

FACTORS INFLUENCING CUSTOMER LOYALTY IN THE MOBILE TELEPHONE MARKET IN NAIROBI, KENYA

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ABSTRACT

Customer loyalty is critical for mobile phone operators in the competitive telecoms environment. The telecoms industry being very competitive may be very difficult to retain a customer. In this regard, an extra effort is necessary to grow the customer base by coming up with loyalty programs to attract and retain customers. The study sought to establish the influence of service quality, product mix, perceived price fairness and corporate brand on customer loyalty in the telecommunications industry in Kenya. The study adopted a descriptive approach. The population consisted of subscribers of three mobile operators in Nairobi CBD. Stratified random sampling was applied. 400 respondents were used in the study. The sample size was established using a formula. Quantitative primary data was collected by use of questionnaires for the study. The study findings indicated that service quality, corporate brand, perceived price fairness and product mix are positively and significantly associated to customer loyalty. The findings also revealed that service quality, perceived price fairness and product mix are positively and significantly related to customer loyalty. Based on the study findings, the study concluded that service quality, perceived price fairness and product mix are positively and significantly related to customer loyalty. The study recommends that that in order to achieve high customer loyalty, mobile service providers should restructure their pricing since perceived price fairness has a key effect on customer loyalty. Furthermore, the study recommends that mobile service providers in Kenya aiming to increase customer loyalty should relook at their approach in customer service management so as to provide quality service. The study also recommends that mobile service providers should focus on improving their product mix so as to maintain and increase customer loyalty as customers will not have a room to seek products from other service providers. The companies should strive to come up with products that match well to the changing environment, to come with a wide range of products to suit different cadre of people, to come up with cheap and affordable products and also offer more customized products than their competitors.

Keywords: *Customer loyalty, Service quality, product mix, perceived price fairness, corporate brand*

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