Antecedents of Brand Loyalty in Leading Supermarket Chains in Kenya: The Mediating Role of Customer Satisfaction

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Abstract
The purpose of the study was to establish the extent to which customer satisfaction mediates the relationship between service quality, brand image, customer perceived value with brand loyalty in leading supermarket chains in Kenya. The population of interest comprised of customers of supermarkets in Kenya. A supermarket store sample of 30 stores from Nairobi and Nakuru counties was picked at random from the list of the stores of the four main supermarkets (Nakumatt, Uchumi, Naivas & Tusky’s). A sample of 384 customer respondents was interviewed. The study used multiple linear regression analysis in a four step process which established that customer satisfaction significantly affects brand loyalty. The study also shows that customer satisfaction fully mediates the relationship between service quality, brand image, customer perceived value with brand loyalty in leading supermarkets in Kenya. The dimensions of brand Image, service quality and customer perceived value dimensions are antecedent to brand loyalty and are a significant marketing tool for retail stores that wish to enhance the customers repurchase intention and the intention to recommend. A higher level of customer satisfaction leads to brand loyalty which is paramount to being competitive in the marketplace. The study recommends that supermarkets must strive towards increasing customer satisfaction with a view of enhancing brand loyalty and market share retention.

Keywords: Brand Loyalty, Brand Image, Service Quality, Customer Perceived value, Customer Satisfaction  
Supermarkets

1. Introduction
In the increasing competitive business world, organisations are paying more attention to their customers than ever before. Retaining existing customers and gaining new ones, is driven by a good understanding of customers, their needs and wants, their expectations on price and quality of goods and services. Pleasing customers is harder today and most of the retailers try to achieve competitive advantage by taking the responses of the customers beyond the level of ‘just satisfied’ towards ‘exceeding their expectations’ (Kotler & Keller, 2012). Besides the above, the worst thing is ninety percent of dissatisfied customers just switch to another supplier without complaining to former supplier (Kotler & Keller, 2012).

According to Morgan (2009) in the last decade, the instability in the global economy has pushed firms to re-evaluate their financial forecasts and their operating assumptions. Today, the pressure on businesses is additionally increased due to a market where customer acquisition rate is slowing down; the customer churn is on the rise and lengthening sales cycles. Firms operating in such an environment, find that losing a valuable customer to a competitor can has adverse effects on growth and profitability. Consequently, firms have changed their spotlight from customer acquisition to customer retention and loyalty. Brand loyalty is desired by firms because retention of existing customers is less costly than obtaining new ones. The cost of recruiting new customers is comparatively high due to advertising, personal selling, establishing new accounts, and customer training (Hosseini & Zainal, 2014). Brand loyal customers do contribute to a firms profitability as they spend more on company services and products, by way of repeat purchases and by recommending the organization to other consumers (Melnyk & Bijmolt, 2015). Brand loyalty in marketing, consists of a consumer’s devotion, bond, and commitment to repurchase and continue to use a brands product or service over time, regardless of changes with competitors pricing or changes in the external environment. Brand loyalty reflects a customer's commitment to remain in a relationship for a long period of time with a brand (So, Andrew & Yap, 2013). A critical factor of building brand loyalty is developing a connection or relationship between the consumer and the brand (Melnyk & Bijmolt, 2015). Brand loyalty is a critical goal for retailers because of an increasingly competitive retail environment and low customer switching costs (Wallace, Giese & Johnson, 2004). The rise of the retailer as a brand is one of the most important trends in retailing (Grewal, Levy & Lehmann, 2004). Successful retail branding can be extremely important in helping influence consumer perceptions and drive store choice and loyalty (Ailawadi & Keller, 2004). Brand loyalty generates numerous benefits like erecting barriers to competitors, generating greater sales and revenues, reducing customer acquisition costs and inhibiting customers’ susceptibility to marketing efforts of competitors (Rundle & Mackay, 2001).

