

# Brand Loyalty and Consumers of Northern Noodles Nigeria Limited: An Analysis of Factors

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## Abstract

This paper examines the factors that enhance brand loyalty in Northern Noodles Nigeria Limited. There are several factors that encourage customers to become loyal to either the company or brand they are using but this study focused on three factors which are Product involvement, Perceived quality and Brand trust. Primary data was used for the study. Questionnaires were distributed among 300 respondents in Kaduna State. The study used correlation coefficient analysis to examine the relationship between these focused factors and brand loyalty. Findings reveal that product involvement, perceived quality and brand trust are factors that enhance loyalty to brand. It is recommended that Northern Noodles Nigeria Limited should continue to make their product more unique in order to sustain their consumers and stimulate their involvement, maintain their quality of product and identify ways in which to gain more trust into the hearts of the consumers. Also they should explore more ways in which to improve on other factors that positively impact on customer loyalty to brand in order to help further strengthen brand loyalty towards their offering brand.

**Keywords:** Brand Loyalty, Consumers, Northern Noodles

## 1. Introduction

Brand loyalty is becoming more complex to achieve as a result of increased competition. Companies are trying hard to keep their brand loyal customers loyal and avoid means of making room for competitors to grab these customers (Fisher, 1985). Businesses require customers to be particularly loyal to their brand of products because it contributes greatly in reducing costs thus improving brand as well as company's profitability (Tiele & Mackay, 2001). For instance a company will gain profit when loyal customers provide free advertisement through positive word of mouth. Satisfied and happy customers recommend stores, products or services to their family and friends. Sonnenberg (1993) revealed that each satisfied customer tells nine or ten people about their happy experiences and 13% of dissatisfied customers tell more than 20 people about how bad the company or products are. This among other reasons is why many companies are trying to understand the contributing factors of brand loyalty.

In Nigeria, Indomie Noodles are popular among consumers. Indomie Noodles has become a common and popular category among the young and old as it identifies them with a quick satisfaction (Adeleke & Aminu, 2012). This has prompted Indomie noodles to become a household name. However the Indomie market is amongst the turbulent markets due to increased competition, environment, quality, promotion, brand name among others and all these factors affect the brand loyalty. Noodles like Dangote noodles, Cherie noodles, Golden Penny noodles are some of the other Noodles we have in Nigeria yet the common name attached to all is Indomie Noodles thus making Indomie noodles have the competitive edge.

What are the factors that enhance consumer loyalty to brand? What makes consumers stick to that particular brand of Indomie noodles when there are others? These questions are mind boggling and so this paper looks at consumer loyalty and sheds light on factors that determine customer's loyalty with the brand. It also examines differences that exist in consumer brand loyalty in different brands.

In this paper, the selection of brand in the food industry has been exceptionally rapid grown in many parts of the world. This study attempts to examine three factors namely Product involvement, perceived quality and brand trust that could possibly enhance brand loyalty among consumers of Indomie noodles in Nigerian consumers. In this study, brand loyalty is approached based on previous studies and literature, by building a framework to link the dimensions of brand loyalty and brand involvement and also the factors that enhance both. The objective of the research is to examine the factors that enhance brand loyalty. These factors are product involvement, perceived quality and brand trust.

## Literature Review

### The Concept of brand loyalty

The success of a firm depends on its capability to attract consumers towards its brands. This can be achieved by identifying customer needs and requirements and meeting those needs in a better way than competitors. Consumers enjoy the benefit of a much wider choice of brands arising from the fact of customers being better informed about alternatives. The customers are thus now leveraging on this privilege and other factors of market dynamics to force brands to compete on even survival. (Wel, Alam & Nor, 2011).

Branding mitigates a customer's risk feeling during purchases and a high level brand enhances customer satisfaction and loyalty degree (Kim, Kim, Kim, Kim & Kang, 2008). Brand loyalty has been recognized as a focal point of marketing practitioners. This is because writers like Rozenberg and Czepiel (1984) reveal that it costs six times less for customer retention than for attracting and/or acquiring new customers. These findings have enhanced the value of brand loyalty.

