

# Analysis of Factors Affecting Brand Loyalty of Product among Consumers in Nigeria

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## Abstract

This study attempts to examine factors affecting brand loyalty of product among consumers in Nigeria. These factors include Customer satisfaction, Product involvement, perceived quality and brand trust that could possibly enhance brand loyalty. 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.

**Keywords:** Brand Loyalty, Analysis of factors, consumers, products

## 1. Introduction

Brand means the symbol, sign and name of the product. In the changing world brands have become more important for the purchasing. Brand selection is critical decision for the customers. Companies try to enhance the image of the brand and this image increase the loyalty of the brand. Brand name is the creation of an image or the development of a brand identity. The development of a brand name is an essential part of the production process since the name is the basis of a brand's image (Thakor, 2006). Brand name is important for the firm to attract customers to purchase the product and influence repeat purchasing behaviour. Consumers tend to perceive the products from an overall perspective, associating with the brand name all the attributes and satisfaction experienced by the purchase and use of the product.

A company's success can be measured depending 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 their competitors. The globalization of competition, saturation of markets and development of information technology have enhanced customer awareness and created a situation where long term success is no longer achieved through optimized product price and qualities. Instead company's build their success on a long term customer relationship. This long term customer relationship depicts customer loyalty to a particular brand. The brand loyal consumer does not attempt any kind of attribute evaluation but simply chooses the familiar brand on the basis of some overall positive feelings towards it. This overall positive evaluation stems from past experience with the particular brand under consideration.

The term 'Loyalty' is associated with a feeling of devoted attachment and affection. The term "brand loyalty" captures this very essence but from a commercial perspective. For as long as it can be remembered "Brand Loyalty" has been a measurable performance indicator for businesses around the globe. Manufacturers and companies are always trying to create niche in the marketing by constructing their own base of loyal customers who over the period of time have accepted the product wholeheartedly. It is also a critical tool in retaining customers and measuring their propensity to repurchase your brand. These brand loyalists would spend their money devotedly to acquire the particular product and would also carry a feeling of immense satisfaction on the purchase (Agrawal & Siddharth, 2010).

Brand loyalty is amongst the key factors critical for managers so that they can improve their customers' retention that will in turn have a favourable impact on the profit margin. A consumer is considered brand loyal whenever he/she perceives that a brand is offering him the right product features and the desired level of quality hence repeatedly making a conscious or subconscious repurchase of that particular brand. In today's competitive business environment building brand loyalty is becoming more complex to achieve. Companies are trying hard to keep their brand loyal customers loyal and avoid means of making room for competitors to grab these customers. Factors like customer satisfaction, customer trust worthiness of a company's product, the company's image, importance of relationships, product involvement, perceived quality and brand trust among others are some factors that affect brand loyalty.

Brand loyalty has been described as a behavioural response and as a function of psychological processes (Jacoby & Kyner, 1973). This means that brand loyalty is a function of behavior and attitudes. Brand loyalty is the repeat purchase of any customer that reflects his or her conscious decision to continuously purchase that product in future. It therefore implies that the customer will purchase that brand most often and also refuse to purchase any other brand of same or better quality as compared to the old one he or she is loyal to that brand (Rehman, Rehman & Aktar, 2011).

Brand loyalty implies a consumers successful emotional attachment and long term commitment to a brand. True brand loyalty exists when customers have a high relative attitude toward the brand exhibited through repurchase

behaviour. This type of loyalty can be a great asset to the firm: customers are willing to pay higher prices, may cost less to serve and can bring in new customers to the firm (Reichheld & Sasser, 1990). This loyal customer will undoubtedly do word of mouth promotion for that brand.

In Nigeria, Indomie, Nasco and Unilever products had so much word of mouth (WOM) promotion by customers reaching to a point whereby if customers want to buy products like noodles, biscuits, toothpaste and detergents, they request for Indomie, Nasco, Closeup and Omo. However competitors offering similar products began aggressive marketing and creating awareness to customers that these products (Noodles, Biscuits, Toothpaste and Omo) were only some of the many offers (Adeleye, 1998).

What are the factors that enhance consumer loyalty to brand? What makes consumers stick to that particular brand of product 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.

This study attempts to examine factors affecting brand loyalty of product among consumers in Nigeria. These factors include Customer satisfaction, Product involvement, perceived quality and brand trust that could possibly enhance brand loyalty. 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**

Brand loyalty is of paramount importance for marketers and consumer researchers (Aaker, 1991; Reichheld, 1996). The importance of brand loyalty can be asserted from the fact that it plays a vital role in the company's advertising appetites. If a particular product is having a good brand loyalty, then the company spends large amounts over short periods of time to attract new patrons, but if the brand loyalty is low then companies tend to keep the advertising at a steady pace to attract fresh consumers and to boost sales (Loudon, 2001).

The organizations that have pool of brand loyalists have greater market share and higher rates of return on investments, in turn (Adeleke, 2012). Such results persuade marketing officials to generate and up-hold brand loyalists. Anderson, Fornell, Sanal and Cheryl (2004) argued a loyal and contented customer base helps to increase the organizations' relative bargaining power regarding suppliers, partners and channels. So, customer loyalty should affect shareholder value in a positive manner by reducing instability and associated risk with expected future cash flows. Dick and Basu (1994) hold a view that customer loyalty creates positive word of mouth (WOM) communication and competitive strategies are resisted by loyal customers. Oliver (1999) agreed with Dick and Basu that customer loyalty is engaged in affirmative word of mouth communication. Kotler and Keller (2005) said that "based on a 20-80 principle, the top 20% of the customers may create 80% of profit for a company". Thus a favorable connection between a company and its customers is lucrative for the business.

