CUSTOMER RETENTION IN THE GHANAIAN MOBILE TELECOMMUNICATION INDUSTRY

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ABSTRACT

Quality service has become very important in customer retention in the mobile telephony industry. With the influx of more mobile network providers, customers has become more have become very complex in making of decision as regard which service or product to enjoy. The study has been under taken to find out whether quality service has a relationship with customer retention and whether there is interplay between customer satisfaction and retention. Questionnaires were drawn purposively from 134 respondents from University of Ghana, Legon main hall and Ministry of Communication who were made of Vodafone prepaid users. The study revealed that there is a relationship between quality service and satisfaction while customer satisfaction to large extent influences customer retention. These findings hold implication for industry operators on key areas to pay attention to in order to improve customer satisfaction so as to guarantee customer retention.

Keywords: *Customer Retention; Customer Satisfaction; Customer Loyalty; Service Quality*

1. INTRODUCTION

Customer satisfaction holds the potential for increasing the organizations customer base, increase the use of more volatile customer mix and increase the firm's reputation, (Fornell 1992, Levesque & Mc Daugall, 1999). This means that firms in the mobile telecommunication industry should satisfy their customers so that they can become loyal and remain with them. Marketing theory and practice suggest that telecommunication firms should improve their service by satisfying their customers, so as to obtain and sustain advantage in the intensely competitive business environment. This is because the main output of customer satisfaction is customer loyalty, and a firm with bigger share of loyal customers profit from increase repurchase rate, greater cross buying potential, higher price willingness, positive recommendation behaviour and lower switching tendencies.

Furthermore, long term customers tend to take less of company time and are sometimes less sensitive to the price, Gan et al (2006). They further indicate that retaining customers become the priority for most enterprises and there is compelling arguments for managers to carefully consider the factors that might increase customer retention rate. In any case, the cost of creating a new customer has been estimated to be five times the cost of retaining existing customers, (Reichheld 1996). A retained customer will always show resistance to competitors' enticement and will be able to give both solicited and unsolicited referral (Omotayo et al, 2008). Customer retention is, therefore, crucial to mobile cellular companies in Ghana, because 5% improvement in customer retention can cause an increase in profitability between 25% and 85% (in terms of net present value), depending upon the industry (Reichheld and Sasser, 1990).

The Ghanaian mobile telephony industry has undergone rapid changes in the recent years. The deregulation of the industry has caused a lot of service providers to enter the industry hence increasing the competition in the industry. The competition in the industry can be described as fierce and stiff. It must be stated that the telecommunication industry has been very competitive. As at the end of July 31 2008, there were two fixed line telephony operators and six mobile telephony operators who are fully operational, namely, Mobile Telecommunication Network (MTN), Millicom Ghana Limited (Tigo), Vodafone Ghana, Airtel Ghana, Glo Mobile and Expresso. The National Communications Authority (NCA) established by an Act of Parliament, Act 524, 1996 is responsible for regulating the sector by implementing Government's policy on Communications and providing a level playing field for all telecommunications providers in the country.

The cellular phone companies are, therefore, doing everything possible to attract new customers and retain the existing ones. Service quality has, therefore, become very crucial for the service providers in the retention of their customers. In recent times, subscribers have complained vehemently on the quality of services provided by service providers. A substantial number of customers of mobile telephony have taken service providers to task for rendering unsatisfactory services. However, there is little empirical research undertaken, as far as can be ascertained on how quality service leads to customer retention in the mobile telephony industry in Ghana.

The study aims at investigating whether service providers in general and Vodafone Ghana in

particular, is doing what customers perceive as quality service to improve customer retention. The study is undertaken to clarify certain questions related to customer retention in the mobile telephony industry in Ghana such as does quality service leads to customer satisfaction? and does satisfaction of mobile phone services lead to customer retention.

1.2 RESEARCH OBJECTIVES

- To investigate whether quality service lead to customer satisfaction.
- To explore the interplay between customer satisfaction and retention by Vodafone Ghana

1.3 HYPOTHESES

To achieve the above objectives, the study adopt the following hypotheses:

Q1. Service quality and customer satisfaction

Ho: There is no relationship between quality service and customer satisfaction.

H1: There is a relationship between quality service and customer satisfaction.

Q2. Customer satisfaction and retention.

Ho: There is no interplay between customer satisfaction and retention.

H1: There is interplay between customer satisfaction and retention.

2. LITERATURE REVIEW

2.1 Relationship Marketing

Relationship marketing was first introduced by Berry (1983); interest has been growing in the value of retained customers and the notion that customer relationships are assets that can be managed in order to improve customer retention and profitability. In simple terms, relationship marketing is concerned with how firms create and enhance their relationship with customers for long-term profitability. The strategy of building long-term relationship with customers rather than distinct transactional- based strategy is arguably logical Kotler (1997), if retaining customers increase a company's profitability (Dawes and Swailes,1999).

Gronroos (1994b) definition of relationship marketing is a useful one. According to him, relationship marketing aims to "identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders at a profit so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfillment of promises. Valuing customers over their potential spend rather than profiting from one-off sale. Anderson (2001) motivates companies to recognize customer retention as critical in their marketing strategies. Ford (1980) also suggests that conceptually, relationship implies two essential conditions. In the first place, the company and customer expect to gain some reward from the contact and secondly, they are committed to long-term relationship and are willing to accommodate and make adjustments to their production and consumption process in the course of the relationship.

2.2 Customer Retention and Defection

At the core of the relationship is the notion of customer retention. Customer retention is an effort carried out by companies to ensure that its customers do not switch over to competitors products and services. It is of paramount importance to retain highly profitable ones. A good loyal customer base that persists for a long time is one of the best advertisements for a business, creating an image of high quality. This helps in attracting other customers who value long term relationship and high quality products and services.

A number of studies have identified the benefits of retention to an organization (Colgate & Danaher, 1996; Reichheld & Sasser, 1990). For example, the longer customers stay with the organization, the more utility the customer generates. This utility is the outcome of the number of factors relating to the time the customer spends with the company including the higher initial cost of introducing and attracting a new customer, increase in the value of purchase, increase in the number of purchases, customer better understanding of the organization and positive WOM promotion.

