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*Full Length Research Paper*

## Ethiopia commodity exchange: Marketing prospects and challenges in focus

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The purpose of this paper is to identify the commodity market opportunities and contests of Ethiopia Commodity Exchange market (ECX). The Ethiopian commodity exchange market plays a paramount role to alter Ethiopian agriculture commodity market history and transform the economy through a dynamic, efficient and transparent marketing system. To do this, data were collected in a survey questionnaires and an interview guided questionnaires employed for both permanent and intermediate members of the commodity exchange together with a deep projective interview. Properly implemented and regulated, commodity exchanges can contribute greatly to the achievement of a country's economic and developmental issues. Hence the overall objective of this study is to assess the challenges faced and growth prospects. The challenges associated with commodity marketing include the potential for market abuse, increased cost of trading, liquidity issues, quality problem and unfair competition among traders.

**Key words:** Commodity exchange, market opportunities, ECX

### INTRODUCTION

The Ethiopia commodity exchange (ECX) signifies a major advancement in the development of the Ethiopian agro-commodity market (Goggin, 2005) to promote the commercialization of major agricultural commodities. The ECX serves as a central marketplace where trade is funneled through a single, well-defined mechanism. The scope of the ECX is to promote the commercialization of major agricultural commodities, such as grains, pulses and coffee. A commodity exchange is a central marketplace where sellers and buyers meet to transact in an organized fashion, with certain clearly specified and transparent 'rules of the game'. In its wider sense, a

commodity exchange is any organized marketplace where trade is funneled through a single, well-defined mechanism (Eleni, 2005).

The market was designed in such a way as to build upon the pre-existing agro-commodity market. Agricultural commodities flow from surplus markets mainly confined in the western highland regions, through the central market to the deficit markets throughout the country (Addisalem, 2009). It shows that variations in agro-commodity prices are significantly correlated across these markets, suggesting a significant level of market integration (Dercon, 1995).

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The ECX is expected to increase trust among buyers and sellers. Making use of modern information and communication technology, the ECX is also expected to increase the concentration of buyers and sellers over a single trading floor, improving effective market competition and reducing transaction costs.

The establishment of the ECX is expected to add an alternative floor for agro-commodity trade (Aning, 2007). However, there are widespread concerns about the actual commercial capacity of the Ethiopian farmers (Eleni, 2007). Ethiopia counts approximately 10 million rural households, producing grains, pulses and other agro-commodities mainly for their own subsistence (Eleni, 2006). Lack of capital and remoteness producers form the barrier that keeps farmers far away from the market, and therefore from the potential benefits of the ECX (Mukhebi, 1998).

The Ethiopian commodity exchange assures all commodity market players the security they need in the market through providing a secure and reliable End-to-End system for handling, grading, and storing commodities, matching offers and bids for commodity transactions, and a risk-free payment and goods delivery system to settle transactions, while serving all fairly and efficiently.

### Statement of the problem

During the last four decades Ethiopian governments have applied various methods to control commodity marketing system that vary from executing merchants who were accused for hoarding grain and importing of grain to stabilize market price. In spite of this straggle, till today the commodity market is not stable (Teshome, 2009; Parvez, 2009). The problems of commodity market can be three categories. The first category is the absence of integrated commodity marketing policy that addresses all the processes that involve transport, grading, storage and information facilities for the producer as well as for consumer (Meijerink, 2010). The second category is the absence of well-equipped institutional establishment which can provide all marketing services to all market actors. The third category is the absence of private and public partnership in the commodity market (UNCTAD, 2006).

As a result, Ethiopia decided to establish the Ethiopia Commodity Exchange market for its agricultural commodities and establish regulatory framework to transform the traditional market and ensuring food security for the country (IFPRI, 2007). The establishment of the new marketing system is thus a response to the necessity of instilling efficiency in the marketing of grains as is required on the production side (Teshome, 2009).

Providing appropriate market information has paramount role to sustain increased production and improve the livelihood of smallholder farmers. Hence, having

integrated marketing information system in a particular country plays decisive role in enhancing the performance of commodity exchange (Babcock, 1999). Even the government of Ethiopia takes various structural changes in the commodity market, still the marketing system needs substantial improvement and problematic in various perspectives.

