudes that incline a customer either to return to a company, shop or outlet to purchase there again, or else to re-purchase a particular product, service or brand. Customer retention is the totality of feelings or attitudes that would incline a customer to consider the repurchase of a particular product, service or brand or re-visit a particular company or shop. It affects the success and profitability of companies. Companies can achieve competitive advantage through customer retention and it is the way to gain the best kind of customers and thereby repeat customers (Lavierre, 2005)

According to Lai (2009), perception of a customer affects his judgment and it turns his loyalty towards the product or services. Loyalty provides the foundation of a company's sustained competitive edge. By developing and increasing loyalty, companies can ensure its proper growth and economic performance. So the marketing strategy of the companies should be framed in such a way that they will be able to try to retain the existing customers by increasing their loyalty and value (Kim et al., 2004).

Kenyan Perspective of Customer Retention

Telecommunication is the transmission of information, over significant distances, for the purpose of communication. In earlier times, telecommunications involved the use of visual signals, such as beacons, smoke, semaphore telegraphs, signal flags, and optical heliographs, or audio messages via coded drumbeats, lung-blown horns, or sent by loud whistles, for example. In the modern age of electricity and electronics, telecommunications now also includes the use of electrical devices such as telegraphs, telephones, and teletypes, the use of radio and microwave communications, as well as fiber optics and their associated electronics, plus the use of the orbiting satellites and the Internet (Choie et al, 2013).

Kenya's government has responded to these challenges with a market-oriented economic policy, which emphasizes openness to the world economy and export-led growth. This policy necessitates a more universal and reliable telecommunications network than would be needed had Kenya attempted a predominantly inward-looking, centrally-directed economic strategy similar to those attempted by some other African countries. One of the more intriguing aspects of telecommunications in Kenya in recent years has been the establishment of a variety of special purpose networks making use of state-of-the-art technology to solve specific communications problems. The majority of these have been established by international public sector organizations, by universities and other research institutions, by nonprofit organizations, and by the financial services sector.

Airtel Kenya

Airtel is the World‘s fifth largest mobile operator with 180 million customers. Airtel brand replaced Zain in October 2010. Interms of network coverage, Airtel is currently number 1 in 10 countries in Africa, and there are, on average 2-3 telecom operators in a country. In the continent, Airtel is number 2 after MTN, and covers a population of 450 million. Earlier on, a price war had characterized Kenya‘s mobile communications market in 2008 to date, following the market entry of the third and fourth network, Econet Wireless Kenya (EWK, in which India‘s Essar acquired a stake), and Telkom Kenya under the Orange brand with its new majority shareholder, France Telecom. Subscriber growth is now forecast to slow over the coming years, and rapidly falling ARPU(average revenue per user) levels had driven one of the incumbents, Airtel, deeper into negative earnings, leaving only the market leader, Safaricom, with a net profit, although reduced.

Airtel made its formal entry into the African continent with its new global identity in November 2010. The new identity received a remarkably warm welcome from the African customers across different markets. Despite the challenge of multiple market environments the changeover to the new identity was remarkably swift. With this, 42 million customers in Africa started experiencing the power of the new global brand as part of the larger Airtel family. On the marketing front, two of Africa‘s biggest passions, Music and Football have been a key focus area for Airtel. Airtel is driving and leveraging music with the one8 anthem, which brings together eight African music superstars with the American R & B superstar R Kelly. Similarly, Airtel‘s association with football is being driven by the theme commercial ―Kabutu , its partnership with English Premier League leader Manchester United and launch of ―Airtel Rising Stars programme for under 17 boys and girls in 15 countries. Both the initiatives have struck an instant chord with customers across the 16 markets. Product innovation remains a key driver of Airtel market penetration strategy in Africa. As part of the innovative model Airtel has also successfully set up the Tower Co, which runs a separate business in the countries of operation and will be responsible for managing the end to end process and operations of their sites. This is another great opportunity, which will not only enable Airtel roll out our network with great speed but also provide potential cost efficiencies arising from site sharing. We would also be looking at leveraging the big opportunities that 3G, data, MNP and airtel money present to us. Exploited fully, they have the potential to make us truly unique to both our current and prospective customers in the market.

Deeply embedded in BhartiAirtel‘s DNA, operational excellence has been the driving force towards mobilising the entire organisation to eliminate non-conformances and minimize waste in its processes. This has led to a remarkable process improvement and cost reduction. The Company has developed its unique model of excellence in line with Malcolm Balridge award known as CEO's Operational Excellence award. The award criteria include improvement, process compliance, leadership engagement in excellence, best practice replication, customer and employee satisfaction and financial performance. For the up-keep of standards, all processes are continually assessed by external consultants leading to certifications like TL9000, BCP DR, ISO 27001, OHSAS, beside continual improvement of the brand logo and identity.

Designed to appeal to a more demanding consumer, the dynamic new identity met with high appreciation as it was introduced in existing and new markets. Backed by a high decibel communication campaign, the roll out of the new identity was completed across all its markets. Apart from India and Sri Lanka, the brand also started to offer its services to consumers in

Bangladesh making the Company a powerhouse across South Asia. Across the seas, the Company established a strong presence in the 16 countries across the African continent. During the year, Airtel won the ‗Most Preferred Cellular Service Provider Brand' award in the CNBC Awaaz Consumer Awards 2010 for the 6th year in a row. The CNBC Awaaz Consumer Awards were based on an extensive consumer survey done by Nielsen, wherein the customers rated brands across different categories which delivered true value for money.

Statement of the Problem

As competition intensifies, companies are confronted with various threats and opportunities in an effort to sustain their market position. In Kenya's saturated mobile services market, where both carriers and subscribers have either reached or nearing their peak levels; attracting and creating new customers, has become overwhelmingly difficult, and also very costly in terms of marketing spend (Kim, Park and Jeong, 2013). With mobile penetration rate standing at 84.9%, new subscriptions are expected to slow down and also stabilize, as observed in other markets (Santourisdis &Trivellas, 2010). According to the Economic review (2011) on telecommunication industry, the market for the telecommunication industry in Kenya is highly competitive(Quaye, 2013)

This industry is currently dominated by four operators namely: Telkom/orange, Safaricom, Airtel and Essar Telecom Kenya. Safaricom being one of the most favorable choice for users, believes that the main competitive factors in the mobile services market are network coverage, service quality, pricing and brand. Airtel despite being the first mobile service provider in Kenya has not been able to retain its customers. Additionally Airtel has over the years kept rebranding hence this has led to consumers loosing track of branding revolutions within the company. According to Research from Pitney Bowes Group Software (RPBGS, 2011) shows that customer retention within the Airtel Kenya has dropped from 38.4% in 2005 to 33.6% in 2007, a decrease of 15.3%. One of the primary findings of the research was that Mobile telecoms retain the highest average customer at 33% According to Group, the findings indicate that the world is becoming more mobile and that companies' customer retention strategies need to improve to deal with this phenomenon.

The competition in the Kenyan mobile telecom market is influenced by the lower switching costs among the subscribers of the various networks, which manifest in the frequency with which the subscribers freely enter and leave the networks (Kuo *et al.,* 2009). Therefore, it costs subscribers only Ksh 30.00 to acquire SIM (Subscriber Identification Module) and this makes it cheaper for subscribers to move from one network to another. A recent study by Lee *et al* (2013), indicate that an understanding of the drivers of brand choice by customers in the telecommunication industry is not clear. The major challenge confronting all the mobile operators in Kenya, is the execution of various marketing initiatives that would not only lead to attraction of new subscribers, but retaining existing ones who would then become loyal customers (Okyere et al., 2011; Davidson & McCarty, 2011). Also there are overwhelming arguments supporting that it is more expensive to win new customers than to keep existing ones (Seo & Babad, 2008; Pfeifer, 2005; Pine et al., 2010; Adamska 2014). This study was intended to establish the determinants of effective customer retention mobile telecommunication industry in Kenya with a case of Airtel Kenya.

Research Objectives

General objective

The general objective of the study was to establish the determinants of customer retention in the mobile telecommunication industry in Kenya.

Specific Objectives

The study was based on the following research objectives to:

I. Determine the influence of customer satisfaction on customer retention in the mobile telecommunication industry in Kenya.

II. Find out the influence of customer care service on customer retention in the mobile telecommunication industry in Kenya.

III. Establish the influence of sales-promotion on customer retention in the mobile telecommunication industry in Kenya.

IV. Examine the influence of price structure on customer retention in the mobile telecommunication industry in Kenya.

Research Questions

The study was guided by the following research questions:

I. What is the influence of customer satisfaction on customer retention in the mobile telecommunication industry in Kenya?

II. Does customer care service influence customer retention in the mobile telecommunication industry in Kenya?

III. How does sales-promotion influence customer retention in the mobile telecommunication industry in Kenya?

IV. Does price structure influence customer retention in the mobile telecommunication industry in Kenya?

Significance of the Study

The managers at the Airtel Kenya would gain additional knowledge in relation to the issues that need to be addressed to retain customers. This will enable them beat the competition experienced from other companies. The customers will be able to understand the factors that need to be put in place to be able to obtain adequate and quality service. They will be adequately informed on what they should demand from the company. This study will provide an insight to customers on the kind of goods and services to focus on when making a choice on the telephone service provider to join. The study will also act as a benchmark for the communication industry in the country on the factors they need to consider in order to enhance customer retention and as a consequence their performance.

Scope of the Study

This study was limited to the factors affecting effective customer retention in the mobile communication industry with. The study, due to its limited scope concentrated on the Airtel Kenya Company since the researcher does not have the capacity to cover the whole of the mobile communication industry. The target population was 680 employees The study was limited to four determinants that the researcher consider as major factors affecting effective customer retention such as customer satisfaction, customer care service, price and sales promotion, though there are other factors, the scope of this study is beyond them.

Limitations of the Study

Due to the veil of confidentiality surrounding many firms, some of respondent may be reluctant to participate. However, the researcher will assure the respondents that the findings will be used for academic purposes only. Due to their busy schedules most of the top managers may not have time to participate in the study however, the managers gave ample time to fill the questionnaires. This study focused on four independent variables namely customer satisfaction, customer care service, sales-promotion and price/tariff structure whereas there could be other determinants of customer retention in the mobile communication industry.

LITERATURE REVIEW

Introduction

This chapter presents the literature review, specifically the literature review focuses on the variables of the study, and the discussion includes customer satisfaction, service quality, supplier brand and pricing. The review of literature focuses on the effect of the above variables on customer retention.

Theoretical Review

This section examines relevant theories to the study variables. According to Kombo and Tromp (2009), a theoretical framework is a collection of interrelated ideas based on theories. It is a reasoned set of prepositions derived from and supported by data or evidence and it accounts for or explains phenomena and attempts to clarify why things are the way they are based on theories. A theory is defined as a reasoned statement which is supported by evidence, meant to explain phenomena (Kombo & Tromp, 2009). It is a systematic explanation of the relationship among phenomena. Mugenda (2008) defines a theory as a framework of explaining phenomena by stating constructs and the laws that inter-relate these constructs to each other.

Servqual theory

Servqual represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions (Parasuraman et. al., 2008).

