THE EFFECT OF BRAND NAME ON CUSTOMER LOYALTY IN THE MOBILE COMMUNICATION INDUSTRY IN GHANA

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ABSTRACT: The mobile communication industry in Ghana cannot be successful without loyal customers. Thus, brand name is very critical factor to help retain customers thereby improving the bottom line of the firm. The purpose of this study was to investigate the extent to which brand name contributes to customer loyalty in mobile telecommunication brands in Ghana. The paper also finds out the factors that influence consumer choice of brand (mobile network) and why subscribers switch from one network to another. The study captured both qualitative and quantitative data. Data collection was conducted through a survey questionnaire comprising open and closed ended questions. To get the sample size for the study, 120 respondents were selected using simple random sampling but 150 were contacted because of data collection limitation such as non response. Statistical package for Social Sciences (SPSS) was used for data analysis. Statistical analysis includes Pearson correlation, logistic regression and descriptive statistics. Pearson correlation and regression were used to analyze the customer reasons for choosing a particular network as well as the relationship between customer association and brand attributes. The study found that, brand name does not really contribute to customer loyalty. Other factors such as the quality, price, availability, and sales promotion also contribute to customer loyalty. The study however revealed that, there are factors such as price, quality, price and quality and brand name that consumers consider when making a purchased decision, however, they mostly associate quality with the name of the mobile network brand purchase. Thus, any mobile network brand purchase is because of the quality but not necessarily the name.

KEYWORDS: Brand name, Customer loyalty, Customer retention, Mobile communication, Quality
INTRODUCTION

Brands play a vital role in the decision making processes of a customer (Srinivasan and Fukawa, 2007). Customers follow a sequence of steps in decision process to purchase a specific product. They start realizing a need of the product, get information, identify and evaluate alternative products and finally decide to purchase a product from a specific brand. When a customer purchases a particular brand frequently, he or she uses his or her past experience about that brand or product regarding performance, quality and aesthetic appeal. (Kevin Lane Keller, 2002). Companies are recognized through their brands and it is the most valuable asset for survival. Brand name is a promise to a customer by maintaining and enhancing the strength over time (David A. Aaker, 1991). Successful brand should be the representative of various elements including design, packaging, quality, style etc. Customers want to see all these elements in a brand according to their needs.

“A product is something that is made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor, a brand is unique. A product can be quickly outdated, a successful brand is timeless” (Daniel H. Mc Quiston, 2004).

The market is flooded with new and old brands and intensity of brand war is increasing. The popularity of a brand is a tool for survival and success of a company in the market. In this respect, companies offer different packages to customers with the use of different resource weapons in this competition war for raising awareness among the customers about the branded product. According to Kotler & Armstrong (2004), a brand is a name, term, sign, symbol or design or combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

A brand can also be defined as a name, term, sign, symbol, design or combination that a firm uses to identify its product and differentiate them from those of competitors. A brand name hence is the element of a brand that can be vocalized (Bearden et al 1995).

Brand name is a very important concept in today’s marketing strategy formulation thus; it guides the branding of new products. A company has four choices when it comes to brand strategies. These are line extensions, (existing brands extended to new forms, sizes and flavours of an existing product category), brand extensions (existing brands extended to new product categories), multi-brands (new brands introduced into same product category) or new brands (new brands in new product categories). (Kotler et al, 2002).

There are brands that are purchased on a regular basis and others that are not. Those that are bought regularly are known as fast moving consumable brands and those that are not patronized regularly are known as consumer durables. Whatever it is, Brand name is the shorthand device for all that the brand stands for. Not only does it serve to identify the brand, it should also trigger the brand proposition in the customers mind. (Keith Blois, 2000).
The successful Company always provides the customers with greater value of satisfaction than its competitor and adapt to the needs of the customers. (Kotler et al, 2004). In this increasing competitive market, a company cannot sell the brand unless it understands the customers’ requirements. Companies make a strong relationship with customers through development of a customer friendly brand. Competition creates a new value for customers.

Customer loyalty is very important for companies in the recent market environment. For the companies, customers are the core assets and companies can gain added value from customers only if they pay sufficient attention on customers (Rowley, 2005). The benefits of this are mutual and both companies and customers can be rewarded. From the perspective of companies, first, developing customer relationships bring companies invaluable resource. Second, it makes companies get more useful information about customers (Ndubisi, 2007). From another perspective of customers, first, loyal customers can help to reduce companies’ cost, for example the marketing cost and operational costs and etc. Second, customer can serve as a part-time employee who can offer their friends and relatives information about products. These partnership-like word-of-mouths will bring good effect for companies intangibly (Bowen & Chen, 2001). Customer loyalty strategies have significant impact on companies’ development. Modern business environment is characterized as more intense competitions and companies are forced to build strong relationships with their customers to reach more profits (Ndubisi, 2007). According to Ndubisi (2004), there are more and more companies investing on retaining customer-firm relationships. According to Bowen and Chen (2001), it is commonly known that there is a positive relationship between customer loyalty and profitability. Therefore, improving customer’s loyalty is an important task for business managers.

Brand name should be managed very well in order to gain and retain customer loyalty. When customers become satisfied with a particular brand, they become loyal to it there by making them repeat purchase over a long period of time, hence promoting the brand name.