It has been suggested in literature that the cost of customer retention activities are less than the cost of acquiring new customer (Rust & Zahorik, 1993). In today's highly competitive business environment, while gaining new customers is good news, the flip side is the loss of customers through defection.

Some of the concepts that have been used to explain why customers leave or stay with an organization are customer satisfaction and quality service. All successful companies must learn how to retain customers even when the customer appeared satisfied Omotayo et al, (2008). According to Reichheld (1996), some unsatisfied customers may choose not to defect, because they do not expect to receive that better service delivery elsewhere and vice versa. Therefore, customer satisfaction is viewed as an important indicator of customer retention, but customer satisfaction is not always an assurance of customer retention.

Retained customer is a function of a number of variables; choices, conveniences, price and income (Gan et al, 2006). It has been proved in literature that there is a link between customer loyalty and organizational profitability (Reichheld, 1996b). This is, as a consequence of reduced cost of retaining a customer and achievement of a zero defection of profitable customers. However, retention should not be taken for loyalty. Loyalty is valid when customers have options to choose from. As such, service providers should understand why customers choose to stay and should not assume that it is a positive conscious choice, Colgate et al,(1996). This is because, they may be lured away by attractive offers made by competitors when they experience dissatisfaction incidents (Jones and Farquher, 2003). There are strong arguments for management to carefully consider the range of factors that increase customer retention rate (Omotayo et al, 2008).

2.3 Service Quality

Building and maintaining a successful long term-customer relationship as well as survival in today's competitive market place demands the delivery of service quality to customers (Zeithaml, Berry and Parasuraman, 1996; Claycomb and Martin 2001). According to Claycomb and Marin, "service quality refers to the consistency with which customers' expectations are met and the general superiority of the service relative to that of the competition". This is amply demonstrated by practices such as delivery on time, giving customers' variety to choose from, pay attention to customer's complaints and demands and having competent and knowledgeable staff. Improved service quality translates into favourable behavioural intentions which transforms into customer retention which in turn leads to referrals, willingness to pay premium prices, increased spending (Zeithaml, et al 1996). Van der Wal and Pampallis (2002) shared similar views, the key to successful business today is retaining existing customers through the provision of quality service and anticipating and meeting their future needs.

The SERVQUAL approach is the most common method for measuring service quality developed by Zeithaml et.al.(1988). Parasuraman et al 1985, 1988, has described the measurement of quality service as a continuum ranging from ideal quality to totally unacceptable quality, with some points along the continuum representing satisfactory quality. The position of customer perception of service quality on the continuum depends on the nature of discrepancy between the expected service and the service perceived by the consumer. When the expected service is more than the actual service, service quality is less than satisfactory. It is towards totally unacceptable quality as the negative discrepancy between expected and perceived service increases. Parasuraman et al, (1998) conceptualized five dimensions: tangibles (T), Reliability (R), Responsiveness (R), Assurance (A), and Empathy (E), which led to the development of SERQUAL. The five dimensions of SERQUAL are defined as follows:

Reliability: Ability to perform the promised service dependably and accurately.
Responsiveness: Willingness to help customer and to provide prompt service.
Assurance: Knowledge and courtesy of employee and their ability to inspire trust and confidence.
Empathy: Caring individualized attention the firm provides its customers.
Tangible: Physical facilities, equipment and appearance of personnel.

2.4 Customer Loyalty

The focus on customer loyalty has been one of the main responses to the high customer churn rates that have been witnessed across industries (Fornell, 1992; Sirohi et al., 1998; Ziliani & Bellini, 2003). The concept of loyalty can be defined as: "a deeply held commitment to repurchase or re-patronize 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 having the potential to cause switching behaviour"(Oliver, 1999).

Loyal customers are valued because it is perceived that as they spend a greater percentage of their earnings with a given retailer, they are less likely to switch to an alternate supplies (Enis & Paul, 1970) and are more willing to accept service failures (Bolton ,1998). Increased customer loyalty among customers is a recipe to successful retention rate.

2.5 Customer Satisfaction

The notion of customer satisfaction is part of a wider focus on building total customer value, which can be defined as: "the perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering" (Kotler & Keller, 2009).

Zeithaml and Bitner (2000), define customer satisfaction as follows: "Satisfaction is the customer evaluation of a product or service in terms of whether that product or service has met their needs and expectations. According to Hoyer and MaClnnis (1997), consumers measure their experiences of a product or service after acquisition, consumption and disposition. Customer satisfaction / dissatisfaction require experience with the product which depends on the quality and value of the service (Anderson et al., 1994). Any discrepancy may cause disconfirmation (Hoyer et al, 1997), thus, failure to meet the needs and expectations is assumed to result in dissatisfaction with the product or service". Hoyer and MaClnnis (1997), argued that a favourable outcome means they are satisfied whilst an unfavourable outcome results in dissatisfaction. The conceptual relationship between customer satisfaction and service quality has generated mixed results among researchers. Anderson et al. (1994) point out a distinction between customer satisfaction and future experience a customer gets when he comes into contact with a product or service and value received. Recent studies have also pointed out that service quality is an antecedent of customer satisfaction (Anderson & Sullivan, 1993; Cronin & Taylor, 1992). There is however, consensus that further studies would have to be done on this issue. Satisfaction is based on the customer's previous experiences with the service provider, advice of friends and associates, competitors offering and information from marketers (Kotler, 1997). It has also been argued that satisfaction/dissatisfaction with a product or pleasure will lead to satisfaction. In contrast, negative emotions such as grief, sadness, distress, sorrow, regret, disappointment, anger, agitation, will engender dissatisfaction (Zeithaml & Bitner, 2000; Hoyer & MaClnnis, 1997). services are influenced by customers' state of mind and emotions. Positive feelings such as happiness, excitement,

2.6 Some Existing Theories on Customer Retention Strategies

Detailed examination of the extant literature (Reichheld, 1996; Turnbull & Wilson, 1989; DeSouza, 1992; Zeithaml & Bitner, 2000; Dawes & Swailes, 1999) reveals several strategies for keeping existing customers. However, this literature felt short of explaining the situations that determine the selection and implementation of a particular strategy other than the other. Could the type of industry, service, product or customer influence the use of one strategy to other? Due to time and space constraints, the study reviews one of these conceptual positions.