The use of perceived as opposed to actual service received makes the serviqual measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et. al.,2008). Parasuraman et al. (2008) presented some revisions to the original servqual measure to remedy problems with high means and standard deviations found on some questions and to obtain a direct measure of the importance of each construct to the customer.

Market Intensification theory

This theory calls for more intensive and continuous improvement initiatives. The theory calls for significantly intensifying the focus on enhancing business outcomes through current network operations and products and services offered in current postal industry markets by further increasing operating efficiency, addressing labour costs and work rules, and identification of additional underexploited niche market opportunities for additional revenue within the present network(Alida *et al* ,. 2013)

This theory calls for —Doing what we do, always better. The Market Intensification theory does call for aggressive market pricing to be the dominant competitor in the larger domestic postal industry. Competition would be through both current and add-ons/extensions to products/services. Operating scope and processes with facility locations and operations would continue to be strictly determined by system-wide cost/benefit analyses of operating effectiveness and efficiency. Initiatives that enhance overall safety and security would also be made to minimize the financial consequences of lapses (Malthouse, 2010).

Market Leveraging theory

This theory calls for —Leveraging the current distribution/delivery platform. It recognizes the tremendous scale of the present distribution and delivery network and in-place infrastructure and asks how it might be used to deliver new products and services within it. These may be created and supported by the postal service or by others in partnering and synergistic alliances, all designed to reduce operating costs and generate additional revenues. Current postal products and services would continue to be offered but be supplemented by additional new products and services provided either by USPS or in partnership with other public providers such as state and local governments and other federal agencies or private providers(Alida et al, 2013

The Market Leverage theory means that market access and pricing would be more stable over time due to cost sharing. The primary emphasis of this theory is to maximize the possible value contribution of every facility and vehicle. A greater variety of products and services would be provided at a single location, enhancing access and convenience. Larger numbers of people would visit postal facilities to utilize other services then being provided. Managing increased numbers of customers could, however, make safety and security bigger issues. Nonetheless, the universal service obligation would be met with this model and customer convenience enhanced. The theory could also present an opportunity for postal service employees to acquire new skills and perform additional new roles in supporting services delivered within existing facilities (Malthouse, 2010).

Innovation or Open Market theory

Definition 1: Innovation is a process of value creation, which consists in changing the composition of a set of variables describing a system. This theory calls for ―Opening markets to creative competition. It is the most radical in that it essentially opens the postal industry to further competition and use of the distribution and delivery network for additional products and services, both domestically and internationally. In all cases, the national post office would retain control of the mailbox, and would handle additional products and services of third parties that would be delivered by it. The innovation theory invites additional providers to participate in the distribution, operations and delivery network which enhance competition and price competitiveness. The universal service obligation mandate is maintained although the national post office may act as ―franchisor and regulate access and affordability of products/services provided by ―franchisees , thus offering access to a wider range of products and services, which enhances accessibility and convenience. However, the theory could possibly ―overload the network with products/services, creating customer confusion and dissatisfaction (Harvey & Joseph (2009).

Extensive planning and coordination will be required over a multi-year period to plan for the opening of the market and network. A staged process where experimentation occurs in a specific market or service area is recommended to test operating reliability, service quality, customer acceptance, and work force adjustments. This theory is the most radical in that it essentially opens the postal industry to further competition and use of the distribution and delivery network for additional products and services, both domestically and internationally. The above theory relates to customer satisfaction

Conceptual Framework

A conceptual framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate it. A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. According to Bogdan and Biklen (2003) a conceptual Framework is a basic structure that consists of certain abstract blocks which represent the observational, the experiential and the analytical/ synthetical aspects of a process or system being conceived. The interconnection of these blocks completes the framework for certain expected outcomes.

Mugenda, (2008) defines conceptual framework as a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study. Kombo and Tromp, (2009) defines it as a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation. It is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate this. Bell, (2010) describes it as a diagrammatical representation that shows the relationship between dependent and independent variables. A conceptual framework assists a researcher to organize their thinking and complete an investigation successfully. It also explains the relationship among interlinked concepts and explains the possible connection between the variables (Kombo & Tromp, 2009).

The conceptual framework comprises of the independent variables also known as the exploratory variables and which are the presumed cause of changes in the dependent variable and the dependent variable also called the criterion or predictor variable which the researcher wishes to explain (Kothari, 2004).

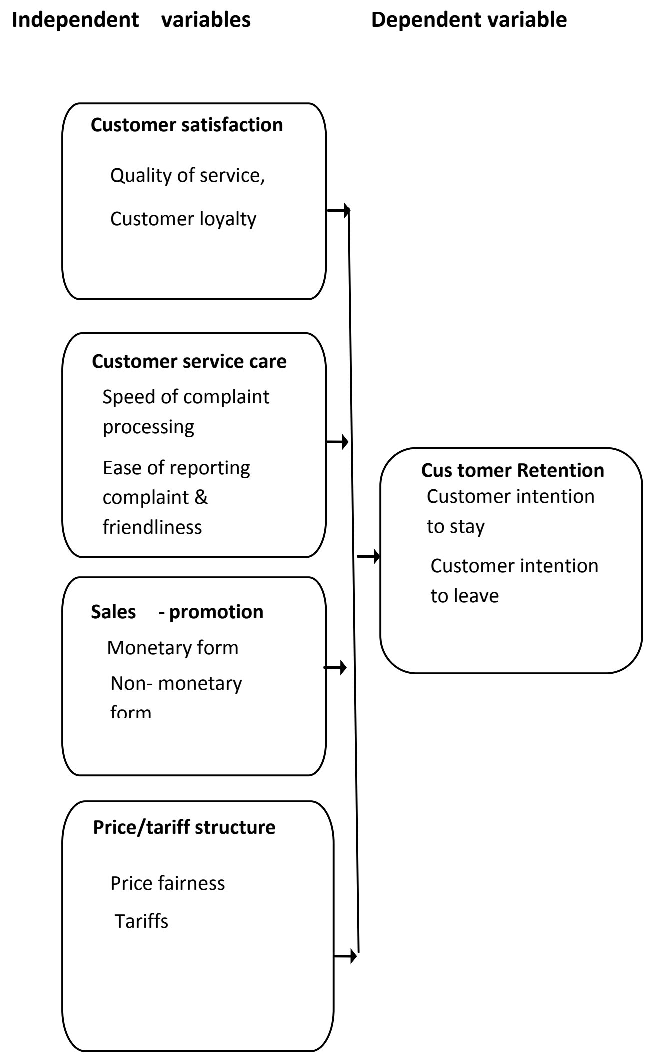


Figure 2.1: Conceptual Framework

2.3.1 Customer Satisfaction

Customer satisfaction is one of the key factors in modern marketing and customers‘ behavior analysis. Generally speaking, if the customers are satisfied with the provided goods or services, the probability that they use the services again increases (Kaplan & Atnkson, 2009). Also, satisfied customers will most probably talk enthusiastically about their buying or the use of a particular service; this will lead to positive advertising (Anderson, 2004). On the other hand, dissatisfied customers will most probably switch to a different brand; this will lead to negative advertising. The importance of satisfying and keeping a customer in establishing strategies for a market and customer oriented organization cannot be neglected Hollenson, 2015). Customer satisfaction is often considered the most important factor in thriving in today‘s highly competitive business world.

Services have unique characteristics that distinguish them from the physical goods (Rust *et al*., 2004). Services are often characterized by intangibility, inseparability, heterogeneity, and perishability (Chaundri & Holbrook, 2004). The importance of the above characterizations is that using them for evaluation before, while, and after using a particular service by the customers is often very hard.Because of the quality of being intangible, understanding how the customers would evaluate the quality of the organization‘s services is often very hard (Verhoef, 2003).

In addition, the services are realtime, i.e. they are used by the customers as soon as offered. They cannot be stored and quality passed like physical goods. Therefore any bad service will most probably be experienced by a customer, which results in customer‘s dissatisfaction while using the service (East, 1997). Researchers have studied customer satisfaction in different contexts, e.g. Chen and Ko (2007) proposed fuzzy linear programming models to determine the fulfillment levels of parts characteristics under the requirement to achieve the determined contribution levels of design requirements for customer satisfaction. Grigoroudis et al. (2008), considered the problem of measuring user satisfaction in order to analyze user perceptions and preferences to assess website quality. Hsu (2008) proposed an index for online customer satisfaction, which is adapted from an American Customer Satisfaction Index (ACSI). Bodet (2008) explored the satisfaction–loyalty relationships according to an empirical analysis in a sports-service context (Yang and Peng 2008).

The impact of satisfaction on loyalty has been the most 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. (Kaplan & Atnkson, 2009) The primary objective of creating ACSI (American Customer Satisfaction Index) in 1984 was to explain the development of customer retention. 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 behaviour and atmosphere of the service environment. (Gronholdt et al. 2000)

In both model increased satisfaction should increase customer retention. 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. (Reichheldet al. 2000) So it‘s clear that there must be also other factors besides satisfaction that have a certain impact on customer retention. An early pioneer in the study of equity, George Homans stated that the essence of equity was contained in a "rule of justice" (as cited in Oliver, 1997). In fundamental terms, equity is an evaluation of fairness, rightness, or deservingness that customers make in reference to what others receive (Verhoef, 2003). In the satisfaction literature, equity theory considers the ratio of the customer's perceived outcome/input to that of the service provider's outcome/input (Reichheldet al. 2000). Bolton and Lemon (1999) extended this concept of outcome/input to the perspective of perceived value. They declared that equity referred to customers' evaluation of the perceived sacrifice (input) of the offering (outcome). Perceived sacrifices include purchase price and other possible costs such as time consumption (Yang, 2001).

A positive perception of value may bring customers back to make another transaction (Lichntestein *et al*, 2004). When customers believe they are being treated fairly in an exchange, they will be satisfied with the transaction if their outcome-to-input ratio is in some sense adequate (Lichntestein *et al*, 2004). Fredericks and Salter (1998) pointed out that quality, price, and company or brand image were three factors that comprise the customer value package. In other words, customers will make an explicit comparison between what they give and what they get. The positive relationship between equity and satisfaction was supported in the literature (Oliver, 1993; Oliver and Swan, 1989a, 1989). However, customers expect prices to be lower in an online store than in a traditional sales channel (Lichntestein *et al*, 2004). They may expect to get more value from an online store than from a physical store.

Customer care service

Customer service is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim, Park and Jeong, 2004). Customer services are the opportunities for telecom service providers that are added to mobile network other than voice services in which contents are either self-produced by service provider or provided through strategic compliance with service provider (Kuo, Wu and Deng, 2009). The improved customer services are the focal point of the telecom service providers for social as well as for economic reasons. From a social point of view, services should be available to the customers on reasonable terms. As far as economic factor is concerned, services should satisfy the needs of the customers (Zeithamul, 2009).

For developing satisfaction among customers, the telecom service providers need to be extra careful for the customer services they provide. Satisfaction of customer is determined by his evaluation of service provided by a brand (Gustafsson, Johnson and

Roos, 2005). The study of Dabholkar, 2015) shows that when the customers, do not get their complaints considered properly, they start looking for other brands. It happens because either the customer service centers do not handle the complaints or the customers are not able to address them properly. Sometimes, telecom service providers take considerably longer time to resolve the problems like network coverage or call quality, the customers do not wait for long and hence they lose satisfaction with that particular brand (Dabholkar, 2015).

