Brand Identity and Customers Loyalty: Evidence from the Nigeria Telecommunication Industry

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Abstract: The main thrust of this study is to investigate the relationship between brand identity and customers loyalty in the context of Nigeria telecommunication industry. Through mixed sampling method, primary data were obtained from a survey of 207 customers drawn from four major telecommunication companies that are operational in AkwaIbom State. The data were analysed using descriptive and inferential statistics. From the regression and results of correlation analysis, we found out that there is a strong positive and significant relationship between brand identity and customers loyalty. Based on this finding, we recommend among others the need for identity management combined with various promotional packages as a means of enhancing sustainable customer loyalty among consumers in the telecommunication industry.

Keywords: Brand identity, Brand satisfaction, Brand commitment, Customer Loyalty.

1. INTRODUCTION

The concept of brand identity and its relationship with customers loyalty has been an issue of great concern in corporate management and marketing literature (Alire, 2007; Ahmed and Gabrella, 2012; Beerh, Norton and Quantana, 2004). These concepts have dominated marketing thought, research and practice in many developed and developing economies. Eventually, concepts like these have to be well founded on a well conceived theoretical, deductive and empirical research; otherwise much of its marketing premise will be based on a loose foundation and the result of it questionable in many contexts.

However, the literature examining the relationship between brand identity and customer’s loyalty and its managerial implications is immense in developed economies like USA and Europe; but little if any is empirically known about such relationship implications in the context of emerging or developing economics like Nigeria. As Teppecco (2009) rightly observed, brand literature is less and incomplete and suffers from higher level of information asymmetry than it is in developed countries.

Customers’ loyalty is important for the continued growth of every industry. The concepts of brand identity and customers loyalty have been in existence for years and many purposeful researches have been carried out in this area. Earlier contributions to the study of brand identity and customer loyalty include the works of Behabadi (2009); Christian (2000); Gee, Coates and Nichadsen, (2008); Geuens, Maggre, Weiffers, Bert, Bert, Wulf and Kristof (2009). This area is given attention by researchers and scholars alike because of its continued relevance and centrality in the success of every firm. To corroborate this assertion, Holliday, Sue, Kuenzei and Sven (2008) asserted that a business is as strong as its unhindered customers, as loyal customers is the centre piece of every business that is hoping to do well.

Silverman (2001) and Taylor, Celuch and Goodwin (2004) identified brand commitment and brand satisfaction as the mediating factors between brand identity and customer loyalty. In Nigeria however and especially in the Nigeria telecommunication industry, there is the problem of poor brand identity, inadequate customer satisfaction, poor network service, poor coverage, high tariff charges among others. These problems have indeed led to frequent brand switching behaviour among customers in the industry.

In spite of the apparent increase in brand research and the growth of the Nigeria telecommunication industry today, there is little empirical research on brand identity and customer loyalty in this important industry. Thus, the objective of this study is to empirically determine the relationship between brand identity and customer loyalty in the context of Nigeria telecommunication industry.
The remaining section of this study is organized into four sections. Section two discusses the conceptual and theoretical framework and proposes a preposition for the study. Section three provides the methods while section four presents the results of empirical findings. The last section is on conclusion and draw implications for managerial insight.

2. CONCEPTUAL FRAMEWORK, LITERATURE AND RESEARCH PROPOSITION

2.1. The Concept of Brand Identity

In a very simple sense, brand identity is the essence and authenticity of any brand. Thus, it is often seen or viewed as the image a company conveys about its product or its product category. Strong brands provide a clear brand identity that is well defined and explained (McCommet, and Cogan, 2004). Aaker (2002) observed that brand identity provides a framework for the integration of the brand. Therefore, brand identity consists of a unique set of brand associations that the company works to create in the market. These associations portray what the brand is and its associated promises to the customers. Thus, Kostehjk and Erik (2008), maintains that the essence of every brand is to create a unique identity in the market – which suggest that companies should create brands that are strong, powerful, desirable and unique and should be formulated based on three qualities of a good brand, namely: durability, consistency and realism. Again, scholars such as Silverman (2001) and Taylor, et. al., (2004) had categorically stated that brand satisfaction along with brand commitment have a mediating role in creating customers loyalty. According to them, strong brands create more brand satisfaction which leads to brand commitment and eventual loyalty.