Kenya’s retail industry has experienced a phenomenal increase in supermarkets which has resulted in intense competition forcing supermarkets to not only expand their range of products and services but also pay special attention to quality of service and brand loyalty. In addition they have expanded their operations to the broader
Eastern Africa positioning themselves to all kinds of customer needs and income levels. According to a study by Kestrel Capital (2014), the four major supermarkets in Kenya have been on an aggressive expansion plan with Nakumatt, Tusks, Uchumi and Naivas increasing their stores regionally from 37, 37, 21 and 19 in March 2012 to 45, 46, 34 and 29 respectively in 2014. The four controlled 30% of the Kenya retail market as per this study. There’s also been increased interest by South African Game, Botswana Choppies and French Carrefour retailers who have entered the Kenyan market. Other smaller but significant players include Maathais, Mulley’s, Tumaini, Magunas, Ukwala, Ebrahim’s, Chandarana, and Eastmatt (Kestrel Capital, 2014). And in this strongly competitive and broadly liberalized supermarket service industry, customer churn has turned into very serious issue. Many customers frequent competing stores from one provider to another in search of better rates, service or convenience (Lin & Chou, 2003).

1.1 Statement of the problem
The supermarket retail industry in Kenya has had many entrants in the last one decade, which has increased competition in the industry. The global business environment today and shifting economic activities between and within regions are imposing new competitive pressures on companies, which in turn create the necessity for competitiveness (Tharnurjan & Seneviratne, 2009). Each one of these new entrants is fighting for a share of customers. Customers in the supermarket retail industry, have options to choose among a number of service providers and actively put into effect their rights to shop from one retailer to another. This raises the issue of loyalty to the supermarket brand and a problem of retaining customers. The main retailers have to deploy retention strategies to keep customers loyal to their brand. With retention strategies in place, many companies embrace churn reduction as one of their business goals (Ramakrishnan, 2006). Slowing customer "churn" rate can add to a firm’s bottom line.

The intense competition has seen some leading retail chain superstores perform poorly in terms of profitability culminating into eventual closure of business or reduction in the number of branches. Thus keeping customers satisfied and loyal is key to the survival of these Supermarket chains. Keeping customers satisfied and loyal is necessary because loyal customers tend to repeat and increase their purchase, which in turn increases sales and revenue of the retail firm (Li & Green, 2011). According to Schiffman & Kanuk (2004) small reductions in customer defections leads to significant increases in profits because loyal customers buy more products; loyal customers are less price sensitive and pay less attention to competitors advertising; servicing existing customers who are familiar with the firms offering and processes is cheaper; and loyal customers spread positive word of mouth and refer other customers. It is aligned to these challenges that this study sought to establish the determinants of brand loyalty in the leading supermarkets in Kenya.

1.2 Research Objective
The objective of this study was to assess the extent to which customer satisfaction mediates the relationship between service quality, brand image, customer perceived value with brand loyalty in leading supermarket chains in Kenya.

2. Literature Review
2.1 Service Quality
Service quality is the overall judgment about the level of a service provider's performance (Zeithaml, Bitner, & Gremler, 2009). Service quality measures how much the service delivered meets the customers’ expectations. Service quality is a result of the comparison of perceptions about service delivery process and actual outcome of service (Lovewlock & Wirtz, 2011). The quality of service highlights the ability of the firm to determine correctly the customer expectations and to deliver the service at a level that will at least meet those expectations (Brink & Brendt, 2004). The investigation by Lewis (2004) presents service quality as how well a consumer's needs are met and how well the service delivered meets the customer’s expectations. Gronroos (2006) further argued that consumers’ perception of a service’s value is highly dependent on the individual consumers’ expectations and outcomes of the product evaluation. According to Owino (2013) the relationship between service quality and customer satisfaction is significant and positive but can be enhanced by building a strong corporate image. Omwenga, Ndung’u, and Manyinsula, (2015) posits that, it is necessary for the service providers to meet the consumers’ requirements and expectations in price and service quality.

Parasuraman, Zeithaml and Berry (1988) identified five dimensions of service quality (Reliability, responsiveness, assurance, empathy, and Tangibles) that link specific service characteristics to consumers’ expectations. Owino, Kibera, Munyoki and Wainaina (2014) identified four service quality dimensions that have the greatest predictive power on customer satisfaction in universities in Kenya and these are human elements reliability, human elements responsiveness, and service blue print and non-human elements. An increase in service quality results in an increase in the levels of customer satisfaction. Tu, Li and Chih (2011) reported in their study that service quality is closely linked to customers’ satisfaction, and thus, influences customers’ loyalty. Su (2004)
argued that retailers should give special consideration to service quality in order to enhance customers’ relationship through customer satisfaction and loyalty in this modern day of increased competitiveness in the retail market.