The theoretical framework is that of Reichheld (1996). In proposing the framework, Reichheld cited a three-track approach in a study of service companies by Bain & Co. According to Reichheld, firms should strive to find and attract the right customers, employees and investors. His idea is based on the fact that loyal employees and investors who share the same vision of

long-time relationship will be able to grow a crop of loyal customers for the firm. In attracting new customers, he urged firms to be aware of the different "loyal coefficient" which is the amount of economic forces required to switch customers from provider to the other. The easiest customer to win is likely to be the quickest to leave. In his own words, Reichheld commented: "The customers who glide into your arms for a minimal price are the same customers who dance away with someone else at the slightest enticement". Reichheld argues that there are some customers who do not desire a long-term relationship with the firm. In contrast, there are others who desire long-term relationship with the firm and as a result buy frequently, ready to pay premium and   promptly and cost less to serve them. To be successful in keeping customers, a firm should implement a combination of one of the following strategies;

I.   Define and measure relation in the context of the business for proper management.
II.   Attracting the right customers from the right places is very important than just considering numbers.
III.   Employ creative filtering to reduce the selection of unwanted customers.
IV.   Sales men should be given incentives to retain customers not just acquiring new ones.
V.   Rewarding customers for long term loyalty.
VI.   vi.   Develop different programs for the most profitable customers

The main objective of retention strategy is to keep employees and customers on a long-term basis. This means that firms need investors who share this long-term view of customers. Short-term investors' core interest is short-term high annual returns on investment which in Reichheld's view is inimical to the development of long-term relationship with customers and employees; because, the firm is handicapped in reinvesting greater part of profits in producing high quality and innovative products for the customer as well as offering attractive incentive packages.

In summary, as market grows or as markets become competitive, firms are more likely to attempt to maintain their market share by focusing on retaining current customers. Customers' retention has been advocated as an easier and more reliable source of superiority. The extant literature reviewed on customer retention strategies identified variety of activities that can be initiated by a firm to improve on customer retention.

3. METHODOLOGY

3.1 Research Design

This study adopted the descriptive survey method which employed a hybrid of qualitative and quantitative methods. A descriptive research was appropriate because the research objectives included the description of the characteristics of marketing phenomena, determination of the frequency of occurrence or the prediction of the occurrence of specific marketing phenomena. The study was designed to find out how quality service leads to customer retention. University of Ghana and Ministry of Communication (M0C) have been chosen as the target population because, tertiary students and workers were in the position to give a candid observation of the services of Vodafone Ghana and they were ready to give responses to the questions.

3.2 Sampling Methods

A purposive approach was employed to select the samples for the study. The choice of this is due to disaggregated nature of the population and lack of a well defined sampling frame for the population. In this regard, the researchers relied on the Legon Main Hall Porters and other Vodafone users in the hall who assisted to get the respondents. 130 questionnaires were administered at the Legon hall and 20 were administered at the MOC. The rationale for this procedure was to ensure fair representation of response.

Key informants and the respondents were sampled conveniently to represent relevant similarities such as age group, marital status, and education level, among others. Interviews were held with some Marketing Managers of Vodafone Ghana. This was done to find out how the service providers version of quality service, satisfaction and retention levels compare with that of the customer. As a participant observers, the researchers opinions were also taken into consideration. The qualitative parts of the research included an interview guide used in interviewing three Senior Marketing Managers. The goal of the interview was to obtain more in-depth information about how the managers perceive quality services and whether they were actually giving the customers the quality service. The research also found out whether they train their front line staff to solve customer's problems instantly. The interview also focused on the retention levels and finally the strategies in place to retain the existing customers.

3.2 Unit of Analysis

The unit of analysis of this research were the students of University of Ghana, Legon Main Hall and workers of Ministry of Communication who are customers of Vodafone network. Data collected from the field were hand coded and analyzed using the Statistical Package for the Social Sciences (SPSS). SPSS was used to generate frequency distribution tables for the responses to the item. Percentages were then computed for decisions to be made. Bivariate analysis was also carried out by cross-tabulation to examine the influence of variables such as quality service, satisfaction levels of respondents and the retention level to Vodafone. Statistical methods such as charts, graphs, and others were used to illustrate certain trends and patterns that were observed from the data. The chi-square technique was employed to test the relationship between quality service and satisfaction on one hand and their effect on retention levels was closely examined. The analysis were made with 95% level of confidence i.e. $p = 0.05$.

4. RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a detailed analysis of the field data collected. A statistical software package (SPSS) was used to process and summarize the data collected. Statistical methods such as frequency tables, pie charts, bar charts and contingency tables were used in the analysis of the data. Chi-square tests were also used to test the veracity or otherwise of the hypothesis formulated. Nominal symmetric measures were also used to find the degree of association if statistical test is significant. In all, out of the 150 questionnaires distributed, 134 were retrieved, and top three marketing managers of Vodafone Ghana who were interviewed.

4.2 Background of Respondents

Out of the 134 respondents,   49.3% of them were males whiles 50.7% of them were females as shown in figure 2.0. This means that, the research respondents by sex were fairly distributed thereby removing any bias that may have been introduced by gender. It can also be deduced that slightly higher number of females are using the Vodafone network.

See Fig 1: Gender

With regards to age distribution, the majority of the respondents were from 20-29 age groups and only one person was in the 50s. From table 1, only 9% were between the ages 30-39. It could be seen from the table that bulk of our respondents were between the ages 20-29 representing 47.8%. This is partly because most of the respondents are in their early years in the university.

See Table 1:Age Group

Respondents' background in education was important to this research. This is because one's level of education enhances one's ability to anticipate and can provide the required information needed for the study. To this end, the levels of education of subjects of this study were assessed.

