# Antecedents of Customer Perceived Value: Evidence of Mobile Phone Customers in Kenya

#### Francis Mungai Muturi, MBA

Service Value Scholar & Researcher Strathmore Business School P.O. Box 59857 00200 Nairobi Kenya

#### Dr. Joseph Kibuye Wadawi, PhD

Senior lecturer Centre for Tourism and Hospitality Strathmore University, Kenya P.O. Box 59857 00200 Nairobi Kenya

## Dr. Edward Otieno Owino, PhD

Lecturer School of Business KCA University P.O. Box 23604 00100 Nairobi, Kenya

### Abstract

As the mobile phone industry in Kenya gets competitive, customer retention becomes an imperative precursor to firm performance. For this reason, the study was so conceived to examine factors that influence customer perceived value amongst Kenyan mobile phone customers. The study analysed perceived service quality and the perception of price amongst cell phone users. A survey of 400 randomly selected respondents was undertaken. A structured instrument covering background information, customer expectation and customer perception was adopted in primary data collection. The results shows that perceived quality of service and perceived price determine customer's perception of value. The results indicate the existence of a significant differences exist between what customers expect and what they perceive they experience after a service encounter. Service managers should compete on providing services of high value to gain a competitive edge in this market.

Key Words: Kenya, service, service quality, perceived price, perceived value

### Introduction

Demand for mobile phone services has taken an upward trajectory over the past two decades in both developing and developed nations. Higher market penetration has been achieved in developing countries like Kenya, because of affordability of handsets, increased uses of handsets, increased internet connectivity and compatibility of handset features to users' needs. Roostika (2011) attributes increased demand for mobile phones to rapid adoption of internet by users and the ease of internet access on mobile devices. In Kenya, there are over 28 million users who are connected to mobile phone services, representing 71.3 percent penetration of the total population (Communications Commission of Kenya, CCK, 2011/2012). Emergence of mobile phones has drastically changed the telecommunication sector in Kenya from one previously dominated by fixed line service providers and heavy government regulation to today's liberalized market, with mobile phone service providers taking lead in market share (Mokhtar, Maiyaki & Noor, 2011). The number of wireless service providers in Kenya rose from one in 1997 to four in 2014. While the service providers face the challenge of reduced earnings, the rise in competition in the Kenyan mobile phone market has been a major gain for customers who today have increased choice brackets, get more value for their money and can access a variety of services from the increased creativity of service providers (Kandampully & Suhartanto, 2000). The intensity of competition has led players to adopt price penetration strategies and high service quality as a basis of delivering value to customers.

In 1997, Safaricom Limited, made its debut entry in Kenya as the first mobile service provider. According to CCK (2011), Safaricom remains the market leader with over 67 percent market share. Changes in the market regulatory environment has allowed for entry of other players and today Kenya has four licensed mobile phone service operators namely Yu, Airtel, Orange and Safaricom. The four mobile phone service providers are engaged in the business of voice, data, phones and money transfer. The prevalent market structure in Kenyan telecommunications industry is that of monopolistic competition, characterised by a few large players, difficulty of entry or exit, homogeneous product and price competitions, which has led to lowering of call charges and a decline in voice revenues. The market is marked by price war that intensifies whenever there is a new entrant, a phenomenon that conforms to the observation made by Klemperer (1989), that in a market with switching costs, the entry of a new player triggers price war. The Kenyan situation is not unique as Adjei and Denanyon (2014) observed that in Ghana the customers are now more savvy, less forgiving and have several options to choose from.

The demand for mobile phone services in Kenya is in the rise, with consumers largely using mobile phones for voice communication, money transfer and data transfer through internet technology. The recorded number of registered mobile money transfers users in 2011 was 18.9 million, representing 68 percent of all mobile phone users in Kenya. The decline in the number of fixed phone lines is as a result of the high maintenance costs and regular breakdowns of fixed lines due to cable vandalism and fixed-to-mobile substitution (CCK, 2011).