Loyalty goes beyond satisfaction. Customer loyalty is a deeply held commitment to buy again a preferred product or service consistently in the future despite situational influences and marketing efforts having potential to course switching behavior (Price & Zinkham, 2004). Loyalty is not a one-off show; it is a continuous buying relationship. However, there have been several complaints from customers about unsatisfactory services mobile telecommunication networks render. Even though not satisfied, they are still exhibiting the character of loyalty and making repeat purchase. Again, most of the researches conducted on customer loyalty and branding are done in the developed countries and do not focus entirely on mobile communication. There is also no evidence of any research on branding and customer loyalty within the mobile telecommunication industry in Ghana. This research will therefore provide a response to calls from leading academics and practitioners from Ghana and the world as a whole.

It is against this background that this paper is set to investigate the extent to which brand name contributes to customer loyalty in mobile telecommunication brands in Ghana. The paper will also find out the factors that influence consumer choice of brand (mobile network) and why subscribers switch from one network to another. In addition to this introduction, related literature
is reviewed followed by research methodology. The last part of the paper looks at data analysis and discussion as well as conclusion and recommendations.

LITERATURE REVIEW

The literature review is in two parts; Theoretical literature and Empirical literature. This research reviewed a number of literature and studies related to the subject of study in various textbooks, public libraries and the internet.

Theoretical Literature

This section presents the theories pertaining to the research topic. It also gave the explanations and comments of the theories and how it is important to the topic. It focuses on the relationship of brand name to customer loyalty.

Brand Equity

The brand equity concept has been mentioned in more than one of the previously analyzed models. But what exactly is brand equity? Brand equity, as first defined by Farquhar (1989), is “the ‘added value’ with which a given brand endows a product”. Apart from Farquhar’s first definition of brand equity, other definitions have appeared. According to Lassar, Mittal, and Sharma (1995), brand equity has been examined from a financial (Farquhar et al, 1991; Simon et al, 1993; Kapferer 1997, Doyle 2001b), and a customer-based perspective (Keller 1993; Shocker et al, 1994; Chen 2001).

Brand equity has also been defined as “the enhancement in the perceived utility and desirability a brand name confers on a product” (Lassar et al 1995). High brand equity is considered to be a competitive advantage since: it implies that firms can charge a premium; there is an increase in customer demand; extending a brand becomes easier; communication campaigns are more effective; there is better trade leverage; margins can be greater; and the company becomes less vulnerable to competition (Bendixen et al 2003). In other words, high brand equity generates a “differential effect”, higher “brand knowledge”, and a larger “consumer response” (Keller, 2003a), which normally leads to better brand performance, both from a financial and a customer perspective.

Financial Perspective

Financial value-based techniques extract the brand equity value from the value of the firm’s other assets (Kim et al, 2003). Simon et al (1993) define brand equity as “the incremental cash flows which accrue to branded products over and above the cash flows which would result from the sale of unbranded products”. These Financial value-based techniques extract the brand equity value from the value of the firm’s other assets (Kim et al, 2003). Simon et al (1993) define brand equity as “the incremental cash flows which accrue to branded products over and above the cash flows which would result from the sale of unbranded products”. These authors estimate a firm’s brand equity by deriving financial market estimates from brand-related profits. Taking the
financial market value of a firm as a base, they extract the firm’s brand equity from the value of the firm’s other tangible and intangible assets, which results in an estimate based on the firm’s future cash flows. Along the same line of thought, Doyle (2001b) argues that brand equity is reflected by the ability of brands to create value by accelerating growth and enhancing prices. In other words, brands function as an important driver of cash flow.

**Customer Perspective**

According to Lassar et al (1995), five dimensions configure brand equity: performance, value, social image, trustworthiness, and commitment. Aaker et al (2000) define brand equity as brand assets linked to a brand’s name and symbol that add to, or subtract from, a product or service. According to them, these assets can be grouped into four dimensions: brand awareness, perceived quality, brand associations, and brand loyalty.

![Brand Equity Diagram](image)

**Figure 2.1 Brand Equity**

These dimensions have been commonly used and accepted by many researchers (Keller 1993; Motameni et al 1998; Yoo et al 2001; Bendixen et al 2003; Kim et al 2003). Brand awareness affects perceptions and taste: “people like the familiar and are prepared to ascribe all sorts of good attitudes to items that are familiar to them” (Aaker et al 2000). Perceived quality influences brand associations and affects brand profitability. Brand associations are anything that connects the consumer to the brand, including “user imagery, product attributes, organizational associations, brand personality, and symbols”. “Brand loyalty is at the heart of brand’s value. The concept is to strengthen the size and intensity of each loyalty segment”. Any way that brand equity is considered, it can be understood as the incremental value a brand name grants a product (Srivastava et al 1991).

**Brand Awareness**

Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category so he can establish a link between product class and which brand is involved. Brand awareness is also the likelihood that consumers recognize the existence and availability of a company’s product or service.

This is the second category of the brand equity. Brand name awareness plays an important role in decision making of a consumer; if customer had already heard the brand name, the customer
would feel more comfortable at the time of making decision. Customers do not prefer to buy an unknown brand. Therefore companies’ strong brand name is a winning track as customers choose their brand over unknown brand.

People generally tend to buy brands that they are familiar with and on which they have confidence. To be able to get the loyalty and awareness of the consumer, brand awareness is a must, for which unknown brand has to face the tough competition from the brands already having a place in the market. (Wayned et al, 1990)

A well-known brand first comes to mind when there is the need for the purchase of the same item. Customers won’t like to take chances so they prefer to buy brands whose name they are aware of. Customer use product on trial basis, after satisfaction of the brand quality, they use it regularly. To promote brand name awareness is quite expensive; mass advertising is required to create the awareness needed. Generally people chose the well-known branded production in the markets or services over the unknown ones because they are well aware of the brand, its reputation in the market and they have a direct or indirect experience about it.

