

Factors Influencing Brand Loyalty in Retail Shops

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Abstract

The general objective of this research was to investigate the factors influencing brand loyalty in retail shops of Meru. The specific objectives were to determine whether brand performance, marketing strategies, customer satisfaction and perceived product quality influences brand loyalty. A survey of two hundred and fifty respondents was used in five supermarkets and five wholesale shops. Research adopted descriptive design with qualitative and quantitative techniques and data was analyzed using both descriptive and inferential statistics. Using linear regression the dependent and independent variables relationship was identified. The chi-square test reviewed that there was a significant relationship between brand performance, marketing strategies, customer satisfaction and brand loyalty but there was no relationship between product quality and brand loyalty in retail shops. The study recommends future studies to be done values, skills and attitudes of customers on brand loyalty.

Keywords: Brand loyalty, Marketing strategies, retail shops, customer satisfaction

INTRODUCTION

Brand loyalty is a term used to describe the tendency that consumers have to stick with the product or service bearing names they know and trust which translates to repeated sales and increased profitability. The current retail environment is more promotion-driven and consumers can easily compare prices which has led to retailers' competitive dynamic promotional programs. Though, only brand alertness and professed quality does not pledge purchase and specific repurchase intentions, the importance of brand loyalty cannot be ignored. Where brand awareness and perceived quality is necessary for the purchase of the brand, the loyalty is the guarantee of purchase and brand plays a vital role in purchase, repurchase and cost switching behaviour (Oliver, 1997). From the view point of the customer, brands are often identified with company logo, conspicuous advertising and corporate colours. The corporate brand plays a decisive role in establishing the value of a business and is a critical distinction for countering potential price erosion when similar products are vying for the same market share. Thus, companies with a strong brand always weather difficult economic times better than others as strong brands make it easier to access new business segments (Council for German-Language Terminology, 2010).

Customers today will follow products and service that promise value, quality, innovation and good corporate image through effective branding.

1.1 Objectives

1.1.1 Main Objective

The general objective of this study was to investigate the factors influencing brand loyalty in retail shops.

1.1.2 Specific objectives

- i) Determine whether brand performance influences brand loyalty
- ii) Find out if marketing strategies used by retail shops influences brand loyalty
- iii) Investigate impact of customer satisfaction to profitability in retail shops
- iv) To highlight how perceived product quality influences brand loyalty

1.1.3 The scope of the study

This research was carried out in retail shops of Meru County in Kenya.

2. LITERATURE REVIEW

2.1 Theoretical review

Jacoby and Chestnut (1978) and Oliver (1999) explored the definition of loyalty and conclude that consistent purchasing as an indicator of loyalty could be invalid because of happenstance buying or a preference for convenience. They also indicate that inconsistent purchasing can mask loyalty if customers were multi-brand loyal. They agree that it would be unwise to infer loyalty or disloyalty solely from repetitive purchase patterns without further analysis.

According to Day (1969), Jacoby and Chestnut (1978), Dick and Basu (1994), Murray (2012) much research has been done on brand loyalty but the influencing factors are complex and dynamic. Blut (1994) developed a framework for customer loyalty that identified various antecedents, their influence on relative attitude, resistance to counter persuasion, marketing through word of mouth and outside influences on repeat patronage. This study used cognitive, affective and cognitive antecedent that are all relevant in the case of

loyalty to retail shops.

2.2 Empirical Review

Many studies have shown that high quality brands tend to perform better financially, and yielding higher returns in investment (Keller, 2001). Keller relates brand performance to the ways in which the products or service attempts to meet customers' more functional needs. In his study Roberts (2004) documents that brand respect is a combination of the three elements of performance, trust and reputation. A brand creates respect through good performance which leads to a sense of trust and builds a positive image (Roberts, 2004). Robert emphasizes the importance of brand respect in building a strong positive relationship between the consumer and brand.

Keller (2001) indicates that history, heritage and experiences involve more specific and concrete examples that transcend the generations that emphasizes the usage. Aaker, 1991; Leong, 2011 posits that brand personality is associated with consumers who held positive and unique brand association that are held by customers. Leong (2011) documents that for consumers to form brand association towards a brand, slogan, symbol or logo have to exist in the consumers' mind. Therefore brand awareness is critical in achieving brand loyalty for any company and implementation of marketing strategies.

According to Godmans et al., (2010) the promoting and supporting of user groups to reinforce loyalty and positive brand image is a critical tool that is used in traditional brand management practices.