As competition and cost of attracting new customers grow, companies increasingly concentrate their strategies on providing high quality services to existing customers. Research has proven that recruiting a new customer cost more than retaining an existing customer (Mittal & Walfried, 1998; Hogan, Katherine & Barak, 2003). It is in line with this background that this study was conceived to empirically demonstrate what constitute customers perception of value from amongst mobile phone service providers in Kenya. The specific objectives of the study were to identify factors considered by customers when selecting a mobile phone service provider and to determine customers' perception of the services provided by mobile phone service providers. The value of the study includes informing mobile phone service providers what value their customer pay for and adding to existing knowledge of perceived service quality amongst cell phone users.

### 2.1 Literature Review

### 2.2 Customer Perceived Service Quality

The International Telecommunication Union (ITU) describes quality of a service as the level of guaranteed service to a user. Yadav and Dabhade (2013) acknowledged that the level of guaranteed services is a determinant of a firm's progress and survival in the otherwise dynamic business environment. Service quality as defined by Parasuraman, Zeithaml and Berry (1985), is a measure of the difference between customers' expectation and customer perception of a service after an encounter. This conceptualization led to the derivation of the SERVQUAL scale by Parasuraman, Zeithaml and Berry (1988). The SERVQUAL scale is widely used (Arokiasamy & Abdullah 2013; Sureshchandar, Rajendran, & Anantharaman, 2002) in the telecommunication sector in measurement of service quality; however, its contextualization remains debatable. The SERVQUAL model has five dimensions; reliability, responsiveness, assurance, empathy and tangibles.

According to Zeithaml (1988), quality is superiority or excellence, while perceived quality is consumer's judgment of the superiority or excellence of a product or service. Ruyter and Wetzels (1998) posit that perceived service quality has an impact on customer preference and the willingness to recommend the service to other consumers. In recognition of this, service firms are today focused on understanding customer perceived quality in order to strategize on how to deliver the same (Sureshchandar et al., 2002). Service quality leads to a more favourable disposition towards the service provider and the commitment to re-patronage increases. Apparently, customers are willing to pay for quality services and will make an explicit comparison between what they give and what they get.

# 2.3 Perceived Price

Price as an element of the marketing mix receives a unique meaning in service marketing, with discussion centering on perceived price. Perceived price is the consumers' subjective perception of the objective price of the product (Jacoby & Oslon, 1985). A growing body of research supports the distinction between objective price and perceived price (Zeithaml, 1988).

Studies reveal that consumers do not always know or remember actual prices of products (objective price), instead, they encode prices in ways that are meaningful to them. Service customers use price as a quality signal, where low price equates to low quality and high price may be equivalent to high quality.

Dodds et al. (1991) indicated that perceived value is a cognitive trade-off between perceived quality and sacrifice. Perceived value increases when price increases, suggesting that the perceived sacrifice component became stronger in relation to perceived quality at higher prices. In conceptual argument, as price increases from a low priced model to a higher priced model, buyers' perceptions of value will increase and then decrease. Consumers' value perceptions are enhanced with increasing levels of quality they perceive and lowered with increasing levels of sacrifice they feel. Oh (2000), stated that when consumers perceive high levels of value from a pending purchase, they tend to express high levels of willingness to buy eventually and low levels of willingness to look for alternative purchases.

### 2.4 Customer Perceived Value

Customer perceived value takes numerous meaning. Lee (2010) pointed out that perceived value are the benefits customers receive relative to total costs. While Monroe's (1990) suggested that buyer's perception of value is a function of the quality or benefits they receive in the product relative to the sacrifice they perceive by paying the price. This means, customer value is a function of customer perceived quality and customer perceived price (buyer cost). Perceived customer value is often viewed as a customer's overall assessment of what is received and what is given and as a trade-off between perceived quality and its affordability within a choice set (Monroe & Krishnan, 1985). Similarly Porter (1980) associated buyer value as a trade-off of buyer-perceived performance and buyer cost. Zeithaml (1988) argued that all costs that are salient to customers, such as monetary price and non-monetary price should be incorporated as perceived costs, and that the benefit components of perceived value should include perceived quality and other intrinsic and extrinsic attributes. This stream of literature suggests that value is a trade-off between quality and price and that value enhances repurchase intention and discourages switching behaviour (Wathne, Biong & Heide, 2001).

