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Brand Equity and Loyalty among Account Holders at Unaitas Sacco, Nairobi City County, Kenya

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ABSTRACT

Unaitas Sacco is faced by competition from the dominant brands such as commercial banks and micro-finance institutions with facilities throughout the country hence affecting loyalty among account holders in Unaitas Sacco. This is due to the fact that there are so many products and as such, consumers are highly influenced by perceptions on brand and other product attributes. This study therefore is aimed at establishing the effects of brand identity on brand loyalty among account holders in Unaitas Sacco in Nairobi City County, Kenya. The study was guided by the following theories; brand equity theory, consumer utility theory and theory of reasoned action. The study employed a descriptive explanatory research design. The study targeted all the 106,357 registered customers of Unaitas Sacco, Nairobi City County, Kenya. The study used stratified sampling method to come up with a sample of 384 respondents. The collection of primary data was achieved by the use of questionnaire. The study incorporated a test-retest procedure during testing of reliability. Content validity was used by the study. The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations) to achieve the objectives of the study. The quantitative data generated was analyzed with the help of Statistical Package for Social Sciences (SPSS) version 20 and multiple regression. Inferential statistics was applied by the use of regression model of which findings were presented using tables, frequencies and percentages. The study concluded that Unaitas Sacco has a unique name differentiated from other brands, Unaitas Sacco logo is well designed and articulated, and that a unit increase of brand identity variable would lead to a positive increase in brand loyalty.

Key words; brand, brand aspects, brand loyalty, Sacco and brand identity

1. INTRODUCTION

Brand loyalty is both an attitudinal and behavioral tendency to favor one brand over all others, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand. Brand loyalty encourages consumers to shop more consistently, spend a greater share of wallet, and feel positive about a shopping experience, helping attract consumers to familiar brands in the face of a competitive environment (Crosby,2012). According to Ekinci and Massey (2008), the major role of marketing managers is knowing how to influence brand loyalty. With competition increasing day after day, customer maintenance and growth has become the first goal of many companies and loyal customers can be considered as a key to success in many service businesses. However, in the current environment of one-to-one marketing, the need to understand the mechanisms that control consumers' purchasing behavior is continuously growing. This is caused by the marketers need to start identifying consumer loyalty behavior or provide signals of individuals about to defect to another brand (Jacob & Nicholas, 2009).

Consumers have been enlightened and are highly influenced by the perception of the brand than other product attributes. This is guided by the fact that there so many product varieties of category. It means, successful marketing of product means successful marketing of the brand of that product. After producing a product, identification of the product should be given. For the brand is used to identify the product. Branding constitutes an important part of product. So, building brand requires a great deal of time, money, promotion and packaging. Thus, brand is not only a name given to a product but also a technique by which the quality or the product of various producers is differentiated (Berry, 2010). So, every manufacturer or marketer is trying its best to make the consumers develop a positive attitude toward the brand of their product and buy that brand repeatedly. The success of organizations is driven by its strategy to maintain its brand image. According to Sari (2005), one strategy to use is by utilizing its operation, managing policies as well as human resources to support its long-term goals. In addition to this, Jacob and Nicholas (2009) also stated that competitive strategy includes cost or price, quality, delivery speed, delivery reliability, copying with changing demand, flexibility and new services introduction speed and other product supports. There are a lot of ways to make customer satisfied and become loyal (Goodson, 2011). Creating strong and positive brand can make customers feel and think that the product or service offered is better than its competitors.

Customers have become more knowledgeable and demanding and financial institutions can hardly survive the tight competition with the old way of product orientation. They have become market driven by forming strong brands, aimed at maintaining long-term relationships with their customers. A stable customer base is a core business asset. The essence and nature of strong relationships and their business value are encapsulated in the concept of brand loyalty. The importance of brand loyalty is manifold. Surveys show that recruiting new customers is up to six times expensive while compared to retaining the existing customers (Rosenberg & Cecile, 2014). The rising competitive environment in the financial sector in Kenya requires Saccos to have powerful brand, however, the unstable loyal customer group and decreasing profit all point out that Saccos need to improve their brand abilities and enhance the relationship with customers. In what directions should Unaitas Sacco concentrate its efforts? What are the evaluations from customers about their brand equity? The current study considers and conceptualize the consumer-based brand equity as combination of brand associations, brand quality, brand awareness and brand identity. This study, therefore consider these dimensions of consumer-based brand equity to measure its effect on loyalty among account holders in Unitas Sacco.