Furthermore, the friendly attitude and courteous behavior of the service workers at service firms leaves a positive impression on the customer which lead towards customer satisfaction (Soderlund and Rosengren, 2008). On the other hand, if a telecom service provider lacks in providing services (call drops) to its customers it experiences customer churn. Kim, Park and Jeong (2004) argued that service provider should provide customer oriented services in order to heighten up customer satisfaction. It was also found that the customers get satisfied to a brand more if they get all the needed services accumulated in that very brand (Lichntestein *et al*, 2004).

Sales promotion

It has been established in literature that only consumers with repeat purchases are profitable (Pauwels, 2004). It is not every repeat purchase that is connected to customer retention of a brand. However, customer retention is important for a repeat purchase. Therefore, business operators need to develop marketing programmes that will not only reinforce customer‘s commitment but also encourage repeat purchases. A part of the functions of sales promotion is not only to reinforce commitment of consumers but to encourage repeat purchases. Effects of sales promotion on consumer behavior have been widely studied in literature (Nagar, 2009).

Sales promotion has effects on various aspects of consumer‘s purchase decisions such as brand choice, purchase time, quantity and brand switching (Dabholkar, 2015); consumers ‘ sensitivity to price (Van *et al*, 2003).

However, whether the effect of consumer loyalty and purchasing behavior could be moderated by sales promotions has not yet been examined extensively. Regardless of a widespread interest in the relationship between sales promotion and purchasing behavior, most studies of this kind focus on the effect of sales promotions on choice at the time they are offered (DelVecchio, Henard, Freling, 2006). Only a few have investigated the lag effect of sales promotions on brand preference and the resultant buying behavior once the promotion campaign is rescinded.

Sales promotions could be in form of monetary and non-monetary ones. These types provide both utilitarian and hedonic benefits to the consumers. Utilitarian benefits refer to such benefits such as quality, convenience in shopping, saving in time efforts and cost (Luk and Yip, 2008). Hedonic benefits on the other hand refer to value expression, exploration, entertainment, intrinsic stimulation and self-esteem (Va *et al*, 2003). According to Luk and Yip (2008) monetary promotions are incentive-based and transactional in nature and provide immediate rewards and utilitarian benefits to the customers. However, non-monetary promotions provide hedonic benefits but weaker utilitarian benefits (Kwok and Uncles, 2005) Monetary promotion have been reported to be preferred over non-monetary promotion across all consumer goods in terms of their ability to elicit purchase intentions (Luk and Yip, 2008; Kwok and Uncles, 2005).

Several other studies had reported different impact of sales promotion on consumer behavior. For example, Blatterger and Wisniewski (1989) reported that consumer gain more from price cut when buying an established up-market brand than a mass market brand. Pauwels, Hanssens and Siddarth (2002) argued that price promotion elicits temporary changes in brand and product choices and purchased quantity for established brand in mature market. These changes are because up-market brands are associated with prestigious brand with high level of reliability, low level of risks, greater concerns for customer‘s needs and stronger hedonic benefits (Luk and Yip, 2008). It is not settled in literature whether sales promotion can enhance or undermine brand preference beyond the time they are offered (Luk and Yip, 2008; DelVecchio, Henard, Freling, 2006) Monetary sales promotions could lead to negative impact on brand preference and trust.

This is because monetary promotion can divert attention to financial incentives which may encourage brand switching behaviour, increase price sensitivity and make quality criterion less important (Aaker, 1996; Manaled et al, 2007). Gedenk and Neslin (1999) argued further that sales promotion can lead to a significant decrease in brand loyalty.

Price structure

Price/tariff plays a vital role in telecommunication market, especially for the mobile telecommunication service providers. The correlation between price and customer loyalty which explains that satisfaction of customers in telecom market depends on factors like attractive call rate, internet browsing fees, price schedule variation and so on. Thus price structures of the operators influence the loyalty of users a lot. Price seems one of the very significant factors to derive satisfaction and make users loyal. In this regard, operators should be more careful in determining and maintaining price structure of call and variety of services offered to customers, otherwise switching tendency of customers across operators will be increased and resulting lessening the loyalty of customers.

From the consumer's perspective, the monetary cost of something is what is given up or sacrificed to obtain a product (Zeithaml, 1988). Thus, in studies on related topics, price has often been conceptualized and defined as a sacrifice (Anderson, Fornell and Lehmann, 1994; Sweeney, Soutar, and Johnson, 1999). There are three components to the concept of price: objective price, perceived non-monetary price, and sacrifice (Zeithaml, 1988). The objective monetary price (simply put, the amount of money paid for product) is not equivalent to the perceived price (that is, the price as understood and recorded in the mind of consumer) since consumers do not always know or remember the actual price paid for a product. Instead, they encode the price in a way that it is meaningful to them (Zeithaml, 1988).

The theoretical formation of price perception in services remains largely unexplored (Varki and Colgate, 2001). This study suggests that the perception of price fairness plays an important role in any exchange transaction. The feeling of fairness depends on the gain-loss ratio felt by both partners in the exchange. From the consumer's perspective, the gain is the product to be received, whereas the loss is the money to be paid. When a consumer pays a higher price than others do, or when a consumer receives a lesser product than anticipated (either in terms of quantity or quality), perceived negative price inequity occurs. On the other hand, perceived positive price inequity may result from either receiving a larger or better product than others, who paid the same price, or paying a lower price but receiving the same product. Price fairness should have an influence on customer satisfaction (Parasuraman, Zeithaml, and Berry, 1994) as well as on behavioral intentions (Varki and Colgate, 2001). This study, then, proposes that the perceived fairness of price should directly affect customer retention, and should also affect it indirectly via customer satisfaction.

Customer Retention

Much attention has been paid to customer loyalty by practitioners and through literature in recent decades (Nawaz and Usman, 2010). People in the field have used both attitudinal and behavioral measures to define and assess customer loyalty (Zeithaml, 2000). Loyalty, from an attitudinal stand point, implies a specific desire to continue a relationship with supplier and provider (Reza and Rehman, 2012). This means that a customer is loyal to a brand or firm if they have a positive and preferential attitude towards it. Whereas behavioral loyalty is when a customer repeatedly buys from the same company, (Reza and Rehman, 2012) thus the customer is faithful to the company. Oliver (1997) defined customer loyalty as ―a deeply held commitment to re-buy or repatronize a preferred product/service consistently in the future, thereby causing repetitivesamebrand purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. According to Ahmed and Moosavi (2013) ―brand loyalty is the customer‘s willingness to stay with a brand when competitors come knocking with offers that would be considered equally attractive had not the consumer and brand shared a history. Rahman, et al., (2010) and Deng, Lu, Wei, Zhang (2010), expressed that same notion.

Furthermore, Reza and Rehman (2012) note that customer loyalty represents the repeat purchase and referring the company to other customers. They also stated that customer loyalty is a figure that may be measured directly by measuring the actual repeated sales to customers. Additionally, due to intense competition in the market place, businesses have increased efforts to implement the customer retention strategy in order to maximize the lifetime value of customers (Boshoff and du Plessis, 2009).It is important to note that Cheng et al. (2011) proposed that it is costeffective to maintain existing customers than obtaining new ones. To this the authors proceeded to state that the cost of developing a new customer is between five and nine times the cost of maintaining existing customers. By the same token, (Lee, 2012; Kumar and Vandara, 2011;Boshoff and du Plessis, 2009), believe that the benefits of customer loyalty are that loyal customers are cheap to maintain, are price insensitive, spread free positive word-of-mouth, always provide suggestions, and always try the company‘s new products.

Several authors suggested that loyal customers are a competitive asset and that a way of increasing customer retention is through secure and collaborative relationship between customer and service providers (Rajeswari and Pradha, 2011; WichaiandSiriluck, 2010; Shannon, 2010). Brand loyalty takes precedence in the services sector, especially with regards to those providing services with little differentiations and ones competing in aggressive conditions, for example, the telecommunications sectors (Santouridis and Trivellas, 2010). Therefore, it is incumbent on providers to accommodate customer‘s expectations in this tough competitive environment by developing strategies to strengthen brand loyalty. Thus, with regards to the telecommunication sector, it is significant to ensure a good relationship between customers and mobile service providers. Rahman, et al., (2010) stated that in order to create brand loyalty in customers, companies must help customers acquire new ways of purchasing and reinforce those ways as new habits by reminding them of the value of their purchase while encouraging them to continue purchasing those products in the future.

Empirical review

According to Reichheld (1996), Lee and Cunningham (2001), perception of a customer affects his judgment and it turns his loyalty towards the product or services. Loyalty provides the foundation of a company's sustained competitive edge. By developing and increasing loyalty, companies can ensure its proper growth and economic performance. So the marketing strategy of the companies should be framed in such a way that they will be able to try to retain the existing customers by increasing their loyalty and value (Kim et al., 2004). 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: Strategic importance of a product, High risks involved in the transaction or Costs incurred by cancellation of contracts.

The concept of customer retention often used in the literature incorporates behavioral and attitudinal measures (Otim and Grover, 2006).loyalty is defined as building and sustaining a trusted relationship with customers that leads to the customers‘ repeated purchases of products or services over a given period of time (Lam, Shankar, Erramilli, and Murthy, 2004). Customer retention, in general, increases profit and growth to the extent that increasing the percentage of loyal customers by as little as 5% can increase profitability by as much as 30% to 85%, depending upon the industry involved (Gefen, 2002). Loyal customers are typically willing to pay a higher price and understand when something goes wrong.

They are easier to satisfy because the vendor knows the customers' expectations better (Gefen, 2002). It has been found that loyal customers are less price sensitive and lower costs are incurred by providers as the expense of pursuing new customers is reduced (Rowley and Dawes, 2000). The presence of a loyal customer base provides the firm with valuable time to respond to competitive actions (Rowley & Dawes, 2000). Customers demonstrate their loyalty in several ways. They may choose to stay with a provider, whether this continuance is defined as a relationship or not, or they may increase the number of, or the frequency of, their purchases (Rowley and Dawes, 2000).

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. (Doney et al. 1997) Spekman (1988) calls trust a cornerstone of the strategic partnership. Morgan and Hunt (1994: 22) 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. Chauduri and Holbrook (2001: 91) 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; Doneyet al. 1997; Dwyeret al. 1987; Morgan et al. 1994). Uncertainty may be caused by dependence or large choice: people tend then to prefer popular or familiar brands or partners.

Reichheld and Schefter (2000) stress that loyalty via relationship development and improvement is necessary or even the best-designed electronic commerce model will collapse. Another determinant of customer retention is the degree of trust that customers have in the vendor (Reichheld and Schefter, 2000)—trust is important in managing relationship (Komiak, Wang and Benbasat, 2005). The use of Web tools may have an effect on the relationship between trust and customer retention because trust is a precursor to customer retention. Trust is a willingness to rely on an exchange partner in whom one has confidence (Berry, 1995). Becoming a trusted partner is key to maintaining relationships.

Self-service is an important concept to be applied to business-to-consumer e-commerce. Online shoppers look for items they want to purchase on the Internet, add items into an online basket, and click the submit button to send an order to online stores. The growing level of online sales every year is the evidence that consumers increasingly prefer to "help themselves" and demand to obtain instant information (Bondeand Cahill, 2005). Time saving is the biggest advantage of self-service according to 50% of 1,008 survey respondents, whereas lack of human contact is the biggest disadvantage of self-service by 43% of respondents (Howard &Worboys, 2003).