Zeithaml (1988) further observed that there appears to be diversity of meanings of value. Patterns of responses from the exploratory study can be grouped into four consumer definitions of value: value is low price, value is whatever I want in a product, value is the quality I get for the price I pay and value is what I get for what I give. These four consumer expressions of value can be captured in one overall definition: perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. According to Liu (2006), it is the value that customers feel they receive, rather than their level of satisfaction, that keeps them returning. The author defines customer value for a business service as an organizational buyer's assessment of the economic, technical and relational benefits received, in exchange for the price paid for a supplier's offer relative to competitive alternatives. Thus, customer value regulates behavioural intentions of loyalty toward the service provider as long as such relational exchanges provide superior value (Sirdeshmukh et al., 2002). Similarly, service quality and perceived value was examined as critical antecedents to customer loyalty by Wieringa and Verhoef (2007).

### 3.1Research Methodology

Using descriptive survey research design the dimension of service quality and perceived service quality amongst mobile phone users was examined. A survey was preferred because; it permitted accurate estimation of the population parameters and subsequent generalization (Churchill & Brown, 2007). This design was considered versatile, for it allowed for use of questionnaires and collection of data in a relatively short period (Longnecker, 2008). The design permitted the use of quantitative analysis thus providing empirical evidence on the antecedents of service quality among mobile phone service users in Kenya. According to Mangan and Lalwani (2004), quantitative research allows for numeric analysis of data.

The population of interest were university students who use cell phones. A sampling frame was drawn from university students in Strathmore University and University of Nairobi main campus. The two were preferred because they represented the universities with the highest student population from both public (University of Nairobi) and private universities (Strathmore University) in Nairobi. To break the major mobile phone services monopoly, the competing mobile phone providers have resorted to niche marketing strategy targeting the youth. The university students provide a niche market that the mobile phone service providers target.

Using stratified random sampling procedure, the students were grouped into two; Strathmore University and University of Nairobi main campus students. Simple random sampling was then applied giving respondents from either category an equal chance of being picked subsequently minimizing sampling error. According to Commission of University Education, CHE (2011), Strathmore University had a population of about 3,661 students while Nairobi University has a total population of 20,624, with the main campus having an estimated 8,000 students. Guided by Krejcie and Morgan's (1970) method of sample size determination, a sample of 400 was drawn. Subsequently the questionnaires were self administered to 400 students. 154 of the respondent were from Strathmore University and 256 from the University of Nairobi university main campus.

A validated structured questionnaire was used in data collection. The questionnaire had three sections that sought to gather; general information, information on customer expectations and customer perceptions. Prior to field work, the questionnaire was pilot tested amongst 10 respondents and their response was used to modify the instrument before the final survey. The 42 item instrument was tested for reliability, resulting in a Cronchbach alpha value of 0.732 which was considered reliable.

### 4.1 Results of Data Analysis

Statistical package for social studies (SPSS) was used to undertake three statistical tests; descriptive analysis, factor analysis and paired samples t-test. Preceding data analysis was the data preparation stage as specified by Malhotra (2010). Out of the 400 questionnaires administered, 323 were returned resulting in a response rate of 80.75 percent. This was considered adequate for the study. Following a data editing process, 321 questionnaires were found useful. A pre-test of the categorical variables and continuous variables in the data set using descriptive statistics revealed no errors.

The demographic profile of the respondents (Table 4.1) showed that amongst the mobile phone users interviewed, 53.9 percent were male and 46.1 percent were female, indicating almost equal gender parity in the use of mobile phone services amongst the respondents. It was observed that mobile phone services are highly (81.3 percent) used by the youth (18-27 years), with the undergraduate students comprising 69.1 percent of the respondents. This implies sample subjects were literate and capable of making sound judgment of the services offered by various mobile phone service providers along the parameters of service quality and perceived price. Most of the respondents (75.9 percent) were customers of Safaricom, while the other three competing firms (Airtel, YU and Orange) shared the remaining of 24.1 percent of the market. This confirmed an earlier observation that the industry is currently dominated by one service provider. A further 43.1 percent of the respondents had been loyal to the current service provider for 6-10 years while 41.3 percent have been loyal to the current service provider for 3-5 years. The longevity of years with the current provider meant customer loyalty and was deemed an imperative pointer to the customers' ability to discuss perceived value over time.