The study attempts to specifically answer the following basic research questions:

1. What is the role of Commodity Exchange Market in a country like Ethiopia?
  2. What marketing potential ECX has to make its satisfied market participants?
  3. What are the challenges associated with commodity marketing through ECX?
- The objectives of the research are basically to identify and analyze the challenges and growth prospects associated with ECX and its contribution for the economic development of a nation. More Specifically the objectives include:
4. To assess the rationale for the establishment of a commodity exchange in Ethiopia.
  5. To inquire the functions of a commodity exchange to prosper economic growth.
  6. To review the perceptions of traders on ECX functioning.
  7. To identify the specific challenges that ECX faces in promoting commodity marketing.

### Organization of the study

Firstly the researchers try to demandingly identify the existing problem through reviewing, existing literature in related issues and then attached theoretical evidences with concepts and empirical studies. Then appropriate methods and methodologies were used accordingly. Finally data presentation, analysis, and interpretation were made together with summary, conclusions, and recommendations based on the necessary research tools.

### RESEARCH METHODOLOGY

The purpose of this research is identifying the prospects and challenges associated with commodity marketing in the context of Ethiopia. To this effect, descriptive research method was used. To secure dependable (Johnson, 2006) information both qualitative and quantitative methods were employed. There is a solo rule to use the one and reject the other; but prevailing trends favor the use of both designs in a single study (Aronson, 1990).

To select the sample respondents from the given population of registered traders with ECX, stratified sampling technique was used to draw two strata: full trading members (245) and limited members (391) as can be found on the website of ECX ([www.ecx.com.et](http://www.ecx.com.et)). Based on their numbers, samples were drawn using convenience sampling, by seeing their level of motivation and interest to take part in the study. This technique of sampling enables the

**Table 1.** Types of respondents.

Type of respondents	Frequency	Percentage
Permanent members of ECX	49	38.28
Intermediate members of ECX	79	61.72
Grand total	128	1.00

researcher to maintain the balance between the number of samples to be selected and size of each member's category. In this way, a total of 20% of each category of members (49 respondents from full members and around 79 respondents from limited members) were contacted to take part in the study as sample respondents.

In this study, both primary and secondary data sources were used. The primary data were collected through administered questionnaire on the top level marketing officials of ECX, and observations on the trading centers. The relevant secondary data were obtained from different literatures, journals, articles, and Ethiopia commodity exchange authority annual report forum paper, reports and documents of EDRI and national bank of Ethiopia regarding commodity exchange performance of Ethiopia at different time. The data gathering instruments employed in this study were pilot tested to make essential corrections and maintain the validity of the instruments. Accordingly, both instruments were revised based on suggestions and recommendations collected during pilot survey

For the purpose of obtaining primary data, structured questionnaires were used for administration with trader respondents. However, structured interviews were conducted with the marketing official of the ECX to shed light on the commodity marketing challenges and prospects. Interviewers' administered questionnaires were used to collect the intended information from the Head of the marketing departments in ECX. To do this, firstly questionnaires were prepared in English language and then translated into 'Amharic' in order to facilitate data collections.

The following are the reasons behind using structured questionnaires:

1. The presence of interviewer increases the response rate.
2. The interviewer can probe for more specific answer in the event the questionnaires are misunderstood or misinterpreted and explain the purpose of the study. The reliability of responses is increased through the completion of responses by explaining and checking.
3. The interview has control over the questioning and can ensure that the respondent does not answer out of the context.
4. The interviewer can standardize the interviewer environment by making certain that the interview is conducted in privacy and making an assurance to the respondents that information provided will be treated with confidentiality.
5. The interview can ensure that all questions are answered.

Non-participatory observations were conducted for couple of two weeks at the main market places in the commodity market center and the largest market centers in Addis Ababa under ECX namely, EHEL- BERENDA, in order to triangulate the information which has been obtained through interview about commodity exchange market challenges.

After the data were collected, researcher perused certain successive procedures. Firstly, quantitative data collected through structured questionnaires were analyzed by using various feature of Statistical Package for Social Science (SPSS) including frequency table, percentage, and graphs. And then the data collected through interview, and observations were analyzed qualitatively and by combing with compatible questioners.

## DISCUSSION AND MAJOR FINDING

### *Respondents demographic*

The total population comprised a total of 128 respondents, of which the majority (80.4%) of household traders were males, whereas, the remaining were females. Most of the traders were found in the age category between 33 and 48 years. Likewise 38.28 percent are from permanent members who trade only his or her own account and, 61.72 percent from intermediate members either on his or her own account or on behalf of clients. From this we can infer that the study considerably represents both permanent and intermediate members (Table 1). Many evidences showed that female traders have less access to improved technologies, credit and extension service on commercial trading (Eleni, 2007). In this study, some demographic parameters were collected to know the pattern and composition of the distribution in ECX traders.

