DETERMINANTS OF CUSTOMER LOYALTY IN THE PAY TV INDUSTRY IN KENYA, A CASE OF MULTICHOICE KENYA

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ABSTRACT

Customer loyalty is an important issue for marketing managers, particularly those in services industries. Competition and advancement in information communications technology seems to be exerting pressure on managers in the pay TV market to demonstrate customer focused and continuous service improvement than before, as a way to ensure customer satisfaction and brand supremacy. In order to be competitive in the pay TV industry, firms need to satisfy their customers. The study was guided by the following specific objectives; to determine the effects of service quality on customer loyalty in the pay TV industry, to establish how service reliability affects customer loyalty in the pay TV industry in Kenya, to determine the effect of responsiveness affects on customer loyalty in the pay TV industry in Kenya and to to investigate how perceived price fairness affects customer loyalty in the pay TV industry in Kenya. A descriptive survey design shall be applied to collect views and opinions of the personnel working with Multichoice Kenya Limited. The research site for this study was at the headquarter premises of the Multichoice Kenya Limited in Ngong Road and sales agents located within Nairobi east County. The target population of 72 employees, 46 agents and 92 customers (being 2 customers from each of the agent) were sampled using the stratified random sampling technique. The data collected was be analysed by use of the Statistical Package for Social Sciences (SPSS) program. The study found that there was strong positive correlation coefficient between customer loyalty and service quality. The study concludes that the ability to address client problem quickly may increase the service provider's credibility in the clients' mind, perceptions of high service quality and high service satisfaction pay TV industry resulted in a very high level of purchase intentions, pay TV industry had implement quality management systems.

Keywords:*Customer loyalty, information communications, competitive and pay TV Industry.*

Background of the Study

The globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities. Instead, companies build their success on a long-term customer relationship (Cannon & Cannon, 2005). It is commonly known that there is a positive relationship between customer loyalty retention and profitability. Reichheld & Sasser (2006) found that when a company retains just 5 percent more of its customers, profits increase by 25 percent to 125 percent. Their study caught the attention of both practitioners and researchers, arousing a great interest in customer loyalty (Gould 1995).

It can cost as much as 6 times more to win a new customer than it does to keep an existing one (Rosenberg , Reichheld & Sasser, 2004). Depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration by 5% (Reichheld 2006). Hence the increase and retention of loyal customers has become a key factor for long-term success of the companies. Loyal customers will also help promote business. They will provide strong word-of-mouth, create business referrals, provide references, and serve on advisory boards. Raman (2009) states, loyal customers serve as a “fantastic marketing force” by providing recommendations and spreading positive word-of-mouth; those partnership-like activities are the best available advertising a company can get. Loyal customers increase sales by purchasing a wider variety of the hotel’s products and by making more frequent purchases. Bowen and Shoemaker (2008) found loyal hotel customers had higher food and beverage purchases than non-loyal customers.

Approaches to study of customer loyalty fall into three broad categories namely; Behavioral approach which examines the customers continuity of past purchases, then measures customer loyalty by rate of purchase, frequency of purchase and possibility of purchase. Secondly, Attitudinal approach, which infers customer loyalty from psychological involvement, favoritism and a sense of good will towards a particular product or service and thirdly, integrated approach, which takes account of both the two approaches in order to create its own concept of brand loyalty (Lau and Lee, 2009). One can conclusively say that for brand loyalty to exist consumers exhibit certain behavior towards the brand. This behavior reflects some degree of attachment to the brand, repeat purchase, possible attitude towards the brand and some level of commitment towards the brand.

Pay TV Sector in Kenya

Though relatively new, the pay TV service is slowly but surely revolutionizing the media industry in Kenya. There is a huge potential for pay TV considering that a few years ago communication was inaccessible to the extent that even getting a fixed line was difficult. According to Day (2003) pay TV is faced with rising cost and competition amidst deteriorating economic trends. The players in the industry have to therefore constantly re-strategize to ensure continued survival and profitability. For the players in this industry, survival depends on their ability to develop new business models to enable them to adapt to the ever changing environment.

The incoming of pay TV firms has been made possible due to the reforms and adjustment programmes instituted in the country in the 1990s. Nevertheless, the presence of these firms has introduced competition, efficiency and effectiveness in the pay TV market in the country. Unlike the previous monopolistic, highly regulated telecom and media market, the presence of the new firms introduced service quality, appropriate and reasonable pricing and social responsibility (Jones and Sasser, 1995).