A majority of the respondents (79.8 percent) reported that they have never used another service provider, with 19.6 percent indicating they have ever switched to another service provider. This immobility indicates a strong loyalty to mobile service providers and can be attributed to switching costs. Most (42.7 percent) of the respondents confirmed that if they were to switch to a new service provider, they could switch to Airtel and 42 percent would switch to Yu. These results provide evidence that if subscribers were to shift, Safaricom would be the greatest loser. This observation means that a mobile service provider who offers greater perceived service value is likely to attract more loyal customers.

### 4.3 Customers' Expectation of Mobile Phone Service Providers

The first research objective was to identify the factors considered by customers when selecting a mobile phone service provider. The study employed Exploratory Factor Analysis (EFA), in addressing this objective. Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test were used as pre-tests to EFA. KMO statistics of 0.734 was arrived at (Table 4.2) and the sample was considered adequate. The Bartlett's Test shows a significant value of 0.000, indicating a strong relationship existed among the variables.

The unrotated solution (Table 4.2) revealed five components with most of the items explaining variations in component one. This was followed by a Varimax with Kaiser Normalization rotation method that unveiled three factors (Table 4.3). The first factor was value added services, which was explained by five variables: value-added services are convenient (0.856), value added services are up to date (0.802), value added services in the form of internet (0.703), variety of value added service to choose from (0.621) and value added service by way of money transfer (0.585).

The second factor (customer support) was explained by four items including; customer support - ease of reporting complaint with a factor loading of 0.816, customer supports - speed of complaint processing (0.816), customer support - friendliness when reporting complaint (0.691) and network call clarity (0.593). The third factor was perceived price and it was explained by two items; reasonability of price and possibility of freely choosing from a variety of price schedules.

The three emergent factors were subjected to an internal validity test by scaling and subjecting them to a Cronbach's alpha test (Table 4.3). The overall Cronbach's alpha of the three items was  $\alpha = 0.758$ . The overall Cronbach's alpha of value added services was  $\alpha = 0.808$  while the overall Cronbach's alpha of customer support was  $\alpha = 0.688$  and the overall Cronbach's alpha of perceived price was  $\alpha = 0.777$ . Fornell and Larcker (1981) recommend that the internal consistency values should exceed 0.60, Cheruiyot, Jagongo and Owino (2012) considered alpha values above 0.70 reliable and therefore, value added services and pricing structure which both had alpha > 0.7, were interpreted as satisfying the requirements of internal validity. The factor, customer support failed the internal validity test.

The study therefore established two antecedents to service quality in the mobile phone industry in Kenya as encompassing perceived quality of service and perceived price. Both constructs were reliable and were considered critical antecedents of customer perceived value of a mobile phone service provider. This result corroborate the work of Lee (2010) who concluded that perceived value is a tradeoff between what customers receive and what they sacrifice and that service quality had the greatest effect on customer loyalty. The results conform to the works of Parasuraman et al. (1988) who found a positive relationship between service quality and willingness to recommend a service provider.

### 4.4 Customers' Perception of Services Provided by Mobile Phone Operators

Evidence from service quality literature (Parasuraman et al., 1988; Gronroos, 1988; Aldridge and Rowley, 1998) indicated that, what customers expect of services often differs from what they perceive after the service encounter, a position also referred to as the disconfirmation paradigm (Quality = Expectation – Perception). Anchoring on the disconfirmation paradigm, a paired samples t-test analysis was undertaken in examining the second research objective.

The paired samples t-test analysis revealed thirteen items (pair 1, pair 2, pair 3, pair 4, pair 6 pair 7, pair 8, pair 9, pair 11, pair 12, pair 13, pair 14 and pair 15) that were statistically significant (p < 0.05) at 95 percent confidence interval in explaining the difference between what customers expected and what customer perceived of the mobile phone service providers (perceived service quality). The p < 0.05 values meant that there was a significant difference between customer expectation and perception scores (Table 4.4).

It was established that the variables with the highest mean difference were; customer support (ease of reporting complaint), price structure (reasonability), customer support (speed of complaint processing), price structure (variety of pricing schedules to choose from) and adequate network coverage, were identified. The paired difference with the highest mean difference was the latent variable customer support in terms of ease of reporting complaint (Pair 13). It reflected a mean difference of M = 1.432, SD = 1.544,  $t_{307} = 16.278$  and p = 0.000 (two tailed) at 95 percent confidence interval (CI) ranging from 1.259 to 1.605. The effect size (eta squared statistic) of customer support in terms of ease of reporting complaint was the largest standing at 0.546 and the study concluded that there was a large effect, with a substantial difference noted in reference to customer support in terms of ease of reporting at the customer expectation stage and customer perception stage.