2. LITERATURE REVIEW

The study was guided by the following theories; brand equity theory which is the main theory in this study, consumer utility theory and theory of reasoned action

2.1 Brand Equity Theory

Brand equity theory was founded by Aaker (1991), in the work on the consumer-based brand equity approach. Aaker (1991), asserts that marketers need to build a brand in a series of four steps. Firstly, markets ought to comprehend how each and every consumer is able to identify the brand that satisfies their needs, which in most cases is operationalized as awareness. Consequently, after a brand has been identified, the consumer tends to develop a level of perception based on a product's performance and thereafter form judgement about quality. Thirdly, the cognitive and emotional attachment by consumers makes them feel a sense of belonging, making them committed and engaged which subsequently translates into loyalty. Although the three processes make sense when brand equity is traced longitudinally, in reality the first three components of brand awareness, perceived quality and brand loyalty, often do not take place sequentially at any one time (Erdem, 2006).

On the other hand, Aaker's (1991), theory of brand equity is essential for successful brand management and informed this study by providing a thorough understanding of brand equity from the customer's point of view. Yoo and Donthu (2001), noted that brand equity is a multidimensional concept and a complex phenomenon. Keller (2002), divided it into two components: awareness and association. Aaker (1996), grouped it into five categories: perceived quality, brand loyalty, brand awareness, brand association, and other proprietary brand assets such as patents, trademarks, and channel relationships. Among these five brand equity dimensions, the first four represent customers' evaluations and reactions to the brand that can be readily understood by consumers (Yoo & Donthu, 2001). Many researchers have widely adapted to measure customer-based brand equity in previous studies. The theory is relevant to the study since it explains that in brand identity it is not only how often and easily the consumer can recall or recognize the brand but also where and when customer thinks of the brand. The key is to create brand salience to acquiring correct brand identity. Brand identity is nothing but the belief fostered by the brand, its uniqueness and key values. A brand has an identity when it is driven by a goal different from competing brands and is resistant to changes. The theory is relevant to the study because strong brand equity in Saccos in Kenya means that customers have high brand-name awareness, maintain a favorable brand image, perceive that the brand is of high quality, and are loyal to the brand. A brand will help in product differentiation when stakeholders have asymmetric information about its quality and performance as well as to provide product loyalty mechanism against new entrants in the market.

2.2 Consumer Utility Theory

Consumer utility theory was propagated by Kahneman, and Tversky in (1979). Consumer utility theory is concerned with how a rational consumer would make consumption decisions. Merwe (2007), assert that consumers supplement the anticipated utility of individual benefit into preferences through the structuring of decisions. The consumer utility theory indicates the selected act between various options of preferences in decision making which is paramount given that selecting various preferences involves risk. Some theories such as Bernoulli utility function and Von Neumann Morgenstern utility function associated expected utility theory through analysis of risk alternatives in the context of choice (Ailawadi & Keller, 2004). The theory is acknowledged as a theory of consumers' behavior. Utility occurs while consumers compare one product with others to increase their satisfaction and complete their enhancement of feeling by providing the material goods (Kotler, 2001).

Consumer utility theory has been criticized on several grounds. It does not explain the consistency of the individuals' decision behavior according to familiarity with the decision weight and the level of complexity (Hartinger, 1999) and has limitations in describing and predicting consumer behavior that involves several and or alternative choices. The theoretical and empirical research of non-expected utility theory, obtain the criticisms of the expected utility theory as weighted utility theory suggests an approach to determine variations of individual's weight and utility function. Random utility models apply the mapping of attributes of the alternatives and decision makers in choice models (Baltas & Doyle, 2001). Utility theory is relevant to the study because consumers will think about the choices in order to maximize the utility rationally. Consumer attains decisions account for perceived risks and consequences under conditions of uncertainty in purchase decision making (Baker, 2001). However, this economic vantage cannot fully explain purchasing behavior in terms of choice between two or more products (Brady, 2003). It broadly captures psychological concerns that people have but does not consider cost and benefit in terms of consumer attitudes. Utility theory in psychology states that consumer choice behavior is predicted whether it is rational or irrational. On the other hand, Kotler (2001), claim the concern in psychology pertains to the process of preference construction for decision choices.

2.3 Theory of Reasoned Action

The theory of reasoned action was propagated by Fishbein and Ajzen (1967) and was derived from previous research that began as the theory of attitude. The theory aims to explain the relationship between attitudes and behaviors within human action. The theory is used to predict how individuals will behave based on their pre-existing attitudes and behavioral intentions (Berry, 2010). An individual's decision to engage in a particular behavior is based on the outcomes the individual expects will come as a result of performing the behavior. The theory of reasoned action serves to understand an individual's voluntary behavior. The ideas found within the theory of reasoned action have to do with an individual's basic motivation to perform an action. According to the theory, intention to perform a certain behavior precedes the actual behavior. This intention is known as behavioral intention and comes as a result of a belief that performing the behavior will lead to a specific outcome (Hale, 2002). Behavioral intention is important to the theory because these intentions "are determined by attitudes to behaviors and subjective norms. The theory of reasoned action suggests that stronger intentions lead to increased effort to perform the behavior, which also increases the likelihood for the behavior to be performed. The theory has been applied to redefine the brand loyalty. According to the theory of reasoned action, the antecedents of purchase behavior are attitudes towards the purchase and subjective norm. According to Ha (2005), marketing managers should not be discouraged by a temporary disloyalty and need to strive for grabbing brand loyalty when customers are showing loyalty to two of the three variables, but they need to diagnose their customers' brand loyalty when customers are showing loyalty to only one of them. The main focus should be pointed at either enhancing the consumer's attitude toward their brand or adjusting their brand to the social norms.