The deregulation, competition and advancement in information communications technology seems to be exerting pressure on managers in the pay TV market to demonstrate customer focused and continuous service improvement than before, as a way to ensure customer satisfaction and brand supremacy. Service quality has been found to be a competitive tool for many companies. This is even much more pronounced in today's highly globalised, industrialised and competitive markets. The growth and survival of companies depend on their customers which pay TV sector is no exception (Reichheld and Sasser, 1990).

Multichoice Kenya Limited

The joint venture between Multichoice Africa (MCA) and Kenya Broadcasting Corporation (KBC) in February 1995 saw the birth of Multichoice Kenya Limited (MCK) as the first pay TV operator in Kenya. Currently Kenya has four major pay TV operators namely MCK Limited, Wanainchi online (operators of Zuku) Startimes TV and Azam TV. The pay TV business in Kenya has however proved to be a tricky affair for most companies that have dared to try it. Two companies that ventured into this business after MCK limited that is GTV and Smart TV did not survive the tide. They both went under within two years of their launch in Kenya. Although there has been a slightly steady growth in this industry due to the analogue technology switch off to digital that happened recently, customer retention has remained the greatest challenge among the four major players (Deloitte, 2012).

Multichoice Kenya Limited is a pay Television company that provides a wide selection of digital satellite Video and Audio channels. MCK Limited has two products: DStv and GOtv. GOtv is a digital terrestrial TV service while Dstv on the other hand uses satellite technology for transmission. GOtv service is deployed through TV masts and accessible only in locations with GOtv transmitter coverage (Multichoice Website, 2013).In the year 2010 during the FIFA world cup in South Africa, MCK embarked on ambitious campaign to recruit 20,000 subscribers within one month of the greatest football extravaganza. The overall sales target for the year 2010/2011 for DSD decoder was 30,000 pieces. In order to achieve this target MCK lowered her equipment price (DSD decoder plus Dish) by70% on the initial price. By the end of the FIFA world cup which lasted for 30 days, the total DSD sales stood at 30,000.This was a big achievement for MCK Limited in the sense that it did not only achieved the set world cup target but also the annual target.

However, celebrations for this big achievement was short lived. Out of the 30,000 new subscribers netted during the world cup, only 5,000 renewed their subscription six months after their due date. A survey carried out by MCK between May 12th to May 18th 2012 on their GOtv brand discovered that a total of 1,115 accounts had been disconnected due to lack of payment. The total number of attempted calls between May12th to May 18th 2012 was 208 with only 48 accounts being reactivated within the same period. It is from these experiences that that the researcher seeks to establish the relationship between customer loyalty and growth of MCK Limited

Statement of the Problem

Customer loyalty is an important issue for marketing managers, particularly those in services industries (Bennett & Rundle-Thiele, 2004). In general, if the customers are satisfied with a provided goods or a particular service, the probability that they use the service again increases (Gould, 2005). Providing a high-quality service is a major issue for all businesses especially for pay TV industry. Customer satisfaction may establish the success or fail of a business. In order to be competitive in the pay TV industry, firms need to satisfy their customers. High quality of service provided would ensure a high market share and substantial return. Therefore, the pay TV providers need to understand the attributes that customer use to judge service quality and enhance service quality.

Service quality in pay TV sector in Kenya has continued to decline overtime. There are persistent complaints such as unreliable and untimely service provision (Njoroge, 2010), lack of good customer relations, bad practices and attitudes of pay TV service providers towards customers (Oliver, 2009). Multichoice Kenya Ltd is not exception it has been faced with stiff competition from their competitors who offer low priced services and this has lead to customer shift. Besides the high service levels from the government have greatly influenced the offering of the desired quality to their clients.

Fornell (1992) in his study asserts that services quality is critical to the clients. Despite much previous research focusing on quality services, relatively little attention has focused on the effect of quality services on performance. Examination of previous research existing literature on assurance for quality has been conducted by Hofmeyr and Rice (2010). They reveal that no previous attempts have been made to review the existing literature on assurance usage for service quality. In order to enable quality practitioners to have a better understanding of the current status of assurance and quality management in supporting service quality they have to organize and practice their skill. Patterson and Sheth (2008) explored the linkages between quality systems and service quality on service providers' perspectives.