Quester and Linn (2003) mentions that the origin of brand loyalty is the commitment to the particular brand that goes well beyond repetitive purchases. He mentions that creating loyalty about any brand and retaining customers is an essential factor that influences overall performance of the company. Understanding loyalty is essential in marketing products and services as loyal customers are less likely to switch and make more purchases than similar non loyal customers (Reichheld, 1996). Thus if the company can retain just 5% more of its loyal customers profits will increase by 25% - 125% (Reichheld & Sasser, 1990). Reichheld's (1996) is further supported by Strauss and Frost (1999) who suggest that relationship marketing is cost effective, it is less expensive to retain one customer than to acquire one; it is easier to sell more products to one loyal customer than to sell the same amount to two new customers. This means that it is easier to persuade loyal customers than to persuade new customers. The loyal customers have more confidence towards the firms compared to new customers.

Brand loyalty by any customer not only represent the repeat purchase of that brand but sometimes it also refers to the psychological commitment of that customers toward that brand, therefore, brand loyalty does not only mean that customer will not purchase that brand most often but also he or she will refuse to purchase any other brand of same or better quality as compare to the old one he or she is loyal to that brand (Rehman, Rehman & Akhtar, 2010).

### Conceptual Framework for the study

The conceptual model tested in this paper contains constructs that have demonstrated theoretical support based on a number of researches done by Morgan & Hunt, (1994); Leclerc & Little, (1997); Charles, (1998); Ruyter, Wetzels & Bloemer, (1998); Chaudhuri & Holbrook, (2001) & Quester & Lim, (2003). The research shows brand loyalty on end user perspective. The model examines the factors that would possibly enhance brand loyalty. The conceptual model is shown below:

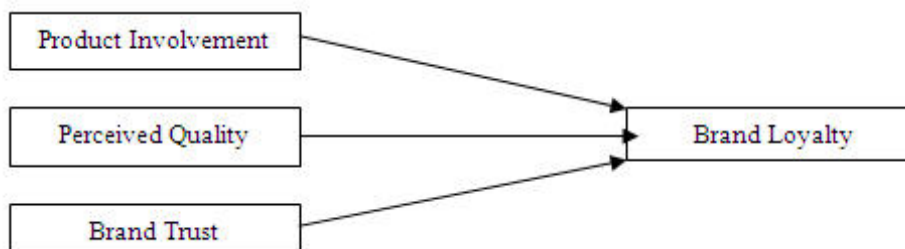


Fig 1: A schematic diagram of the conceptual framework.

The diagram above is used to show the relationship of product involvement, perceived quality and brand trust to brand loyalty.

### Product Involvement

Product involvement is the perceived relevance of a product class based on the consumers' inherent needs, interests and values (Zaichkowsky, 1994). Researchers of consumer behavior attribute a great deal of importance to the product-involvement variable. These studies have shown that product involvement can influence the decision making process regarding a product, the extent to which consumers will search for information about the product, the timing in adoption of the product, the manner in which the consumers attitudes and preferences regarding the product are influenced, the consumers perception of alternatives in the same product category and brand loyalty ( Bauer, Sauer & Becker, 2006; Charters & Pettigrew, 2006; Lin & Chen, 2006; Iwasaki & Havitz, 1998; LeClerc & Little, 1997; Park, 1996; Ram & Jung, 1994; Brisoux & Cheron, 1990; Celsi & Olson, 1998; Park & Young, 1986 and Traylor, 1981). Another empirical analysis by Le Clerc and Little (1997) found that brand loyalty interacted positively with product involvement. According to Quester and Lim (2003) one's involvement in a product class is directly related to one's commitment or loyalty to a brand within that product class. Besides that, they also suggested that involvement with a product is a necessary precondition for brand loyalty. On the other hand Charles (1998) suggests that the characteristics of the products/brands themselves or their usage contexts may thoroughly act to stimulate consumers involvement. Therefore product involvement is taken into consideration as one of the factors that affect brand loyalty.

Tsiotsu (2006) posits that there exists a direct relationship between product involvement and perceived product quality stating that product involvement affects the way quality cues operate and reports that product involvement as a significant predictor of perceived quality.

### Perceived Quality

Perceived product quality is a global assessment characterized by a high abstraction level and refers to a specific consumption setting (Zeithaml, 1988). The reason perceived quality was included in the framework is because quality becomes an important factor for customer choosing which brand to buy. According to Vranešević and Stanandccaronec (2003), the importance of product brand can be seen primarily in its impact on consumers' choice and their loyalty towards the brand through identifying and differentiating quality. In other words, customers will more likely to become loyal to a brand when the particular brand is perceived to provide the level of quality that can meet customers' expectations.