The paired difference in reasonability of the price structure scores had the second highest mean difference of M = 1.375, SD = 1.647,  $t_{306} = 14.625$  and p = 0.000 (two tailed) at a 95 percent CI ranging from 1.190 to 1.560.

The eta squared statistic of network coverage' was 0.493, implying that there was a large effect, in reference to the difference between expected and perceived view of customers in relation to reasonability of the price structure. The paired difference of customer support in reference to the speed of complaints processing registered the third largest mean difference of M = 1.360, with an SD = 1.684, t<sub>307</sub>= 14.174 and p = 0.000 (two tailed) at 95 percent CI ranging from 1.172 to 1.549. The eta squared statistics of value added services was 0.477 and the study noted that there was a large effect on the difference between expected and perceived value of customer support in reference to the speed of complaints processing.

The paired difference of pricing structure in reference to the service provider offering a variety of price schedules was M = 0.906, with an SD = 1.435, t<sub>306</sub> = 11.055 and p = 0.000 (two tailed) at a 95 percent confidence interval ranging from 0.744 to 1.067. The eta squared statistics of offering a variety of price schedules was 0.357, which was considered a large effect, on the difference between expected and perceived offering a variety of price schedules by the service providers. The paired difference of customer expectation versus perception of the adequacy of network coverage had the fifth largest mean difference of M = 0.882, with an SD = 1.145, t<sub>305</sub>= 13.482 and p = 0.000 (two tailed) at percent confidence interval ranging from 0.754 to 1.011. The eta squared statistics of adequacy of network coverage was 0.452 and the study noted that there was a large effect on the difference between expected and perceived adequacy of network coverage. The other paired difference that were significant to the study include differences in; network call clarity, value added service in terms of access to internet services, access to services conveniently, access to up to date services, having a variety of service to choose from, convenience of procedure in terms of ease of subscribing and number portability.

The paired samples t-test shows that significant differences exist between what customers expect from the service providers and what they perceive they experienced after a service encounter with the largest difference emanating from; customer support services in terms of ease of reporting complaints, followed by reasonability of price structure, customer support services in terms speed of complaint processing, pricing structure in terms of having a variety of price schedules to choose from, adequacy of network coverage and customer support in terms of friendliness of staff when customers are reporting a complaint. The results show that, customer support in terms of ease of reporting complaint had the greatest effect size followed by the price structure in terms of reasonability of the price structure. The study deduced that that there is a gap between what customers expect and what they get from the mobile phone service providers.

### 5.1Findings and Recommendations

This study examined the antecedents of customer perceived value on the framework of factor analysis and paired samples t- test. Perceived quality of service and perceived price were two vital factors that customers consider when choosing a mobile phone services provider. The finding support Wathne et al., (2001), who indicated that customer perceived value is a function of quality and price and that customer perceived value enhances repurchase intention and discourages switching behaviour. The paired samples t-test results show that significant differences exist between what customers expect from the service providers and what they perceive they experience after a service encounter with the largest difference emanating from; customer support services in terms of ease of reporting complaints, followed by reasonability of price structure, customer support services in terms speed of complaint processing, pricing structure in terms of having a variety of price schedules to choose from, adequacy of network coverage and customer support in terms of friendliness of staff when customers are reporting a complaint.

Theoretically, the study supports the five service quality dimensions proposed by Parasuraman et al. (1988), but recommends contextualization of the dimensions to the service. In the context of mobile phone service users, while the five service quality dimensions are vital, the service users are attracted by value added services and perceived price, which could then be considered critical service dimensions in the cell phone industry. Hence the SERVQUAL dimensions may not be as generic as proposed and modification subject to the service context becomes imperative.

The study offers managerial implications, where service managers should offer the best value added services besides the core service to abridge customer gaps. The most sought after value added services include; access to internet services, access to services conveniently, access to up to date services, having a variety of service to choose from, convenience of procedure in terms of ease of subscribing and number portability. Closing customer gaps results in increased perceived value by subscribers and also increases market share and profitability.

