FACTORS INFLUENCING CUSTOMER LOYALTY IN TELECOMMUNICATION INDUSTRY IN KENYA

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ABSTRACT

Due to the increased competition in the telecommunication industry in Kenya today, many firms are finding it difficult to retain the existing customers and instead they have diverted attention to recruiting new customers rather than first retaining the existing ones. The research was a case study of Safaricom Ltd and the target population was from 70 postpaid customers in the seven retail centers within Nairobi. It also included 14 staff, 2 selected from each of the retail centers. The choice of these postpaid customers was based on the nature of contract they have signed with Safaricom. The study assumed a descriptive research design where questionnaires were used as the main tool of data collection which targeted mainly primary data, which was collected directly from the respondents and a systematic counterchecking of questionnaires after conclusion of the fieldwork was done. The study revealed that 69% of the respondents perceive service delivery as a factor affecting customer loyalty at Safaricom, 75% of the respondents indicated that there are switching barriers in Safaricom that bar them from migrating to the competitors, 75% of the respondents view Safaricom as customer focused and Safaricom Company is adequately protected by the government indicated by 71%.An increase in switching barriers and brand image would definitely increase in factors influencing customer loyalty in telecommunication industry while a decrease of service quality and value added service would increase in the factors influencing customer loyalty in telecommunication industry.

Key Words: *Service quality, switching barriers, brand image and value added services*

Introduction

The expansion of the telecommunication industry has triggered a cascade of other developments and job opportunities for people . This has also led to a global revolution in communication and innovation. Customer loyalty can be viewed as the winning of confidence of the customer in the favour of an organization or its products and services so that the relationship becomes a win-win situation for both the organization as well as the customer (Reichheld, 2006).Sasser (1990) noted that when an organization retains at least 5percent of its customers, profit increase by 25per cent to 125 percent .The study therefore sought to explore factors that influence customer loyalty in this sector. The problem statement concerning customer loyalty in a competitive business scenario is also highlighted before outlining the objectives of the research.

Customer loyalty is about retaining customers, which means earning more (Ganesh, 2000). Various researches have already shown that companies need to focus on customer retention more than grabbing new customers. It is more difficult retaining a customer than it is getting a new one (Coyles & Gokey, 2005).Increasing competition in the global market of production and distribution of goods and services, as well as challenges of globalization created difficulty in obtaining customers and therefore, organizations become more concerned about care, satisfaction, maintaining, and making a customer more loyal to the organization(Dekimpe, 2007).Building loyalty to the company is very important, therefore it's not just a simple function of the marketing, but is a philosophy and a way of thinking for how to attract customers and how to satisfy them and make them more loyal to the organization. The loyalty research has evolved considerably since its inception, most of this research utilizes logical empiricist paradigm. Some contemporary accounts have tried to explain loyalty patterns by drawing upon theories of symbolic interactionism (McCracken 1993; Schouten & MacAlexander 1995), consumer socialization (Muniz & O'Guinn 1995), phenomenology and relationship theory (Fournier 1994, Fournier & Yao 1997) but these investigations are relatively rare. Explanations of loyalty formation have been drawn primarily from cognitive psychology, with theories of attitude formation guiding most of the work.

Service Quality theory

This model was proposed by K. Storbacka, T.Strandvick and C.Grönroos 2006, who observed that customer satisfaction is first based on a recent experience of the product or service based on the prior expectations of overall quality compared to the actual performance received. Therefore if the recent experience exceeds prior expectation, then the customer satisfaction is likely to be high (Grönroos, 2006). Service quality represents 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 (Grönroos, 2006) The use of perceived as opposed to actual service received makes the service quality measure an attitude measure that is related to, but not the same as, satisfaction (Grönroos, 2006). Parasuraman et.al.,(2008) presented some revisions to the original service quality 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.

The Theory of Brand Culture

Jonathan. & Salzer (1995) observed that marketing world today is kind of like a blindfolded chef stumbling around in a kitchen trying to find a new model of branding. It is a rather painful situation, given all the sharp knives and such. It proposes that the old model of branding, based on creating an external, sometimes fictional, brand image, is dead killed by the fact that people just do not buy a manufactured brand image anymore. People today want the truth.