See Table 2

The table 2 suggests that out of the 150 people contacted, 134 responded whilst 16 of them could not answer or indicate their level of education. No reason was given for that. The reason could be either oversight or probably the respondents simply refused to answer. However, out of the 134 responses only 2.2% had secondary/commercial/technical education. This means that, majority of the respondents had either finished tertiary education, are working or are still in school. More so, because most of the customers in this study had tertiary education or are in tertiary institution, there is that probability that they might be demanding as they might have knowledge about what quality service is.

4.3 Service Quality and Customer Satisfaction

Customer satisfactions to a large extent hold the key for increasing the organizations customer base, and increase the firm's reputation. This means that firms in the mobile telecommunication industry should satisfy their customers so that they can become loyal and remain with them. According to a study by A.C Nilson, a Research Agency, in 2007 third quarter study on customer base of the mobile networks in Ghana, the share of Vodafone was 16%, MTN 53.9%, Expresso

4% and Tigo 27%. Comparing this to what was released in August 6, 2012, Vodafone moved from 16% to 20.6%, MTN lost customer share from 53% to 46%, Expresso was said to be resilient since it still declining from 4% to 0.97% and Tigo also declined from 24% to 15.2%. Airtel increased its market to 12.9% and new entry Glo has 4.2 %.The reasons for the disparities have been quite varied.

The first objective of this research was to investigate whether quality service lead to customer satisfaction using Vodafone users as the yardstick. In order to get the desired information to measure the outcome, series of questions were asked. First, the researchers tried to know if they had used any other network apart from Vodafone and if so the reason why they switched to Vodafone. See Fig. 2 and Fig. 3 that summarises the responses.

According to the result shown in fig 2, about 57% of respondents said Yes, they had used other networks before and about 43% of them said they had used Vodafone throughout. Various reasons were given by the 57% of the respondents who had used other networks but are currently using. The reasons given are shown in fig. 3.

From the Fig. 3, poor quality service happened to be the main reason that compelled them to switch networks (33.8%). This is consistent with the findings that Service Quality (SQ) has become an important research topic because of its apparent relationship to costs, profitability (Rust and Zahorik, 1993; Zahorik and Rust, 1992), customer satisfaction (Bolton and Drew, 1991) and customer retention (Reichheld and Sasser, 1990). High call charges equally rated high in this regard. This suggests that if Vodafone does not provide good quality service and charge moderate rates, the current customers could also defect to other network providers. Other reasons such as unavailability of varied products were mentioned as being a factor that necessitated the change to Vodafone. The information in Fig. 3 suggests that, respondents and for that matter mobile phone users attached a lot of importance to quality service. For this reason, a question was posed to probe on what respondents consider as being 'Quality Service'.

A qualitative mechanism used to get information from the top management of Vodafone on quality service gave the following responses. Firstly, the researchers sought to know what they propose to customers as quality service. The responses given were as follows:

- Getting calls through without interruption
- Quality network (clarity of calls)
- Prompt complaint management

It was interesting to note that when the question was posed as to whether they actually give the customers the quality service they proposed above, about 70% of them were of the view that they are trying hard to meet the targets fully but currently not. This means that Vodafone has to improve on its quality service in order to retain its existing customers.

4.4 Quality Service Delivery

A set of quality service dimensions were used. Respondents were asked to come out with what they consider as quality service from their network provider. See Table 3 that summarizes the responses.

One key statistic of concern given in the Table 3 is the prompt resolution of faults. About 67% of the respondents attach much importance to prompt resolution of faults. Another important item of concern to them is what they consider as good network. About 62% of respondents also attach much importance to quality network. About 55.6% also considered uninterrupted calls as most important item that signify quality service, 6.3% were indifferent and 5.6% of respondent said uninterrupted calls were least important as item that signify quality service. According to the table, individual attention given by network operators and elegant office of a network operator were not too much considered as an item that signifies quality service. The table equally suggests that prompt resolution of faults were considered the most important. Good network and accurate charges by the network providers were also considered important.

Practically, the responses given in Table 3 indicate that, respondents considered uninterrupted calls, good network, nationwide coverage, accurate charges, prompt resolution of faults, politeness of staff, caring and knowledge of staff, delivering on promise as the major services that represent overall quality service delivery. This is consistent with the service quality dimension measurement developed by Zeithaml et.al, (1988), Parasuraman et al (1985, 1988). They described the measurement of quality service as a continuum ranging from ideal quality to totally unacceptable quality, with some points along the continuum representing satisfactory quality. This suggests that prompt resolution of fault and good network are high on the continuum for customers and the only way to satisfy them is for Vodafone to provide these services well. Based on the outcome of the responses, the study sought to know if these services are being provided by Vodafone network provider.

4.4.1 Uninterrupted Service from Network Provider

The first question that was of interest was to know the number of years they have been or have enjoyed the services of Vodafone network. The figure 4, suggests that 53.7% have used the network above two years, 23% have used the Vodafone for 1-2yrs and few have used it for less than six months. With regards to service quality, 54.3% said they have enjoyed the service without interruptions whilst 45.7% the experience interruptions when *they made or received calls. (Please see Table 4)*

See Fig. 4

Concerning provision of avenues for complaints by the network provider, the result indicated that there are avenues for complaints as shown in fig. 4. About 85.7% said avenues are provided (Yes) and 11.3% said avenues are not provided.

The interview conducted also indicated that customer satisfaction with service quality was high. They cited surveys conducted for them by Research International (2007) as a testimony to this fact. According to them the issues customers mostly complain about were: lack of wider coverage; congestion; network breakdowns, over charges and problems of scratch cards.

Interviewees were of the belief that, their frontline staffs have been empowered to resolve customer's problems instantly. According to staff interviewed they have satisfied customers to some extent and they are doing their best to improve.

According to them, there has been improvement of customer's retention but very minimal they said. All of them agreed that the company's inability to deliver quality service make customers to switch to other networks. They outlined some strategies put in place to retain existing customers. These include:

- Royalty programs- rewards;
- Improve customer service;
- Improve the network quality;
- Replacing obsolete equipment to expand and;
- Undertake more promotions.