Researchers like Kotler (1996) and Aaker (1991), Johnson, Herrmann and Huber (2006) believe that the drivers of brand loyalty are dynamic and complex in nature that evolves over time with the changing needs of the customers. Some drivers of brand loyalty are perceived risk, inertia, habit, involvement, satisfaction, and relationship between product or service providers (Rundle-Theile and Bennet, 2001). A series of very positive encounters will increase customer satisfaction, trust, relationship commitment and continuity (Hellier, Geursen, Carr & Richard, 2003; Morgan & Hunt, 1994; Selnes, 1998). Aydin and Ozer (2005) stated some drivers of customer loyalty. Corporate image, perceived service quality, trust and customer switching costs are very influential factors of brand loyalty. Moreover the results described that trust is one of the most important antecedents of brand loyalty. Although perceived service quality and perceived switching cost appeared to have the same level of influence on brand loyalty.

### **Factors Affecting Brand Loyalty Among Consumers**

#### **Customer Satisfaction**

Customer satisfaction is a psychological concept that involves the feeling of well being and pleasure that results from obtaining what one hopes for and expects from an appealing product/service (WTO, 1985). Customer satisfaction is "seen as an attitude-like judgment following a purchase act or a series of consumer product interactions" (Lovelock & Wirtz, 2007). Customer satisfaction depends on the product's perceived performance relative to the buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted (Kotler & Armstrong, 2010). Because customers buy satisfaction, not just parts, marketing managers must be constantly concerned with product quality. Quality means a product's ability to satisfy a customer's needs or requirements. Quality and satisfaction depend on the total product offering (Perreault & McCarthy, 2010). Fornell (1992), in a study of Swedish consumers, points that although customer satisfaction and quality appear to be important for all firms, satisfaction is more important for loyalty

in industries such as banks, insurance, mail order, and automobiles. Alabar (2011) opines that highly satisfied customers will be brand loyal, remain customers longer, provide favorable word of mouth advertising, increase purchase of offerings and ultimately enhance sales.

Spreng and Mackoy (1996) views overall satisfaction was integrated as a dominant factor of purchase intentions with reference to brand loyalty (1996). In the viewpoint of Bloamer & Kasper (1995), customer loyalty is one of the considerable paths with which customer satisfaction about product or services received is expressed. For this reason brand loyalty is at heart of strategic marketing. Soloman (1994) explored that purchase decisions of loyal customer may become a habit in nature, even quite simple and provide satisfaction with current brand(s) as a result. Consumers who have high purchase frequency are most likely considered as satisfied with the products.

### **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. Tsotsu (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.

### **Perception on product quality**

Product Quality covers the features, aroma, aesthetics and characteristics of a product that allows for satisfying definite or inferred needs of customers. Russell & Taylor (2006) explain product quality as the fitness of use of the conformance to the requirement of customers. How the product being offered satisfies the needs of the customers and how the product apparently communicates that brand image to build brand loyalty are crucial factors. The reason perceived quality was included was because quality becomes an important framework when choosing which brand to buy. Vranesevic & Stanandccaronec (2003) opine that 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 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 & 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 service may enhance their loyalty towards a brand

### **Trustworthiness**

Morgan & Hunt (1994) described that "Trust is an important factor in the development of marketing relationships and exists when one party has confidence in an exchange partner's reliability and integrity". Ballester & Aleman (2001) described that trust and satisfaction are conceptually connected. As variables that generate consumer commitment especially in the situation of high involvement. Anderson & Narus (1990) argued that trust arise when someone hold a belief that the second person's actions would cause affirmative effects for his/herself. Accordingly, in order to trust a brand, consumers should perceive quality as favorable object. Trust of a customer on brand trust leads to brand loyalty that results to commitment and association of that customer with that brand which then creates highly valued exchange relationships (Rehman, Rehman & Akhtar, 2011). Commitment of loyalty of customer that results from the brand trust is very important to continuously maintain value relationship with customers. According to Curran (2003) brand trust creates satisfaction.

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.

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### Implications

The implication of this study is that management should improve on factors like customer satisfaction, product involvement, perceived quality, trustworthiness and brand trust. However other factors like company's trust, employees trust, company's image and importance of relationships should also be adopted in order to ensure absolute loyalty to brand. Management can stimulate consumers to elaborate upon their brand choice by stimulating the motivation and the capacity of the consumers to evaluate their brand choice. This can actually be done by linking the brand to some involving issue or personal situation by making clear the differences between different brands and by stressing the important characteristics of the brand. Also clear and understandable information should be provided about the brand.

Management should also be concerned about true brand loyalty which is also based on commitment and avoid any of the factors that may cause the consumers loss of loyalty to brand.

### Conclusion

This study basically explains some factors that enhance brand loyalty of consumers in Nigeria. It gives an insight on how customer satisfaction, product involvement, perception on product quality and brand trust enhances brand loyalty in general. 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.

Brand loyalty is important to earn and hard to keep. Brand loyalty constitutes a lot to any company especially in terms of revenue generation and word of mouth advertising. If the company has to achieve a higher level of success then it becomes mandatory to create a large pool of brand loyalist as the more number of brand loyalists a business tends to acquire in the course of business the more chances of the brand achieving the pinnacle of success increases.

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