The theory of planned behavior

According to Ajzen I. (1991), the theory of planned behavior is a theory about the link between attitudes and behavior. He propagates to improve on the predictive power of the theory of reasoned action by including perceived behavioral control. It has been applied to studies of the relations among beliefs, attitudes, behavioral intentions and behaviors in various fields such as advertising, public relations, advertising campaigns and healthcare.

Marketing Myopia

Theodore Levitt (2004) originally proposed the marketing myopia theory. The theory states that marketers should look towards the market and modify the company and products accordingly rather than looking towards your own company, its potential and then catering the market. The needs of the market should receive first priority. According to the marketing myopia theory, to cater a market, a company not only needs to be technically sound and product oriented but it also needs to be customer oriented. It needs to know what are the needs of the customer and what further innovations can the company bring to maintain customer interest or how it can adapt to the changing business market.

The model of customer loyalty

The general proposition behind the model concerns the evolutionary nature of the customer-supplier relationship (Ford, 1980; Dwyer, Schurre Oh, 1987; Wilson, 1995), starting with the purchase decision and evolving up to loyalty. The stages of the model are defined by different constructs and relational strength, and can be described as follows.

The satisfaction and trust stage: when perceived value, in the customer's perspective, meets or exceeds the expected value, satisfaction is generated; customer satisfaction, purchase after purchase, enhances the perception of supplier's reliability, strengthening a positive attitude, defined as trust, and allowing the development of relationship towards loyalty (Morgan e Hunt, 1994).

The trust and the behavioral loyalty stage : trust has a positive effect on the customer repurchase behavior (Boulding et al., 1993), thanks to customer savings of cognitive, emotional, operational and structural costs (Costabile, 2000); these "repurchase economies" cause a behavioral loyalty. The length of this stage depends on competitive and technological pressures operating on customer involvement to keep buying from the same supplier.

The mental loyalty stage: the behavioral loyalty is not ever ending. During the life cycle some "conflicts" could emerge (Iacobucci and Zerrillo, 1997), and a comparison between the value offered and experienced by the supplier and the value proposition made by its competitors usually occurs (Woodruff and Gardial, 1996). The positive resolution of the conflict is based on a monadic value analysis that regards the ratio “customer benefits/customer sacrifices” experienced by the customer and compared with the same ratio offered by competitors. If the supplier ratio (value) is perceived as higher than competitors, not including the switching cost, the customer become mentally loyal; otherwise its loyalty is only explained by switching cost. Mental loyalty can be defined as a strong belief of the supplier’s capability in satisfying the customer requirements over the time, always offering “the best value proposition”. The customer mentally loyal has a very strong relationship with the firm thus it usually will generate positive word-of-mouth and will unlikely switch. The customer loyalty stage: a long time customer has enough information to compare the perceived value he got from the relationship over the time and the value that its longevity has created for the supplier. Both the common sense belief that loyalty over time creates extra-value for the firm, and the learning opportunities that a long relationship gives to the customer about the products, the firm and its economics, push the customer to analyze the equity, both in each single transaction and in the relational perspective. At this advanced stage of the relationship, when the customer knows very well the supplier’s behavior, a dyadic value analysis becomes the central focus of the customer evaluation. The dyadic value perception concerns the equity (Oliver and Swan, 1989) in the customer-supplier history. This evaluation is usually done when a second conflict rises focusing customer attention on the supplier “fairness” (versus “opportunism”). The positive resolution of this second conflict – given by the perception of equity that build the belief that the supplier adopted a fair behavior over the time – leads to the optimal stage of the relational continuum: the customer loyalty. A loyal customer is a collaborative one, and its behavior will be aimed to co-operate in building a long lasting relationship, also when contextual or competitive variables play against the loyalty option (proactive loyalty - Oliver, 1997 and 1999).