2.0.5 Perceived Quality
"If a customer expects a bad level of quality and receives it, he/she will reduce his/her level of preference for the brand”. (Rust et al, 1999).
It is an essential characteristic for every brand; perceived quality defines a customer’s perception and the product’s quality or superiority. The perceived quality provides fundamental reason to purchase. It also influences brand integration and exclusion to consideration set before final selection. A perceived quality provides greater beneficial opportunity of charging a premium price. The premium raises profit and gives a resource to reinvest in the brand. Perceived quality will enable a strong brand to extend further and will get a greater success possibility than a weak brand.

Mostly customers prefer to buy products from a well-known and familiar brand, rather than opting for the unknown and new brand. Sometimes they do not want to take a chance by trying to go for a new brand. (Ajay et al, 2008). Perceived quality of a brand influences the decision making process of a consumer. It also directly influences the brand loyalty of the consumers. Perceived quality has a greater influence in a customer’s purchasing process and in brand loyalty. This influence is very important when customers are in a condition, which makes them unable to make an analysis of the quality. Perceived quality can be used as a helping tool when company intends to utilize a pricing strategy with premium price and further extend a brand in several markets. (Aaker. A. David, 1991).

Brand Association
“Keller pointed out that the favorability, strength, and uniqueness of brand associations is the dimensions distinguishing brand knowledge that play an important role in determining the differential response that makes up brand equity, especially in high involvement decision settings” (Cheng Hsui Chen, 2001).
There are values of a brand that are not as visible as other brands. These values can be based on the association of the brand with certain factors or personalities that provides confidence and credibility among the customers. This Association can be made through famous people, who represent the brand, and their well-known personality and lifestyle. For example, cars can be associated with the lifestyle or fame of the celebrities and their association with particular brand. A company tries to associate certain attributes to their brand, which makes it harder for the new brands to enter the market.

Many brand associations include product attributes and consumer benefits that offer a specific explanation to why customers purchase and utilize a specific brand. Brand symbolizes a base for purchase decision and brand loyalty.

**Brand Loyalty**

Brand loyalty shows customer preferences to purchase a particular brand; customers believe that the brand offers the enjoyable features, images, or standard of quality at the right price. This belief and faith of the customer becomes a base for new buying habits. Initially, customers will purchase a brand for trial, after being satisfied, customers will keep on buying the product from the certain brand (www.extension.iastate.edu/AgDM/wholefarm/html/c5-54.html, Dated 3.01.08). Brand loyalty represents an encouraging approach towards a brand resulting in regular purchase of the brand over time. (Pekka Tuominen, 1992).

Brand Loyalty reflects the ratio of regular buyers to the satisfied buyers who like the product. This is more useful in marketing the product to existing customers because of good brand loyalty it will cost less effort and money, than to attract new ones. When loyal customers see any lack attachment to brand attribute, then he or she immediately transferred to the other brand products that offer a better deal. The reason for buying a same product from a familiar brand saves the time and reduces the perceived risk. (Jose M.M et al, 1995)

“The brand loyalty of the customer base is often the core of brand equity. If customers are indifferent to the brand and, in fact, buy with respect to features, price and convince with little concern to the brand name there is likely little equity. If on the other hand, they continue to purchase the brand even in the face of competitors with superior features, price, and convenience, substantial value exists in the brand and perhaps in its symbol and slogan.” (Aaker 1991). There are many attributes in a product which makes customers loyal. It can be that, the same brand is being used for generations by family or close friends.

**Propriety Brand Assets**

“A competitor is someone who wants to take business away from you” (Jeff Falk, 2006). A propriety brand asset is very valuable to companies because it serves as a trademark that cannot be copied easily. A trademark provides protection to a company’s brand name or symbol. It is not easy for other companies to use their names because majority of customers identify the brand product through trademark design. To further protect your brand name or symbol, a patent is very useful. It prevents competitors from copying the product or anything associated with it.
Emotional Branding

At present, some successful companies are said to have built relationships with consumer by attractively engaging them in a personal communication that responds to their needs. Marketers have done so by connecting with customers and creating strong emotional bonds with their brands (Brand Week, January 2001, Vol. 42, Issue 5).

When companies want to know what consumer feels about them, they have to build a personal communication with the customers. This is a good way to analyze a company’s performance because what a customer thinks is very important to the company. However, a company can learn a lot by listening to its customer views (Green Don, 2003).

Usually branding starts when companies design a product with great feature and capabilities better than what their competitors are offering. The company then has a “position” in a product distinct category against competitors. The problem increases when neither of the groups has made efforts to create emotional bond between the customers and the company and its product. Emotional branding is the fine approach that clarifies the values of the company to the customers (Marken G.A., 2003).

Brand Name

“The name of a brand is the fundamental indicator of the brand. The name of the brand is the basis for raising awareness of the brand and Communication efforts. Often even more important is the fact that it can generate association which serves to describe the brand” (Aaker A David, 1991). The brand name is very significant choice because sometimes it captures the central theme or key association of a product in a very condensed and reasonable fashion. Brand names can be an extremely successful means of communication. (Kevin Lane Keller). Some companies assign their product with a brand name that in reality has nothing to do with the emotional experience but are catchy and can easily be memorize. The core base of naming a brand is that it should be unique, easily discriminated from other names, easy to remember and are attractive to customers. (Papanastassiu et al, 2006).

Kotler and Armstrong (1998) defined a brand as ‘a name, term. Sign, symbol, or design, or a combination of these intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors’.

According to them, branding today has become so strong to the extent that, no product goes unbranded and it helps buyers in many ways. Branding helps consumers to identify a product easily and to ensure that their quality is not compromised.