2.2 Customer Perceived Value

Value is a concept that is perceived by the customer and thus, it is the customer who defines the service's/product value (Vargo & Lusch, 2004). Customer value takes numerous meaning and Lee (2010) points out that perceived value are the benefits customers receive relative to total costs. When it comes to marketing, Jobber (2007) writes that customer value is dependent on how customers perceive the benefits of a product and the sacrifice related to its purchase. Therefore, \[ \text{[customer Perceived value]} = \text{[perceived benefits – perceived sacrifice]} \]. Here the perceived benefits are the things which can be derived from the products or services. Perceived customer value is often viewed as a customer’s overall assessment of what is received and what is given (Zeithaml, 1988) and as a trade-off between perceived quality and its affordability within a choice setting. Zeithaml (1988) posits that all costs that are salient to customers, such as monetary price and non-monetary price (time and effort) should be incorporated as perceived costs, and that the benefit components of perceived value should include perceived quality, and other intrinsic and extrinsic attributes. According to Muturi, Wadawi and Owino (2014) perceived quality of service and perceived price determines customer value perceptions and are vital factors that customers consider when choosing a service provider.

According to Liu (2006) it is the value that customers feel they receive, rather than their level of satisfaction, that keeps them returning. Yang and Peterson (2004) findings indicate that loyalty can be generated through improving customer satisfaction and offering high product/service value. According to Wieringa and Verhoef (2007) service quality and customer perceived value are critical antecedents to brand loyalty. Tams (2010) indicate that service quality and perceived value are antecedents of customer satisfaction and brand loyalty is a consequence of customer satisfaction. Providing customers with value is regarded as a strategic tool to attracting and retaining customers, and building customer loyalty, thereby contributing significantly to the success of the service providers (Wang, Chi & Yang, 2004).

2.3 Brand Image

Brand image is the consumer’s mental picture of the offering and it includes symbolic meanings that consumers associate with the specific attributes of the product or service (Salinas & Perez, 2009; Bibby, 2011). Brand image portrays the overall image and impression of the brand in the memory of the customers (Upamanniyu & Mathur, 2012). Also, brand image displays the content of the brand like reputation, function, brand name and overall values (Upamanniyu & Mathur, 2012). Chen and Myagmarsuren (2011) argue that brand image is a subjective perception, a mental representation of functional and non-functional information regarding the product or service. In other words, brand image is seen as the representation of a brand in the consumer’s mind that is linked to an offering or a set of perceptions about a brand the consumer forms as reflected by brand associations (Cretu & Brodie, 2007). According to Kim, Jin-Sun and Kim (2008) the idea behind brand image is that the consumer is not purchasing just the product/service but also the image associated with that store, product or service. While conducting their research on hospital brand image, Kim et al. (2008), explained that brand image is not absolute and is relative to brand images of competing brand. They further stated that brand image is also formed on the basis of direct experience with the brand. In business markets, brand image can also be expected to play an important role, especially where it is difficult to differentiate products or services based on tangible quality features (Shankar, Azar & Fuller, 2008). Brand image plays a critical role in helping customers to decide whether or not to buy the brand and thereby influencing their repurchase behavior (Bian & Moutinho, 2011). Brand image can also serve as a defensive marketing tool to retain customers hence driving loyalty, particularly in the context of services where the service brand/firm are deemed synonymous (Sweeney & Swait, 2008). According to Ray (2009) shopping is not only for functional need fulfillment but it also makes customer to feel good. If a person has a positive emotional experience then over time the customer creates a favorable attitude towards the particular supermarket based on stores unique affective surroundings. Thus supermarket store loyalty is a store image function (Wan & Schell, 2013). If the customer likes the supermarkets image, he/she is likely to develop loyalty to it.