The study of Eleni (2007) revealed that experiences in traders in the commodity market were started to develop in a positive and significant manner in adoption of advanced information technology for better performance as well as create a satisfied market traders (Table 2).

As can be observed from the table, the association between the performance of ECX and demographic factors tested with Chi-square test and there were no strong association observed between demographic factors and exercising practices of ECX performance to improving or deteriorating factors at less than 5% probability level.

### *Market performance*

Trading performance of ECX has been rising time to time in different dimensions. Among the perspectives in the volume of transaction, as well as market share and the overall trading performance for different types of commodities traded in the market that is 44 and 40% of the total transaction covered from trading in sesame and coffee, trading in pen bean covered 16 % of the total trading and trading in maize is almost insignificant; it accounts for 0.1 % from the total transaction. The cardinal reason for these conditions is that even if ECX assume to trade those commodity in there market, the production level and the consumption level of producer does not much so the small farmers simply produce those commodity in small farm level and consume by itself (Table 3).

The primary purpose of establishment of a Commodity Exchange in Ethiopia is there is both pushes and pulls factors (UNCTAD, 2007). Factors that potentially justify a Commodity Exchange in Ethiopia can be identified. Both Agricultural Development Leads to Industrialization (ADLI) and Rural Development Strategy of the country

**Table 2.** Adoption of advanced information technology for better performance as well as the creation of satisfied market traders

Independent variables		Level of satisfaction					$\chi^2$
		Satisfied		Dissatisfied			
		Total	No	%	No	%	
Sex	M	103	95	92.23	8	7.77	5.59
	F	25	19	76	6	24	
Age	>48	48	39	81.25	9	18.75	7.65
	>33	70	64	91.42	6	8.58	
	>18	10	6	60	4	40	
Family size	>4	38	31	81.58	7	18.42	0.037
	<4	90	74	82.22	16	17.78	
Educational Status	Primary School	22	18	81.82	4	18.18	0.18
	Secondary School	68	54	79.41	14	20.59	
	Graduated and above	38	29	76.35	9	23.65	

encourage surplus and market oriented agricultural production or commercialization of smallholder agriculture in order to achieve rapid and sustainable growth.

Another rationale for commodity exchange in Ethiopia is a gradual increase in large-scale commercial farmers in the grain sector. Finally, a critical factor is the positive steps taken by the government and the current political will to transform the agricultural marketing system of the country.

### **Marketing information system**

Marketing information is vital for the success of business and effective implementation of rules and regulations developed by the government. Marketing information most often used are traditional means of communication like word of mouth as well as rumours. Word of mouth typically traditional means is almost in appropriate source of marketing information in commodity market but it shows improvement together with change in technology somewhat used modern information technology other than conventional communication.

Concerning this issue, the interviewee, the marketing and international communication division head, indicated that there are different means of communication; mobile alerts broad band internet are used in order to provide the necessary information to the trader about commodity market mixes. The head added that network coverage for telephone service and appropriate internet connection are installed even if it required further improvements.

One of the objectives of information and communication division found in ECX is that to collect, organize reliable marketing information on commodity marketing and

disseminate the information in such a way that can help stakeholders. In this regard therefore respondents were asked if communication and information division provides them sufficient marketing information on commodities that are traded in ECX.

### **Initiatives to Create Satisfied Market Participant**

Ethiopia commodity exchange tries to provide and strive to supply appropriate and timely market information regarding the overall marketing mixes. In addition to this, ECX meets the producer and the consumers with a least cost manner and together with other similar functions, support members and clients to achieve their respective goal. From the data collected from the permanent as well as intermediate members including top level ECX officials, ECX has different schemes and programs to create satisfied clients and develop attitude of a facilitator rather than the competitor. Customer satisfaction is a combination of efforts done by ECX and other concerned parties inside and outside the organization. It is clearly understood that Ethiopia commodity exchange works together with different NGOs and strongly with banks and other financial institutions. Among other things are the following initiatives and practices to create satisfied customers; establishing spot price, spot price pulling, awareness creation, educate the clients, standardizing quality and warehouse and logistics. The centre always opens the door to customers and users by developing and visualizing the objective to build a world class institution. This is signalling Ethiopia's entry into a modern global market and to achieve the "New Ethiopia", embodying passion, innovation, professionalism, and