2.2. Customer Loyalty

Customer loyalty suggests a commitment to doing business or repurchase a brand of an organization on a continuous basis. Thus, scholars such as Allama and Aymanh (2001) described customer’s loyalty as a strong commitment to repurchase a company’s product or services despite potential distractions from competitors. In a more succinct sense, it is defined as a repeat buying behaviour of a product or brand. Thus, scholars enumerate the benefit of loyal customers to include; reduce customer insensitivity to price change, acquiring life-time customers value, reducing cost of new customers acquisition and overall reduction in marketing expenses.

Abdulahi (2008; 2009) and Ibok (2012) described customer loyalty as an investment that has long term enduring effect on the performance of corporate organisations. Of course, Akpan (2011) described customer loyalty as an asset acquired by a firm after a careful and dedicated effort in the market place. Accordingly, Beerli, Martin and Quintana, (2004) defined the concept of customer loyalty as a deep or strong commitment to repurchase a product or service of an organisation in the future despite potential impact of marketing efforts by competitors.

Oliver (1999), therefore described by mere definition that the concept of loyalty is a deep commitment to repurchase or support the preferred product or service in the future even in the face of confronting situational influences of competing organisations.

Richard and Jones (2008) maintain that for a firm to achieve sustainable customer loyalty, it must always strive to go beyond customer expectations. Ryched (1996) expressed the benefits of customer loyalty as long term and cumulative, which reduces marketing cost and increases revenue growth per customer, decrease operational cost, increases referrals as well as providing more competitive advantage.

2.3. Brand Satisfaction

Customers satisfaction with a brand had been described by Kotler (2005) as the degree of actual performance of a product or brand in satisfying customer’s expectations. Janal and Maser (2002) define customer satisfaction as after purchase sense or attitude of the customer towards a product or service. Hence, Beerli and Quintana (2004), concludes that brand satisfaction is the positive emotion about product or service. Thus, emotions are created by satisfying or exceeding customer’s expectation or overriding product performance. Therefore, the degree of brand satisfaction or dissatisfaction depends on the relationship between customer’s expectations and product or brand performance (Dadkhah, 2009). Thus, it can be concluded that there is a positive relationship between brand satisfaction and attitude loyalty (Bunnett, et. al., 2007). Hence, it is the motivation to re buy based on past experiences. This therefore suggests why Oliver (1999) maintained that brand satisfaction leads to loyalty and also decreased switching behaviour among customers.
2.4. Brand Commitment

Commitment refers to the sustainable effort by a customer to continue the buying relationship with a firm. Thus, commitment is the continuous warm and enjoyable feeling of a powerful emotion toward a brand. Hence, commitment can either be emotional or continuity commitment. Thus, there is a significant relationship between emotional commitment and the brand name (Aysel, 2012). Emotional commitment refers to the deep belonging towards a brand. This therefore suggests that commitment is a powerful personal feeling based on the identification of shared brand values. Thus, Eris (2012) in their study found that brand satisfaction influences emotional commitment positively and that brand trust influences emotional and sustainable commitment. Therefore, based on these variables, we conceptualised that customer loyalty is estimated to be a function of brand identity which is mediated by the forces of brand satisfaction and commitment. Hence, represented in figure 1 as follows:

![Schematic Framework of the Proposed Model](image)

2.5. Relationship between Brand Identity and Customer’s Loyalty

It has been established that brand identity has significant positive relationship with customer loyalty. This is evidenced in the works of; Ismeril, and Spinelhi, 2012; Alire, 2007; Beerli, Martins and Quintana, 2004; Behabadi, 2009; Gee, Coates and Nicholson, 2008; Richards and Jones, 2008; McCormack and Cogan, 2004). Similarly, Sweeney and Swait (2008) in their study found negative relationship between brand credibility and customer loyalty. However, contrary to this finding, the studies conducted by Tajzadeh, Abolfazi, Taizadeh and Ayadin, (2010) found no significant relationship between brand commitment and customer loyalty. In the studies carried out by Jahl, Vand, Reza and Neda (2012) and Erik, (2008); it was found that a negative relationship exist between satisfaction and commitment. On the contrary, the studies by Smeeney and Swait (2008); and Jaizadeh, et. al., (2010) revealed that customer’s satisfaction has positive relationship with loyalty, which consequently influences profitability. Eris, et. al. (2012) in their study found evidence that there is a significant relationship between emotional commitment and re-purchase intention and loyalty; while Taylor, et. al., (2011) on their part investigated the effects of brand experiences, trust and satisfaction on brand loyalty and came to the conclusion that brand experience, satisfaction and trust were significant determinants of brand loyalty. Therefore, it could be inferred from all these studies that the stronger the brands are perceived by customers in the market, the better the image of the brand, because stronger brands would lead to customer satisfaction which in turn would lead to customer commitment and eventual sustainable loyalty behaviour.