It is also recommended that while price has been used successfully as a basis of competitive advantage in the past, today customers seek value and may pay more if they perceive they are getting more value from the service provider. Hence service managers should adopt a paradigm shift from penetration pricing strategies to value pricing.

The study recommends that future studies should examine the influence of perceived service quality and perceived price on customer satisfaction. The study identified service gaps but did not proceed to evaluate ways of closing these gaps.

In Addition, further research should investigate the market segment that experience service variability to a great extent and find out why. The results of this study are generated from the niche market of university students. Additional studies in other niches would strengthen the findings and foster generalization.

### References

- Adjei, K. & Denanyon, R. (2014), Determinants of Customer Loyalty among Mobile Telecom Subscribers in the Brong Ahafo, *International Journal of Business and Social Research*, 4, (1), 82-95.
- Aldridge, S. & Rowley, J. (1998), Measuring Customer Satisfaction in Higher Education, *Quality Assurance in Education*, 6 (4), 197–204.
- Arokiasamy, A.R.A & Abdullah, A.G., (2013), Service Quality and Customer Satisfaction in the Cellular Telecommunication Service Provider In Malaysia" *Journal of Arts, Science and Commerce*, 4, (2), 1-9.
- Bolton, R.N., & Lemon, K.N. (1999). A Dynamic Model of Customers Usage of Services: Usage As an Antecedent and Consequence of Satisfaction. *Journal of Marketing Research*, 36, 171-186.
- CHE (2011). A Report by Commission for Higher Education 2011. Nairobi: CHE. Retrieved on 20th July 2011 from http://www.che.or.ke.
- Cheruiyot, C. K., Jagongo A., & Owino, E. (2012). Institutionalization of Knowledge Management in Manufacturing Enterprises in Kenya: A Case of Selected Enterprises. *International Journal of Business and Social Science*, 3(10), 127-138.
- Churchill, G. & Brown, T. (2007). Basic Marketing Research, 6th edn. South Western Publishers.
- Communications Commission of Kenya (CCK). (2011). Quarterley Sector Statistics Report. De Ruyter, K., Wetzels, M., & Bloemer, J. (1998). On the relationship between perceived service quality, service loyalty and switching costs. *International Journal of Service Industry Management*, 9 (5), 436-53.
- Dodds, W.B., Monroe, K.B.,& Grewal, D. (1991). Effects of Price, Brand, and Store Information on Buyers' Product Evaluations. *Journal of Marketing Research*, 28 (3), 307-319.
- Fornell, C. & Larcker, D. (1981) Evaluating structural equation models with unobservable variables and measurement error, *Journal of Marketing Research*, 19, 440-452.
- Gronroos, C. (1988), Service Quality: The Six Criteria of Good Perceived Quality Service, *Review of Business*, 9(3), 10-13.
- Hogan, J.E., Katherine, N.L. & Barak, L. (2003). What is the true value of a lost customer? *Journal of Service Research*, 5 (3), 196-208.
- Jackson B. B. (1985). Winning and Keeping Industrial Customers: The Dynamics of Customer Relationship, MA: Lexington Books.
- Jacoby, J. & Oslon, J.C. (1985). Consumer Response to Price: An Attitudinal, Information Processing Perspective. In Moving Ahead with Attitude Research. American Marketing Association, 73-86.
- Kandampully, J. & Suhartanto, D. (2000). Customer Loyalty in the Hotel Industry: The Role of Customer Satisfaction and Image. *International Journal of Contemporary Hospitality Management*, 12(6), 346-351.
- Klemperer, P. (1989). Price Wars Caused by Switching Costs. The Review of Economic Studies, 56 (3), 405 420.
- Lee, H.S. (2010). Factors Influencing Customer Loyalty of Mobile Phone Service: Empirical Evidence from Koreans Hyung, *Journal of Internet Banking and Commerce*, 15 (2), 1-14.
- Liu, A. H. (2006). Customer Value and Switching Costs In Business Services: Developing Exit Barriers Through Strategic Value Management. *Journal of Business & Industrial Marketing*, 21 (1), 30-37.
- Longnecker, M. (2008). An Introduction to Statistical Methods and Data Analysis. New York: Cengage Learning.
- Malhotra, N.K. (2010), Marketing Research: An Applied Orientation, 6th edition. Pearson Education.
- Mangan, J. & Lalwani, C. (2004). Combining Quantitative and Qualitative Methodology in Research. International Journal of Physical and Logistics Management, 34 (7), 565 - 578.
- Mittal, B. & Walfried M. L. (1998). 'Why Do Customers Switch? The Dynamics of Satisfaction Versus Loyalty,'. *The Journal of Services Marketing*, 12(3), 177-194.