However, there is little empirical evidence to explore how client's perceives assurance in service quality. Studies done on customer satisfaction and loyalty by Miriti (2011), Mwaniki (2011), Njoroge (2010) and Thiong'o (2011), asserts that developing a much deeper insight into the marketing constructs such as service quality, customer perceived value, corporate image, and customer loyalty is of vital importance to the pay TV industry. A study conducted by Njoroge (2010) indicated that service quality has uncertain or even negative effects on customer satisfaction. Mwaniki (2011) indicated that achieving high service quality and pursuing successful customer satisfaction level are highly dependent on top management support. However, Miriti (2011) reported that there is no association between top management support for quality and customer perceived value achieved. Thiong'o (2011) indicated that a 90% improvement rate in customer relations, operating procedures and financial performance is achieved due to customer satisfaction. Thus, conflicting research findings have been reported surrounding the effects of customer service quality on customer satisfaction and loyalty. Previous studies on service quality and performance done did not address the context of pay TV hence the study will aim at bridging this gap by investigating the determinants of customer loyalty in the pay TV industry in Kenya, a case of Multichoice Kenya

LITERATURE REVIEW

Service Quality

Service Quality is defined as an assessment of how well a delivered service conforms to the client's expectations. Service business operators often assess the service quality provided to their customers in order to improve their service, to quickly identify problems, and to better assess client satisfaction (Patterson and Spreng, 1997).In this research service quality has been defined as the difference between customers expectation for service performance prior to the service encounter and their perception of the service received. Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation (Asubonteng et al., 1996). Expectation is viewed in service quality literature as desires or wants of consumer i.e., what they feel a service provider should offer rather than would offer (Parasuraman et al., 1988). Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature.

Negi (2009) suggests that customer-perceived service quality has been given increased attention in recent years, due to its specific contribution to business competitiveness, developing satisfied and loyal customers. This makes service quality a very important construct to understand by firms by knowing how to measure it and making necessary improvements in its dimensions where appropriate especially in areas where gaps between expectations and perceptions are wide.Service quality has been found to have considerable impact in determining repeat purchase and customer loyalty (Jones and Farquhar, 2003). As pointed out by Bolton (1998), service quality influences a customer's subsequent behavior, intentions and preferences. When a customer chooses a provider that delivers service quality that meets or exceeds his or her expectations, he or she is more than likely choose the same provider again. Besides, Cronin and Taylor (1994) also found that service quality has a significant effect on repurchase intentions. Other studies which support that repurchase intentions are positively influenced by service quality include Zeithaml et al (1996), Cronin and Taylor (1994), Cronin et al ., (2000), and Choi et al. (2004). A positive perception of service quality is thus an antecedent to customer loyalty (Young et al, 1994).

Douglas & Connor (2003), found that the consumer who has developed heightened perception of quality has become more demanding and less tolerant of assumed shortfalls in service quality and identify the intangible elements (inseparability, heterogeneity and perishability) of a service as the critical determinants of service quality perceived by a customer. It is very vital to note here that, service quality is not only assessed as the end results but also on how it is delivered during service process and its ultimate effect on consumer's perceptions (Douglas & Connor, 2003).

Service Reliability

Reliability is the ability to perform services dependably and accurately in a consistent manner. It contains five elements to assess the accuracy and credibility of communication and entertainment services. This dimension of service quality evaluates the promises of communication and entertainment and its execution from clients' point of view. Reliability is very important determinant of product quality besides good personal service, staff attitude, knowledge and skills (Cronin et al., 2000). Atalik and Arslan (2009) reported that reliable, service is the outcome of the continuous improvement. Similarly in another study, Busterna (1998) asserts that service reliability is the service "core" to most clients. So managers should use every opportunity to build a "do-it-right-first" attitude.

Service providers perceived service quality to be as a result of improved technology which is used to improve service delivery such as effectiveness of use, reliability of services and time management (ELTRUN, 2005). This ability to address client problem quickly may increase the service provider's credibility in the clients' mind. Moreover, this technology can increase efficiency for communication between service providers and clients. Adoption of technology has contributed to better understanding among service providers performance in that it saves time for them which in return boosts their performance (Kamau, 2008). In a competitive world, Jacoby et al., (2008) points out that class market performance pushes the increasing role of technology usage providing substantial benefits for both firms and clients. Therefore, most businesses turn to their clients for quality assessment either directly or indirectly by using technology.

Many organizations are moving to assess technology and quality management systems to support clients' preferences with effective operations management. However, it is sometimes difficult to separate technology from the relationship between the service providers and clients. For implementation of some technologies and quality management systems to dramatically enhance competitive edge, service providers must satisfy and clients must perceive it (Churchill and Gilbert, 1999).

The increasing of technology usage leads to improved product/ service quality that appeal to the needs and desires of a particular segment of clients. This effort is useless without the ability to efficiently design, produce, support, and manage the distribution and delivery process (Omachonu et al., 2008). However, technology implementation alone can increase high quality. It is equally essential to implement quality management systems into organizations while using resources. The integration of technology and quality management need to be explored more, especially in many service sectors, which rapidly adopting technologies, and any kind of quality management practice which might influence service quality. Therefore, while it is important for a firm to closely monitor and conform to the needs and preferences of its clients, it is equally essential to build a reliable quality system within the organization. The responsibility of delivering high-quality service ultimately rests on the service providers who should have the ability to keep service promise accurately and consistently. It includes correct service and accurate record and prompt reply to client (Shepherd, 1999).