2.4 Customer Satisfaction

Kotler and Keller (2012) states that satisfaction is a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance or outcome in relation to his or her expectation. The theoretical basis for models of satisfaction arises primarily from consumer psychology, and especially the theory of expectancy disconfirmation, which posits that the difference between what a customer’s expects and what the customer receives is a primary determinant of satisfaction (Oliver, Rust & Varki, 2007). According to Cengiz (2010) customer satisfaction is a post consumption experience which compares perceived quality with expected quality, thus a comparative behavior between inputs beforehand and after consumption. Customer satisfaction is an abstract concept where the actual satisfaction varies from individuals and products depending on a number of
variables which include service quality and the individual expectations (Cengez, 2010). Satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Kotler & Armstrong, 2008). In service settings, customer satisfaction is a desired outcome of service encounters that involves an evaluation of whether the service or product has met the customer's needs and expectations (Orel & Kara, 2014). Customer Satisfaction is the overall accumulation of customer expectation before the purchase and after purchase of the product or service encounter (Serkan & Gokhan, 2005). Satisfaction is also regarded as a consequence of the customer's post-purchase evaluations of both tangible and intangible brand attributes and a key determinant of customer loyalty (Krystallis & Chrysochou, 2014). The position taken by Krystallis and Chrysochou, (2014) has been adopted in this study.

According to Child and Kliger (2002) the view that customer satisfaction is the key to securing customer loyalty is, far from a fully robust philosophy. Satisfaction does not always result in loyalty and, it is equally apparent, dissatisfaction does not necessarily result in defection (Child & Kliger, 2002). Santouridis and Trivellas (2010) observed that satisfied customers have a high possibility to stick with the existing product or service while dissatisfied customers can easily switch to other alternative brands. Empirical studies on goods and service markets support that customer satisfaction positively influences brand loyalty (Youl & John, 2010). However, satisfaction is a precursor to customer loyalty, but not a sufficient condition. Even if customers are satisfied with the brand, sometimes they could switch to other brands (Youl & John, 2010). Customer satisfaction and brand loyalty is the output of a successful retail marketing model in a competitive marketing environment, thus creating value for both customers and retailers (Nikhashemi, Paim, Sidin and Khatibi, 2014). A number of researches posit that customer satisfaction has a mediating influence on the relationship between service quality affects and store brand loyalty (Bedi, 2010; Kumar, Kee, & Charles, 2010).

2.5 Brand Loyalty

The concept of brand loyalty is a two-dimensional construct containing attitudinal and behavioral aspects (Hwang & Kandampully, 2012). According to the attitudinal perspective, brand loyalty is presented as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 2007). On the other hand, behavioral loyalty is usually understood as forms of customer behavior such as retention of the brand, repeat purchase, share of category expenditure and portfolio size, which are directed toward a particular brand over time (Lam, Ahearne, Hu, & Schillewaert, 2010). Santouridis & Trivellas (2010) claim that brand loyalty has both attitudinal and behavioral elements and it is determined by the strength of the relationship between relative attitude and repeat patronage. For the purpose of the current research, and in line with previous research (Hwang & Kandampully, 2012), brand loyalty will be measured attitudinally by customers’ behavioural intention to continuously or increasingly conduct business with their present supermarket store/brand, and their inclination to recommend the store/brand to other persons.

The concept of brand loyalty has been recognized as an important construct in marketing literature, and most researchers agree that brand loyalty can create benefits to a firm such as reduced marketing costs, positive word of mouth, business profitability, increased market share and a competitive advantage (Sutikno, 2011; Iglesias et al., 2011; Kabiraj & Shanmugan, 2011). Lopez, Redondo & Olivan (2006) further highlights the need for firms to renew both acquisition and retention strategies in order to take individual customer information into account. This should help them to identify and retain the most valuable customers and to optimally allocate marketing resources from switching-prone to non-switching-prone customers. According to Schiffman & Kanuk (2004) small reductions in customer defections produce significant increases in profits because loyal customers buy more products; loyal customers are less price sensitive and pay less attention to competitors advertising; servicing existing customers who are familiar with the firms offering and processes is cheaper; and loyal customers spread positive word of mouth and refer other customers (Schiffman & Kanuk, 2004).

3. Research Methodology

The study adopted a descriptive survey design. Descriptive research study is a study concerned with finding out who, what, where, when, how much or how often in the problem situation at hand (Cooper & Schindler 2003). The research used a quantitative methodology aiming to gain insights into the determinants of brand loyalty in supermarkets in Kenya. The population of interest comprised of customers of supermarkets in Kenya. The study covered the Nairobi and Nakuru county customers of the four main supermarkets (Nakumatt, Tusky’s, Naivas and Uchumi). Sampling was done using multi-stage sampling method to get an optimum sample of the supermarket stores and the customers. At stage one, the supermarket stores in Nairobi and Nakuru counties was first categorized into large, medium and small based on store size. At stage two, stratified random sampling was used to select the supermarkets stores that participated in the study. A supermarket store sample of 30 stores from Nairobi and
Nakuru counties was picked at random from the list of the stores of the four main supermarkets (Nakumatt, Uchumi, Naivas & Tusky’s). At stage three, proportional stratified sampling was used to consider the number of customers to be sampled from each stratum of the supermarket while purposive sampling was used to pick the customers for each of the selected supermarket stores for the interviews. The study sought to collect data from 384 respondents and managed to collect 336 responses. This represents an 87.5 % response rate. During the data editing process, 315 questionnaires were found useful for the study.