**Table 3.** ECX traded commodities volume, value, and market share performance in November 2010/11.

Commodity	Category	Volume in ton	Value in ETB	Average price	Market share	
				Per 100 Kg	volume	Value
Coffee	Washed	4,527.63	113,806,798.0	945.8	40%	61%
	Unwashed	11,676.72	571,757,066.6	832.4		
	Specialty	1,761.58	102,223,552.4	986.5		
	Local	4,866.56	113,489,490.9	396.4		
	Total	22,832.49	901,276,908.9	715.5		
Pen-bean	round white	7,336.10	56,142,553.55	765.2	16%	5%
	flat white	1,829.90	13,415,496.66	733.1		
	Total	9,166.00	69,558,050.21	758.8		
Sesame	Hummra	22,271.60	458,345,150.1	2,057	44%	34%
	Wollga	2,539.50	49,342,016.97	1,94 2.98		
	Total	24,811.10	507,687,167.8	2,046		
Maize	white maize	30	76,500.00	255	0.1%	0.0%
Ground total	56,839.9	1,478,598,625.0			100%	100%

Market performance of ECX, 2010/11.

**Table 4.** Trading for this last Ethiopian fiscal year has shown an increase of 128% over the 223,000 tones traded last year.

Years	2008/2009	2009/2010	2010/2011
Thousands of metric tone	138	222	508
Millions of US\$	293	558	1113
N <sub>o</sub> of clients	2407	3499	7914

excellence.

### Challenges and risks

As a marketing center and business transaction center, the commodity exchange sector is suspected to market challenges and risks.

1. Unnecessary Market Abuse
2. Increased Cost of Trading
3. Liquidity problems
4. Quality Problem
5. Unfair Competition among Traders

### Growth Opportunity

The spectacular futurity of ECX would strengthen and accelerate the development of commodity market in the country. Market Opportunities in their export started to persuade them. In connection with the Commodities

exchanged via the Ethiopian Commodities Exchange (ECX) exceeded 500,278 tons in 2012. Trading for this last Ethiopian fiscal year has shown an increase of 128% over the 223,000 tones traded last year (Table 4).

Additionally, the value of the Commodities exchange grew 179% to 18.7 billion from 6.7 billion last year. It shows there is a continuous growth and improvement in commodity marketing; it accounts for more than double in each Ethiopian fiscal year. Hence, the futurity of the ECX has a good potential to grow in the years to come. The same is true in the number of participants that is increasing (Figure 1).

The data show in regression equation of the line passing through them. The problem then is to find the line coming closest to all of its points, where,  $x = 0$ , represents the year 2009/2010 in all the subsequent simple regression models. Results of the t-test analysis also verify the existence of a significant difference between full member participant and limited membership participant at 1% level of significance with regard to the variable under consideration.

In the simplest case we have two data points and only

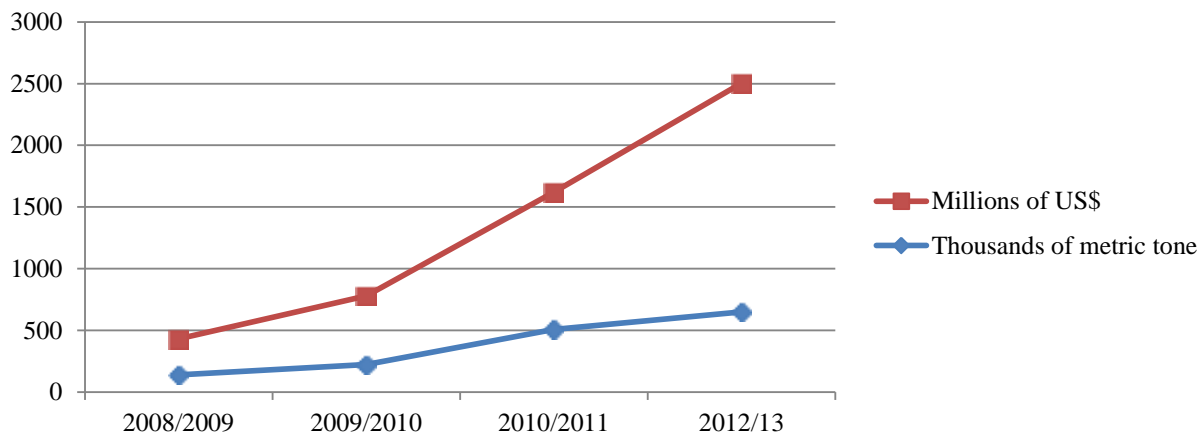


Figure 1. Growth trend from 2008-2013.