Literature Review

According to a study by Karanja and Gakure (2012) on the importance of customer loyalty on fast moving consumer goods in the era of globalization: A case study of Unilever Nairobi Kenya, the study revealed that 57 per cent of the respondents indicated that customer loyalty was important in enhancing customer commitment to the FMCG goods to a very great extent. Customer loyalty helped in retaining the already established customers. Customer loyalty improved the brand image. Customer loyalty provided customer experience, which leads to repeated purchase. This finding could relate to this study of customer loyalty to telecommunication sector. Ravald and Grönroos (2006) described the effect of value-adding strategies in a long term relationship i.e. Increasing the benefits or reducing the sacrifice leads to a stimulated repurchasing activity which leads to relation that leads to credibility which brings out both safety and security which leads up to trust and later loyalty. Oliver (2007) proposes that eventual customer loyalty is a role of perceived product superiority, personal fortitude, social bonding, and their synergistic effects. A brand’s image often influences a customer’s expectations and consequently satisfaction with a product or service. According to Burnham, Frels and Mahajan (2003) review and typology, switching costs were broadly grouped into three categories: procedure, financial and relational, attractiveness of alternatives means the reputation, image and service quality of the replacing carrier, which are expected to be superior or more suitable than those of the existing carrier.

According to Moon-Koo (2004), customer loyalty appears to consist of three separate dimensions, namely, the behavioral, attitudinal and cognitive dimensions. Customer loyalty has been generally described as occurring when customers: repeatedly purchase goods or service over time and hold favorable attitudes towards goods or services, or towards the company supplying the goods or services (Moon-Koo & Dong, 2004). Marketers have studied customer loyalty for several decades but it is not a well-understood phenomenon (Gremler, 2005). Furthermore, there is no consensus on the most appropriate way to measure loyalty. Three groups of studies reflect both the major approaches to defining and/or measuring customer loyalty and the limitation of these approaches. These three groups are: loyalty as a repeat purchase behavior (Liljander & Strandvik, 2003), a composite approaches of repeat patronage combined with an attitudinal component (Dick & Basu, 2004), and a psychological state of loyalty (Czepiel, 2000).The first approach is to treat loyalty as either actual purchase behavior or repeat purchase intentions. This approach has long been criticized for leading to spurious loyalty (Day, 2000) while the composite approach lacks theory (Jacoby, Robert & William, 2008).Customers may be loyal due to high switching barriers or lack of real alternatives. Customers may also be loyal because they are satisfied and thus want to continue the relationship.

History has proven that most barriers to exit are limited with regard to durability; companies tend to consider customer satisfaction the only viable strategy in order to keep existing customers. Several authors have found a positive correlation between customer satisfaction and loyalty. Customer loyalty is a buyer's overall attachment or deep commitment to a product, service, brand, or organization (Oliver, 2007). Customer loyalty fall into two broad categories: the behavior and the attitude. As a behavior, customer loyalty has been measured as the long-term choice probability for a brand, including hard-core loyalty, repeat purchase probability. Attitudinal approaches focused mainly on brand recommendations, resistance to superior products, repurchase intention, and willingness to pay a price premium.

Oliver (2007) defines loyalty as a deeply held commitment to re-buy product/service consistently in the future, thereby causing repetitive same brand or same-brand set purchasing. The customer attitude towards a service or a product (brand) including attitudinal preference and commitment has a greater impact on forming loyalty (Goodwin & Gremler, 2006) who cites quality in a relationship as a necessary element in defining loyalty. Earlier studies of factors affecting customer loyalty usually set the focus on customer satisfaction and the switching barrier (Gerpott, Rams, & Schindler, 2001; Lee & Cunningham, 2001). Customers experiencing a high level of satisfaction are likely to remain with their existing providers and maintain their subscription. However, according to another research, customer satisfaction while positively influencing customer loyalty is not always a sufficient condition and in some cases fails to produce the expected effect. Hence, these researchers suggest that it is necessary to analyze other potentially influential factors. It is in this context that the concept of the switching barrier was proposed (Jones, Mothersbaugh & Betty, 2002)