Courtland L. Bovee & John V. Thill (1992) defined brand as a name, term, phrase, design, symbol or any combination of these chosen by individuals or organizations to distinguish a product from competing products. They also define brand name as a portion of a brand that can be expressed verbally including letters, words or numbers.

A brand is a unique and identifiable symbol, association, name or trademark which serves to differentiate competing products or services; it represents not only a physical trigger but
moreover an emotional hooks to create a relationship between consumers and the product/service (Blackston 2000). On the other hand, it is also a relatively ambiguous 'trigger' that over time is used to class beliefs and feelings toward products as labeled. For this reason, the meaning of the brand is of critical concern to advertisers. Meaning it refers to the overall assessment on the part of the consumer regarding what a particular brand means to him or her (La Foret & Saunders 1994).

Smith and Whan (1992) found that the creation of an effective brand not only captures a greater share of the market, but optimizes marketing effectiveness as well. Successful branding requires a strategic perspective (de Chernatony, 1988). Strong and durable brand concepts communicated to well target segments result in favorable brand images which reflect the brand’s identity (Kapferer, 1997). Brands signal a level of quality to consumers and can be effectively used to gain a competitive advantage.

Branding has been generally recognized as the key to success in nowadays business, especially in rapidly developing fields. It provides value to the consumer through the buying process and thus assures value to the company by attracting consumers and stimulating loyalty. Although complex and versatile, the branding principle has imposed itself as the new business paradigm, and is implemented virtually across all markets and categories. Recent literature underlines the relational aspects of branding, emphasizing trust and dependability between consumers and the company (Chow & Holden, 1997). There is an important distinction that should be considered between image and identity ' two aspects connected to the branding process. The former one is external to the company, being a reflection of its initiatives; the latter is internal and deeply rooted in the company, and underpins the whole architecture. Brand image represents a set of associations established within the minds of customers, implying a promise to them and representing what the brand currently stands for (Batra & Homer, 2004). Image represents what consumers’ think of you, while identity represents who your brand is and what it stands for.

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Brand name shows the source of the product. A brand aware consumer can differentiate the product from its competitor. If brand name is superior, customers can pay high prices for the product because they can be able to trust the brand name. (Marjit et al, 2007). Brand name differentiates the goods and services of one seller from another. It helps consumers in identifying
products that might benefit them. Along with this it also communicates the quality of the product. Besides consumers, sellers also benefit from brand name. The brand name provides legal protection for unique product features that otherwise might be copied by competitors.

Customer Loyalty

Customer loyalty is one of the major sources of sustainable competitive advantage of most organizations.

According to Too et al (2001), high levels of loyalty cannot only create tremendous competitive advantage, but also boost overall productivity. However, continues defection of customers from one firm to the other will have devastating impact on the firm in question.

Reichheld & Sasser (1990) found that, a 5% decrease in customer attrition could translate into a 25% - 85% increase in profit, depending on the service industry. The development and maintenance of customer loyalty is therefore imperative in the survival and growth of service firms. (Reichheld 1996). On the other hand, Bowen and Chen (2001) argued that it is commonly known that there is a positive relationship between customer loyalty and profitability. It is found that when a company retains just 5% more of its customers, profits increase by 25% to 125%.

Ganesh et al (2000) also indicate that, customer switching behavior can have detrimental effects on the profitability and viability of firms.

The conceptualization of loyalty has evolved over the years (Oliver 1997; Oliver 1999; Ganesh et al 2000). In the early days however, the focus was on brand loyalty with respect to tangible goods (Cunninghan 1956 as cited in Caruana 2002). He went on to define brand loyalty as the proportion of purchases of a household devoted to the brand it purchased most often. The foci have expended, reflecting a wider perspective or marketing to include other forms of loyalty such as customer loyalty and store loyalty.

Oliver (1997) describes customer loyalty as a “deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive same brand or same-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”.

From the definition above, customer loyalty can be divided into two dimensions: behavioral and attitudinal. Behavioral loyalty is repeated transactions and attitudinal loyalty is often defined as both positive effects toward the relationship's continuance, and the desire to continue to remain in the relationship (Ball, et. al., 2004).

There have been a number of discussions about the two dimensions mentioned above. According to Dwayne et al, behavioral and attitudinal loyalties are highly intertwined. And from another perspective of Leverin, and Liljander, (2006), in some cases behavioral loyalty does not necessarily reflect attitudinal loyalty. Besides that, customer loyalty can also be divided into two
dimensions: passive loyalty and active loyalty (Ball, et. al., 2004). Active loyalty is like customers’ word-of-mouth and their intention to use preferred products and services. Passive loyalty means customers don’t switch the choice for their preferred products and services even under less positive conditions.

Neal (1999) also defines customer loyalty as “the proportion of times a purchaser chooses the same product or service in a category compared to his or her total number of purchase in the category, assuming that acceptable competitive products or services are conveniently available”

Berry (1983) argues that customer loyalty is more dependent on the development of interpersonal relationships as supposed to loyalty with tangible goods.

*Dimensions of Customer Loyalty*

Gremler & Brown (1996) suggest three dimensions of customer loyalty; Cognitive, Affective and Behavioral.

Cognitive: this is the customers expressed future buying intention, trust and the image held about the company. Unlike the affective and behavioral dimensions, the cognitive dimension is seen as a high order dimension. It involves the consumer’s conscious decision making process in the evaluation of alternative brands before a purchase is affected. Oliver (1999) also point out that, cognitive centers on the prior or recent experience-based information. Thus, though it is a higher form of dimension, it is often shallow in nature. In effect, as the depth of loyalty increase, a consumer moves into the affective stage.