Responsiveness

This dimension reflects the willingness or readiness of employees to provide quick services to customers. Customers are very keen to employees' behavior in services industry especially in the pay TV industry. It was reported that customers are very sensitive to employees' working environment in service organizations (Brown and Mitchell, 1992). It was found that correct match between staff skills and customers' expectation resulted in better service quality towards customers. Service recovery and problem solving have been recognized as important parts of services quality (Gundlach*et al.*, 1995).
Tahir and Abu Bakar (2007) investigated service quality and customer satisfaction of pay TV by using SERVQUAL in Malaysia. They found that responsiveness is rated as the most important dimension of service quality. It was found that accurate communication, proper service delivery and effective conflict handling results into overall customer satisfaction regarding pay TV services in Malaysia (Belch, 2011). It is more probable for customers to be satisfied if the service performance meets (confirmation) or exceeds (positive disconfirmation) their expectations. On the contrary, customers are more likely to be dissatisfied if the service performance is less than what they expected (negative disconfirmation). Khalifa & Liu (2003) discussed that taking expectation disconfirmation as the only determinant of satisfaction; this theory does not cause the fact that if high expectations are confirmed, it would much more lead to satisfaction than confirmation of low expectations. To resolve this drawback perceived performance is included as an additional determinant of satisfaction. In other words the only way to ensure satisfaction is to empirically create disconfirmation by manipulating expectations and performance.

For a company to be responsive to customers they typically require more planning and effort, and involve higher cost and risk of failure. But they also frequently offer greater rewards and performance improvement if they succeed. The cultures of some companies are much more supportive of such responsiveness than are the cultures of others. A strategy that favors the development and introduction of responsiveness with these characteristics might be called proactive (Vickery & Dröge, 2005). According to Porter, (2000), companies with a reactive responsiveness strategy aim to hit many singles. These are easier to achieve than home runs, but each one by itself does not move a team as far.

Responsiveness is the determinant that defines the willingness to help customers and to provide prompt services. It is the desire and willingness to assist customers and deliver prompt service .It involves features such as the opening hours of the service provider, the politeness of the employees and the time the customer has to wait in order to get the service. In other words, it describes how quickly and affective the response to the customer is .Willingness to help customers is likely to have an important and positive effect on customer' perceived service quality and customer satisfaction in retail banking. Mengi (2009) also found that responsiveness is positively related to service quality and customer satisfaction). It is also involves understanding needs and wants of the customers, convenient operating hours, individual attention given by the staff, attention to problems and customers" safety in their transaction(Kumar *et al.*, 2009).

Perceived Price Fairness

From the consumer's perspective, the monetary cost of something is what is given up or sacrificed to obtain a product (Zeithaml, 2008). Thus, in studies on related topics, price has often been conceptualized and defined as a sacrifice (Anderson, Fornell and Lehmann, 2004; Sweeney, Soutar, and Johnson, 2009). There are three components to the concept of price: objective price, perceived non-monetary price, and sacrifice (Zeithaml, 2008). The objective monetary price (simply put, the amount of money paid for product) is not equivalent to the perceived price (that is, the price as understood and recorded in the mind of consumer) since consumers do not always know or remember the actual price paid for a product. Instead, they encode the price in a way that it is meaningful to them (Zeithaml, 2008).

As to the relationship between price and satisfaction, research has shown that price is one of the determinants of customer satisfaction (Anderson, Fornell, & Lehmann, 2004; Zeithaml and Bitner, 2010). When customers were asked about the value of services rendered, they consistently considered the price charged for the service (Anderson, Fornell, and Lehmann, 2004). In those cases in which consumers did not consider price in forming their judgments about the quality of service, it was generally because they lacked a reference price (Zeithaml and Bitner 2010). Still, though, this group ranked price as an important factor when it came to their overall satisfaction.

The theoretical formation of price perception in services remains largely unexplored (Varki and Colgate, 2011). This study suggests that the perception of price fairness plays an important role in any exchange transaction. The feeling of fairness depends on the gain-loss ratio felt by both partners in the exchange. From the consumer's perspective, the gain is the product to be received, whereas the loss is the money to be paid. When a consumer pays a higher price than others do, or when a consumer receives a lesser product than anticipated (either in terms of quantity or quality), perceived negative price inequity occurs. On the other hand, perceived positive price inequity may result from either receiving a larger or better product than others, who paid the same price, or paying a lower price but receiving the same product. Price fairness should have an influence on customer satisfaction (Parasuraman, Zeithaml, and Berry, 2004) as well as on behavioral intentions (Varki and Colgate, 2011). This study, then, proposes that the perceived fairness of price should directly affect customer loyalty, and should also affect it indirectly via customer satisfaction.