Table 5. The relationship between times of operation in ECX from 2008/09 to 2011/12 and the amount of commodities trades in the commodity market interims of tone.

	X	Y	X <sup>2</sup>	XY	Y <sup>2</sup>
	-1	1.38	1	-1.38	1.9044
	0	2.22	0	0	4.9284
	1	5.08	1	5.08	25.5025
Sum	0	8.68	2	3.7	32.3353
Mean	0	2.89			
Slope (B1)	1.85				
Intercept(B0)	2.89				

need to find the equation of the line passing through them. The problem then is to find the line coming closest to passing through all of the points. Where  $x=0$ , represents the year 2009/2010 in all the subsequent simple regression models. Simple Linear Regression, a linear function of one variable is a function of the form

$$y = f(x) = B1x + B0$$

Where  $B1x$  and  $B0$  are the parameters of the model. Its graph is a straight line;  $B1$  is the slope and  $B0$  is y intercept.

For every year through continuous operation in the commodity exchange market, the dependent variable, (y) (the amount of commodities trades in the commodity market in terms of metric tons.) increased by 1.85 units times per thousands of tone ((Table 5).

**Policy approaches**

Several policy approaches have been used in the past in order to cope with falling and volatile commodity prices,

compensatory finance mechanisms, market-based risk management and mechanisms for commodity market stabilization have tried to deal with unstable prices.

1. Diversification Strategies
2. Supply Management Programs
3. Stabilization of Commodity Price
4. Storehouse Facilities

**Implication**

Ethiopian Commodity Exchange failed to provide accurate and reliable market/marketing information at the right time and place to the traders. As a result, they are forced to sell their commodities without having adequate information related with price, demand, supply, and so forth. This factor, among other things, exposes traders to be confronted by formidable market a risk i.e. not to tap the market opportunities as it could and should be. To encapsulate, traders were less likely to obtain what they deserve from their trading practices.

Lack of experienced expertise in the area is one of the main problems of traders to trade their commodities by

having the deep analysis with respect to changes on the market structure, foreign exchange rates, demand, supply, competition, and so on. Hence, in most often, traders were doing their business in rule of thumb.

As overall analysis revealed that higher transaction cost, price fluctuation, difficulty of network access, lack of adequate warehouses that accommodate ECX participants request poor recording and management system of the warehouses in efficient and inadequate in store credit; expensive membership seat fee and exposed and non transparent quality grading and sampling system of the exchange, bias, corruption were found to be amongst the forefront bottlenecks/constraints to the development and success of ECX.

### **Recommendation**

1. Ethiopian Governments Should Check and review their policies, laws and regulations that create constraints for the commodity exchange. Develop effective monitoring system which can eradicate the malpractice of traders and other participants in the commodity exchange. Provide all the necessary facilities/equipment and trainings for smallholder to enhance the productivity and quality of their products. Empower domestic as well as international companies to invest in commodity exchanges as per the rules and regulation determined by the government.
2. The Authority should encourage and express its moral as well as political support for any such initiative promulgated by the commodity traders in the market by providing training and panel discussions. Co-organize, with interested groups (including from the private sector), regional and national market actors provide support to such events. Coordinate technical and academic papers on the practicalities of commodity exchange development in the Ethiopian context, including a set of “best practices” with respect to areas such as currency controls, intra-regional trade, ownership rights and taxation of commodity exchange transactions.
3. The Ethiopian Commodity Exchange Traders should develop the necessary skills to understand commodity exchange operations, and build up the institutional capacity to engage in such operations. Support a public relations and awareness raising commodity exchange operations and closely work with ECX.
4. Incorporate proper functioning of a commodity exchange, it is important to design appropriate and suitable economic policy objectives and communicate its role to the economy to the trading participants in ECX.
5. Provide an interface within the government and those commodity exchange stakeholders interested in establishing a commodity exchange can interact and vice versa.
6. Empower domestic as well as international companies to invest in commodity exchanges as per the rules and regulation determined by the government.

7. Co-organize with interested groups (including from the private sector), regional and national workshops and conferences on commodity exchange issues, or provide support to such events.

8. Sponsor and coordinate technical and academic papers on the practicalities of commodity exchange development in the Ethiopian context, including a set of “best practices” and guidelines with respect to areas such as currency controls, intra-regional trade, ownership rights and taxation of commodity exchange transactions.

9. Provide necessary support and instruction, to ensure an ongoing communication between the exchange(s) and the commodity traders and its member traders.

### **CONFLICT OF INTERESTS**

The author have not declared any conflict of interests.