Sweeney and Soutar (2001) used a multidimensional model of four dimensions to measure customers' perceived values of a product or a service. Originally, there are 19 items that revealed a stable structure of the four dimensions: emotional, social, functional (value-for-money), functional (performance/quality). Lim et al (2006) adopted the framework of measuring customers‘ perceived values of a product or a service suggested by Sweeney and Soutar (2001) in determining the customers‘ perceived value of mobile services. According to them, three value dimensions – economic, emotional, and social values - are treated as the most relevant to mobile service experience. Economic value is related to perceived economic benefits received by users of mobile phone services in comparison to the monetary cost of the services.

Many researchers found a significant role of consumers‘ perceived monetary value in satisfaction and future decisions (McDougall and Levesque, 2000, Chen, 2003). Emotional value is the utility derived from the feelings or affective states that a product/service generates (Sweeney and Soutar, 2001). Social value is the utility derived from the product‘s or service‘s ability to enhance social self-concept (Sweeney and Soutar, 2001). Bloemer and Kasper (1995) have investigated the relationship between consumer satisfaction and brand loyalty. In their definition of loyalty, repeat purchasing is differentiated from brand loyalty. Repeat purchasing is seen not to take into account the degree of commitment as does brand loyalty. This concept is then further divided into true brand loyalty and spurious loyalty. True brand loyalty is based on commitment and therefore the customer insists on buying the same brand next time there is a need to buy the same product. When spurious loyalty prevails, the buyer lacks attachments to the brand and is easily persuaded to buy some other brand.

Critique of the Existing Relevant Literature

All companies strive to make profits. Having a customer retention base appears to be one way to cost advantages as well as to other non-measurable benefits. Loyal customers expect to be rewarded by their loyalty in terms of price discounts or better service. The second argument is that loyal customers are willing to pay premium. This is because changing the supplier would be even more expensive to the customer and due to these switching costs they stay loyal to the company. The research offers the opposite results, as loyal customers appear to be more price sensitive and indeed assume to deserve price discounts that random customers do not. How about the assumption that loyal customers do effective word-of-mouth marketing for the company?
This dimension is very hard to measure, but what stands out is that customers who are loyal based on their attitude as well as purchase behavior are more likely to market the company than customers, whose loyalty is measured with just purchase behavior.

Reinartz and Kumar (2002) further suggest that companies should segment their customers based on their profitability and potential, because even long-term customers are not always the most profitable. The basic idea in customer relationship management is just that, identifying and focusing on the most profitable customers.

A study carried by Joseph et al. (2003) found that reliable and accurate services include customer services; personalized services; and accurate records are some of the factors which are considered by the customers in their choice of a given type of service delivery channel. However, the study was not carried out in a developing country in Kenya and thus the findings, although relevant to the current study, cannot fully depict the situation in Kenya. Zhou (2004) who studied dimension-specific analysis of performance-only measurement of service quality and satisfaction failed to enrich the current phenomenon since it analyzed performance only measurement of service quality.

Research Gap

Studies on the influence of service quality on customer retention in firms are numerous. Most of the studies conducted by Bitner et al. (2000), Palmer, Bailey, and Faraj, (2000), Metters et al. (2006) etc. were based in developed economies. Locally, there is no study in Kenya that has looked at the influence of service quality on customer retention. This study therefore, sought to fill the knowledge gap by establishing the influence of service quality on customer retention in Kenyan communication companies.

RESEARCH METHODOLOGY

Introduction

This chapter discusses the research design, target population, sample and sampling procedure, research instruments, piloting of the instruments, data collection and data analysis procedure.

Research design

This study adopted a descriptive approach. According to Coopers and Schindler (2006) descriptive studies are more formalized and typically structured with clearly stated hypotheses or investigative questions. It serves a variety of research objective such as descriptions of phenomenon or characteristics associated with a subject population, estimates of proportions of a population that have these characteristics and discovery of associations among different variables. This study will adopt a descriptive design since it has a variety of research objective or characteristics associated with a subject population.

Target population

The population of the study consisted of top level management, middle level management and lover level management employees of Airtel Kenya at the head office in Nairobi. The sample consisted of 680 from the top, middle and low level management category.

Table 3.1: Target Population

	Population	**Percentage**
Top level management	45	5.5%
Middle level management	270	38.9%
Low level management	365	55.6%
Total	**680**	**100%**

3.4 Sample Size

Conventionally, a sample size of 30 elements is acceptable for research purpose (Mugenda & mugenda, 2003). The study had a sample size of 45 which was sufficiently representative of the target population. A stratified random sampling technique was employed to select the respondents who were stratified based on the various employment levels in the organization. The sample size was obtained from Airtel Kenya head office in Nairobi. This sample size was justifiable as it represented 10% of the total population. According to Mugenda & Mugenda (2003), a sample size of 10% is good representation of the whole population.

Table 3.2: Sampling Frame

	Population	Sample ratio	Sample size
Top level management	45	0.1	4
Middle level management	270	0.1	27
Low level management	365	0.1	36
Total	**680**	0.1	**68**

Data Collection Methods

The primary data was collected by use of a questionnaire which was used to record respondent's responses. The questionnaire was ideal because the researcher gave the respondents time to respond to the items during their free time bearing in mind that they will be administered when the respondents are on duty. The respondents were issued with questionnaires to fill by themselves. Secondary data was obtained from company records. Secondary data was useful in providing collaborative information on the problem of the study.

Data collection utilized questionnaires for managers and their staff who carry out administrative activities in the respective departments. The questionnaires were ideal because the confidentiality of the respondents will be upheld. The questionnaire items sought to elicit background information, competition, and strategic responses applied by the company.

Pilot Test

According to Bordens &Abbott (2008), pilot study is as a small-scale version of the study used to establish procedures, materials and parameters to be used in the full study. Pilot study was conducted in determining if there were flaws, limitations, or other weaknesses within the data collection instrument to make the necessary revisions prior to the implementation of the study. It is recommended that 10% of the sample should constitute the pilot test (Neumann, 2006). A pilot study was undertaken on at least 7 respondents of the sample size to test the reliability and validity of the questionnaire. The findings of the pilot study were not included in the actual study (Mugenda & Mugenda, 2008).

Reliability and validity of the research instruments

Reliability is the extents to which a research instrument yields findings that are consistent each time it is administered to same subjects (Mugenda&Mugenda, 2003).The measurement of reliability provides consistency in the measurement variables(Kumar,2000)). Cronbach alpha is the basic formula for determining the reliability based on internal consistency (Kim & Cha, 2002). The standard minimum value of alpha of 0.7 is recommended Gupta (2004) as the minimum level for item loadings. Higher alpha coefficient values means there is consistency among the items in measuring the concept of interest. Suppose that we assume a sum of K components (K-items or test lets) $X=Y_1+Y_2+\ldots\ldots Y_k$. Cronbach's α

$$\alpha = \frac{K}{K-1}\left(1 - \frac{\sum_{i=1}^{K}\sigma_{Y_i}^2}{\sigma_X^2}\right)$$

where σ_X^2 the Variance of the observed total test scores, and $\sigma_{Y_i}^2$ the variance component *i* for the current sample of persons.

If the items are scored 0 and 1, a shortcut formula is

$$\alpha = \frac{K}{K-1}\left(1 - \frac{\sum_{i=1}^{K} P_i Q_i}{\sigma_X^2}\right)$$

where P_i is the proportion scoring 1 on item *i*, and $Q_i = 1 - P_i$. This is the same as KR-20

Alternatively, Cronbach's α can be defined as

$$\alpha = \frac{K\bar{c}}{(\bar{v} + (K-1)\bar{c})}$$

Where K is as above, $\bar{v}$ the average variance of each component (item), and $\bar{c}$ the average of all covariance‘s between the components across the current sample of persons (that is, without including the variances of each component).

Validity is the degree to which the sample of the test item represent the content that is designed to measure, that is, the instrument measures the characteristics or trait that is intended to measure (Mugenda & Mugenda, 2008). Data need not only to be reliable but also true and accurate. If a measurement is valid, it is also reliable (Creswell, 2003). The research adopted content validity which refers to the extent to which a measuring instrument provides adequate coverage of the topic under study. The content validity was achieved by subjecting the data collection instruments to an evaluation group of experts who provided their comments and relevance of each item of the instruments and the experts indicate whether the item is relevant or not.. The content validity formula by Yin (2003) was used in this study. The formula is; Content Validity Index = (No. of judges declaring item valid) / (Total no. of items). It is recommended that instruments used in research should have CVI of about 0.78 or higher and three or more experts could be considered evidence of good content validity (Yin, 2003).

Data Analysis

The questionnaire was checked for completeness and consistency of information at the end of every field data collection day and before storage. Data capturing was done using Excel software. The data from the completed questionnaires will be cleaned, re-coded and entered into the computer using the statistical packages for social sciences (SPSS) for Windows for analysis. The SPSS computer program was commanded to produce frequency tables, graphs, pie charts and the necessary measures of variances for interpretation.

Descriptive statistics (that is frequency analysis) was computed for presenting and analyzing the data. Descriptive statistics enables the researcher to describe the aggregation of raw data in numerical terms (Neuman 2004). Descriptive statistics by use of standard deviation, percentages and frequency distribution will be used to analyze data.

Data was presented in the form of frequency distribution tables, graphs and pie charts that facilitated description and explanation of the study findings. Correlation will be used to analyze the degree of relationship between the variables in the study. The multiple regression analyses determined whether the groups of factors proposed together predict or determinant affecting effective customer retention (Neuman, 2000). The study also used a five point Likert scale ranging from 1=strongly disagree to 5=strongly agree for item analysis purpose. Likert scale is easy to use in respondent –centered and stimulus-centered studies (Patton, 2002).

The dependent variable was determinants effective customer retention while the independent variables will be customer satisfaction, customer care service, Price and tariff structure and sales promotion. The study sought to find out the determinant of these parameters singly and jointly on the factors affecting effective customer retention in Airtel Kenya. In this case, determinant affecting effective customer retention is represented by 4 parameters: customer satisfaction, customer care service, Price and tariff structure and sales promotion. According to the model used to represent the relationship between determinant affecting effective customer retention as a linear function of the independent variables i.e. customer satisfaction, customer care service,

Price and tariff structure and sales promotion, with έ representing the error term. The study appreciates that there are other determinants that may determine effective customer retention apart from the variables being investigated hence the need to incorporate the error term. The βs in the above equation represent the estimated parameters as indicated below.

$$Yi = \alpha + \beta_1(CS) + \beta_2(CSC) + \beta_3(PTS) + \beta_4(SP) + \acute{\epsilon} .$$

Where; Yi= determinant affecting effective customer retention α = Constant

CS= customer satisfaction

CCS= customer care service

PTS= Price and tariff structure

SP= sales promotion

$B_1 \ldots . B_4$= Coefficients

DATA ANALYSIS, PRESENTATIONS AND INTERPRETATIONS

Introduction

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive and inferential statistics have been used to discuss the findings of the study.