Affective: this is the customer feeling of attachment to or affection for forms products or services. The affective dimension also refers to as the attitudinal dimension by Getty & Thompson (1994) indicates a customer’s intention to re-purchase and recommend the product to others. This stage of loyalty which indicates the customer’s degree of likeness for a brand gradually progresses into the behavioral stage (Oliver 1999).

Behavioral: this refers to the actual purchase patterns of the customer. Here, Bowen & Shoemaker (1998) express the view that it is the customer’s behavior on repeat purchases, indicating a preference for a brand or a service over time.

Contrary to the views of Gremler and Brown (1996), Storbacka, Stranvik & Gronroos (1994) argue that, customer satisfaction is solely one dimension in building relationship strength. Though the view expressed by Storbacka et al (1994) is laudable, the opinion of Gremler & Brown (1996) cannot be over looked. The simple reason is that, the notion of Gremler & Brown (1996) provides a better insight into the construct (customer loyalty).
There are multiple approaches to customer loyalty. Theories of behavioral loyalty were
dominating until 1970 considering loyalty as the function of the share of total purchases
(Cunningham 1956; Farley 1964), function of buying frequency or buying pattern (Tucker 1964;
Sheth 1968) or function of buying probability (Harary et al. 1962; McConnell 1968; Wernerfelt
1991). These approaches looked at brand loyalty in terms of outcomes (repeat purchase
behavior) rather than reasons, until Day (1969) introduced the two-dimensional concept of brand
loyalty, which stated that loyalty should be evaluated with both behavioral and attitudinal
criteria.

These different approaches allow distinguishing customers as whether behaviorally or
emotionally loyal. Behaviorally loyal customers act loyal but have no emotional bond with the
brand or the supplier whereas emotionally loyal customers do. Jones and Sasser call these two
kinds of loyalty accordingly false or true long term loyalty (Jones et al. 1995). Hofmeyr and Rice
(2000) divide customers to loyal (behavioral) or committed (emotional).

Emotional loyalty is much stronger and longer lasting than behavioral loyalty. It’s an enduring
desire to maintain a valued relationship. The relationship is so important for the customer that he
or she makes maximum efforts to maintain it. (Morgan et al. 1995; Reichheld 2003; Moorman et
al. 1992) Highly bonded customers will buy repeatedly from a provider to which they are
bonded, recommends that provider to others, and strongly defend these choices to others –
insisting that they have chosen the “best” product or service. (Butz et al. 1996) Behaviorally
loyal customers could be divided to sub-segments by the reason of acting:

• Forced to be loyal,
• Loyal due to inertia or
• Functionally loyal.

Customers are forced to be loyal when they have to be clients even if they do not want to. Customers
may be forced to consume certain products or products/services offered by certain
vendor e.g. when the company acts as a monopoly or the poor financial status of the customer is
limiting his selection of goods. Grönholdt, Martensen and Kristensen have found that companies
with low price strategy had a much higher loyalty than expected from their customer satisfaction.
On the other hand, companies that had used a lot of energy on branding indeed had a high
customer satisfaction but they did not have a correspondingly high loyalty(Grönholdt et al. 2000)
Forced loyalty could be established through creating exit barriers as well.

Loyal behavior may also result from inertia – customer does not move to another vendor due to
comfort or relatively low importance of operation – if the choice has low importance, there is no
point to spend time and effort on searching for alternatives. Thus, based on his faith in the
suitability of the current product, the customer continues to use it without checking alternatives.
It’s in accordance to Oliver’s approach of cognitive loyalty: the loyalty that is based on brand
belief only. “Cognition can be based on prior or vicarious knowledge or on recent experience-based information.

If the transaction is routine, so that satisfaction is not processed (e.g. trash pickup, utility provision), the depth of loyalty is no deeper than mere performance.” (Oliver 1999) Hofmeyr and Rice (2000) say that one of the reasons that customers don’t switch brands when they are dissatisfied is that they feel that the alternatives are just as bad as the brand they are using or even worse. Inertia may be caused also by lack of information about attractive characteristics of the brands (Wernerfelt 1991).

Functionally loyal customers are loyal because they have an objective reason to be. Wernerfelt points out “cost-based brand loyalty” where brand utilities have a positive influence on brand choice. (Wernerfelt 1991) Functional loyalty can be created by functional values using price, quality, distribution, usage convenience of a product or through different loyalty programs (points, coupons, games, draws etc.) giving a concrete reason to prefer certain supplier. Unfortunately competitors can most easily copy functional values. Thus, creating functional value offers a fleeting competitive advantage: functional loyalty can’t be very long lasting. (Barnes 2003).

Jones and Sasser (1995) propose three measures of loyalty that could be used in segmentation by loyalty:

- Customer’s primary behavior – decency, frequency and amount of purchase;
- Customer’s secondary behavior – customer referrals, endorsements and spreading the word;
- Customer’s intent to repurchase – is the customer ready to repurchase in the future.

![Diagram](image-url)

**Figure 2.2 General Segmentation of Customer by Loyalty**
Committed or emotionally loyal customers – active customers who use only the certain provider’s services and declare that they will use only this provider in the future and recommend this provider to others;

• Behaviorally loyal customers – active customers who use only the certain provider’s services and declare that they will use only this provider in the future but do not agree to recommend this provider to others (inert or functionally loyal);
• Ambivalent or dubious customers – active customers who use only the certain provider’s services but don’t know which provider they will use in the future;
• Disloyal reducers – customers who have reduced or will reduce the percentage of the provider’s services in their usage;
• Leavers – customers who declare, that they will certainly leave this provider.