4.5 Hypothesis Testing

The study was intended to examine the framework that quality service leads to customer satisfaction and customer satisfaction further leads to customer retention. It was therefore hypothesized that:

- There is a relationship between quality service and customer satisfaction.
- There is interplay between customer satisfaction and retention.

1. There is a Relationship between Quality Service and Customer Satisfaction.

In order to test whether there exist a relationship between quality service and customer satisfaction, a cross tabulation was run on the two variables. The result is shown in table 5. In the table, the variable 'Quality service' has two levels and the variable customer satisfaction with Vodafone has four levels as indicated.

See Table 5

4.5.1 Explanation of test procedure

The table helps to know the proportion of respondents that agreed to quality service provision at the various levels of satisfaction. The table compares Observed Count with the Expected count based on chi-square test procedure. The observed count is the result as obtained on the field and the Expected count is the count that should be if the hypothesis stated above is untrue. In other words, the expected count signifies the responses each category should have if the null hypothesis is true. Thus if there is no relationship between Quality service and Customer satisfaction, it is expected that 15.5% of respondents who agreed to quality service provision by their network were very satisfied, 46% of them satisfied, 4.8% of them dissatisfied and 1.6% of them very satisfied (table 5). Similarly, for the respondents who disagreed with Vodafone service quality, 13.5% were very satisfied, 40% of them were satisfied, 4.2% dissatisfied and 1.4% very dissatisfied. The chi-square test value provided in table 5 compares the observed frequencies

with the expected frequencies and result is shown in the last column. The result of the Pearson chi-square value (0.024) is compared with the level of significance 0.05 that was hypothesized. From the foregoing, since the statistic provided, 0.024 is less than the posited value (0.05), the working hypothesis is supported by the data, at 0.05, level of significance. From the evidence in the information above, it can be concluded that there is a relationship between quality service and customer satisfaction. This is consistent with conclusion given by Ranaweera and Neely (2003) which said that quality service indeed is an important driver of customer retention. Nominal symmetric measure shown in Table 5 was used to examine the degree of this relationship.

In the table above, the low values for the test statistics (shown in column two of Table 6) indicate that the relationship between the two variables is a fairly weak one. In other words, only 27.2% of the relationship is explained by the data.

See Table 6

2. There is a Relationship between Customer Satisfaction and Customer Retention.

Another purpose of the study is to examine whether satisfaction of mobile phone services lead to customer retention. Subsequently, it was hypothesized that there is interplay between customer satisfaction and retention by Vodafone. In other words, when the customer is satisfied he or she will continue to patronize the services the network provides.

See Table 7

The respondents were asked to indicate whether they agree to stay or leave Vodafone network if the above services 1-6 were rendered. The response on staffs politeness and courteousness was of importance. About 82% said they will stay if staffs were polite and courteous whilst 1.5% said they will still leave even if staff were polite and courteous.

See Fig 6

With regards to the hypothesis being tested, contingency tables and Pearson chi-square were used. Table 8 illustrates the number of counts if the hypothesis is considered. Thus if the working hypothesis that customer satisfaction influence customer retention is not true, we expect the expected count to be 107.4 in the first category and 2.6 in the second category. The observed counts are shown as count in Table 8. Thus according to the observed responses, 99.1% of the customers who were satisfied said they will remain and 0.9% said they will not. Similarly, 87.5% of the customers that were not satisfied also indicated their willingness to remain and only 12.5% said they will leave when not satisfied.

The observed and the expected counts were compared and the result shown in Table 8 (See Table 8)

4.5.2 Explanation of Statistics in Table.9

The first value (Pearson Chi square) to examine is 0.004. Comparing this value with the level of significance (0.05), the Null is rejected. However, the assumption underlining the use of the test is violated. The reason is that 50% of responses in the cells have expected count less than 5 (see

foot note). For this reason the continuity correction value 0.05 is used. This value is equal to the level of significance 0.05. On the basis of this, the null hypothesis is not rejected. In other words, the evidence provided by the data suggests that, working hypothesis that posits that there is interplay between customer satisfaction and retention does not hold. This is also evident in fig 4.6. It is therefore, safe to conclude that customers switching from one network to another may not necessarily be due to customer dissatisfaction with the service of particular network provider. There might be other reasons such as a mere preference for change. Indeed, Kotler (1997) proposed that satisfaction is based on the customer's previous experiences with the service provider, advice of friends and associates, competitors offering and information from marketers. It has also been argued that satisfaction/dissatisfaction with products or services are influenced by customers' state of mind and emotions. Hence, the state of the mind and emotions, peer influence among others could equally cause one to live a particular network for another even though the person may be satisfied. This position is further strengthened by Colgate et al, (1996), who concluded that service providers should understand why customers choose to stay and should not assume that it is a positive conscious choice. This is explained by Jones and Farquher (2003), customers may be lured away by attractive offers made by competitors when they experience dissatisfaction incidents. There are strong arguments for management to carefully consider the range of factors that increase customer retention rate (Omotayo et al, 2008).
See Table 9 and Fig 7

In summary, according to the data collected and on the evidence presented by the statistics, the first hypothesis was significant, leading us to reject the null and accept the working hypothesis stated. However, the second was not significant; hence the null hypotheses was not rejected. The conclusion is that the second hypotheses stated was not supported on the basis of lack of enough evidence against the null. The table 10 presents a pictorial view of the summary of the two hypotheses tested.
See Table 10

4. CONCLUSION

From the study, it was discovered that quality service has a relationship with customer satisfaction. The analysis showed that quality service is related to customer satisfaction. This is supported by Ranaweera and Neely (2003) and Anderson and Sullivan (1993); Cronin and Taylor (1992) who found out that, service quality is an antecedent of customer satisfaction. The study further discovered that there is no relationship between customer retention and satisfaction. In that, customers switching from one network to another may not necessarily be due to the fact that the customer is not satisfied. There might be other reasons other than customer satisfaction. This position is further strengthened by Colgate et al (1996), who concluded that service providers should understand why customers choose to stay and should not assume that it is a positive conscious choice.