Service Quality

Service quality in telecommunication industry is an important indicator to assess a company's performance. Service quality in the telecommunications has mainly been researched on the technical and/or on corporate strategies (Dwayne, 2003; Lim, Widdows, & Park, 2006). Due to the inherent intangibility, inseparability, heterogeneity and perishability of characters, service quality can be defined as a consumer's overall impression of the relative efficiency of the organization and its services. The dominant conceptualization and measurement of service quality has been service quality instrument developed by Parasuman et al. (2008). Service quality was identified as determinants of perceived quality and indicated by the arithmetic differences between customer expectations and perceptions across the 22 measurement items. Using factor analysis, service quality further is condensed into tangible, reliability, assurance and empathy dimensions, which are generic across service contexts. However, a number of authors investigated the number of dimensions and stability of items across different industries by empirical tests. They concluded that the five-component factor structure is not confirmed in any of the research samples. This implies that service quality attributes are context-dependent and should be selected to reflect the service environment investigated (Dwayne, 2003). Cronin et al, (2000) criticized service quality' poor reliability and argued that expectation is neither sufficient nor a necessary condition, therefore identified a performance-only measurement, called service performance instrument. The results of existing studies on service quality suggest that the definitions of service quality in mobile telecommunication setting are quite diverse, and do not seem to fit any single existing quality model.

Switching Barriers

The switching barrier refers to the difficulty of switching to another provider that is encountered by a customer who is dissatisfied with the existing service, or to the financial, social and psychological burden felt by a customer when switching to a new carrier (Fornell, 2007). Therefore, the higher the switching barrier, the more a customer is forced to remain with his or her existing carrier. According to a previous study, the switching barrier is made up of switching cost, the attractiveness of alternatives, and interpersonal relationships. Switching cost means the cost incurred when switching, including time, money and psychological cost (Jackson, 2005), categorized switching costs as psychological, physical, and economic in nature. In addition to objectively measurable monetary costs, switching costs may also pertain to time and psychological effort involved in facing the uncertainty of dealing with a new service provider. According to Burnham, Frels and Mahajan (2003) review and typology, switching costs were broadly grouped into three categories i.e. procedure, financial and relational. Attractiveness of alternatives which meant reputation, image and service quality of the replacing carrier, which are expected to be superior or more suitable than those of the existing carrier are. Interpersonal relationship means a psychological and social relationship that manifests itself as care, trust, intimacy and communication. Switching barriers lock customer in his initial decision, which entails to market power to service supplier. Thus, suppliers can hinder this customer to churn to its rival for relative low price and can segment and discriminate its customer with different willingness to pay. No matter how, supplier will exploit his customer. Switching barriers can deteriorate offensive "fir" interest in acquisition of new customer campaign because a firm must pay off extra to compensate it, which does not exist in the market without switching barriers(Kim, et al,2004). Switching cost therefore means the cost that consumers pay when they shift to use products and services of other operators. It includes not only the study cost that consumers pay to familiarize the service of other operators but also the cost of sacrificing the original phone number value and accumulated scores of service (Liang, et al, 2005). Switching costs are partly consumer-specific (Shy, 2002). For this reason, a switching cost can be seen as a cost that deters customers from demanding a rival firm’s brand. The economic or financial switching cost is a sunk cost which appears when the customer changes his/her brand, for example the costs of closing an account with one bank and opening another with a competitor, the cost of changing one’s long-distance telephone service or the costs of changing one’s GSM operator (Klemperer, 2007).