Empirical Literature

It is critical that branding be considered within a broader context, because brand is not the only factor influencing consumer purchasing patterns. Other factors, such as price and features, affect brand preference.

Tanveer Hasen (2008), researched on the topic “Influence of Brand name on Consumer Decision in Car Choice”. He wanted to find out whether brand name influences consumer choice when they go to purchase any product. He’s research encompassed three well known automobile companies namely, Toyota, Honda and Suzuki in Karachi, Pakistan. He interviewed 100 respondents using self-administered questionnaires. He used a qualitative method for collecting data because he wanted to know what was in the mind of the respondents without modifying or changing it in anyway.

Out of the total respondents, 30% consider the price of the product as the most important attribute when making a purchase decision. 19% considered the quality of the product, 6% considered both price and quality, 34% considered the brand name of the product, 7% considered the design of the product and 4% considered other factors as the most important attribute.

He concluded that, brand names really influence the consumer decision not only in automobile industry, but also in other product segments. A customer that has a positive experience with a brand is more likely to be loyal to the company, hence the brand. Well-known brands are popular than the unknown brands. People have a high awareness about the well-known brand.

To find out why people always go for well-known brands, 46% replied they always go for well-known brands, 19% respondents answered “sometimes”, 19% answered “Frequently” and 16% answered “Never”.

He therefore concluded that, majority of customers prefer to purchase well-known brand products therefore customers do not want to take any risk to purchase unknown brands.

Agudze-Tordzro et al (2009) conducted a research on the influence of price on customer loyalty of selected supermarkets in Accra. Their main objective was to ascertain the influence of price on customer loyalty in three selected supermarkets namely Melcom, Game and Maxmart in
Interviewer-administered questionnaires were used on 100 respondents to collect primary data.

Out of 50 respondents interviewed at Melcom, 21 people representing 42% agree Price is the most influential factor that makes them loyal. At Game, it was the Quality of the product. (15 out of 50) representing 28% and at Maxmart, it was the Location (26 out of 50) representing 52%. Most of the customers interviewed at all three supermarkets agree that Price however is the most influential factor that compels them to make a repeat purchase. Out of 50 respondents from each supermarket, 38(76%) from Melcom, 34(68%) from Game and 28(56%) from Maxmart either strongly agree or agree that price influence their decision to make a repeat purchase from the supermarkets.

In conclusion, the findings of the study established that price has an influence on customers’ decision to make repeat purchase from the supermarkets. Other factors also play some role in customers’ decision to make repeat purchase from the supermarkets. However, the extents to which these factors influence customers’ decision vary from one supermarket to the other.

Louis Ofosu Asomadu et al (2009) researched on the topic, “The influence of Price on Customers Choice of Canned Milk in Accra”. Upon realizing that price might not be the only major factor influencing customer choice, they decided to set questions probing into the major factors that would influence the respondents to choose a brand over another. They developed an open ended question to ensure that respondents were not restricted.

The questionnaires were coded and five (5) factors: Packaging, Advertisement, Quality of brand, Brand Image and Popularity of brand were identified. 50% of the respondents think the popularity of the brand is the factor they consider in choosing canned milk. Packaging and Advertising had an equal of 16.67% while Quality of the brand and image equal 8.33%. They concluded by using the Chi-Square to reject the null hypothesis and accept the alternative that is “price does not play a significant role in consumers’ decision to choose a brand of canned milk over another.

Wongfoong Yee et al (2008) conducted a research on “Influence of Brand Loyalty on Consumer Sportswear” in Malaysia. The purpose of the research was to investigate how the respondents are influenced by factors of brand loyalty towards sportswear brands. Self-administered questionnaires were administered on 100 respondents in major shopping malls in Bandar Baru Bangi in Malaysia. Descriptive analysis was used to analyze the background as well as the respondents’ profiles pertaining to their evaluation of brand loyalty. The findings revealed that product quality plays a significant role in influencing consumers to be brand loyal customers. Interestingly, it is noted that this factor of product quality also plays a vital role in countries like Hong Kong. Additionally, the overall findings of this study also show that amongst others Malaysians prefer brand name, product quality, price, promotion, store environment and service quality as relevant factors attributable to brand loyalty. All these factors showed positive relationships with brand loyalty except style which had no relationship.
RESEARCH METHODOLOGY

This study focuses on Kumasi polytechnic and its environs; Amakom, Asafo, Asowasi and Bompata in the Kumasi Metropolitan. The study captured both qualitative and quantitative data. Data collection was conducted through a survey questionnaire comprising open and closed ended questions. The questions were comprehensive and constructed or designed easily for respondents to understand and respond. The survey was conducted by two researchers and three research assistants who distributed questionnaires and conducted interviews with students, other network users and retail outlet owners and managers. The study concentrated on four network providers recognized by the National Communications Authority (NCA). The population comprises of all the network providers, dealers, retail outlets and network users. To get the sample size for the study, 120 respondents were selected using simple random sampling but 150 were contacted because of data collection limitation such as non response. Statistical package for Social Sciences (SPSS) was used for data analysis. The questionnaire was tested as our research instrument through a pilot study covering 10 respondents. The purpose of this pilot study was not only to identify the problems within the design of questionnaire but also to include respondents’ comments to enhance the quality of the questionnaire. Statistical analysis includes Pearson correlation, logistic regression and descriptive statistics. Pearson correlation and regression were used to analyze the customer reasons for choosing a particular network as well as the relationship between customer association and brand attributes. Validity and reliability were guaranteed by using a statistician and a panel of experts to weigh up the research instrument for theoretical clarity, pre-testing the research instrument in a pilot study and in depth reviewing the literature for theoretical constructs and empirical conclusions relating to this study.