2.4 Empirical Review on Brand Identity and Brand Loyalty

Adele (2008) investigated the impact of the brand identity strategy on product brand loyalty. The study found that the differences between the brand identity strategy and the consumer perceptions clearly revealed a significant impact of the brand identity strategy on consumer perceptions. Therefore, it can be concluded that the brand identity strategy impacts on consumer perceptions for the specific brand in the study with some brand identity elements having a stronger influence on forming perception than others. The study did not relate the brand identity and marketing strategies on the other hand, Guliyev (2014), studied the relationship between brand identity and brand loyalty strategies process of mobile telecommunication network Ghana. The study found that consumers are very much enlightened about the various brands on the market and as such the image is very crucial when it comes to making a purchase decision especially at first time. The study only specialized on the product diversification strategies of mobile telecommunication network in Ghana

Similarly, Makki, (2012) investigated influence of branding identities on brand loyalty: case of Palais Hansen Kempinski Vienna. Findings from the survey showed that the hotel guests' (demand side) loyalty was a range between committed and non-committed guests. Regarding how a brand provides value, Palais Hansen Kempinski Vienna ensures quality via the Kempinski DNA: five values set by the hotel company to incorporate with service delivery throughout all guest touch points. The study did not relate brand identity and marketing strategies

O'Reilly and Kerrigan (2013), looked at the relationship between branding identity and brand loyalty case company of Heineken. The study found that the development of the brand identities is rooted in a strategic analysis where threats and possibilities from customers, competitors and current brand image are assessed. The results indicate that Heineken should emphasize the refreshing element in the taste (brand as product) and develop the global image further by adding tangible attributes to the global image as being concerned about e.g. climate challenges, fair trade or human rights (brand as organization). Lastly, the development of the brand as organization can furthermore have an impact on brand as person to be an altruistic, humane person who cares about other people. The study only established the relationship between branding and product development.

3. Research Methodology

The study employed a descriptive research design. A descriptive design enabled the researcher to describe the characteristics of the variables of interest. According to Unaitas Sacco database (2016), there are 106,357 customers of Unaitas Sacco in Nairobi City County, Kenya. The study targeted all the 106,357 registered customers of Unaitas Sacco in Nairobi City County, Kenya. The study used stratified sampling method. Stratified sampling techniques choose randomly from a population of people known to possess certain characteristics (Cooper & Schindler, 2006). The population was divided into stratum according to the accounts owned by customers in the Unaitas Sacco. The various savings accounts include; Timiza Savings Account, Jipange Investment Account, Jolly Junior Savings Account, Fixed Deposit Account, Biashara Current Account, My Chumz and Chama Account.

The sample size was determined by using Krejcie and Morgan's method of determination of a sample size for a given population size. If the target population is finite, the following formula (Krejcie& Morgan, 1970) was used to determine the sample size.

$$n = \frac{\chi^2 * N * P * (1-P)}{d^2 * (N-1) + +\chi^2 * P * (1-P)}$$

Where:

n = required sample size.

χ^2= the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum Sample size).

d = the degree of accuracy (the margin of error) expressed as a proportion (.05).

The target population was 106,357 customers, therefore by use of Krejcie and Morgan's method of determination of a sample size the eventual sample size obtained was composed of 384 respondents. According to the Central limit theorem, if the sample size is large enough (N > 30), the data follows a normal distribution curve, (Gilbert & Churchill, 2001).

Table 1: Sample Distribution

Account type	Target population (N)	N/106,357*n
Timiza Savings Account	8,231	29

Account type	Target population (N)	N/106,357*n
Jipange Investment Account	6,970	23
Jolly Junior Savings Account	7,221	26
Fixed Deposit Account	34,050	125
Biashara Current Account	29,144	107
My Chumz	9,220	33
Chama Account	11,521	41
Total	**106,357**	**384**

The collection of primary data was achieved by the use of semi-structured questionnaire. It enabled the achievement of uniformity in the manner in which questions were answered. The structured questions were in form of a five-point Likert scale, whereby respondents were required to indicate their views on a scale of 1 to 5. They were self-administered via drop and pick later method to the respective customers of Unaitas Sacco, Nairobi City County. The researcher exercised care and control to ensure all questionnaires issued to the respondents were received by maintaining a register of questionnaires, which was used. The structured questions were used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form while the unstructured questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information.