Response Rate

The study targeted a sample size of 68 respondents from which 41 filled in and returned the questionnaires making a response rate of 60.29%. This response rate was satisfactory to make conclusions for the study as it acted as a representative. According to Mugenda&Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was good. This high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants and applied the drop and pick method where the questionnaires were picked at a later date to allow the respondents ample time to fill the questionnaires. The response rate was therefore adequate for the study to make relevant conclusions basing on the responses.

Table 4.1 Response Rate

	Questionnaires Administered	Questionnaires filled & Returned	Percentage
Respondents	68	41	60.29%

Pilot Test Results

Reliability Results

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved sampling respondents in various strata in the organizations. Reliability analysis was subsequently done using Cronbach's Alpha which measured the internal consistency by establishing that certain items within a scale measures the same construct. Cortina (2008) established the Alpha value threshold at 0.7 and above is regarded as most reliable, thus forming the study's benchmark. This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7 thus the data collection instrument was reliable.

Table 4.2: Reliability Test Results

Scale	Cronbach's Alpha	Number of Items
Customer satisfaction	0.781	5
Customer care service	0.816	5
Sales promotion	0.789	4
Price/Tariff Structure	0.799	5

Validity analysis

If a measurement is valid, it is also reliable (Joppe, 2000).The content validity formula by Amin (2005) was used in this study. The formula is; Content Validity Index = (No. of judges declaring item valid) / (Total no. of items). It is recommended that instruments used in research should have CVI of about 0.78 or higher and three or more experts could be considered evidence of good content validity (Amin, 2005). From the results in table 4.3, it illustrates that all the four variables were valid as their CVI values exceeded the prescribed threshold of 0.78.This infers that the instrument for data collection was valid as emphasized by Amin (2005) as validity of test yielded an average index score of 87.60%.

Table 4.3; Content Validity Index

Variable	Valid items	Fraction	Comment
Customer satisfaction	6	0.789	Accepted
Customer care service	6	0.789	Accepted
Sales promotion	6	0.786	Accepted
Price/Tariff Structure	6	0.788	Accepted
Overall		**0.876**	**Accepted**

Demographic Information

Demographic information provides data regarding research participants and is necessary for the determination of whether the individuals in a particular study are a representative sample of the target population and testing appropriateness of the respondent in answering the questions for generalization purposes. The demographic information comprised of the gender, age, highest level of education and duration of service.

Gender of the respondent

The study sought to determine the gender of the respondent and therefore requested the respondent to indicate their gender. The findings are as shown in Figure 4.1. The study found that majority of the respondent as shown by 53.7% were males whereas 46.3% 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 biasness. This implies there were more male than female respondents though with less disparity meaning that there is gender balance among the employees in the organization. Carter and Shaw (2007) found that organizations with gender balance were motivated to perform better towards organization goal as women and men compete favorably to deliver on their assignments.

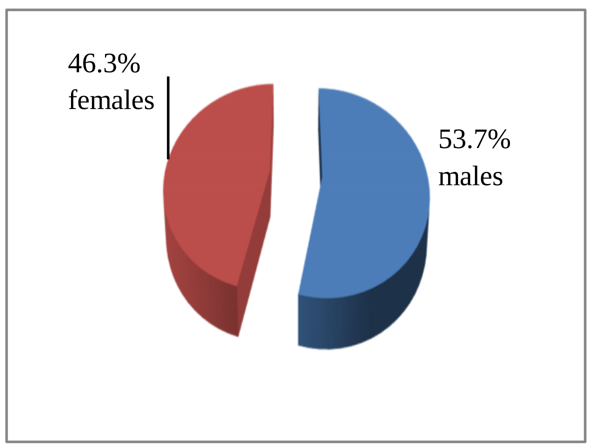


Figure 4.1: Gender of the respondent

Age distribution

On respondent's age distribution, the findings were as shown in Figure 4.2. The findings revealed that; most of the respondents as shown in Figure 4.2 by 42% were aged between 41 to 50 years, 30 % of the respondents 30 to 40 years, 16% of the respondents were aged below 30 years, whereas 12% of the respondents were aged above 50 years. This implies participants were well distributed in terms of their age. This also implies that majority of the respondents were at their maturity stage and therefore able to handle their roles responsibly. The findings support the move by the organizations giving emphasis on maturity and experience during the implementation of various projects. Baines &Hardill(2008) found that age is associated with experience and responsibility at work place.

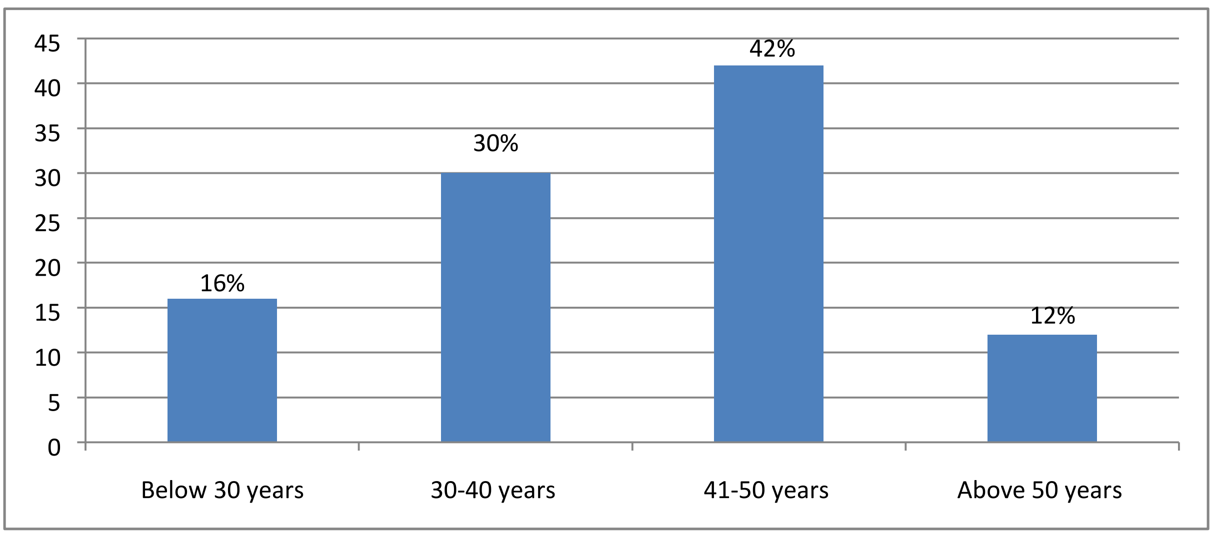


Figure 4.2: Age distribution

Duration of service

The study went further to establish the period of working at the organization and the results were as shown in Figure 4.3. According to the findings, majority of the respondents as shown by (54%) had worked with the organization for duration of5-10 years. 23% had worked with the organization for a period less than 6 years and the same percentage worked for a period of 6 to 10 years. 15 % had worked with the organization for more than 10 years whereas 8% had worked with the organization for not more than a year. This implies that majority of the respondents had worked with the organisation for a considerable period of time and thus they were in a position to give credible information relating to this study.The findings collaborate MCclarty*et al*, (2012) observation that the longer employees stick with their organization the more they demonstrated an explicit motivation that was not for financial gain but a wish to make a difference. This meant that they would invest time and effort to make sure they succeed. It may also imply that work related experiences are important in developing motivation for becoming good in an organization. The study therefore observes that the respondents are experienced people who are in their respective departments for the long haul. Longevity at the organization therefore becomes a trait that ensures continuity and perpetuation of the vision of an organization. Customer retention would ordinarily thrive under such circumstances where their management remains focused in realizing both their objectives and economic outcomes.

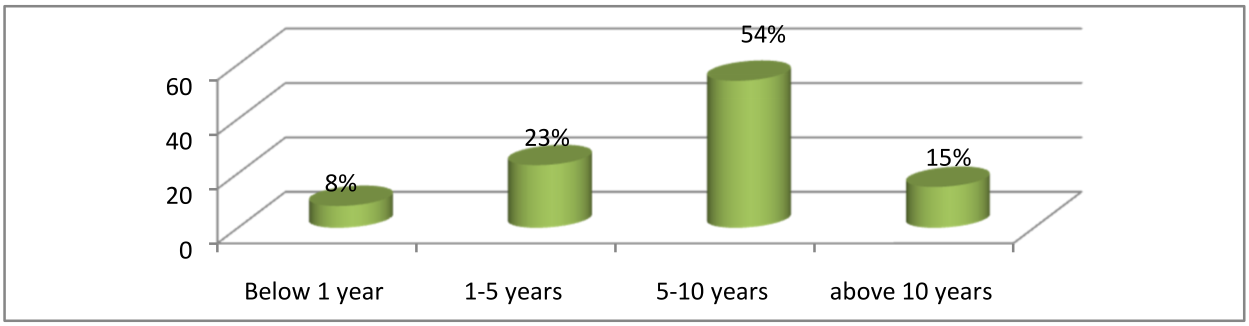


Figure 4. 3: Duration of service

Level of education

The researcher requested the respondents to indicate their highest level of education achieved and the results are as shown in Figure 4.4. From the findings, it was revealed that majorityof the respondents as shown by 34% of the respondents held bachelor's degrees, 27% of the respondents were holders of college diploma certificates, 25% of the respondents were holders of masters degrees whereas 14% of the respondents held PhD, this implies that respondents were well educated which means that they were in a position to respond to research questions with ease. Hazernberg (2012) associated the education level of project managers with findings that, those with higher levels of education are more successful because higher education provides them knowledge and modern managerial skills, making them more conscious of the reality of the organization management world and thus in a position to use their learning capabilities to enhance organization and delivery. The findings therefore indicate that the respondents have the capacity, skills and management acumen to a small extent to service delivery and customer satisfaction. These skills may help them handle and interpret their respective services and the emerging issues in customer retention to the best level possible.

Customer Satisfaction

The study sought to investigate whether customer satisfaction influence customer retention in the organization. The results were as shown in Table 4.4. From the research findings in Table 4.4, majority of the respondents as shown by 58.24% were of the opinion that customer satisfaction influence customer retention whereas 31.48% of the respondents were of the contrary opinion. This implies that customer satisfaction influence customer retention in the organization. The findings of the study are in agreement with Kohli&Jaworski (2010) who stated that if the customers are satisfied with the provided goods or services; the probability that they use the services again increases. Also, satisfied customers will most probably talk enthusiastically about their buying or the use of a particular service; this will lead to positive advertising (File & Prince, 2012) and (Richens, 2003). On the other hand, dissatisfied customers will most probably switch to a different brand; this will lead to negative advertising. The importance of satisfying and keeping a customer in establishing strategies for a market and customer oriented organization cannot be neglected customer satisfaction is often considered the most important factor in thriving in today‘s highly competitive business world.

