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TELECOMMUNICATION INDUSTRY IN TANZANIA: A CASE STUDY OF TIGO AND
VODACOM IN ILALA MUNICIPALITY.

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ABSTRACT

There has been a remarkable mixed competition in the telecommunication industry in Tanzania. Many firms are finding it difficult to retain the existing customers and instead they have diverted attention to recruiting new customers rather than first retaining the existing ones. With this understanding this study assessed determinants of customer retention in mobile telecommunication industry. Apart from that general objective the study intended: to examine the influence of convenience of service on customer retention of Tigo and Vodacom; to evaluate the extent to which pricing/tariff influence customer retention of Tigo and Vodacom because they have many customers; to determine the influence of network coverage on customer retention of Tigo and Vodacom; and to evaluate the effect of service quality on customer retention of Tigo and Vodacom. The study adopted a case study design which involved Tigo and Vodacom in Ilala Municipality. A sample size of 100 respondents comprised 50 individuals from Tigo and 50 individuals from Vodacom subscribers respectively to have an equal distribution. The sample size was purposively determined with respect to time and financial constraints so that many of the respondents could be reached. Both primary and secondary data were collected. Here both questionnaire and interview were employed. The study adopted descriptive analysis and content analysis. The study found that customers are satisfied with the availability of network, there is a positive correlation between convenience of service and customer retention, customers are comfortable on how easy it is to report their complaints, but they are uncomfortable with the time taken solve their problems. Hence, a weak correlation between service quality and customer retention. The study also revealed that customers are unsatisfied with call rates which marked a negative correlation between pricing of mobile services and customer retention. Thus, the higher the price the lower the retention and vice versa. Therefore, a review on call rates and customer complaints resolution is highly recommended for retaining of customers.