In developing economies like Nigeria and the telecommunication industry in particular, there is difficulty of establishing customer satisfaction. Telecommunication companies may have to increase or improve their corporate identity which is a form of brand in order to attract and retain their committed customers and keep them loyal. This may be one of the reasons why Taylor, et. al., (2004) stresses the importance of brand equity to customer loyalty. As much as possible, customers’ inertia should not be allowed because it may lead to retention problems which may also lead to the total collapse of the business. Therefore, in businesses where customers retention is not treated importantly, there is possibility of having defected customers which will eventually have negative effect on sustainable marketing programmes. Based on all these we postulated that:

Ho: Brand identity has no significant positive relationship with customer loyalty in the Nigerian telecommunication industry.
3. RESEARCH METHODOLOGY

Survey method was adopted in this study. Data were obtained through the use of a well structured questionnaire. The questionnaire items were adapted and modified to suit our context from the works of Yeo and Youssef (2010); Kim and Hyun (2010; Walsh, et. al., (2006), Palmatier, et. al., (2007); Hsu, et. al., (2006); Tsai, (2011) and Ehigie (2006). The response to each of the statements was on a 5 point Likert ordinal scale. Four telecommunication companies operating in AkwaIbom State were used for the study. These were; MTN, Airtel, Etisalat and Globacom. Through purposive, convenience and quota sampling techniques, a total of two hundred and forty (240) respondents were selected for the study; with sixty (60) respondents representing each company. Participation was clearly voluntary. However, thirty three were incorrectly filled and so they were dropped in the final analysis leaving a total of 207 customers representing 86 percent. Pearson Product Moment Correlation and Simple Linear Regression models were used for data analysis. However, to test for validity and reliability of the research instruments, the content validity of the questionnaire items were verified by two academics with expertise in the field and some telecommunication staff and after that a few telecommunication industry customers who are not part of the study were served with the instrument to get their opinions on the clarity of the questions in terms of wording and meaning. Their comments were incorporated into the final draft of the instrument. The objective of this test was to confirm that the items were understandable and unambiguous. The questionnaire was modified on the basis of comments received during the pre-test. Also through split half method of reliability test, using Cronbach’s alpha, the results indicate Cronbach’s reliability value or coefficient of 0.84 and 0.87 for customers loyalty and brand identity respectively. These values are above the internal consistency threshold as suggested by Guberford (1965). The result is presented in table 1.

<table>
<thead>
<tr>
<th>Variables</th>
<th>No. of Items</th>
<th>Cronbach’s Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Identity</td>
<td>8</td>
<td>0.87</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>10</td>
<td>0.84</td>
</tr>
</tbody>
</table>

4. ANALYSIS, RESULTS AND DISCUSSIONS

A total of two hundred and forty copies of the questionnaire were distributed out of which two hundred and seven were received in useable form giving a response rate of 86 percent. Their responses were coded and transformed accordingly; and the results of the analysis presented as follows in tables 2 and 3.

Table2. Model summary of the linear regression analysis of the relationship between brand identity and customer loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R. Square</th>
<th>Adjust R. Square</th>
<th>Std. Com. of the Estimate</th>
<th>R. Square Change</th>
<th>F.</th>
<th>DF. I</th>
<th>DF. 2</th>
<th>Sig. F.</th>
<th>Durbin Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.507*</td>
<td>.257</td>
<td>.254</td>
<td>57142</td>
<td>.257</td>
<td>71.009</td>
<td>1</td>
<td>205</td>
<td>.000</td>
<td>1.523</td>
</tr>
</tbody>
</table>

(a) Predictor (constant) Brand identity
(b) Dependent variable: Customer loyalty.

Table3. ANOVA (Analysis of Variance)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Square</th>
<th>Df</th>
<th>Mean Squares</th>
<th>F.</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>23.186</td>
<td>1</td>
<td>23.186</td>
<td>71.009</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>66.938</td>
<td>205</td>
<td>.327</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>90.124</td>
<td>206</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Predictor (Constant) Brand Identity
(b) Dependent Variable: Customer Loyalty.