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*Full Length Research Paper*

# Analysing the moderating effect of customer loyalty on long run repurchase intentions

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One of the controversies in existing marketing literatures is on how to retain existing and new customers to have repurchase intention in the long-run; however, empirical answer to this question is scanty in existing studies. Thus, this study investigates the moderating effect of consumer loyalty on long-run repurchase intentions in telecommunication industry using Lagos State environs. The study adopted field survey research design using questionnaire to elicit responses from 250 respondents who were selected using random and stratified random sampling techniques from the telecommunication industry in Lagos State, Nigeria. The internal consistency of the research instrument was verified using the Cronbach's alpha, the result of 0.89 implies the acceptability of the internal consistency of the survey instrument. The test of the research hypotheses were analyzed using Pearson Product Method of Correlation (PPMC), simple regression analysis and inferential statistics with the aid of Statistical Package for Social Science version 20.0 (SPSS). The study confirmed that customer satisfaction has a significant relationship with customer loyalty in the telecommunication industry. Furthermore, service quality has a significant relationship with customer loyalty to a brand; loyalty programs have a significant relationship with customer loyalty to a network operator in Nigeria and customer loyalty has a significant effect on the long run repurchase intentions of the customer. The study concluded that one of the determinants of long term profitability of a business entity is the long run repurchase intentions of its customers which hinges on the level of brand loyalty of the customer. Thus, it was recommended that service providers in Nigeria should improve on factors like customer satisfaction, service quality, and loyalty programs in order to increase the loyalty of their customer to their brands thereby increasing their repurchase intentions.

**Key words:** Customer loyalty, long run repurchase intentions, brands, service quality, customer satisfaction.

## INTRODUCTION

One of the determinants of long term profitability of a business entity is the long run repurchase intentions of its customers which hinges on the level of brand loyalty of the customer (Yusuf, 2014). Customer loyalty implies the intrinsic decision made by the customer to consistently

purchase a particular product from their preferred brands regardless of the availability of substitute (Ogwo and Igwe, 2012). Customer loyalty is an expression of the future patronage of a brand by the customer and one of its determinants, which determines the level of

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satisfaction of consumer about the brand that is currently patronized.

Customer loyalty is often polygamous because a hundred percent loyalty to a particular brand is rare considering time and place factors. A customer who found himself in a particular location where his preferred brand is unavailable will go for closest probable alternative. Customer loyalty motivate consumers to favor the product of his preferred brand over other close substitute and purchase its brand consistently over a long period of time. Customer loyalty may be short term or long term depending on the perceived value and cumulative utility consumer derives from its preferred brands.

The continuity of a business entity depends on the number of loyal customers it possesses (Ali Kazemi, 2013). These set of customers are net promoters of the product through their word of mouth to their friends, relatives family, and social network. Through their personal advocacy for the product, more consumers are attracted to the brands regardless of the prevailing competition in the market. Loyalty is often based on upon perception, that is, the value for money and the perceived benefit accruing from the usage of the product. This perception becomes the reality through which the consumer views the product in comparison to available alternatives.

One of the benefits of customer loyalty is the increased probability that such customer will purchase the product again (Abiodun, 2014). Other benefits include recommendation of the product to their kin and kindred, reduced advertising cost for the company and more importantly increase in the sales volume which invariably leads to increase in the profitability of the firm. In order to increase the number of loyal customer, companies have adopted different strategy, which includes brand ambassadors, incentives, loyalty programs, and festive promos. These strategies have helped to improve customers' attitudinal and behavioral tendency toward the particular brands.

According to Brand Keys' 19th Annual Customer Loyalty Engagement index, Apple, Hyundai, AT&T, Ford, Domino's, Avis, Dunkin', Google, Discover Konica Minolta, and the NFL maintained their number one category positions in very challenging category environments. These brands have been able to meet their customer expectation despite the increasing competition and needs from the customers.

### **Problem statement**

One of the marketing challenges of most organization is how to design appropriate strategy to improve the perception of its product by the customers. Likewise, creating a value for money for its consumer and increasing the utility of its product becomes paramount

because these factors increase the loyalty of the customer to the product. Lack of many loyal customer signal a bleak future for the organization because other brands in the market are vigorously competing to win more customers. Therefore, customer loyalty becomes the ingredient that boost the probability of repurchasing the product after use and this has implication for the profitability and sustainability of the business.