Mokhtar, S.S., Maiyaki, A.A., & Noor, N.M. (2011). The Relationship Between Service Quality and Satisfaction on Customer Loyalty in Malaysian Mobile Communication Industry. School of Doctoral Studies (European Union) Journal.

Monroe, K. (1990). Pricing: Making profitable decisions (1st ed.). New York: McGraw-Hill.

- Monroe, K.B. & Krishnan, R. (1985). The Effect of Price on Subjective Product Evaluations. MA: Lexington.
- Oh, H. (2000). The Effect of Brand Class, Brand Awareness, and Price on Customer Value, Journal of Hospitality & Tourism Research, 24(2)136-161.
- Pallant, J. (2010). SPSS Survival Manual, Open University Press.
- Parasuraman, A., Berry, L. L. & Zeithaml, V. A. (1985). A Conceptual Model of Service Quality and Implications for Future Research. *Journal of Marketing*, 49, 41-50.
- Parasuraman, A., Berry, L.L. & Zeithaml, V.A. (1988). A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality", *Journal of Retailing*, 64 (1) 12-40.
- Porter, M.E. (1980). Competitive Strategy. New York: Free Press.
- Roostika, R. (2011), The Effect of Perceived Service Quality and Trust on Loyalty: Customer's Perspectives on Mobile Internet Adoption, *International Journal of Innovation, Management and Technology*, 2 (4).
- Ruyter, K.D., & Wetzels, M. (1998). On the relationship between perceived service quality, service loyalty and switching costs. *International Journal of Service Industry Management*, 436-453.
- Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer Trust, Value, and Loyalty in Relational Exchanges. *Journal* of Marketing, 66, 15-37.
- Sureshchandar, G.S., Rajendran, C., & Anantharaman, R.N. (2002). Determinants of Customer Perceived Service Quality: A Confirmatory Factor Analysis Approach. *Journal of Services Marketing*, 16(1), 9-34.
- Wathne, K.H., Biong, H., & Heide, J.B. (2001). Choice of supplier in embedded markets: relationship and marketing program effects. *Journal of Marketing*, 65 (2), 54-66.
- Wieringa, J.E., & Verhoef, P.C. (2007). Understanding Customer Switching Behavior In A Liberalizing Service Market. *Journal of Service Research*,10(2):174–86.
- Yadav, R.K. & Dabhade, N. (2013), Impact of Service Quality on Customer Satisfaction of Mobile Phone Users A Case of Airtel, *International Journal of Innovative Research and Studies*, 2 (5), 140-163.
- Yang, Z., & Peterson, R.T. (2004). Customer Perceived Value, Satisfaction, and loyalty: The Role of Switching Costs. *Journal of Psychology & Marketing*, 21 (10), 799-822.
- Zeithaml, V.A. (1988). Customer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *Journal of Marketing*, 52, 2-22.

Variable		Frequency	Percent
Gender	Female	148	46.1
	Male	173	53.9
Age	Below 18 years	2	.6
0	18-27 years	261	81.3
	28-37 years	44	13.7
	38-57 years	14	4.4
	Over 58 years	0	0
Education Level	Under graduate	208	69.1
	Graduate	77	25.6
	Post graduate	16	5.3
Current Mobile Provider	Airtel	48	15.0
urrent Mobile Provider	SAFARICOM	243	75.9
	ORANGE	10	3.1
	YU	19	5.9
How Long with Current	Less than 2 years	25	7.8
low Long with Current	3-5 years	132	41.3
	6-10 years	138	43.1
Age Education Level Current Mobile Provider How Long with Current Ever Used another Provider If you were to switch, to which of the following service providers would you go	10-15 years	19	5.9
	Over 15 years	6	1.9
Ever Used another Provider	Yes	256	79.8
	No	63	19.6
If you were to switch, to which of the	Airtel	137	42.7
following service providers would you go	Safaricom	20	6.2
to?	Orange	29	9.0
	Yu	132	41.1