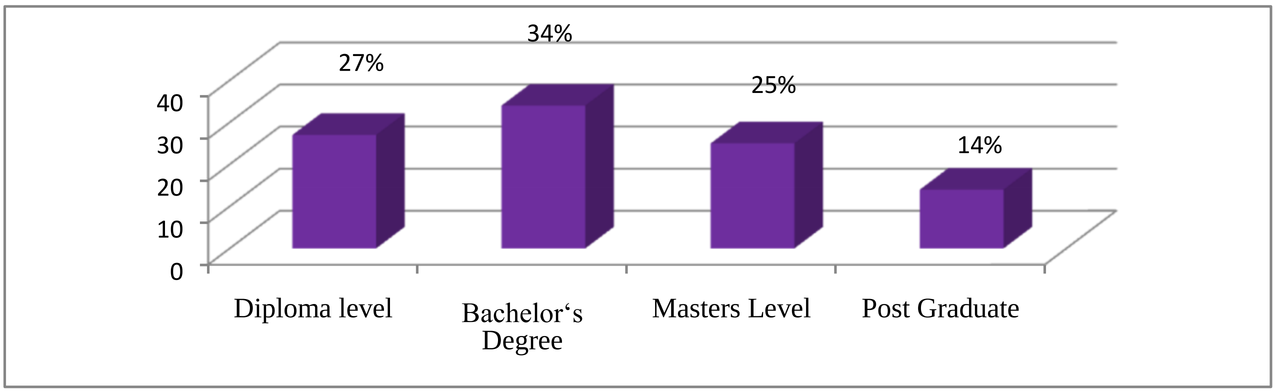


Figure 4 .4: Level of education

Table 4.4: Influence of customer satisfaction on customer retention

Opinion	Frequency	Percent
Yes	24	58.54
No	17	41.46
Total	**41**	**100**

The study sought to investigate the extent to which customer satisfaction influence customer retention in the organization. The results were as shown in Figure 4.5. From the research findings, majority of the respondents (68%) stated that the customer satisfaction influence customer retention to a high extent, 23% of the respondents cited to a moderate extent whereas 9% of the respondents indicated to a low extent. This implies that customer satisfaction influence customer retention to a high extent on the organization.Accoording to Kohli&Jaworski, 2010, customer satisfaction boost customer retention to a great extent and it is a significant factor.

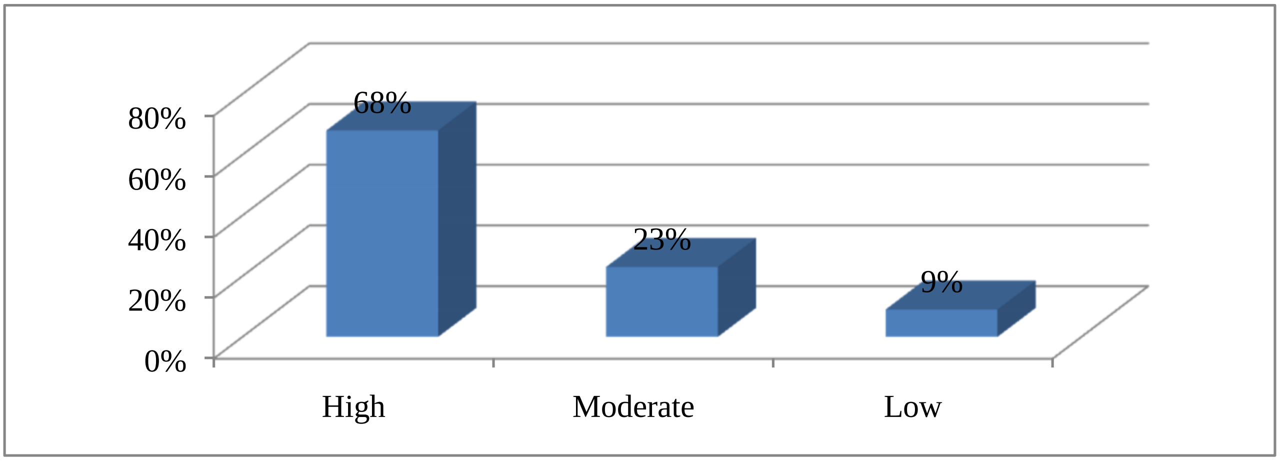


Figure 4.5: Extent of customer satisfaction influence customer retention

The study sought to establish the extent to which the respondents following aspects of customer satisfaction influence customer retention in the organization. A scale of 1-5 was used. The scores —Very great extent and —great extent were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale (1 ≤ Agree≤ 2.5). The scores of ‗moderate' were represented by a score equivalent to 2.6 to 3.5 on the Likert scale (2.6 ≤ Neutral ≤ 3.5). The score of —small extent and —very small extent were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale (3.6 ≤ Disagree ≤ 5.0). The results were presented in mean .The mean was generated from SPSS version 21 and is as illustrated in Table 4.5:

Table 4.5:Elements of customer satisfaction influence customer retention

Statement	Very great extent	Great extent	Moderate	Small extent	Very small extent	Mean
Reduced company image	45%	25%	11%	2%	6%	1.6
Increased company image.	35%	35%	20%	2%	8%	1.4
No change on company image	55%	25%	11%	2%	7%	1.2

From the results in Table 4.9; respondents agreed that to a great extent that lack of customer satisfactionreduced company image by a mean of 1.6; customer satisfaction increase company imageby a mean of 1.4; to change on company image. This infers that lack of these factors of customer satisfaction affected customer retention. In addition the findings of the study corroborate with literature review by the Chen &Ko (2007) who indicated that customer satisfaction is determined by company image because of the services are real time that is they are used by the customers as soon as offered.

Customer Care Service

The study sought to investigate whether customer care service influence customer retention in the organization. The results were as shown in Table 4.6.

Table 4.6: Influence of of customer care service on customer retention

Opinion	Frequency	Percent
Yes	31	75.61
No	10	24.39
Total	**41**	**100**

From the research findings in Table 4.6, majority of the respondents as shown by 75.61% were of the opinion that customer care service influence customer retention whereas 24.39% of the respondents were of the contrary opinion. This implies that customer care service influence customer retention in the organization. The findings of the study are in agreement with literature review by Kim, Park and Jeong (2004) who argued that service provider should provide customer oriented services in order to heighten up customer satisfaction.

The study sought to investigate the extent to which customer care service influence customer retention in the organization. The results were as shown in Figure 4.6.

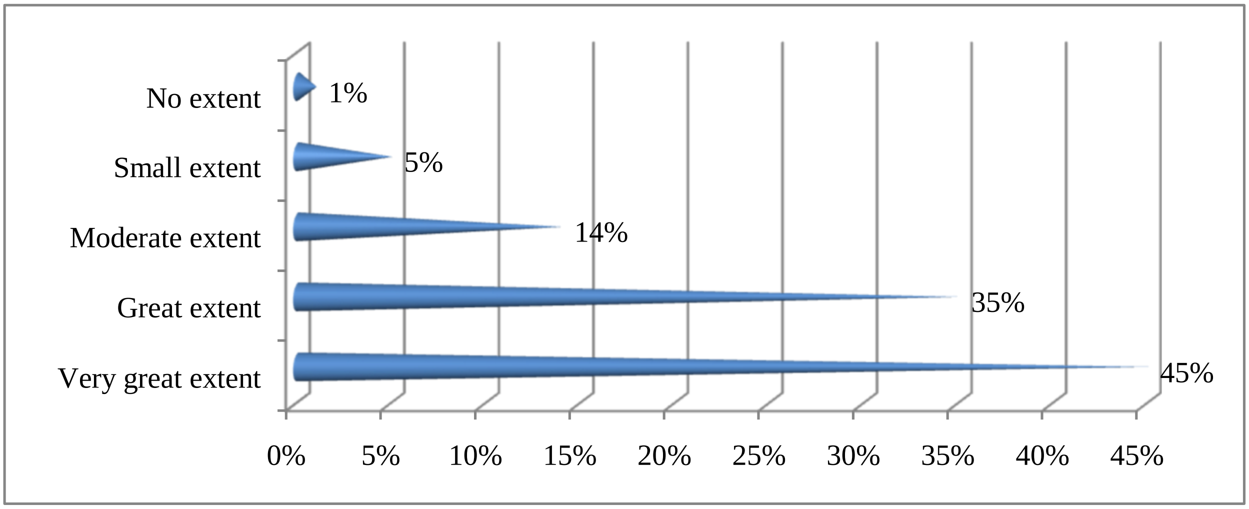


Figure 4.6: Extent of customer care service influence customer retention

From the research findings in Figure 4.6, majority of the respondents (45%) stated that the customer care service influence customer retention in the organization to a very great extent, 35% of the respondents cited to a great extent, 14% of the respondents indicated to moderate extent, 5% cited a small extent whereas 1% of the respondents indicated to a low extent. This implies that customer care service influence customer retention in the organization to a very great extent in the organization. The study findings corroborates with literature review by Ahn, Han and Lee (2006) who showed that when the customers, do not get their complaints considered properly, they start looking for other brands. It happens because either the customer service centers do not handle the complaints or the customers are not able to address them properly. Sometimes, telecom service providers take considerably longer time to resolve the problems like network coverage or call quality, the customers do not wait for long and hence they lose satisfaction with that particular brand thus customer care service influenced customer retention to a great extent in telecom service providers.

The study sought to establish the extent to which the respondents following aspects of customer care service influence customer retention in the organization in the organization. The scores

—Strongly agree and —Agree were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale (1 ≤ Agree≤ 2.5). The scores of ‗Neutral' were represented by a score equivalent to 2.6 to 3.5 on the Likert scale (2.6 ≤ Neutral ≤ 3.5). The score of —Disagree and

—Strongly disagree were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale (3.6 ≤ Disagree ≤ 5.0). The results were presented in mean. The mean was generated from SPSS version 21 and is as illustrated in Table 4.7:

Table 4.7: Elements of customer care service influence customer retention

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Mean
Effects of organizational performance on customer care service	45%	25%	11%	2%	6%	1.6
The customer care service relate well with your mobile phone service needs	55%	15%	11%	2%	6%	1.3
The customer care service are better as compared to those from other service providers	45%	25%	9%	2%	8%	1.7
The customer care service enable you to achieve your goals	45%	15%	11%	2%	16%	1.5
The customer care service enhance your identity	25%	45%	11%	2%	6%	1.6

From the results in Table 4.7; respondents agreed that to a effects of organizational performance on customer care service by a mean of 1.6; the customer care service relate well with the organization mobile phone service needs by a mean of 1.3; The customer care service are better as compared to those from other service providers by a mean of 1.7, The customer care service enable you to achieve your goals by a mean of 1.5 and The customer care service enhance your identity by a mean of 1.6 . This implies that lack of these factors of customer satisfaction influence customer retention.The findings of the study are in agreement with literature review byKuo, Wu and Deng (2009) who stated that customer service is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim, Park and Jeong, 2004). Customer services are the opportunities for telecom service providers that are added to mobile network other than voice services in which contents are either self-produced by service provider or provided through strategic compliance with service provider. The improved customer services are the focal point of the telecom service providers for social as well as for economic reasons.

From a social point of view, services should be available to the customers on reasonable terms. As far as economic factor is concerned, services should satisfy the needs of the customers thus enhancing customer retention.

Sales Promotion

The study sought to investigate whether sales promotion influence customer retention in the organization. The results were as shown in Table 4.8.