Similarly, Ruyter, Wetzels and Bloemer (1998) has found that there was a positive relationship between perceived service quality and service loyalty when they conducted series of studies for five different service industries. The same goes to perceived quality and brand loyalty as well because customers' perception of quality towards a product or services may enhance their loyalty towards a brand.

### Brand Trust

Brand trust is a factor that makes an average user believe that brand will perform its stated purpose whatsoever (Chaudhuri & Holbrook, 2001). Brand loyalty is developed if there is an element of trust (Berry, 1993; Reicheld & Schefter, 2000). Brand loyal consumers are more willing to pay more for a brand because they perceive some unique value in the brand that other brand cannot provide (Jacoby and Chestnut, 1978; Pessemier, 1959; Reichheld, 1996). This uniqueness most probably derived from greater brand trust in the reliability of a brand or from more favorable affect when customers use the brand (Chaudhuri and Holbrook, 2001). In the commitment-trust theory, Morgan and Hunt (1994) stated that trust is a key variable in the development of an enduring desire to maintain a relationship in the long term e.g. the long term relationship might be developed towards a brand due to the trusting relationship that the customer has. Likewise, Ballester and Aleman (2001) found that there are possible conceptual connections of trust to the notion of loyalty and this actually drives the authors to focus on analyzing the relationships existing among these concepts. Subsequently, the results suggested that brand trust play an imperative role in generating customers' commitment towards a brand or brand commitments towards a particular product. In other words, brand trust as one of the variables in their study would possibly effects the level of brand loyalty. Thus, brand trust is included in the theoretical framework of this research.

### Methodology

The study was a cross-sectional survey that was carried out in Northwestern parts of Nigeria. The sample size of 300 respondents was used, determined by convenience sampling. The main research instrument was a close ended questionnaire. Questions used in the questionnaire were collected from different literature sources and were adjusted to conform to the study objectives. 275 of the questionnaires were correctly filled and returned, translating into 90 per cent response rate. The data for the study was analyzed using the SPSS 17.0 computer software. The hypotheses were tested with Pearson Correlations.

### Results and Discussions

The study used correlation coefficient analysis to examine the relationship between these chosen factors and brand loyalty. The internal reliability of the items was verified by computing the Cronbach's alpha, which suggests that a minimum alpha of 0.6 sufficed for early stage of research. The Cronbach alpha estimated for product involvement, perceived quality and brand trust was 0.7585, 0.7567 and 0.7297 respectively. Since Cronbach's alpha in this study were all much higher than 0.6, the constructs were therefore deemed to have adequate reliability.

The hypotheses of this study were prepared based on the previous study done by Wel, Alam & Nor (2011). All the three hypotheses are intended to test for the correlation between the dependent and independent variable. Correlation coefficient analysis was used to test the hypothetical relationship between product involvement and brand loyalty.

HO1: The higher the product involvement the higher the brand loyalty towards a particular brand.

**Table I:** Correlation between product involvement and brand loyalty.

Statement	Brand loyalty
Product involvement	0.382**

\*\*Correlation is significant at the 0.01 level (2-tailed)

The first hypothesis tested the relationship between product involvement and brand loyalty. Table I shows that the association between product involvement and brand loyalty is significant at 0.01 level (2-tailed) with the

correlation coefficient value of 0.382. The analysis indicates that the association between the two variables is statistically significant. The direction of the associations is positive which indicates that people who involve with a product will be more likely to be loyal towards a particular brand name. In this situation, consumers who are involved in buying process tend to be more loyal toward the particular brand as compared to purchase solely made by other person like the parents, guardians or friends receiving the product as a gift. The correlation coefficient of '0.382' falls within the range of weak association. Which means that there are low level of product involvement for most of the respondent under study ( $\mu = 3.89$ ). However, we can expect to get stronger association if the level of involvement is high especially in the purchasing process because customers will be more likely to be loyal towards the brand. Furthermore, it is believe that product involvement does help in enhancing brand loyalty as it is a necessary precondition for brand loyalty although the correlations coefficient is very weak.

HO2: The higher the product perceived quality the higher the brand loyalty towards a particular brand.