Brand Image

Oliver (2007) proposes that eventual customer loyalty is a role of perceived product superiority, personal fortitude, social bonding, and their synergistic effects. Further analysis of Oliver’s discussion tend to suggest not that loyalty is a commitment, but that loyalty is an aspect of commitment called attitudinal or emotional component of commitment (Ogba, 2008). A brand’s image often influences a customer’s expectations and consequently satisfaction with a product or service. Brand image pertains to the perception or mental picture a customer holds of a brand and is formed through his/her response, whether reasoned or emotional, an organization's image is an important variable that positively influences marketing activities. Image is considered to have the ability to influence customers' perception of the goods and services offered (Zeithaml & Bitner, 2008). Thus, image will have an impact on customers' buying behavior. The objective is to arouse a positive affective response to the brand in the customers, such that they buy brands for their physical attributes and functions, and their symbolic meanings associated with the brand, product or service. During its formation, the customer’s experiences, feelings and trust will influence the image. Nguyen and Leblanc, (2001) claim that corporate image is related to the physical and behavioral attributes of the firm, such as business name, architecture, variety of products/services, and to the impression of quality communicated by each person interacting with the firm’s clients. From the marketing literature of goods, it is clear that brand reputation has been defined as a perception of quality associated with the name (Aaker & Keller 2000). Corporate image in the service marketing literature was early identified as an important factor in the overall evaluation of the service and the company. According to Grönroos, (2006) apart from image as a function of accumulation of purchasing/consumption experience over time, most organizations also provide complex and noisy informational environments (e.g. Advertising, direct marketing, or public relations) in order to attract new and keep existing customers. In the perceived quality model, perceived quality is a function of expected quality (generated from market communication, image, word-of mouth, and customer needs) and experienced quality (generated from technical quality and functional quality). Mobile telecommunications markets can be divided by the type of services provided and by the telecommunications network used (Gerpott et al., 2001).

Value Added Services - VAS

Customers will judge the value of consumption after contrasting benefits gained from products and services with their costs (Zeithaml, 2008). Service firms provide superior value through enhanced offers that can improve customer satisfaction by increasing the customer's perceived benefits and reducing the sacrifice so that customer retention is improved (Ravald and Grönroos, 2006). Ravald and Grönroos (2006) described the effect of value-adding strategies in a long term relationship i.e. increasing the benefits or reducing the sacrifice leads to a stimulated repurchasing activity which leads to a relation that leads to credibility which brings out both safety and security which leads up to trust and later loyalty. This is a mutually profitable relationship for a supplier and a customer where there is a redox kind of movement from episode value to relationship value and vice versa. It is clear that companies that execute certain value-adding strategies can increase customer's perceived benefits and reducing customer's perceived sacrifices, which in turn stimulate customer-repurchasing activities and remain in the same service provider. In a long-term relationship, customer's perceived value offered is related to both episodes and expectations (Ravald & Grönroos, 2006). When customer's expectations are satisfied, they will feel safety, credibility, and security as perceived value in this relationship, which all together increase trust and then enhance customer's loyalty (Wilson & Jantrania, 2005). Therefore, companies should concern themselves about customer's value from customer's point of view, and thoroughly understand customer's value chain in order to be able to reduce customer-perceived sacrifice (Wilson & Jantrania, 2005). Increasing customer benefits means adding something to the core product that the customer perceives as important, beneficial and of unique value. In telecommunication sector, it is essential for operators to offer something valuable to customers in service interaction process, such as reward refund activities and promotional offers in order to gain customer satisfaction and trust which are expected to enhance customer loyalty.

Customer Loyalty

Customer loyalty is the most important goal of implementing relationship-marketing activities. Oliver (2007) defined customer loyalty as a "deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts that were having the potential to cause switching behavior". Customers are the driving force for a profitable growth and customer loyalty and this can lead to profitability (Hayes, 2008). For a customer, loyalty is a positive attitude and behavior related to the level of re-purchasing commitment to a brand in the future (Chu, 2009). Loyal customers are less likely to switch to a competitor solely because of price, and they even make more purchases than non-loyal customers (Reichheld, F.1996). Loyal customers are also considered to be the most important assets of a company. It is thus essential for vendors to keep loyal customers who will contribute long-term profit to the business organizations (Tseng, 2007). Attempts to make existing customers increase their purchases are some of the ways to strengthen the financial growth of a company (Hayes, 2008).