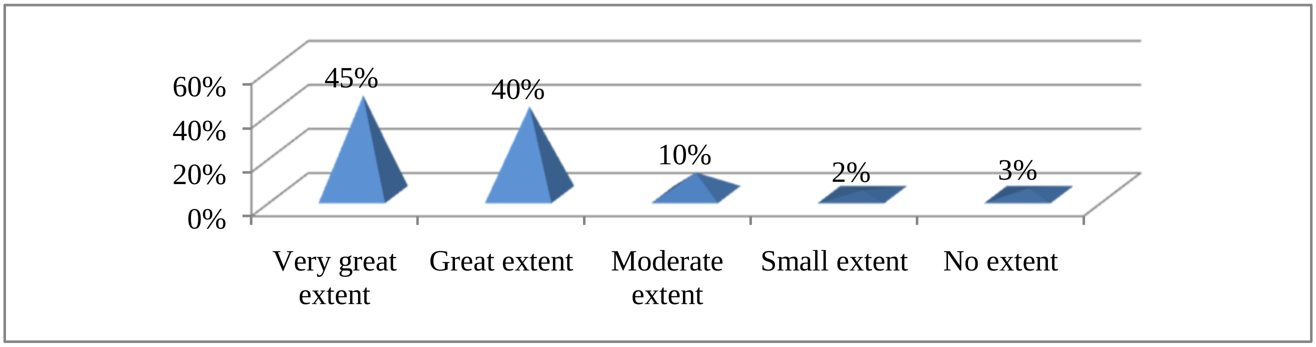
Table 4.8: Influence of sales promotion on customer retention

Opinion	Frequency	Percent
Yes	29	70.73
No	12	29.27
Total	**41**	**100**

From the research findings in Table 4.8, majority of the respondents as shown by 70.73% were of the opinion that sales promotion influence customer retention whereas 29.27% of the respondents were of the contrary opinion. This implies that sales promotion influence customer retention in the organization. According to Luk& Yip (2008) sales promotions are incentivebased and transactional in nature and provide immediate rewards and utilitarian benefits to the customers thus enhancing customer retention.

The study sought to investigate the extent to which sales promotion influence customer retention in the organization. The results were as shown in Figure 4.7.

Figure 4.7: Extent of sales promotion influence on customer retention



From the research findings in Figure 4.4, majority of the respondents (45%) stated that the sales promotion influence customer retention in the organization to a very great extent, 40 % of the respondents cited to a great extent, 10% of the respondents indicated to moderate extent, 2% cited a small extent whereas 3% of the respondents indicated to a nm extent at all. This implies that sales promotion influence customer retention in the organization to a very great extent in the organization. According to Luk and Yip (2008) sales promotions are incentive-based and transactional in nature and provide immediate rewards and utilitarian benefits to the customers. He further argues that both monetary and non-monetary promotions provide benefits thus enhancing customer retention.

The study sought to establish the extent to which the respondents following aspects of sales promotion influence customer retention in the organization in the organization. The scores ―Strongly agree and ―Agree were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale (1 ≤ Agree≤ 2.5). The scores of ‗Neutral'were represented by a score equivalent to 2.6 to 3.5 on the Likert scale (2.6 ≤ Neutral ≤ 3.5). The score of ―Disagree and

―Strongly disagree were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale (3.6 ≤ Disagree ≤ 5.0). The results were presented in mean. The mean was generated from SPSS

version 21 and is as illustrated in Table 4.9.

From the results in Table 4.9; respondents agreed that to a Airtel Kenya sales-promotion matches with the changing environment by a mean of 1.6; Airtel Kenya has a wide range of sales-promotion to suit different people by a mean of 1.3; Airtel Kenya offers continuous Salepromotion to its customers by a mean of 1.7, Sale-promotion of Airtel Kenya are appreciated by its customers by a mean of 1.5 and Airtel Kenya offers more sale-promotion than its competitors by a mean of 1.6 . This implies that lack of these factors of sales promotion influence customer retention. The findings of the study are in agreement with the literature review by Pauwels,Hanssens & Siddarth (2002) argued that sales promotions could lead to negative or negative impact on brand preference and trust. This is because both non-monetary and monetary promotion can divert attention to financial incentives which may encourage brand switching behaviour, increase price sensitivity (Aaker, 1996; Manaled et al, 2007). Gedenk and Neslin (1999) argued further that sales promotion can lead to a significant decrease or increase in brand loyalty thus customer retention.

Table 4.9: Elements of sales promotion influence on customer retention

Statement	**Strongly agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	**Mean**
Airtel Kenya sales-promotion matches with the changing environment	45%	25%	11%	2%	6%	1.6
Airtel Kenya has a wide range of sales-promotion to suit different people	55%	15%	11%	2%	6%	1.3
Sale-promotion are able to meet most of Airtel Kenya needs	55%	15%	11%	2%	6%	1.3
Airtel Kenya offers continuous Sale-promotion to its customers	45%	25%	9%	2%	8%	1.7
	45%	15%	11%	2%	16%	1.5
Sale-promotion of Airtel Kenya are appreciated by its customers						
Airtel Kenya offers more Salepromotion than its competitors	15%	55%	11%	2%	6%	1.6

Price Structure

The study sought to investigate whether price structure influence customer retention in the organization. The results were as shown in Table 4.10.

Table 4.10: Influence of Price/ Tariff Structure on customer retention

Opinion	Frequency	Percent
Yes	32	78.05
No	9	21.95
Total	**41**	**100**

From the research findings in Table 4.10, majority of the respondents as shown by 78.05% were of the opinion that price/tariff structure influence customer retention whereas 21.95% of the respondents were of the contrary opinion. This implies that price/ tariff structure influence customer retention in the organization. The study results are in agreement with literature review by Kim et al.(2004) satisfaction of customers in telecom market depends on factors like attractive call rate, internet browsing fees and price schedule variation. Thus price structures of the operators influence the loyalty of users a lot. Price seems one of the very significant factors to derive satisfaction and make users loyal. In this regard, operators should be more careful in determining and maintaining price structure of call and variety of services offered to customers, otherwise switching tendency of customers across operators will be increased and resulting lessening the loyalty of customers.

The study sought to investigate the extent to which price/ tariff structure influence customer retention in the organization. The results were as shown in Figure 4.8.

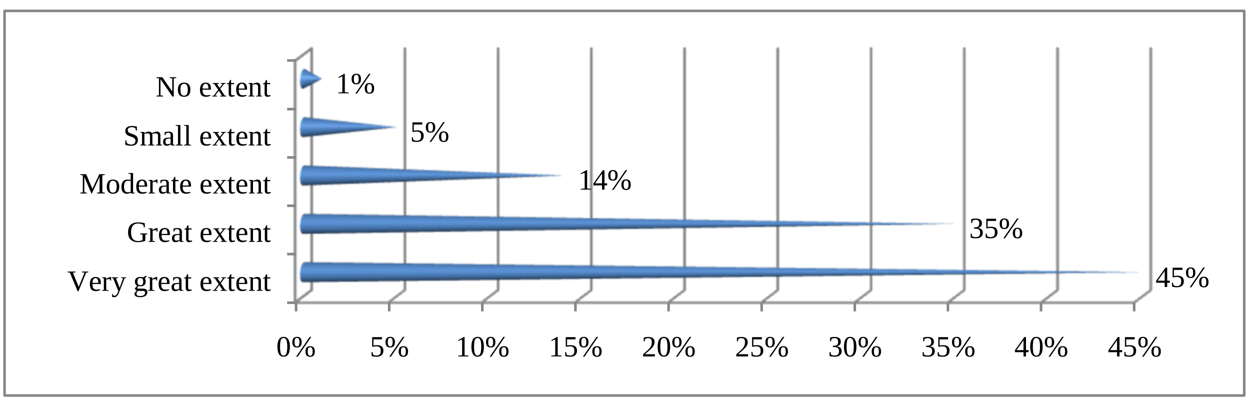


Figure 4.8: Extent of price structure influence on customer retention

From the research findings in Figure 4.8, majority of the respondents (45%) stated that the price/ tariff structure influence customer retention in the organization to a very great extent, 35% of the respondents cited to a great extent, 14% of the respondents indicated to moderate extent, 5% cited a small extent whereas 1% of the respondents indicated to a low extent. This implies that price/ tariff structure customer retention in the organization to a very great extent in the organization. Kim et al.(2004) stated that tariff structure plays a vital role in telecommunication market, especially for the mobile telecommunication service providers. Satisfaction of customers in telecom market depends on factors like attractive call rate, internet browsing fees and price schedule variation. They argued that price structures of the operators influence the loyalty of users a lot to a great extent.

The study sought to establish the extent to which the respondents following aspects of price/ tariff structure influence customer retention in the organization in the organization. The scores ―Strongly agree and ―Agree were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale (1 ≤ Agree≤ 2.5). The scores of ‗Neutral' were represented by a score equivalent to 2.6 to 3.5 on the Likert scale (2.6 ≤ Neutral ≤ 3.5). The score of ―Disagree and

―Strongly disagree were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale (3.6 ≤ Disagree ≤ 5.0). The results were presented in mean. The mean was generated from SPSS version 21 and is as illustrated in Table 4.11:

Table 4.11: Elements of price/ tariff structure on customer retention

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Mean
Am totally satisfied with the prices offered by the service provider	45%	25%	11%	2%	6%	1.6
Price is an indicator of the quality of service	55%	15%	11%	2%	6%	1.3
Airtel Kenya offers cheap and affordable products as compared to other mobile companies	45%	25%	9%	2%	8%	1.7

From the results in Table 4.11; respondents agreed that they are totally satisfied with the prices offered by the service provider by a mean of 1.6; price is an indicator of the quality of service by a mean of 1.3; Airtel Kenya offers cheap and affordable products as compared to other mobile companies by a mean of 1.7. This implies that lack of these factors of price/ tariff structure influence customer retention. The findings of the study are in agreement with literature review by Kim et al.(2004) who indicated that tariff structure plays a vital role in telecommunication market, especially for the mobile telecommunication service providers. Satisfaction of customers in telecom market depends on factors like attractive call rate, internet browsing fees and price schedule variation. Thus price structures of the operators influence the loyalty of users a lot. Price seems one of the very significant factors to derive satisfaction and make users loyal. In this regard, operators should be more careful in determining and maintaining price structure of call and variety of services offered to customers, otherwise switching tendency of customers across operators will be increased and resulting lessening the loyalty of customers.

Customer Retention

The study sought to establish the extent to which the respondents agreed with the following statements of customer retention in Airtel Kenya. The scores —Strongly agree and —Agree were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale (1 ≤ Agree≤

2.5). The scores of ‗Neutral‘ were represented by a score equivalent to 2.6 to 3.5 on the Likert scale (2.6 ≤ Neutral ≤ 3.5). The score of —Disagree and —Strongly disagree were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale (3.6 ≤ Disagree ≤ 5.0). The results were presented in mean. The mean was generated from SPSS version 21 and is as illustrated in Table

4.12. From the results in Table 4.12, respondents agreed that customers often think of leaving

Airtel Kenya by a mean of 1.6; Customers are switching to other networks by a mean of 1.3; Customers love Airtel Kenya by a mean of 1.7. Customers are hoping to stay with Airtel Kenya forever by a mean of 1.4; customers recommend Airtel Kenya to any other customer by a mean of 1.5 and Customers often think of leaving Airtel Kenya by a mean of 1.7. This implies that customer retention is low in airtel Kenya and as in telecom market depends on factors like attractive call rate, internet browsing fees and price schedule variation. Thus price structures of the operators influence the loyalty of users a lot. Price seems one of the very significant factors to derive satisfaction and make users loyal. In this regard, operators should be more careful in determining and maintaining price structure of call and variety of services offered to customers, otherwise switching tendency of customers across operators will be increased and resulting lessening the loyalty of customers.