4.0 RESULTS AND DISCUSSIONS

The data gathered on the response of customers on the influence of brand name on customer loyalty were analyzed in this section. This involved coding, tabulations and graphs / charts. Findings were then discussed in detail.

SUMMARY OF QUESTIONNAIRES ADMINISTERED

<table>
<thead>
<tr>
<th>Type of respondent</th>
<th>Number of respondents</th>
<th>Percentage of respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail outlets</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>Students</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>Small scale business</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>TOTALS</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>
Figure 4.2.1: Percentage of Respondents

Source: Survey data, 2012

Figure 4.2.1 shows that, a total of 120 respondents made up of 40% Retail outlets, 40% students and 20% small scale businesses were interviewed. This table shows the name of mobile Network providers and the number of subscribers who use these mobile networks.

<table>
<thead>
<tr>
<th>NAME OF NETWORK</th>
<th>NUMBER OF USERS</th>
<th>PERCENTAGE OF USERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTN</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>VODAFONE</td>
<td>33</td>
<td>28</td>
</tr>
<tr>
<td>TIGO</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>AIRTEL</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2.2: Mobile communication network subscribers’ Preference

Source: Survey data, 2012

Figure 4.2.2 shows subscriber’s response to the question “which mobile communication network do you use?” 40% prefers MTN, 28% prefers VODAFONE, 20% prefers TIGO, and 12% prefers AIRTEL. This shows that, most of the respondents prefer MTN network which has an overall percentage of 40 to any other mobile network brand in the mobile telecommunication industry and AIRTEL having the least of subscribers in the market.
The regression and correlation analysis of customer reason for choosing mobile network

<table>
<thead>
<tr>
<th>Customer reason</th>
<th>Star rating Pearson (2-tailed) r (p) N</th>
<th>Location ANOVA-Test F(p)</th>
<th>Std error</th>
<th>t</th>
<th>Sig</th>
<th>Mean Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>0.150; 0.101; 120</td>
<td>2.734; (0.101)</td>
<td>.168</td>
<td>5.218</td>
<td>.101(a)</td>
<td>1.181</td>
</tr>
<tr>
<td>Quality</td>
<td>0.048; 0.181(*); 1200</td>
<td>4.004; (0.048)</td>
<td>.246</td>
<td>.01</td>
<td>0.048(a)</td>
<td>2.5530</td>
</tr>
<tr>
<td>Brand name</td>
<td>-0.135; 0.140; 120</td>
<td>2.205; (.140)</td>
<td>.147</td>
<td>8.412</td>
<td>140(a)</td>
<td>.733</td>
</tr>
<tr>
<td>Corporate responsibility</td>
<td>0.215(*); 0.018; 120</td>
<td>5.710; (0.018)</td>
<td>.204</td>
<td>2.390</td>
<td>.018(a)</td>
<td>3.628</td>
</tr>
</tbody>
</table>

Source: Survey data, 2012

* Correlation is significant at the 0.05 level (2-tailed).

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

A. Predictors: (Constant), customer reason
B. Dependent Variable: price, quality, brand name, corporate responsibility

As shown in Table, a Pearson correlation coefficient of the test indicates a strong positive relationship between the customers reason for choosing their network providers base on brands attribute (price). As indicate in the above table that (r = 0.150, p<0.101). This means that customer consider price mostly before choosing a particular network brand. In addition, Sig (2-Tailed) value which is (0.045) and one-way ANOVA (F= 2.734, p = .101, we can conclude that there is no statistically significant correlation between customers reason for choosing their network providers based on brands attributes (Price).
The coefficient of the above correlation analysis $r = 0.181(*)$ shows that there is a weak positive correlation between customers reason for choosing their network providers base on brands (quality). This means that customer consider quality of the mobile network as factor when making a choice on which mobile network brand to purchase. In addition, $\text{Sig (2-Tailed)}$ value which is 0.045, we can conclude that there is statistically significant correlation between customers reason for choosing their network providers base on brands attributes (quality). As determined by one-way ANOVA ($F = 4.004$, $p = .045$), there is a statistically significant difference between customers reason for choosing their network providers base on brand attributes (quality). We can conclude that price and quality has influence on customer selection of product in the market.

A research conducted by Tanveer Hasen (2008) in Pakistan found that, brand name is the most important attribute a potential buyer considers when making a decision for a car choice. This research however conducted in the Ghanaian market concluded that, Quality is the most important attribute consumers consider when making a decision to purchase a mobile network brand.

The coefficient of the above correlation analysis $r = -0.135$ shows that there is weak negative correlation between customers reason for choosing their network providers base on brands (brand name). This means that customer do not mostly consider brand name of the mobile network as factor when making a choice on which mobile network brand to purchase. In addition, $\text{Sig (2-Tailed)}$ value which is 0.140, we can conclude that there is no statistically significant correlation between customers reason for choosing their network providers base on brands (brand name). That is, increases or decreases in brand name do not significantly relate to increases or decreases in the way customer select a product.