4. Results and Findings

4.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for statistical analysis, a Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and a Bartlett's Test were employed. As shown in Table 4.1, the KMO had a value of 0.910. The KMO statistics vary between 0 and 1 (Field, 2013). A value of zero indicates that the sum of partial correlation is large relative to the sum of correlations indicating diffusions in the patterns of correlations hence factor analysis is likely to be inappropriate (Field, 2013). A value close to 1 indicates that the patterns of correlations are relatively compact and so factor analysis should yield distinct and reliable factors. Factor analysis is considered appropriate if the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) value was 0.6 or above and the Bartlett’s Test of Sphericity value is significant with a value of 0.05 or smaller (Pallant, 2011). The result suggested that statistical analysis would be appropriate.

Bartlett's test was used to test the strength of the relationship among variables. The study tested the null hypothesis that the variables were uncorrelated using the Bartlett's Test of Sphericity. The p-value = 0.000 was significant and less than the threshold of 0.05 and therefore the null hypothesis was rejected meaning the variables in the population correlation matrix were correlated (Tabachnick & Fidell, 2013). The Bartlett's test of Sphericity was significant (p < 0.05), meaning that further statistical analysis was justified.

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | .910 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 4197.184 |
| | df | 465 |
| | Sig. | 0.000 |

4.2 Correlation Analysis

The relationship between the predictor variables and brand loyalty was determined using Pearson product-moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. Pallant (2011) posits that the Pearson correlation coefficients (r) can only take on values from -1 to +1. This value will indicate the strength of the relationship between two variables. Field, (2013) posit that because the correlation coefficient is used measure of the size of an effect and that values of ±1 represent a small effect, ±.3 is a medium effect and ±.5 is a large effect. The correlation coefficient between service quality and brand loyalty was significant (r = 0.412, p = 0.000) implying that there was moderate positive correlation between service quality and brand loyalty. The correlation between customer’s perceived value and brand loyalty was significant (r = 0.479, p = 0.000) implying that customer’s perceived value had a moderate positive correlation with brand loyalty. The correlation analysis for brand image and brand loyalty was significant (r = 0.614, p = 0.000) which meant a positive correlation between brand image and brand loyalty. The correlation analysis for customer satisfaction and brand loyalty was significant (r = 0.698, p = 0.000), which meant a strong positive correlation between customer satisfaction and brand loyalty as shown in Table 4.2.
Table 4.2: Correlation between predictor variables and Brand Loyalty

<table>
<thead>
<tr>
<th></th>
<th>Brand Loyalty</th>
<th>Service Quality</th>
<th>Customer Perceived Value</th>
<th>Brand Image</th>
<th>Customer Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Loyalty</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>Pearson</td>
<td>.412**</td>
<td>1</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image</td>
<td>Pearson</td>
<td>.614**</td>
<td>.450**</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

4.3 Mediating Effect of Customer Satisfaction

The study sought to determine the mediation effect of customer satisfaction. The study hypothesis that:

\[ H_{01} \] There is no significant mediation effect of customer satisfaction on the relationship between the service quality, brand image, customer perceived value with brand loyalty in leading supermarket chains in Kenya.

A composite index for service quality, customer perceived value and Brand image was computed. These three predictors were those found to significantly influence brand loyalty. The procedure proposed by Baron and Kerry (1986) to test for mediation was adopted. The mediating role was examined using a four step process. The first step examined the existence of a significant relationship between the composite predictor variable and the mediating variable (Customer satisfaction). The second test was to determine if composite predictor index has a relationship with brand loyalty by use of regression. The third step examined the existence of a significant relationship between the mediating variable (Customer satisfaction and the dependent variable (Brand loyalty) and if it does, the last step would be to examine if the relationship between the composite predictor variable and brand loyalty and determine whether the relationship still exist even after introduction of customer satisfaction in the regression model.