Table 4.12: Statements relating to customer retention

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Mean

Customers often think of leaving Airtel Kenya	45%	25%	11%	2%	5%	1.6
Customers are switching to other networks	55%	15%	11%	2%	6%	1.8
Customers love Airtel Kenya	45%	25%	11%	2%	8%	1.6
		15%	11%	2%	3%	1.1
Customers are hoping to stay with Airtel Kenya forever	55%					
		25%	11%	2%	6%	1.5
Customers recommend Airtel Kenya to any other customer	45%					
Customers often think of leaving Airtel Kenya	45%	25%	9%	2%	8%	1.7

Table 4.13: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.900	.810	.302	.339

---

[1] .10Multiple Regression Analysis

The study adopted a multiple regression analysis so as to establish the relationship of independent variables (customer satisfaction, customer care service, sales promotion and price/ tariffs structure) and dependent variable that is customer retention. The study applied SPSS version 21 to code, enter and compute the measurements of the multiple regression.

R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the Table 4.13 is notable that there exists strong positive relationship between the study variables as shown by 0.900.Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. The four independent variables that were studied explain 81.00% of the customer retention as represented by the R^2. This therefore means that other factors not studied in this research contribute 19% of the customer retention. This implies that these variables are very significant therefore need to be considered in any effort to boost customer retention in mobile telecommunications industry in Kenya. The study therefore identifies variables as critical determinants of customer retention in mobile telecommunications industry.

4.11 Analysis of Variance

Table 4.14: Analysis of Variance[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.543	4	1.135	2.2373	.011[b]
	Residual	24.860	36	.5073		
	Total	90.403	40			

a. Dependent Variable: Customer retention

b. Predictors: (Constant), customer satisfaction, customer care service, sales promotion and price/ tariffs structure

c. Critical value =1.3997

The significance value is 0.011which is less that 0.05 thus the model is statistically significance in predicting how customer satisfaction, customer care service, sales promotion and price/ tariffs structure influence the customer retention in Airtel Kenya. The F critical at 5% level of significance was 2.2373. Since F calculated is greater than the F critical (value = 1.3997), this shows that the overall model was significant.

Regression Coefficients

Table 4.15: Regression Coefficients

Model	Unstandardized	Standardized	T	Sig.
		Coefficients	Coefficients	

		B	Std. Error	Beta		
	Constant	45.208	.453		2.865	.016
	Customer satisfaction	.837	.060	.198	3.950	.014
1	Customer care service	.667	.068	.245	3.397	.025
	Sales promotion	.639	.075	.008	3.187	.043
	Price structure	-.781	.064	.031	4.391	.021

a. Dependent Variable: Customer retention in Airtel Kenya

The finding revealed that holding independent variables constant(customer satisfaction, customer care service, sales promotion and price/ tariffs structure) to a constant zero, customer retention would be at 45.208 , a unit increase in customer satisfaction would lead to increase in customer retention by a factor of 0.837, a unit increase in customer care service would lead to increase in customer retention by factor of 0.667, a unit increase in sales promotion would lead to increase in customer retention by a factor of 0.639 and unit increase in price/ tariffs structure would lead to decrease in customer retention by a factor of (-0.781).

From the data in Table 4.16, it was established that regression equation was $Y = 45.208 + 0.837X_1 + 0.667\ X_2 + 0.639\ X_3 - 0.781\ X_4$. Therefore, customer retention in Airtel Kenya = 45.208 + (0.837 x customer satisfaction) + (0.667 x customer care service) + (0.639 x sales promotion) + (- 0.781 x price/ tariffs structure). From the results of this study, customer satisfaction influenced more to the customer retention on Airtel Kenya. At 5% level of significance, customer satisfaction had a p-value of 0.014; customer care service had a p-value of 0.025; sales promotion had a p-value of 0.043; price/ tariffs structure had a p-value of 0.021. The significance values of all the independent variables were less that 0.05 thus they statistically significantly predict how they influence the customer retention in Airtel Kenya Therefore; the most significant factor was customer satisfaction.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to, the conclusions and recommendations drawn were focused on addressing the objective of the study. The researcher intended to establish how customer satisfaction, customer care service, sales promotion and price/ tariffs structure influence customer retention in Kenya.

Summary of the findings

The summary of the findings are presented in the section. The study sought to establish the influence of customer satisfaction, customer care service, sales promotion and price on customer retention

Customer Satisfaction

According to literature reviewed, customer satisfaction can help promote an organization and make it retain customers or they can cause high turnover. This underscores the fact that customer satisfaction is critically important in customer retention. Therefore, the study sought to find out if the customer satisfaction influences customer retention in Airtel Kenya. Descriptive analysis showed that customer satisfaction influences customer retention in Airtel Kenya. The respondents agreed effects of organizational performance on customer care service , the customer care service relate well with the organization mobile phone service needs ,the customer care service are better as compared to those from other service providers and customer care service enable them to achieve your goals. Further, the variable statistically and significantly influenced customer retention in Airtel Kenya at 0.05 level of significance. This implies that the more customer satisfaction becomes the more the customer retention in Airtel Kenya. Therefore, from these descriptive and qualitative results show that the research which sought to establish the influence of customer satisfaction on customer retention in Airtel Kenya was achieved because it established that customer satisfaction influences customer retention in Airtel Kenya.

Customer Care Service

Customer care service can help promote an organization and make it attractive to customers or it can cause high customer turnover. This underscores the fact that customer care service is critically important in customer retention. Therefore, the study sought to find out if the customer care service influences customer retention in Airtel Kenya. The descriptive analysis showed that customer care service influences customer retention in Airtel Kenya. The study also found out that respondents the customer care service relate well with the organization mobile phone service needs , disagreed that the customer care service are better as compared to those from other service providers and the customer care service enable them to achieve their goals and The customer care service enhance their identity. Additionally, the variable statistically and significantly influenced customer retention in Airtel Kenya at 0.05 level of significance. This implies that the more Price/ tariff Structure becomes the more the customer retention in Airtel Kenya. Therefore, from these descriptive and qualitative results show that the research which sought to establish the influence of customer care service on customer retention in Airtel Kenya was achieved because it established that Price/ tariff Structure influences customer retention in the organization.

Sales Promotion

According to literature reviewed, sales promotion can help promote an organization and make it retain customers or they can cause high turnover. This underscores the fact that sales promotion is critically important in customer retention. Therefore, the study sought to find out if the sales promotion influences customer retention in Airtel Kenya. The descriptive analysis showed that sales promotion influences customer retention in Airtel Kenya. The study established that sales promotion does not match with the changing environment, the organization does not have a wide range of sales-promotion to suit different people , does not offer continuous sale promotion to its customers, sale-promotion of Airtel Kenya is not appreciated by its customers and the organization does not offer more sale-promotion than its competitors. Further, the variable statistically and significantly influenced customer retention in Airtel Kenya at 0.05 level of significance. This implies that the more sales promotion becomes the more the customer retention in Airtel Kenya. Therefore, from these descriptive and qualitative results show that the research which sought to establish the influence of sales promotion on customer retention in Airtel Kenya was achieved because it established that sales promotion influences customer retention in the organization.

Price/ Tariff Structure

Price/ Tariff Structure can help promote an organization and make it attractive to customers or they can cause high turnover. This underscores the fact that Price/ tariff Structure is critically important in customer retention. Therefore, the study sought to find out if the Price/ tariff

Structure influences customer retention in Airtel Kenya. The descriptive analysis showed that Price/ tariff Structure influences customer retention in Airtel Kenya. The study also found out that respondents disagreed that they are totally satisfied with the prices offered by the service provider, agreed that price is an indicator of the quality of service and disagreed that Airtel Kenya offers cheap and affordable products as compared to other mobile companies. Additionally, the variable statistically and significantly influenced customer retention in Airtel Kenya at 0.05 level of significance. This implies that the more Price/ tariff Structure becomes the more the customer retention in Airtel Kenya. Therefore, from these descriptive and qualitative results show that the research which sought to establish the influence of Price/ tariff Structure on customer retention in Airtel Kenya was achieved because it established that Price/ tariff Structure influences customer retention in the organization.

Conclusion

The study established that customer satisfaction influences customer retention in Airtel Kenya. Customer satisfaction statistically and significantly influenced customer retention in Airtel. This implies that the lack of customer satisfaction affected the customer retention in Airtel Kenya. This indicates the fact that customer satisfaction is critically important in customer retention in the organization.

The customer care service do not relate well with the their customers' needs, the customer care service are not better as compared to those from other service providers and customer care service enable them to achieve your goals. This indicates the fact that customer care service is critically important in customer retention in the organization.

The study also found out that sales promotion influences customer retention in Airtel Kenya. The sales-promotion does not match with the changing environment, the organization does not have a wide range of sales-promotion to suit different people , does not offer continuous sale promotion to its customers, sale-promotion of Airtel Kenya is not appreciated by its customers and the organization does not offer more sale-promotion than its competitors.

The study revealed that out Price/ tariff Structure influences customer retention in Airtel Kenya. The respondents disagreed that they are totally satisfied with the prices offered by the service provider, agreed that price is an indicator of the quality of service and disagreed that Airtel Kenya offers cheap and affordable products as compared to other mobile companies.

Recommendations

The study recommends that the organization to develop policies to ensure that there is customer satisfaction is well taken care of as it influences customer retention in Airtel Kenya. The organization should relate well with its customers by ensuring quality services than its services in order to maintain its customers.

The study recommends for effective customer care service can help promote an organization and make it attractive to customers or it can cause high customer turnover. An effective customer care service is critically important in customer retention. Therefore, the study recommends for enactment of effective strategies to enhance customer care service in the organization to boost customer retention.

Additionally, the study recommends that sales promotion should match with the changing environment, the organization should have a wide range of sales-promotion to suit different people, offer continuous sale-promotion to its customers, enact strategies to ensure that there is sale-promotion of Airtel Kenya and appreciated by its customers and the organization should offer more sale-promotion than its competitors.
Finally, study recommends that Price structure influences customer retention and there is need to ensure customers are satisfied with the prices offered by the service provider as the price is an indicator of the quality of service and need for the organization to offer relatively cheaper and affordable products as compared to other mobile companies.

Recommendations for Further Research

Since this study sought to establish the determinants of customer retention on mobile telecommunications in Kenya, it was established that from literature review there are scanty studies are available in Africa and specifically in Kenyan mobile telecommunications industry set up. Additionally, very little has been undertaken to explore determinants influencing customer retention on mobile telecommunications in Kenya thus the researcher call for further studies to be undertaken in Kenya for generalization of the findings of this study.

This study used qualitative and quantitative techniques. It was also a cross sectional study and hence other studies using longitudinal design could be carried out to establish whether customer retention is actualized.

Also, an exploratory study would enrich findings because such a study would have a wide range of factors that influence customer retention on mobile telecommunications industry in Kenya addressed other than the ones identified in this study.

This study confined itself to the one mobile telecommunications industry in Kenya. A comparative study should be carried out to compare whether the findings also apply for others in Kenya in order to validate whether the findings can be generalized to other players in the industry.

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