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**ANALYSIS OF CUSTOMER LOYALTY IN THE TELECOM SECTOR
IN UGANDA: A CASE STUDY OF AIRTEL – UGANDA.**

BY

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ABSTRACT

The study set out to analyze customer loyalty in the Telecom sector in Uganda with Airtel Uganda as the case study. The objectives were to gain insight into customer loyalty at Airtel Uganda, including identification of the key drivers of customer loyalty, to propose strategies that can help improve customer loyalty and also to develop a framework for effective customer loyalty.

A cross sectional survey design was adopted. The selected sample comprised Airtel subscribers, employees and managers. Disproportionate stratified random sampling and simple random sampling techniques were employed to determine appropriate sample respondents from whom data was gathered by way of questionnaires and in depth interviews. The data collected was then analyzed using Statistical Package for Social Scientists (SPSS) and NVivo 9.

Findings indicated that customer loyalty at Airtel Uganda is characterized by mainly customers who are tolerant of service shortfalls and consequently have no intention of switching to alternative mobile operators. Customer value was identified as the major driver of customer loyalty in the Telecom sector underpinned by service reliability. Realignment toward customer value as a key driver was proposed in this study as a ‘must – win’ facet of customer loyalty.

It was concluded that customer loyalty in the Telecom sector in Uganda is still very low and this was attributed to the lack of a ‘fit for purpose’ loyalty framework with which to address gaps in the execution of key customer loyalty drivers such as customer value, service quality, customer satisfaction and finally customer experience. Consequently the following recommendations were made. Mobile operators must seek to maximize customer value and the switching barrier to enhance customer loyalty and convert dissatisfied customers into loyalists. They need also to embark on the creation of value added services to increase customer enjoyment and convenience. The success of the recommendations put forward in this study will be dependent on the adoption of a ‘fit for purpose’ customer loyalty

framework which fosters targeted and personalized interpersonal engagements between mobile operators and their mobile subscribers.