4.3.1 Relationship between Predictor Variables on Customer Satisfaction

The first step in the test of mediation was to examine the existence of a significant relationship between the composite predictor variable and the mediating variable (Customer satisfaction) by use of regression. The model summary relating the composite predictor variable and the mediating variable shows the model had R Squared of 0.489. This meant 48.9% of the variations in customer satisfaction were explained by composite predictor variable leaving 51.1% of the variations unexplained.

The results for ANOVA for composite index of (service quality, customer perceived value) and customer satisfaction had an F statistic value (1, 313) of 299.423 and had p value of 0.000. The model was therefore significant at \( \alpha = 0.05 \) level of significance in explaining the linear relationship between composite index (service quality, customer perceived value, brand image) and customer satisfaction.

The coefficients of the composite variable (service quality, customer perceived value, brand image) in the relationship with customer satisfaction were presented in Table 4.3. The p-value = 0.000 which meant that service quality, customer perceived value and brand image was significant in predicting changes in customer satisfaction. Therefore the null hypothesis \( H_{01} \) was rejected at \( \alpha = 0.05 \) meaning that there is a significant relationship between service quality, customer perceived value and brand image with customer satisfaction and the test for the mediated relationship could proceed to the last step.

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Table 4.3: Coefficients for predictor variables and Customer Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.086</td>
<td>.176</td>
<td></td>
</tr>
<tr>
<td>Composite SQCPVBI</td>
<td>.786</td>
<td>.045</td>
<td>.699</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Satisfaction

4.3.2 Relationship between Predictor Variables on Brand Loyalty

The second test was to determine if composite predictor index has a relationship with brand loyalty by use of regression. The composite construct of the independent variables (made up of Service Quality, Customer perceived value and brand image) was regressed against customer satisfaction. The R Squared value was 0.403 implying that 40.3% of the variations in brand loyalty are explained by the composite index of service quality, customer perceived value and brand image.

The resulting ANOVA for the composite index of (service quality, customer perceived value and brand image) shows an F statistic value (1, 313) of 210.954 and had p value of 0.000. The model was therefore significant at α = 0.05 level of significance in explaining the linear relationship between composite index (service quality, customer perceived value, brand image) and brand loyalty.

After establishing that the model was significant in explaining the relationship between the composite predictor variable (service quality, customer perceived value, brand image) in the relationship with brand loyalty, the coefficient of model was examined in Table 4.4. The p-value = 0.000 which meant that service quality, customer perceived value and brand image was significant in predicting changes in brand loyalty. Therefore the null hypothesis was rejected at α = 0.05 meaning that there is a significant relationship between service quality, customer perceived value and brand image and brand loyalty.

Table 4.4: Coefficients for predictor variables and brand loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.794</td>
<td>.225</td>
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<tr>
<td>Composite SQCPVBI</td>
<td>.844</td>
<td>.058</td>
<td>.635</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Brand Loyalty

4.3.3 Relationship between Customer Satisfaction and Brand Loyalty

The third test was to determine if the mediator customer satisfaction has a relationship with brand loyalty by use of regression. Customer satisfaction was regressed against brand loyalty. The R Squared value was 0.487 implying that 48.7% of the variations in brand loyalty are explained by customer satisfaction.

The resulting ANOVA for the composite index of (service quality, customer perceived value and brand image) had an F statistic value (1, 313) of 296.550 and had p value of 0.000. The model was therefore significant at α = 0.05 level of significance in explaining the linear relationship between customer satisfaction and brand loyalty.

After establishing that the model was significant in explaining the relationship between the customer satisfaction in the relationship with brand loyalty, the coefficient of the model was examined in Table 4.5. The p-value = 0.000 which meant that customer satisfaction was significant in predicting changes in brand loyalty. Therefore the null hypothesis was rejected at α = 0.05 meaning that there is a significant relationship between customer satisfaction with brand loyalty.

Table 4.5: Coefficients for Customer Satisfaction and Brand Loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.648</td>
<td>.199</td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>.826</td>
<td>.048</td>
<td>.689</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Brand Loyalty

4.3.4 Relationship between Predictor Variables on Customer Satisfaction and Brand Loyalty

The last step in the mediation test examined if the relationship between the composite predictor variable and brand loyalty would still exist even after introduction of customer satisfaction in the regression model. The model summary relating the composite predictor variable and the mediating variable (Customer satisfaction) shows the
model had R Squared of 0.529. This meant 52.9% of the variations in brand loyalty were explained by composite predictor variable and customer satisfaction leaving 47.1% of the variations unexplained.