According to Keiningham (2008), organization's financial growth is dependent on a company's ability to retain existing customers at a faster rate than it acquires new ones. Therefore, good managers should understand that the road to growth runs through customers not only in attracting new customers, but also in holding onto existing customers, motivating them to spend more and getting them to recommend products and services to the other people. Customer loyalty has been generally divided into attitudinal loyalty and behavioral loyalty (Aydin & Özer, 2005). Attitudinal loyalty describes customer's attitude towards loyalty by measuring customer preference, buying intention, supplier prioritization and recommendation willingness. On the other hand, behavioral loyalty relates to shares of purchase, purchasing frequency (Aydin, 2005). There are evidences suggesting that stronger relationship commitment leads to buyers' repeat patronage. Wulf et al. (2001) defined the construct of behavioral loyalty as a composite measure based on a consumer's purchasing frequency and amount spent at a retailer compared with the amount spent at other retailers from whom the consumer buys. Morgan and Hunt (2004) found significant relationships between the level of a buyer's relationship commitment and his acquiescence, propensity to leave, and cooperation, all of which can be regarded as behavioral outcomes of relationships.

Research Methodology

The focus of this study is qualitative. However, some quantative approach was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the qualitative study. This study was conducted through a case study descriptive design. The sampling frame describes the list of all population units from which the sample is selected (Cooper & Schindler, 2003).Sample of respondents was drawn from postpaid subscribers visiting the 7 retail centers and from staff working at these retail centers in Nairobi. Stratified random sampling technique was used where population of interest was subdivided into groups or strata namely; supervisors, the agents and the post-paid subscribers to obtain a representative sample. From the above population of 232,953, a sample of 94 respondents from within each group in proportions that each group bear to the population as a whole was taken using stratified random sample which gave each item in the population an equal probability chance of being selected. The questionnaire designed in this study comprised of two sections. The first part included the demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the respondents. The second part was devoted to the identification of the role of customer loyalty in telecommunication where the four variables of the study were put into focus. This study collected quantitative data between September 2012 and October 2012.Data was collected using a self-administered questionnaire. Nevertheless, where it proved difficult for the respondents to complete the questionnaire immediately, the researcher left it with the respondents and came back to pick them up later.

The structured questions were used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form; while the unstructured questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information. Each questionnaire was coded and only the researcher was privy to the identity of the respondent. The data from the research was coded to enable the responses to be grouped into various categories after which the data was analyzed using descriptive statistics. The descriptive statistical tools helped the researcher to describe the data and determine the extent to be used. Besides the data was analyzed using SPSS version 21; a computer programme that presents data in a summarized form of charts and tables and also facilitated comparison. This as expected generated quantitative reports through tabulations, percentages, and measure of central tendency. Likert scale was used to rank the factors identified in the questionnaire in order of their importance. The weighted mean of each factor was calculated and the factors ranked from one with highest weighted mean to the lowest. Cross tabulation was used to identify the relationships between given characteristics and loyalty of customers.

Research Results

Service quality

The study sought to explore the research question which was on how service quality affects customer loyalty. The study revealed that the quality of customer service offered at Safaricom and from the findings it shows that the quality of services is good and concurs with the findings of Parasuman et al. (2008) in which his study identified as determinants of perceived quality and indicated by the arithmetic differences between customer expectations and perceptions across the 22 measurement items. The perceptions on service delivery affect customer loyalty. Dwayne, (2003) concluded that the five-component factor structure is not confirmed in any of the research samples. This implies that service quality attributes are context-dependent and should be selected to reflect the service environment investigated. The study revealed that to great extent customer service representative does a great job, to moderate extent customers at Safaricom perceive the customer representatives as being courteous, customer service representative are knowledgeable, customer representatives at Safaricom are helpful, customer service representatives handle customer's request quickly and customers perceive services offered at Safaricom as being fast. This indicates that service quality influences customer loyalty to great extent and thus it shows that service quality is a key point in customer loyalty and firm should always improve the quality of their service as one of the most critical point in customer loyalty.