Customer Loyalty

Customer loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive purchasing of the same brand, despite situational influences and marketing efforts. Gremler and Brown (1996) define it as “the degree to which a customer exhibits repeats purchasing behavior from a service provider, Possesses a positive attitudinal disposition toward the provider, and considers using this provider when a need for this service arises. Loyalty is therefore an attitude or behavior that customers explicitly vocalize or exhibit.

Loyalty has both behavioural and attitudinal dimensions. The behavioural repurchase consists of repeated purchase of product while attitudinal loyalty refers to attitudinal commitment or favourable attitude toward a product resulting in repeat purchasing behavior. It is a biased purchase response resulting from an evaluative attitude favouring the purchase. Loyalty is thus viewed as the customer’s demonstration of faithful adherence to an organization despite its occasional error or indifferent services. Dick and Basu (1994) conceptualize loyalty as the strength between repeat patronage and relative attitude which results from comparing a particular brand with competing brands. Customer loyalty is strong when a high relative attitude leads to repeat buying. A low relative attitude leads to low repeat purchase which equals no loyalty.

Loyalty in service businesses refers to the customer’s commitment to do business with a particular organization, purchasing their products repeatedly and recommending others to the organization’s products. Anderson and Jacobson (2000) say that customer loyalty is actually the result of an organization creating a benefit for customer so that they will maintain or increase their purchases from the organization. They indicate that true loyalty is created when the customer becomes an advocate for the organization without incentives

The marketing literature is embracing customer relationship based research due to the overwhelming evidence that the acquisition of new customers is a far more expensive process than retaining current customers (Berry, 1995). Service firms and in particular, commercial banks are interested in building and maintaining long-term relationships with their customers (Gwinner *et al..,* 1998).

Intellectual capital

Intellectual capital is the sum of everything everybody in the company knows that gives a competitive edge in the market place. Huang and Hsueh (2010) study on intellectual capital in consulting firms also signify intellectual capital to the summation of all knowledge and capabilities of every employee that brings about performance and creates wealth for the enterprises. Lonnqvist *et al* (2009) also examined that the role of intellectual capital management in ensuring the alignment of the change content with the strategic goals of the organization. Furthermore, intellectual capital consists of the non-physical sources of value related to employees ‘capabilities, organizations ‘resources and way of operating and the relationships with their stakeholders (Lönnqvist & Kujansivu, 2012). Previous study on intellectual capital by Cabrita and Vaz (2012) indicates that intellectual capital as intangible assets that may be used as a source of sustainable competitive advantage.

The Yalama and Coskun's (2014) research on Turkish banking industry for the period 2012-2013 is based on the impact of VAIC on banks' profitability. The results show that annual IC efficiency is not stable. It also found that some Turkish banks are stable to transfer IC value to banks' profitability but some are not. In this context, this study intends to explore the relationship between intellectual capital (Value Added Intellectual Coefficient (VAIC)) and operational performance of commercial banks in Kenya.

Chao -Hsu Yang (2012) did research on 211 listed enterprises, and found that intellectual capital had a significant contribution to the creation of organizational values and organizational competitive advantages. Its capacity can be brought into play more effectively going through the interaction among human, structure and customer capital. Rudez and Mihalic (2007) also pointed out in their research; the hotel industry must promote the development of its intellectual capital so it can maintain its competitiveness. If they can go through the interaction of human capital and information technology, then the financial performance of the organization can be boosted. No matter it's information technology, biotechnology, high technology, or emerging industries, etc., intellectual capital affected their organizational performance deeply (Chang, Chen & Lai, 2008), especially in the international tourist hotels and other service industries, what they provided were tangible products and intangible services, such as employees' knowledge and an organizational management procedures, etc., these are all the intellectual capital of an organization.

Shi-Hsiao (2010) indicated that intellectual capital includes human capital, structural capital, and social capital. Therefore, an organization should develop the human capital that cannot be imitated by the competitors easily, converting the wisdom and capabilities it has accumulated into its core competencies: operating the functions of structural capital to create distinct characters of an organization. It establishes an irreplaceable external relationship to enhance an organization's social capital, and the synergy created from the interaction among human capital, structural capital and social capital is a key for an organization to build competitiveness. Mei-Chun (2013) believed an organization's intellectual capital had a significant positive effect on organizational performance.