**Table II:** Correlation between perceived quality and brand loyalty.

Statement	Brand loyalty
Perceived quality	0.594**

\*\*Correlation is significant at the 0.01 level (2-tailed)

Table II shows the association between perceived quality and brand loyalty is significant at 0.01 level whereby the analysis resulted the coefficient value of ' $r = 0.594$  ( $\rho = 0.000$ )'.

Accordingly, the hypothesis 2 which stated that the perceived quality of the product is one of the contributing factors towards the brand loyalty could not be rejected. Thus, it indicates that perceived quality is correlated well with brand loyalty in the case of Indomie noodles. In addition, the direction of the associations is a positive in which it indicates that the higher the

perception on the product quality of a certain brand, the higher will be the brand loyalty. Furthermore, the correlation coefficient of 0.594 could be considered as moderately strong (Hair et. al., 2002). It seems that the respondents does think that perceived quality does contribute to brand loyalty. As the consumers identify the quality of a particular brand that able to meet their expectations, they are more likely to loyal to the brand.

HO3: The higher the feeling of trust in a brand the higher the brand loyalty towards a particular brand.

Larzelere and Huston (1980) and Morgan and Hunt (1994) view trust as a central construct of any long term relationship. Hess (1995) stated that in the customer-brand context, trust may be an important contributor to the kind of emotional customer. The higher the feeling of trust in a brand the more the customers are loyal towards the brand.

**Table III:** Correlation between brand trust and brand loyalty.

Statement	Brand loyalty
Brand Trust	0.600**

\*\*Correlation is significant at the 0.01 level (2-tailed)

Referring to Table III, the third hypothesis tested the relationship between brand trust and brand loyalty among Indomie consumers. The correlation coefficient value of ' $r = 0.600$ ' indicates that the association between brand trust and brand loyalty is significant at 0.01 level ( $\rho = 0.000$ ). In term of direction, the result shows that there is a positive direction between the two constructs. This analysis proves that the contributing effect of brand trust towards brand loyalty means as the trust towards certain brand increases the level of brand loyalty would likely to increase as well. No doubt, brand trust is one of the important facets that should be developed in order for the company to maintain long-lasting relationship with their customers. Normally, trust in the brand is crucial to drive the customer to repeatedly purchase the same brand from the company. However, brand trust evolves from past experience, prior interaction and it is actually something that develops overtime. Some consumers might have great experience with a particular brand and hence they have the feeling of trust towards the brand and subsequently tend to be loyal towards the brand. In contrast, consumers who do not have any experience or less experience with a particular brand are more likely to switch brand. Therefore, the trust towards a brand within an individual merely depends on the experience that they had with the brands.

## Conclusions

This study basically explains some factors that enhance brand loyalty of consumers to Indomie noodles in Nigeria. It gives an insight on how product involvement, perceived quality and brand trust enhance brand loyalty in general. In terms of product involvement, it is found that product involvement does have a relationship with brand loyalty and it did affect brand loyalty in certain ways. Indeed involvement with a product is a necessary precondition for brand loyalty. Where else, perceived quality is not the main factor that contributes to brand loyalty but it can be assure that perceived quality does have association with brand loyalty that could enhance the loyalty of an individual towards a brand. In terms of brand trust, it is found out that the higher the feeling of trust in a brand the more the customer is loyal to the particular brand. Honesty is important dimension of brand trust

that could enhance brand loyalty.

### Recommendations

Findings reveal that indeed these three factors, product involvement, perceived quality and brand trust are factors that have enhanced brand loyalty in Northern Noodles Nigeria Limited. It is recommended that Northern Noodles Nigeria Limited should continue to make their product more unique in order to sustain their consumers and stimulate their involvement. Also, product quality should never be compromised and they should explore more ways in which to improve on other factors that positively impact on customer loyalty to brand in order to help further strengthen brand loyalty towards their offering brand.

There are other factors which may also have influenced consumers loyalty to this particular brand thus a further study is needed in order to further understand whether other factors also prompt consumers to stick with Indomie noodles. Also other factors should be examined to understand consumer loyalty to a particular brand. This research have given a deeper understanding of what factors enhance consumer loyalty to brand and what makes consumers stick to that particular brand of Indomie noodles when there are others? These factors that can enhance brand loyalty helps managers and marketers to better understand their market and also help them to better serve the needs and wants of their potential customers. Most importantly, is to build brand loyalty towards their offering brand.

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