#### **Table 4.1: Descriptive Statistics of Respondents**

Variables	Component					
y artables	1	2	3	4	5	
Value-added service are convenient	.693	507				
Value-added service are up to date	.680					
Convenience of procedures (ease of subscribing)	.661			530		
Variety of value added service to choose from	.657					
Network call clarity	.650					
Customer supports(speed of complaint processing)	.582	.506				
Customer support (Ease of reporting complaint)	.580	.557				
Convenience of procedures	.565					
Value -added service-Money transfer	.554					
Value -Added service-internet	.536					
Customer support (friendliness when reporting complaint)	.500					
Price structure(reasonability)			.728			
Pricing structure -possibility of free choosing from			.726			
Availability of airtime top up	.581			628		
Adequate network coverage	.549				.672	

### **Table 4.2: Unrotated Component Matrix**

### **Table 4.3: Rotated Component Matrix**

<b>X</b> 7 • 11	Compo	nent			<i>a</i>	
Variable	1 2		3	Factor	Cronbach's Alpha	
Value-added service are convenient	0.856					
<b>V</b> 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	0.000			Value Added	0.808	
Value-added service are up to date	0.802			Services	0.000	
Value - Added service-internet	0.703					
Variety of value added service to choose from	0.621					
Value -added service-Money transfer Customer support ( Ease of reporting complaint)	0.585	0.816				
customer support ( Ease of reporting complaint)		0.010				
Customer supports(speed of complaint processing)		0.763		Customer Support	0.688	
Customer support (friendliness when reporting complaint)		0.691				
Network call clarity		0.593				
Price structure(reasonability)			0.803	Perceived Price	0.777	
Pricing structure -possibility of free choosing from			0.799			

#### Table 4.4: Paired Samples t-test of Expectation and Perception of Mobile Phone Service Providers

Pairs	Customer Expectation – Perception	Paired Differences					_			
				Std.	95 % Confidence Interval		-			
			Std.	Error					Sig.	(2-
		Mean Diff.	Dev.	Mean	Lower	Upper	Т	Df	tailed)	
Pair 1	Price Structure(reasonability)	1.375	1.647	.094	1.190	1.560	14.625	306	.000	
Pair 2	Pricing structure (variety of Price schedules)	.906	1.435	.082	.744	1.067	11.055	306	.000	
Pair 3	Adequate network coverage	.882	1.145	.065	.754	1.011	13.482	305	.000	
Pair 4	Network call clarity	.708	1.111	.064	.583	.833	11.135	304	.000	
Pair 5	Value -added service (Money transfer)	019	1.235	.070	158	.119	277	307	.782	
Pair 6	Value -Added service (internet)	.391	1.257	.072	.250	.533	5.432	303	.000	
Pair 7	Value-added service are Convenient	.300	1.253	.072	.159	.440	4.190	306	.000	
Pair 8	Value-added service are up to date	.324	1.276	.073	.180	.467	4.434	305	.000	
Pair 9	Variety of value added Service to choose from	.186	1.314	.075	.038	.334	2.480	305	.014	
Pair 10	Availability of airtime top up	094	1.281	.073	238	.049	-1.292	306	.197	
Pair 11	Conv. of procedures (ease of Subscribing)	.154	1.352	.077	.001	.306	1.987	305	.048	
Pair 12	Conv. of procedures (number portability)	.394	1.699	.097	.203	.585	4.065	306	.000	
Pair 13	Cust. Support (speed of Complaint processing)	1.360	1.684	.096	1.172	1.549	14.174	307	.000	
Pair 14	Customer support ( Ease of Reporting complaint)	1.432	1.544	.088	1.259	1.605	16.278	307	.000	
Pair 15	Support (friendly when Reporting complaint	.841	1.543	.088	.668	1.014	9.563	307	.000	

T-TEST PAIRS = q13 q14 q15 q16 q17 q18 q19 q20 q21 q22 q23 q24 q25 q26 q27 WITH q28 q29 q30 q31 q32 q33 q34 q35 q36 q37 q38 q39 q40 q41 q42 (PAIRED) CRITERIA = CI (0.9500)