Value added services

The study sought to explore the second research question which was whether value added services influence customer loyalty. The study revealed the perceptions of fairness of VAS and its effect on customer loyalty. The statement of perceived fairness of price affects customer loyalty indirectly via customer satisfaction and customers consider VAS as a factor towards customer loyalty to a greater extent while customers do not consider price in forming their judgments about loyalty which has a higher mean than the other statement. There are switching barriers in Safaricom that bar them from migrating to the competitors. Zeithaml, (2008) observes that customers will judge the value of consumption after contrasting benefits gained from products and services with their costs.

Switching barriers

The study sought to explore the third research question which was whether switching barriers influence customer loyalty. The study revealed that majority of the respondents indicated that there are switching barriers in Safaricom that bar them from migrating to the competitors, where majority of the respondent still believe that Safaricom is still a market leader in telecommunication and 75% of the respondents view Safaricom as customer focused and innovation is a key strategy of Safaricom in customer loyalty. According to Ravald & Grönroos, 2006, it is clear that companies that execute certain value-adding strategies can increase customer's perceived benefits and reducing customer's perceived sacrifices, which in turn stimulates customer-repurchasing activities and remain in the same service provider. In a long-term relationship, customer perceived value offered is related to both episodes and expectations. Measurable monetary costs, switching costs may also pertain to time and psychological effort involved in facing the uncertainty of dealing with a new service provider. According to Burnham, Frels and Mahajan (2003) review and typology, switching costs were broadly grouped into three categories i.e. procedure, financial and relational. Attractiveness of alternatives which meant reputation, image and service quality of the replacing carrier, which are expected to be superior or more suitable than those of the existing carrier are.

Brand image

The study revealed that Safaricom is adequately protected by the government. Customers feel proud to be associated with Safaricom by a great extent and Safaricom always treats customers with respect, Safaricom always treats customers fairly, and if a problem arises, customers can always count on Safaricom to reach a fair and satisfactory resolution, Safaricom is a name that customers can always trust and Safaricom always delivers on what they promise their customers fast. Safaricom customers benefits from continued excellent performance in the market. Thus, image will have an impact on customers' buying behavior. The main aim is to arouse a positive affective response to the brand in the customers, such that they buy brands for their physical attributes and functions, and their symbolic meanings associated with the brand, product or service as proposed by Jones 1995, who proposed that in its formation, the customer's experiences, feelings and trust will influence the image. He also suggests that the old model of branding, based on creating an external, sometimes fictional, brand image, is dead killed by the fact that people just do not buy a manufactured brand image anymore. People today want the truth. Brand Culture offers a new model of branding (Jonathan & Salzer, 1995).

Conclusions

The study revealed that service quality affects customer loyalty for telecommunications industries and a compromise to service quality can cost revenue to a company. This is indicated by majority respondent's that perception of service quality since this is a service industry. Majority of the customers' value service quality and their perception is based on the quality they get. The study revealed that value added services is a key point in customer loyalty and firm should always value add their services as one of the most critical point in customer loyalty. Value added service affects loyalty of customers and fairness is perceived to be the key factor it. The study revealed that Switching barriers are major problems that affect loyalty of customers although on short term basis. The study further concludes that brand and image are also major factors that affect customer loyalty.

Recommendations

The study recommends that telecommunication industry should review their service quality, value add their services and improve their brand image so as to maintain their customer base. The study further recommends that the government should intervene so as to facilitate smooth switching barriers. The government can assist in developing better infrastructure, regulating currency volatility and the review tariff barriers. The study also recommends that for the organization to enhance its customer loyalty, it should enhance its customer service quality by making the process for getting customers' concerns resolved without affecting customer satisfaction. Hiring knowledgeable customer service representatives, ensuring that customer service representative handle customer request quickly, having the customer service representative do a greater job towards customer satisfaction and emphasizing that the customer service representatives be courteous to their customers should be practiced. The study further recommends that the company should ensure that the product or service offered should match well with the dynamic customer needs and keep with the changing customer needs, the company should also offer innovative and flexible products and services that are able to meet most of its customers' needs, affordable products, more customized products than its competitors, and a wide range of products to suit different customer clusters.

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