### **Objective of the study**

The study aims to analyze the effect of customer loyalty in long run repurchase intentions. Specifically, the following objectives will be achieved:

1. Evaluate the relationship between customer satisfaction and customer loyalty,
2. Assess the relationship between service quality and customer loyalty,
3. Investigate if there exists a significant relationship between loyalty programs initiated by telecommunication companies and level of customer loyalty to the brand.

### **Research hypothesis**

The following are the research hypotheses for the study:

H0: Customer satisfaction does not have a significant relationship with customer loyalty in the telecommunication industry

H1: Customer satisfaction has a significant relationship with customer loyalty in the telecommunication industry

H2: Service quality does not have a significant relationship with customer loyalty to a brand

H3: Service quality has a significant relationship with customer loyalty to a brand

H4: Loyalty programs do not have a significant relationship with customer loyalty to a network operator in Nigeria

H5: Loyalty programs have a significant relationship with customer loyalty to a network operator in Nigeria

H6: Customer loyalty does not have a significant effect on the long run repurchase intentions of the customer

H7: Customer loyalty has a significant effect on the long run repurchase intentions of the customer

### **Justification of the study**

This study is motivated by its empirical contribution and policy implication for telecommunication operators in the Nigeria market considering the spate of technological innovation and the need to deliver quality service that meet consumers' expectation. Empirically, different studies have been conducted to underscore the

relationship between customer loyalty and their repurchase intention in the context of the telecommunication industry. Notwithstanding, this study transcends existing literature by focusing specifically on professionals and corporate subscribers of telecommunication industry in Nigeria. Approaching this study from the angle of professionals will enable the research to make a comparative analysis of its findings with existing studies that survey different respondents entirely.

## LITERATURE REVIEW

### Overview of Nigeria telecommunication industry

One of the development indicators in any nation of the world is the extent of the development of its telecommunication industry because of the pivotal role the industry plays in improving the standard of living of the citizens and integrating them into the global sphere especially in this era of civilization and globalization. Globalization has led to the integration of trade, financial markets, labour markets, and different economies of the world. In order for a country to fully integrate itself and benefit from the gains arising from globalization, its telecommunication industry must be effective and efficient in service delivery.

Historically, the year 1886 marks the year when telecommunication service was introduced into the Nigeria market by the colonial administration before the independence year of 1960. With a population about 40 million at independence, the total number of telephone lines in the country was below 20,000 mainly because of the huge capital outlay required for the purchase and installation of telecommunication facilities in the country. After independence, the government established the Departments of Posts and Telecommunication as well as Nigerian External Telecommunication which were assigned with the responsibility of overseeing internal network and external network respectively.

By the year 1985, the Nigerian Telecommunication Limited (NITEL) was established from the amalgamation of NET and Telecommunication department of department of Posts and Telecommunications. NITEL was established for the purpose of correcting the gross inefficiencies and underperformance of both P&T and Nigerian External Telecommunication. With this reorganization, there was high expectation that the country's telecommunication industry will be performed and deliver quality service which will transform the economy of the country. However, the performance of NITEL was worrisome because the noticeable problem grew worse. There was low investment in telecommunication facilities and the service delivery was poor, the area of coverage was likewise low.

Considering this reality of poor performance, the government took a giant stride by establishing the

Nigerian Communication Commission (NCC) in the year 1992. With the establishment of this agency, the country witnessed gradual improvement in the telecommunication sector but the transformation was inhibited by the political instability arising and pandemonium in the country due to military involvement in politics. With the global clamor for a democratic government, which led to the introduction of a democratic government in 1999, the government emphasized information and communication technology and this led to the liberalization of the sector and the resultant introduction of Global System of Mobile (GSM) communication service in 2001. This was immediately followed by the privatization of NITEL to M-tel and the issuance of operating license to Mobile Telephone Network (MTN) and Econet Wireless, which is presently known as Airtel. Other network providers that are granted license up to date include Glo Mobile, Etisalat, Multi-links, Starcomms, Visafone, and Spectranet.

With the astronomical growth rate of different network providers in the market, competition is increasing likewise the need to retain existing customers. This arises because of the complexity of consumer behavior as regards to the telecommunication industry. For instance, a customer may decide to use a particular network provider for making voice call while he uses another network provider for browsing the internet. This type of behavior is uncommon and this makes it difficult for a network operator to really ascertain customers that are loyal to its brand. Globalization and technological advancement has necessitated telecommunication companies to effectively manage their customers in order to gain their loyalty and ultimately to maximize revenue.