The results for ANOVA for composite index of (service quality, customer perceived value), customer satisfaction and brand loyalty had an F statistic value (2, 312) of 174.985 and had p value of 0.000. The model was therefore significant at α = 0.05 level of significance in explaining the linear relationship between composite index (service quality, customer perceived value, brand image), customer satisfaction and brand loyalty.

The coefficients of the composite variable (service quality, customer perceived value, brand image) and customer satisfaction in the relationship with brand loyalty were presented in Table 4.6. The p-value = 0.000 which meant that service quality, customer perceived value and brand image and customer satisfaction was significant in predicting changes in brand loyalty. Therefore the null hypothesis $H_{01}$ was rejected at $\alpha = 0.05$ meaning that there is a significant relationship between service quality, customer perceived value, brand image and customer satisfaction with brand loyalty. This confirmed the mediating effect of customer satisfaction in the relationship of service quality, customer perceived value, brand image with brand loyalty.

Table 4.6: Coefficients for predictor variable, Customer Satisfaction and Brand Loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>Un standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
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<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.155</td>
<td>.212</td>
<td></td>
</tr>
<tr>
<td>Composite SQCPVBI</td>
<td>.382</td>
<td>.072</td>
<td>.287</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>.588</td>
<td>.064</td>
<td>.497</td>
</tr>
</tbody>
</table>

Dependent Variable: Brand Loyalty

4.3.5 Sobel test for mediation

The test for mediation proposed by Sobel (1982 and Greene (2012) further supports the stepwise mediation tests proposed by Baron and Kelly (1986). The result is shown on Table 4.7.

Table 4.7: Sobel test for mediation of customer satisfaction

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Standard error</th>
<th>Sobel test</th>
<th>Standard error</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0.786</td>
<td>0.045</td>
<td>8.1312</td>
<td>0.05683</td>
</tr>
<tr>
<td>B</td>
<td>0.588</td>
<td>0.064</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>0.844</td>
<td>0.058</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Where:

A is the coefficients and standard errors for Baron and Kelly step two of examining the existence of a significant relationship between the composite predictor variable and the mediating variable (Customer satisfaction).

B is the coefficients and standard errors for Baron and Kelly step three of examining if the relationship between the composite predictor variable and brand loyalty and determine whether the relationship still exist even after introduction of customer satisfaction in the regression model.

C is the coefficients and standard errors for Baron and Kelly step one of determining if composite predictor index has a relationship with brand loyalty by use of regression.

These values are input into a sobel test calculate to compute the sobel test statistics. The value of Sobel test for mediation of customer satisfaction on the effect of service quality on brand loyalty was 8.1312 and the p value was significant at 0.000. This finding implies that customer satisfaction significantly mediates on the combined effect of service quality, customer perceived value and brand image on brand loyalty. The study therefore rejected the null hypothesis $H_{01}$ that there is no significant mediation effect of customer satisfaction on the relationship with service quality, customer perceived value brand loyalty in leading supermarket chains in Kenya.

5. Conclusion and recommendations

The study used multiple linear regression analysis in a four step process, which established that customer satisfaction significantly affects brand loyalty. The study results confirmed customer satisfaction significantly mediates the relationship between the predictor variables and brand loyalty in leading supermarket chains in Kenya. Customer satisfaction is an important precursor to loyalty in the context of supermarkets. Brand loyalty can be reasonably enhanced through the development of customer satisfaction.

Brand Image, service quality and customer perceived value are dimensions that marketing practitioners in the supermarkets can focus on to increase high levels of customer satisfaction and hence brand loyalty. The measurement of these dimensions is a significant marketing tool for retail stores that wish to develop a competitive advantage and enhancing the customers repurchase intention and intention to recommend. The study recommends that supermarkets must strive towards increasing customer satisfaction which leads to enhanced brand loyalty to retain their customers. To increase customer satisfaction, the study recommends investment in brand image.
building, training of staff on offering high quality of service, use of strong communication strategies in creating a perception of high customer value to positively impact on brand loyalty.

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