The coefficient of the above correlation analysis $r = 0.215(*)$ shows that there is a weak positive correlation between customers reason for choosing their network providers base on brands attributes (corporate social responsibility). This means that customer consider corporate social responsibility of the mobile network as factor when making a choice on which mobile network brand to purchase. In addition, $\text{Sig (2-Tailed)}$ value which is 0.018, we can conclude that there is statistically significant correlation between customers reason for choosing their network providers base on brands (corporate social responsibility). Also, as determined by one-way ANOVA ($F = 5.710$, $p = .018$), there is a statistically significant difference between customers reason for choosing their network providers base on brand attributes (corporate social responsibility). Therefore we can conclude that customer also consider corporate social responsibility of organization when selecting a product in the market.
The regression and correlation analysis of Customers Association with brands attributes

<table>
<thead>
<tr>
<th>Customer Association</th>
<th>Star rating Pearson (2-tailed) r (p) N</th>
<th>Location ANOVA-Test F(p)</th>
<th>Std error</th>
<th>t</th>
<th>Sig</th>
<th>Mean Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand name</td>
<td>-0.170 .064 120</td>
<td>3.505; (0.064)</td>
<td>.069</td>
<td>12.557</td>
<td>.064(a)</td>
<td>2.392</td>
</tr>
<tr>
<td>Quality</td>
<td>0.207(*) 0.023 120</td>
<td>5.282; (.023)</td>
<td>.203</td>
<td>5.334</td>
<td>.023(a)</td>
<td>2.298</td>
</tr>
<tr>
<td>affordability</td>
<td>0.210(*) 0.022 120</td>
<td>5.427;(0.022)</td>
<td>0.201</td>
<td>2.330</td>
<td>0.022</td>
<td>4.318</td>
</tr>
</tbody>
</table>

Source: Survey data, 2012

* Correlation is significant at the 0.05 level (2-tailed).

a Predictors: (Constant), customer Association

b Dependent Variable: brand name, quality, affordability

From the table above, it shows coefficient of correlation analysis which is -0.17, which implies that there is weak negative correlation between the ways customers associate with brands attributes (brand name). Therefore, this shows that customer do not associate them brand name in telecommunication industry. With regards to Sig (2-Tailed) value which is 0.64 and one-way ANOVA (F= 3.505, p = .064), we can conclude that there is no statistically significant correlation between the ways customers associate with brands attributes (brand name).

Also coefficient of the above correlation analysis r = 0.207(*) shows that there is a weak positive correlation between the ways customers associate with brands attributes (quality). This means that, most of the respondents associate quality with the name of the brand hence, any mobile network brand they purchase is because of its quality. In addition, Sig (2-Tailed) value which is 0.023, we can conclude that there is statistically significant correlation between the ways customers associate with brands attributes (quality). As determined by one-way ANOVA (F= 5.282, p = .023), there is a statistically significant difference between the ways customers associate themselves with brands attributes (quality).
Lastly, coefficient of the above correlation analysis \( r = 0.210(*) \) shows that there is a weak positive correlation between the ways customers associate with brands attributes (affordability). With regard to, Sig (2-Tailed) value which is 0.022 and one-way ANOVA (\( F= 5.427, p = .022 \)), we can conclude that there is statistically significant difference between the ways customers associate with brands attributes (affordability). We can conclude that customer associate themselves with quality and affordability as compared to other brands attributes.

### Influence of Brand Name to Purchase Decision

In responding to whether the brand name of the mobile telecommunication network has an influence on their decision to purchase, 60% answered yes and the rest being 40% said no. From this, it can be concluded that, brand name to a large extent influences customers’ decision to purchase. Thus, brand name signals a level of quality to consumers and can be effectively used to gain a competitive advantage.

### Intension Of Consumer Switching From One Network To Another

With regards to whether other brand names influence customers’ decision to switch in between brands, 48% forming the majority answered no, 38% answered yes and 14% answered may be. This depict that, the name of other brands in the market hardly influence consumers’ decision to switch between brands because they are satisfied with the brands purchased.

### Influence of a Change in Brand Name on Consumers’ Purchase Decision

Customers were asked if they would still buy the mobile network if the brand name changes. Among the 100 respondents, 78% answered yes and the rest being 22% answered no. This means that a brand name changed will have a little influence on consumers’ choice to switch between brands. They hope that, a name change would not affect the quality of the mobile network brand.

### Customers’ Satisfaction

When asked if the mobile network brand met their satisfaction, out of the 50 respondents, 72% answered yes.

### Customer Service

When asked “if the product purchase require delivery, was it delivered in time?”. 78% of the total respondents have their good delivered in time.

### Customers Recommending Brand Name to Others

Among the 50 respondents interviewed, 76% will recommend the brand name of the mobile telecommunication network to others because they were satisfied with the outcome of the use. According to Morgan et al (1995), highly bonded customers will buy repeatedly from a provider to which they are bonded, recommends that provider to others, and strongly defend these choices to others – insisting that they have chosen the “best” product or service.
SUMMARY

The main purpose of this study is to assess the factors that influence consumer choice of brands of mobile networks in the telecommunication industry and how they contribute to customer loyalty. The findings of the study revealed that, there is a positive relationship between brand name and customer loyalty. The study found that, brand name does not really contribute to customer loyalty. Other factors such as the quality, price, availability, and sales promotion also contribute to customer loyalty. The study however revealed that, there are factors such as price, quality, price and quality and brand name that consumers consider when making a purchased decision however they mostly associate quality with the name of the mobile network brand purchase. Thus, any mobile network brand purchase is because of the quality but not necessarily the name. This portrays that the brand name itself does not lead them to become loyal but rather the quality they experience from using the mobile network brand.

RECOMMENDATIONS

The following recommendations are made based on the findings of the study.

- Telecommunication firms or mobile networks must not concentrate only on making the name of the mobile network known but also on improving the quality because consumers associate quality with the name of the brand.

- Telecommunication firms or mobile network providers must also provide incentives such as online delivery, training to employees and retail outlets and also promotions that will entice consumers to stay loyal to the brand. Consumers believe that, providing them with incentives other than just the quality mobile network brand they purchase will affect their choice of being loyal.

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