RESEARCH METHODOLOGY

A descriptive survey design was applied to collect views and opinions of the personnel working with Multichoice Kenya Limited. The research site for this study was at the headquarter premises of the Multichoice Kenya Limited in Ngong road, all registered sales agents in Nairobi east sub County in the Republic of Kenya. This study targeted 46 employees from the GoTv and 36 employees from DsTv departments of Multichoice Kenya. The target employees composed of Top Managers, Middle Level Managers and Line Managers located within the head office of Multichoice Kenya Limited in Nairobi, Kenya. Other target population included customers and agents of Multichoice Kenya limited.The target population comprised of 72 employees, 46 agents and 92 customers (being 2 customers from each of the agent) were sampled using the stratified random sampling technique. The study made use of semi-structured questionnaires to collect primary data from the respondents. The quantitative data in this research was analyzed by descriptive statistics using statistical package for social sciences (SPSS) version 21.

FINDINGS AND DISCUSSION

Inferential Statistics

Pearson Correlation Analysis

After the descriptive analysis, the study conducted Pearson correlation analysis to indicate a linear association between the predicted and explanatory variables or among the latter. It thus, helps in determining the strengths of association in the model.

Correlations

		CL	SQ	SR	Res	PPF
Customer Loyalty	Pearson Correlation	1	.635**	.634**	.487**	.743**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	94	94	94	94	94
Service Quality	Pearson Correlation	.635**	1	.237*	.174	.288**
	Sig. (2-tailed)	.000		.021	.093	.005
	N	94	94	94	94	94
Service Reliability	Pearson Correlation	.634**	.237*	1	.470**	.290**
	Sig. (2-tailed)	.000	.021		.000	.005
	N	94	94	94	94	94
Responsiveness	Pearson Correlation	.487**	.174	.470**	1	.069
	Sig. (2-tailed)	.000	.093	.000		.507
	N	94	94	94	94	94
Perceived price fairness	Pearson Correlation	.743**	.288**	.290**	.069	1
	Sig. (2-tailed)	.000	.005	.005	.507	
	N	94	94	94	94	94

Source: Research data, 2017

On the correlation of the study variable, the researcher conducted a Pearson moment correlation. from the finding in the table above, the study found that there was strong positive correlation coefficient between customer loyalty and service quality, as shown by correlation factor of 0.635, this strong relationship was found to be statistically significant as the significant value was 0.000 which is less than 0.05, the study found strong positive correlation between customer loyalty rate and service reliability as shown by correlation coefficient of 0.634, the significant value was 0.000 which is less than 0.05, the study found positive correlation between customer loyaltyand responsiveness in service delivery as shown by correlation coefficient of 0.487, this too was also found to be significant at 0.000, and finally the study found strong positive correlation between customer loyalty and perceived price fairnessshown by correlation coefficient of 0.743 at 0.000 levels of confidence

The findings concur with Franks and Curswoth, (2003) who found out that strong positive correlation between service reliability and customer loyalty. The findings further agree with ayodele (2011) who found out that strong positive correlation between customer loyaltyand responsiveness in service delivery.

Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions. The model summary are presented in the table below

Table 4.1:Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.966[a]	.933	.930	.58576

Source: Research data, 2017

The study used coefficient of determination to evaluate the model fit. The adjusted $R^{2,}$ also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The model had an average adjusted coefficient of determination (R^2) of 0.933 and which implied that 93.3% of the variations in customer loyalty in pay TV industry are explained by the independent variables understudy (service quality, service reliability, responsiveness and perceived price fairness).

The study further tested the significance of the model by use of ANOVA technique. The findings are tabulated in table below.

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	423.877	4	105.969	308.842	.000[b]
1	Residual	30.537	89	.343		
	Total	454.415	93			

Source: Research data, 2017

Critical value =2.50

From the ANOVA statics, the study established the regression model had a significance level of 0.00% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (308.842 >2.50) an indication that service quality, service reliability, responsiveness and perceived price fairness all have a significant effects customer loyalty in pay TV industry. The significance value was less than 0.05 indicating that the model was significant.