The research yielded both qualitative and quantitative data. The data collected was analysed using descriptive statistics (measures of central tendency and measures of variations) to achieve the objectives of the study. The quantitative data generated was analyzed with the help of Statistical Package for Social Sciences (SPSS) version 20 and multiple regression. The findings were presented using tables, frequencies and percentages. Regression was used in determining the relationship between brand aspects and brand loyalty in Unaitas Sacco, Nairobi City County, Kenya. ANOVA test was conducted to determine the level of significance of the variance; the one-Way ANOVA determined the existence of significant variations between the variables. In addition, the study conducted a multiple regression analysis.

4. DATA ANALYSIS RESULTS

The study was based on the premise that brand equity influences brand loyalty among account holders in Unaitas Sacco, Nairobi City County, Kenya. The study tested the following null hypothesis to determine the influence of brand identity on brand loyalty:

Hypothesis 1: Brand Identity has no influence on brand loyalty among account holders in Unaitas Sacco, Nairobi City County, Kenya.

The hypothesis was tested through regression of brand identity measure (independent variable) on brand loyalty (dependent variable). The relevant results are presented in Table 2.

Table 2: Regression Results

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
297	0.409	0.167	0.358	0.5086

ANOVA						
Regression	2.0664	1	2.0664		6.3	.005b
Residual	96.76	295	0.328			
Total	98.8264	296				
Model Coefficients						
	Unstandardized Coefficients		**Standardized Coefficients**	**t-value**		**Sig.**
	B	Std. Error	Beta			
Constant	1.266	3.944			1.266	0.005
Brand Identity	0.456	0.286	0.423		1.594	0.005

The results indicates an adjusted R^2 of 0.358. This implies that brand identity had low explanatory power on brand loyalty since only 3.58% of brand identity was explained by the variable. The results in Appendix V on the analysis of variance summary reveal an F statistic value = 6.3, p=0.005 where $p < 0.05$. This implies that there was significant influence of brand identity on brand loyalty and that the independent variable of brand identity contributes significantly to changes in the dependent variable.

The coefficient results of brand identity and brand loyalty in Appendix V at (P=0.456, p = 0.005, < 0.05) are statistically significant. Hence the study rejects HO_4 at a=0.05 and conclude that brand identity influences brand loyalty. Based on the analysis in Appendix VI, the following model was formulated. Brand loyalty = 1.266 +0. 456 * brand identity +e, Where 1.266 = y-intercept; constant, 0. 456 = an estimate of the expected increase in brand loyalty corresponding to an increase in brand identity. The regression coefficient of 1.266 under constant indicates the value of brand loyalty change when brand identity is zero. The regression coefficient of 0.456 obtained in this case implies that a unit increase of the brand identity variable would lead to 0. 456 increases in brand loyalty. The findings are in line with O'Reilly and Kerrigan (2013), who looked at the relationship between branding identity and brand loyalty case company of Heineken and found that branding identity can furthermore have an impact on brand as person to be an altruistic, humane person who cares about other people.

4.3 Summary of Findings

The study established that Unaitas Sacco has a unique name differentiated from other brands, Unaitas Sacco logo is well designed and articulated, the tone of Unaitas Sacco products is widely spread in the county, the tagline of Unaitas Sacco products appeals to its customers and that the outlook of Unaitas Sacco products is attractive. The findings agree with Adele (2008), who noted that brand identity strategy impacts on consumer perceptions for the specific brand in the study with some brand identity elements having a stronger influence on forming perception than others.

Regarding the brand identity, the study established a strong positive influence on brand loyalty among account holders in Unaitas Sacco, Nairobi City County, Kenya. The study further established that Unaitas Sacco has unique name differentiated from other brands, Unaitas Sacco logo is well designed and articulated, the tone of Unaitas Sacco products is widely spread in the county, the tagline of Unaitas Sacco products appeals to its customers and that the outlook of Unaitas Sacco products is attractive.

5. RECOMMENDATIONS

The study recommends that Unaitas Sacco should increase the accessibility to services through opening further affiliated branches and full explanations of their services that are typically varied and detailed. This will lead into customers' awareness and finally into an informed mindset and a positive service brand for the Sacco. The study recommends that policy makers in the government should make policies that are favorable towards brand equity in Kenyan Saccos. Such policies should focus on favoring Sacco products that match well to the changing environment so that there can be production thus enhancing overall growth and development in Kenya. The study recommends that marketers at Unaitas Sacco should engage in strong advertising and marketing campaigns so as to create more brand awareness and hence build brand loyalty. Building loyalty by offering quality products can enhance competitiveness and improve Unaitas Sacco market share.

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