Sirchuk (2012) indicates that the company's community marketing activities are powerful in influencing the strength of the communities' relationship with brand and the company making it easy to achieve the right brand identity and equity. Therefore, the end result is customer satisfaction achievement.

3. Methodology

3.1 Study design

The study design was descriptive in nature which helped to describe situations in detail as existed. The research also used both qualitative and quantitative techniques. A descriptive survey made it easier to gather information, summarize, present and interpret for the purpose of clarifying the information obtained. The design was therefore appropriate for this study as the research was interested in establishing the factors influencing brand loyalty in retail shops. The research obtained detailed information in order to come to useful conclusion of the study phenomena.

3.2 Target Population

The population of interest were 5 supermarkets and 5 wholesale shops in Meru town which included; Uchumi, Budget, Tuskeys, Samrat and Nakumatt Supermarkets. The Wholesale shops were; Farmers Centre, Kanini Haraka, Meru Uniforms, Nkundi and East end Chemists. Those surveyed were top management, workers and consumers of these retail shops.

3.3 sample and sampling procedure

A survey of the entire 250 employees working in the retail shops and 2000 loyal customers were interviewed. Structured and semi-structured questionnaires were used to collect the necessary data directly from the 2250 respondents since questionnaires have ability to collect large amount of information in a relatively short space of time. The questionnaires were collected after completion by the respondents.

3.4 Reliability and validity

Cronbach's alpha coefficient was used to provide an overall reliability of internal consistency and it determined consistency of the likert scale questions. A level of 0.7 Cronbach's alpha was acceptable as a sign of consistency of the study. The instruments validity was ensured through piloting of the study and a test obtained $r = 0.79$ was acceptable as valid.

3.5 Data analysis and presentation

Data was coded to facilitate analysis. It was analyzed using Statistical Package for Social Sciences (SPSS). Quantitative data was analyzed using frequency, means and percentages while qualitative data was analyzed by tallying the number of similar responses as both descriptive and inferential statistics were used. Multiple regression analysis was used to find out the relationship between the independent and dependent variables. Data was presented in tables and percentages for easier presentation.

3.6 Research findings

The finding of this research concluded that all the factors studied were important in assessing factors influencing brand loyalty in retail shops. According to this study, there is a positive relationship between brand performance

and brand loyalty as shown by a correlation coefficient of 0.650 indicating that there are many advantages to retailers who are having and maintaining loyal customers. A strong positive relationship between customer satisfaction and brand loyalty was shown by a correlation coefficient of 0.807. Brand awareness and perceived quality were correlated at 0.603 and 0.67 respectively indicating a positive relationship with brand loyalty.

According to this research 84% of the workers in retail shops were proud of the store they worked for, 16% remained neutral, 88% recommended their store to friends and colleges. A total of 53% of the customers indicated their loyalty, 32% indicated that their intention to purchase from the store depends on price and product promotion. From the findings 54.5% of the respondents indicated that their store is consistent with the customer values, 19% strongly agree that the store is consistent with customer values, while 16% disagreed that brand is inconsistent with brand store. Majority, 66% agree that the promotion campaigns of the store appeal to the customers to purchase. Another 77% indicated that advertisements of the store attract customers to buy and display influences their decision to buy from a particular store. Sixty five (65%) percent of the customers would not switch to other stores even if the prices were the same.

The results show that influence of brand promotion, brand awareness, customer satisfaction and perceived product quality on loyalty were brand performance $t=2.189$, $p=0.32$, brand/marketing strategies $t=1.913$, $p=0.059$, and customer satisfaction $t=-3.847$, $p=.001$. Perceived product quality $t=0.979$, $p=0.331$ meaning that it did not have any significant influence on brand loyalty in retail shops.

3.7 Conclusions

Based on the findings above the following conclusions were drawn. Conclusively, the study explains the important factors that play a crucial role in the development of loyalty of consumers in retail shops. Different brand loyalty factors such as brand performance, brand awareness, customer satisfaction and perceived product quality. The study concluded that all the factors studied were important in analyzing brand loyalty. It was found that brand awareness was the stronger factor responsible for brand loyalty in the marketing environment. The research highlights new thinking of brand practices in management in management of businesses in developing new ideas for consumers in developing countries in Kenya. It will develop retail service sector to develop and adopt their general public image in general public and customers.

3.8 Recommendations

The findings are limited to the factors that influenced brand loyalty in the retail shop. Another research can be carried out on other Kenyan sectors. Other factors that incorporate purchase intentions that lead to actual purchase of the product should also be studied to get a new insight for the retail shops. There is also a need to replicate the study using a large area.

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