In addition, the study used the coefficient table to determine the study model. The findings are presented in the table below.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.030	1.189		-.866	.389
	Service Quality (X1)	.651	.051	.371	12.672	.000
	Service Reliability (X2)	.601	.074	.267	8.157	.000
	Responsiveness (X3)	.491	.059	.260	8.284	.000
	Perceived Price Fairness (X4)	.547	.030	.541	18.209	.000

Source: Research data, 2017

As per the SPSS generated output as presented in table above, the equation ($\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$) becomes:

$Y= -1.030 + 0.651X_1 + 0.601X_2 + 0.491X_3 + 0.547X_4$

From the regression model obtained above. The study revealed that a unit change in service quality while holding the other factors constant would enhance customer loyalty in pay TV industry in Kenya by a factor of 0.651, a unit change in service reliability while holding the other factors constant would enhance customer loyalty in pay TV industry by a factor of 0.601, a unit change in responsiveness while holding the other factors constant would enhance customer loyalty in pay TV industry by a factor of 0.491 and a unit change in perceived price fairness while holding the other factors constant would enhance customer loyalty in pay TV industry by a factor of 0.547.

The findings above conform to findings by March (2011) that perceived price fairness is directly related to customer loyalty. The findings concur with Franks and Curswoth, (2003) who found out that service reliability is positively related to with customer loyalty and retention.

The analysis was undertaken at 5% significance level. The criteria for comparing whether the predictor variables were significant in the model was through comparing the obtained probability value and α=0.05. If the probability value was less than α, then the predictor variable was significant otherwise it wasn't. All the predictor variables were significant in the model as their probability values were less than α=0.05.

Discussion of the Findings

Results obtained show a strong positive correlation between customer loyalty and service quality, (Pearson correlation = 0.635, P value = 0.000). test regression results also re-affirm the a unit change in service quality while holding the other factors constant would enhance customer loyalty in pay TV industry in Kenya (beta coefficient value =0.651). The findings are in support of the research by Patterson and Spreng, (2007) that service quality is positively related to customer loyalty and retention. Descriptive results reveal that service quality affects customer loyalty in the pay TV industry in Kenya to a great extent. Customer's buying decisions are influenced by quality which is considered as the most important purchase decision factor and it also contributes to market share and return on investment. In view of enhancing service service quality Multichoice Kenya outlets are located near the customers, Multichoicemaintains error-free records,provides services with the promised timelines), the organisation ensured that the signal quality is excellent, the organisation ensured product reliability and that Multichoice Kenya had hugely invested in networks in the in all counties.

Results obtained show a strong positive correlation between customer loyalty and service reliability (Pearson correlation = 0.634, P value = 0.000). test regression results also re-affirm the a unit change in service reliability while holding the other factors constant would enhance customer loyalty in pay TV industry in Kenya (beta coefficient value =0.601).The research findings concurs with the study by Kamau, (2008) noted that Consistent customer service means that customers can expect the same level of service each time they interact with a company. Descriptive results revealed that service reliability affects customer loyalty in the pay TV industry to a great extent. In bid to enhance service reliability multichoice Kenya aimed at turning complaints to compliments, multichoice Kenya continually checks for any service 'gaps' , the organization has put in systems as a priority to ensure consistency in customer service delivery, multichoice Kenya develops customer service standards that match companies promise to customers, The research findings concurs with the study by Gundlach*et al.*, (2005) thatService recovery and problem solving have been recognized as important parts of services quality

Results obtained show a positive correlation between customer loyalty and responsiveness in service delivery, (Pearson correlation = 0.487, P value = 0.000). test regression results also re-affirm the a unit change in responsiveness in service deliverywhile holding the other factors constant would enhance customer loyalty in pay TV industry in Kenya (Beta coefficient value = 0.491). The findings concur with Franks and Curswoth, (2003) who found out that responsiveness in service deliverywas positively related to with customer loyalty and retention.

Descriptive results revealed that responsiveness affects customer loyalty in the pay TV industry in Kenya to a great extent, In view of maintaining organizations' responsiveness in service delivery, Multichoice Kenya ensured pursues the completion of work objectives that supports meeting customer needs and expectations,the organisational services matched customer's needs and service standards, Multichoice Kenya followed through on customer's questions, requests and complaints (mean = 4.30) and that the organisation develops and implements processes for setting and reviewing products and services. These findings are in line with the study findings by Brown and Mitchell, 2012), that correct match between staff skills and customers' expectation resulted in better service quality towards customers.

Results obtained show a strong positive correlation between customer loyalty and customer perception on price fairness, (Pearson correlation = 743, P value = 0.000). test regression results also re-affirm the a unit change in customer perception on price fairness while holding the other factors constant would enhance customer loyalty in pay TV industry in Kenya (Beta coefficient value = 0.547). The study findings concur with those of (Zeithaml, 2008). That consumer's perspective, the monetary cost of something is what is given up or sacrificed to obtain a product. The study also revealed that perception on price fairness affects customer loyalty in the pay TV industry in Kenya to a great extent. In view of fostering positive perception on price fairness, Multichoice Kenya ensured fairness in customer subscription terms, affordability and price versus product packaging. the research findings concurs with the study by Herrmann et al. (2007) "charging a fair price helps to develop customer satisfaction and loyalty." customer satisfaction is directly influenced by price perceptions, albeit indirectly, through the perception of price fairness.