The regression analysis indicates that the result was significant at 5% confidence level with F-value of 71.01. The coefficient of determination was found to be 0.257 indicating that the independent variable brand identity accounts for about 26% of the variation in the values of the dependent variable (customer loyalty). The result was found to be positive and significant with a t-value of 8.43% at 5% confidence level. The result revealed that brand identity is a significant predictor of customer loyalty in the Nigerian telecommunication industry.
We tested our model and found out that brand identity significantly affect customers loyalty. The result indicates positive relationship, which is in agreement with previous studies such as Behabadi (2009); Ercis, (2012); Geuens, et. al., (2009), Kapfer, (2006) and Sweney and Swart, (2008). Results show that brand identity is an essential ingredient of continued patronage. This finding is suggestive that brand identity has influence on customer loyalty and in which the customer in addition to being loyal can serve as a company advocate, maintain a strong relationship with the firm and could lead to more loyalty to a particular service provider because of brand credibility. The regression results show that brand identity has positive relationship with customer loyalty, which means that as brand identity becomes stronger, customer loyalty to the brand will also increase. The coefficients of the regression equation however show that an increase in brand image or identity will also increase customer loyalty to the brand simultaneously. If aggressive brand identity management is pursued by telecommunication companies as a culture, then customers’ loyalty will increase at a higher rate everything being equal. Hence, there is need to pay attention to identity management as well as loyalty programme in a firm. If aggressive brand identity management and loyalty programmes are pursued then frequent brand switching of service providers will reduce drastically. The coefficient of determination ($r^2$) is 0.257. This means that brand identity can explain for 26% variation in customers’ loyalty behaviour of telecommunication customers in Nigeria while the rest 74% of the variation will be explained by other factors which are not accommodated in the model. The adjusted $R^2$ however show that the model is averagely fit in explaining the relationship between brand identity and customer’s loyalty behaviour of telecommunication customers in Nigeria. This is in agreement with the opinion of Kapfer (2006) who observed that a well designed and effective brand identity has a significant contribution on profitability and liquidity positions of firms.

5. CONCLUSION AND IMPLICATIONS

In conclusion, we have been able to establish that there is a strong positive and significant relationship between brand identity and customer’s loyalty in the context of telecommunication industry in Nigeria. The implication of the findings in this study is that, it has helped to strengthen the argument that customer loyalty in the telecommunication industry is also influenced by their brand identity. Thus, mere incentives being offered by almost all the telecommunication companies in the country may not lead to loyalty behaviours unless customers are convinced about the benefits of becoming loyal and committed customers. This requires a shift in focus from mere provision of incentives to building identity. This would require an all round image and identity re-engineering in the areas of call rate, poor network, breaking network, hidden charges, poor customer service amidst launching various customer retention and loyalty programmes that will induce continued and sustainable patronage of the firm. Thus, we believe that given the right boost and appropriate climate, we may see a churn of dedicated, satisfied, committed and loyal customers in this growing and enterprising industry.

6. LIMITATION AND FUTURE RESEARCH DIRECTION

The relationship so investigated in this study may deserve further research. A major limitation of this study is the simplistic (categorization of the sampled respondents from only one service industry of a developing economy, therefore further research in other sectors may be necessary before generalisation can be made on the entire service industry. The implication here is that future research should try to replicate this study in other industries and countries, possibly with larger samples than the present study. More importantly, the influence of the mediating variables – brand satisfaction and brand commitment on brand loyalty should also be explored using both intra and inter sector analyses. Caution must also be exercised in drawing cause-effect inferences from the study because of the use of cross sectional data. The use of cross sectional data limits our ability to rule out alternative causal inferences. Studies of this nature involving dynamic processes may require a temporal focus thus making longitudinal designs more appropriate. Therefore, we suggest that a future research agenda should explore the interaction between brand identity and customer loyalty in other industries, as well as develop other relevant interactions.

REFERENCES


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APPENDIX

Table 4. Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loyalty</td>
<td>2.8164</td>
<td>.66143</td>
<td>207</td>
</tr>
<tr>
<td>Brand identity</td>
<td>3.7106</td>
<td>.46235</td>
<td>207</td>
</tr>
</tbody>
</table>

Table 5. Correlation between Customer Loyalty and Brand Identity

<table>
<thead>
<tr>
<th>Variables</th>
<th>Customer Loyalty</th>
<th>Brand Identity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person correlation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>1.000</td>
<td>.507</td>
</tr>
<tr>
<td>Brand identity</td>
<td>.507</td>
<td>1000</td>
</tr>
<tr>
<td>Sig. (1 tailed test)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Brand Identity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N. Customer Loyalty</td>
<td>207</td>
<td>207</td>
</tr>
<tr>
<td>Brand Identity</td>
<td>207</td>
<td>207</td>
</tr>
</tbody>
</table>
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