It is worth noting that, most customers agreed that they will continue to stay with Vodafone even if they were unsatisfied. The reason being that other networks may not provide better services and 86.6% of the respondents supported this view. The statistical test disproved the assumption of a relationship of customer satisfaction and retention. Thus, when the customer is dissatisfied with the services of a particular network, the customer is likely to stay or not stay depending on other factors besides the mere dissatisfaction of service. From the interview with managers of Vodafone, it was clear that Vodafone has not been able to meet all the quality service promised its customers and that the company is doing everything possible to meet expected level of quality service. It was also evident that price based programmes such as discounts; sales promotions among others are used to retain customers. Dependence on price incentives which seem to be the main strategy for retaining customers may be counterproductive some times.

The proposed model that quality service leads to customer satisfaction and intend leads to retention was not wholly supported by the data. This is because, whilst the data showed that quality service leads to customer satisfaction, there was no relationship between customer satisfaction and retention. The model below depicts the conclusions derived from the research that quality service leads to customer satisfaction. However, customer satisfaction may not necessarily lead to customer retention.

Quality Service

Customer Retention   ≠   Customer   Relationship

No Relationship
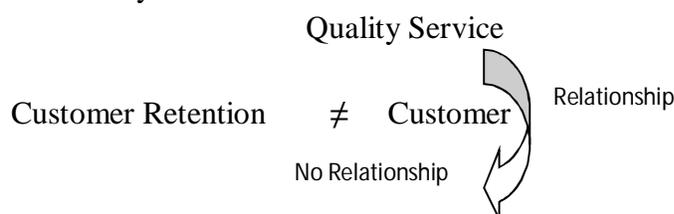
In conclusion, Vodafone should improve on its quality service delivery through prompt resolution of faults and ensure customers' calls go through without interruptions. From the study, customer satisfaction does not necessarily lead to retention, hence, mobile telephony companies must constantly engage customers (by Market Research) to find out their needs and provide them in order to keep them from competitors. Staff should be trained regularly through refresher courses especially in customer service and product knowledge since this will go a long way to improve quality service. There should be conscious effort on the part of management of

Vodafone to provide good network which will lead to uninterrupted calls. Vodafone should expand its network to cover the whole country so as to allow customers to have nationwide mobile communication.

It is recommended that future research be focused on how customer retention can lead to quality service. Further study should find out whether employee satisfaction leads to customer retention. In sum, although the theoretical framework of customer retention strategies and the applications in this study can be generalized, the suitability, applicability and effectiveness of a particular customer retention model in any cellular phone company in Ghana will depend on specific company situation.

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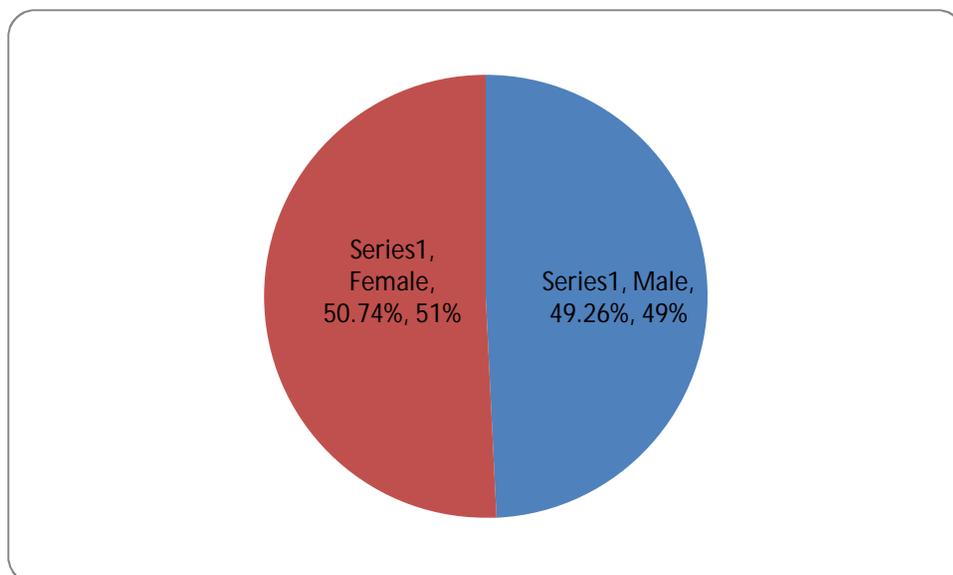
Fig. 1: Gender

Age	Frequency	Percent
Below 20	54	40.3
20-29	64	47.8
30-39	12	9
40-49	3	2.2
50-59	1	0.7
Total	134	100

Table 1: Age Group

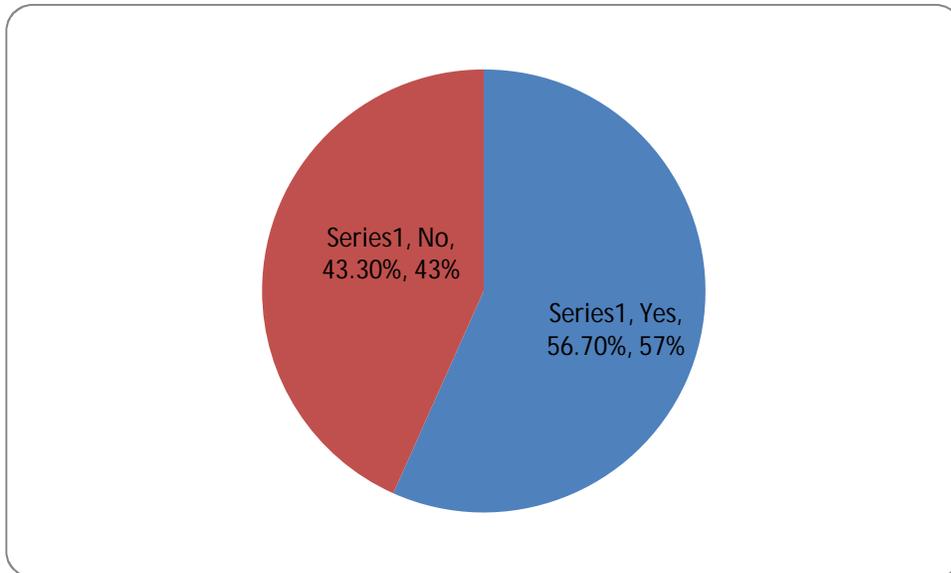| Education	Frequency	Percent
Secondary/Commercial/Technical	3	2.2
Tertiary	131	97.8
Total	134	100