Results further show that Multichoice Kenya implemented the following strategies market penetration pricing market skimming pricing, time based pricinglocation and focused pricing the research findings concurs with the study by The study findings are in agreement with Leitner and Guldenberg (2010) who found out that penetration pricing was superior in enhancing customer loyalty and organisational performance.

Results obtained from descriptive analysis showed that intellectual capital affects pay TV industry to a great extent, intellectual capital development helped in extracting the best out of employees. it also plays an instrumental role in increasing the efficiency of employees, making them an indispensable resource for the organization, intellectual capital developmentenables the human resource professionals to hire the right candidate for the right role, talent acquisition is one of the most crucial functions of an individual representing human resource vertical, intellectual capital development enables free flow of information between superiors and subordinates, trainings and skill development activities are essential for upgrading the existing knowledge of employees and that intellectual capital development highlights the importance of soft skills and personality development for employees. The findings are in line with the research byChoo & Bontis, (2010) intellectual capital management helps the employees to improve in areas where they feel they are lacking. Thus the study concludes that capitalization on Firms' intellectual capital promoted the performance insurance firms in Kenya.

Results assessing the level of Customer Loyalty at Multichoice show that there has been an increase in number of renewed subscriptions, number new customer registrations rise of new Multichoice branches, product reliability by customers and customer referrals. The research findings concurs with the study by Khalifa & Liu (2003) that Loyal customers are more likely to buy products and services again and again from a same brand or store than new customers. The study also revealed that the management of Multichoice Kenya periodically Measuretheir customer loyalty versus their competitors by segment, the management Multichoice Kenya engageemployees by instilling loyalty disciplines through more effective hiring, training, listening, coaching and rewarding.

Conclusions

The study concludes that the ability to address client problem quickly may increase the service provider's credibility in the clients' mind, perceptions of high service quality and high service satisfaction pay TV industry resulted in a very high level of purchase intentions, pay TV industry had implement quality management systems.

The study concludes that of service reliability influenced customer loyalty in the pay TV industry in Kenya, correct match between staff skills and customers' expectation resulted in better service quality towards customers. In view to enhance service reliability Multichoice Kenya aimed at turning complaints to compliments, Multichoice Kenya continually checks for any service 'gaps' , the organization has put in systems as a priority to ensure consistency in customer service delivery and that multichoice Kenya develops customer service standards that match companies promise to customers.

The study concludes that there exist a positive correlation between customer loyalty and organisational responsiveness in service delivery. The study also concludes that providing sufficient training to staff members and clearly communicating goals regarding customer satisfaction can help players in pay TV industry improve on customer responsiveness. Players in pay TV industry continually conducted evaluations on procedures for customer requests or orders, delivery systems and telephone and computer systems in view of promoting responsiveness in service delivery.

The study concludes that customer perception on price fairness had greater influence on loyalty in pay TV industry. In view of fostering positive perception on price fairness, Multichoice Kenya ensured fairness in customer subscription terms, affordability and price versus product packaging. Multichoice Kenya implemented the following strategies market penetration pricing, market skimming pricing, time based pricing and location focused pricing.

Recommendations

In order to improve on service quality, players in pay TV industry must invest in quality management systems to support clients' preferences via effective operations management. In view of enhancing service quality Multichoice Kenya outlets are located near the customers, Multichoice maintains error-free records,provides services with the promised timelines), the organisation ensured that the signal quality is excellent.

Due to high market competitiveness reveled; players in pay TV industry should develop strategic marketing plans that differentiate each organisation from the market rivals. Players in pay TV industry need to embrace Continuous market innovation and product development of strong advocated. Strong focus on customer retention and building of loyalty is highly recommended

To ensure service reliability, players in pay TV industry should continually checks for any service 'gaps' adopt ICT systems in customer service delivery and develops customer service standards that match companies promise to customers. Employee development should also be encouraged to tap intellectual capital.

To ensure responsiveness, players in pay TV industry should continually Develop quality control measures and procedures to determine compliance with a standard or benchmark, Productively delivers high quality services related to the planned outcomes, Look for Looks for long-term benefits to the customer and adjusts approach accordingly, continually Measure compliance with the organization's mandate and measures customer's satisfaction against a standard or benchmark.

To ensure positive perception on price fairness, players in pay TV industry should offer wide range of products. This will give the customer a wide choice of selection. Players in pay TV industry should ensured fairness in customer subscription terms, affordability and

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