Table 2: Level of Education

Fig 2: Previous Network
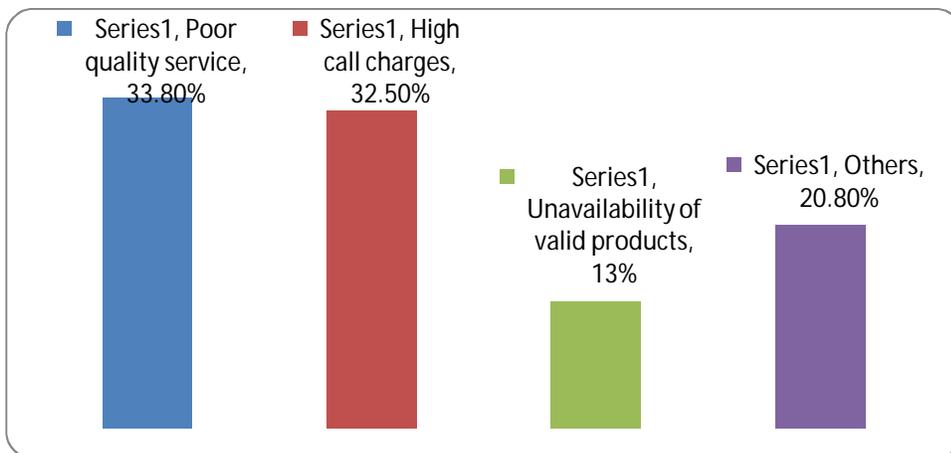
Fig. 3: Reason for switching to vodafone

QUALITY OF SERVICE	Most Important	Important	Indifferent	Least Important
Uninterrupted calls	55.6	32.5	6.3	5.6
Good Network				3.9
Nationwide Coverage	58.5	32.5	4.1	4.9
Accurate charges	60.7	28.8	6.4	4
Prompt resolution of faults	66.9	25	5.6	2
Politeness of Staff	54	33.3	8.7	4
Caring & Knowledge of Staff	52	36.8	8.8	2.4
Delivery on its Promises	54	33.1	8.9	4
Individual attention	39.7	34.7	22.3	3.3
Elegant office	21.1	39	25.2	14.6

Table 3: Quality Service (by Percentage)
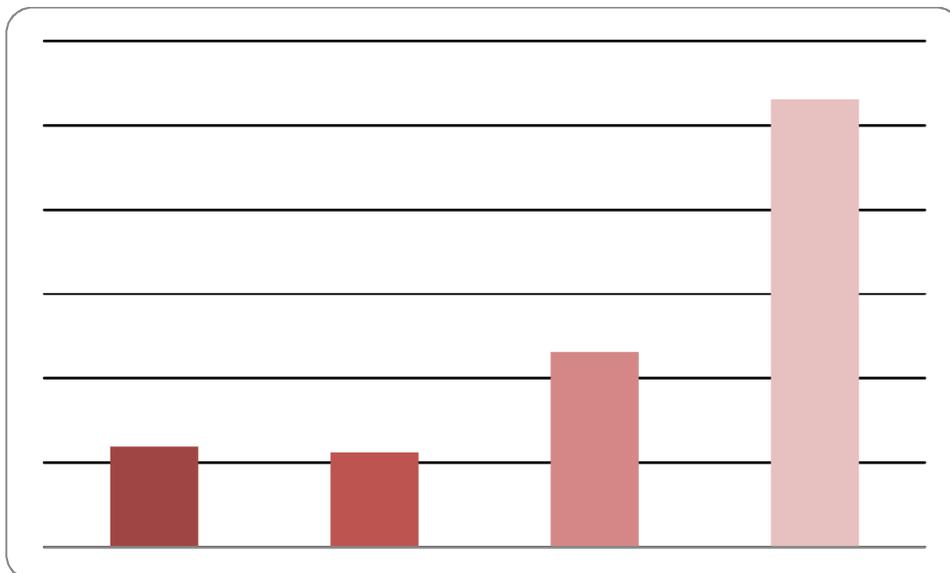
Fig. 4: Use of Vodafone Network (in years)

Response	Frequency	Percent
Yes	70	54.3
No	59	45.7
Total	129	100

Table 4: Uninterrupted Network Services from Vodafone
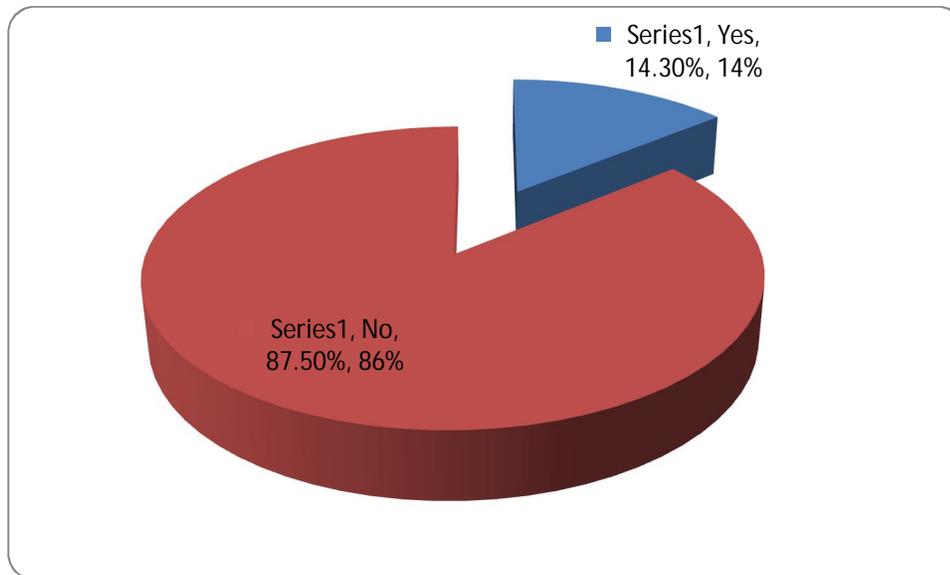

Fig. 5: Provision of avenues for Complaint

		Very satisfied	Satisfied	dissatisfied	Very dissatisfied	Total
			Customer satisfaction with Vodafone			
Quality Service	Agree	30.9%	60.3%	4.4%	4.4%	100%
	Disagree	13.6%	76.3%	10.2%	0.0%	100%

Table 5: Contingency table 1

Nominal by Nominal	Cramer's Contingency Coefficient	Value	Approximate sig.
	Cramer's V	0.272	0.024
	Contingency Coefficient	0.263	.024

Table 6: Symmetric Measures

Satisfaction & Retention	Agree to Stay (Percent)	Indifferent (Percent)	Will leave (Percent)	Total
Staffs Polite & Courteous	81.8	16.7	1.5	100
Understands Customer problems	79.4	17.6	3	100
Process of Complaints simple	73.5	24.2	2.3	100
Deliver on Promise	67.4	29.5	3.1	100
Performing services right the first	74.8	23.7	1.5	100
Provision of 24hr toll free centre	73.7	24.8	1.5	100

Table 7: Satisfaction and Relation (Percentage)
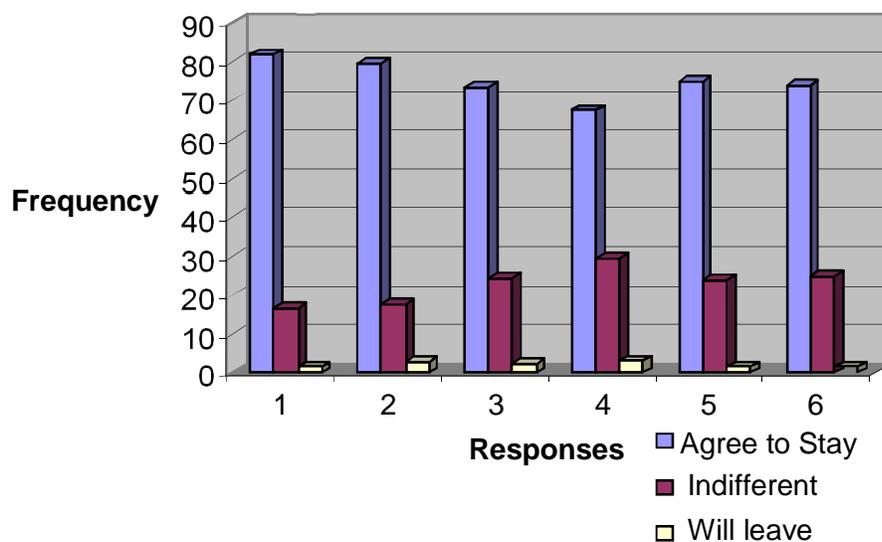
Fig. 6: Satisfaction and Retention

			Retention		
			Yes	No	Total
Customer satisfaction	Yes	Count	109	1	110
		Expected count	107.4	2.6	110
		% within customer satisfaction	99.1%	0.9%	100%
		Count	14	2	16
	No	Expected count	15.6	4	
		% within customer satisfaction	87.5%	12.5%	100%
Total		Count	123	3	126
		Expected count	123	3.0	126
		% within customer satisfaction	97.6%	2.4%	100%

Table 8: Customer Satisfaction and Retention (Cross tabulation)

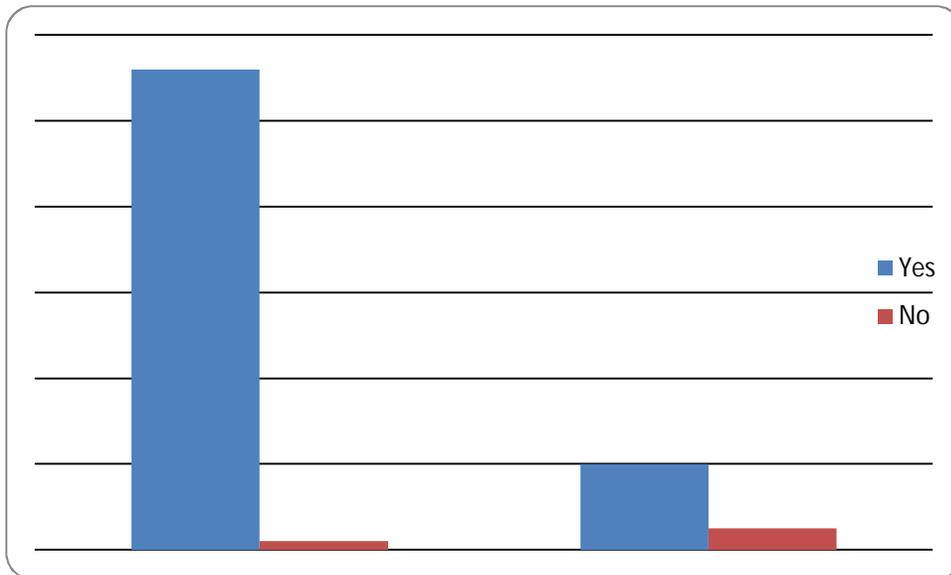|	Value	Df	Asymp.Sig
Pearson Chi-square	8.074	1	0.004

Table 9: Chi-Square Test

Fig. 7: Cluster Bar Chart showing Customer Satisfaction and Retention

Null Hypothesis	Test statistic (Pearson Chi-square)	Decision(H0)
1.There is no Relationship between Quality Service and Customer Satisfaction	0.024	Rejected
2.There is no Relationship Between Customer Satisfaction And Customer Retention	0.05	Accepted

Table 10: Summary of the Hypotheses Tested