Considering the competitive nature of the telecommunication industry in Nigeria and in the rest of the world it is imperative for network operators to have a robust understanding of factors that boost customer loyalty and their subsequent patronage. Gaining competitive advantage hinges on customer loyalty which is stimulated by the service quality and satisfaction derived by customers by using provider services. Having identified the intense competition existing in the market, various marketing initiatives and loyalty programs have been adopted by GSM operators in order to retain their customers and attract new ones who may be willing to switch because of the low switching cost. Considering the foregoing, there has been a drastic reduction in the tariff charge by different operators which led to a reduction in the profit generated by these firms.

### Customer loyalty

Various scholars have attempted to define customer loyalty with emphasis on how it impacts an organization's product, promotion, and performance. From the different definitions of customer loyalty that abound in the literature, certain keywords and phrases are recurrent such as commitment, repurchase, investment, frequency,

and substitution. For example, (Ibok, 2015) asserted that customer loyalty is an unwavering commitment to repurchase a brand continuously regardless of available substitute of the brand.

### **Some determinants of customer loyalty**

#### ***Customer satisfaction***

Conceptually, customer satisfaction can be defined as the level of utility derived by consumer from the use of a particular service or product (Oyeniya, 2011). It is the level of happiness displayed by customers when they use a product or service. Satisfaction can be measured by the actual experience a customer has and his expected experience when he uses a product or service. Satisfaction is the actual difference between customer expectation and reality. Satisfaction is usually a comparative analysis of the post-purchase experience of a customer and his prior expectation and it is a strong covariate of repurchase intention, loyalty, and product advocacy.

Considering the level of competition in the telecommunication industry in Nigeria, satisfying the consumer is a foremost objective of the network operators because of the benefits associated with customer satisfaction. Satisfied customers are not prone to switch brand and they are ready to purchase service at an affordable price. In the telecommunication industry where customers' dissatisfaction is not openly displayed, it is important that telecommunication firms meet the expectation of their customers in terms of service rendered because dissatisfied customers can easily port to other network providers as low as N50. But if the performance of the network operator meets expectation of the customers and give them a pleasurable fulfillment, the customer can repurchase the service again and again.

#### ***Price, trust, and commitment***

Price refers to the sum charged for a service by the suppliers. It is defined as the amount customers are ready to offer for the value, benefit or utility they derive from the use of a service. In the telecommunication industry, price includes the sum of money customer pays for recharge voucher, SMS charge, data bundles, call rate, and other charges. Since it is difficult to actually differentiate the service quality of different network operators in the country, lower prices remains the marketing strategy employed by these firms to attract and retain large subscribers so as to boost their financial performance and have a larger market share.

Trust on the other hand refers to the innate confidence customers demonstrate in regards to the reliability and integrity of the supplier to deliver optimal service. There is

no organization that can progress without developing mutual trust with customers, which is dependent on the ability to deliver exceptional service. Trust usually results from continuous delivery of excellent service, which actually forms a bond that culminates in long run relationship between the customer and supplier.

Trust usually culminates into long term commitment between the customer and network operators in the telecommunication industry. Committed customers are willing to be identified with a particular brand and even recommend the brand strongly to the society because they believe in the uniqueness of the brand over other brands in the market. A committed customer shows dependability and assurance of excellent service delivery from the network providers.

#### ***Service quality***

Because of the intangible and elusive nature of services, it is quite difficult to present a definite definition of service quality. In the case of tangible product with physical features that can be examined, it is easier to define quality in line with the expectation of the consumer. Notwithstanding, service quality can also be defined as the comparison of perceived performance and expected performance of customers. Service quality enables the firm to retain its existing customers, retain good employees, and reduce internal and external costs. Over the years, service quality has been measured by the SERVQUAL instrument developed by Parasuraman et al. (1985) (Akinyele, 2010). It has five dimensions, which are reliability, assurance, responsiveness, tangibles, and empathy. In extant literature, service quality is found to increase repurchases and decrease customer tendency to switch to other brands. Service quality is a strong advertising cliché for telecommunication companies in Nigeria because a firm with the ability to deliver quality service is positioned to have a larger customer base compared to other competitors in the market.

#### ***Switching cost***

Switching cost is the amount customer will expect when he decide to contact the service of another network provider in the market. A customer switch brand when the performance of his current brand fails to meet his prior expectation. In addition, when the current brand fail continuously in a particular service area, the customer are prone to switch to other brands. In Nigeria for instance, the cost of switching to other network is as low as N50 because the cost of purchasing a new SIM card is such low. Switching from provider A to B has a noticeable effect on provider A because this reduces its market share, lowers its profitability, and increases negative word of mouth.

### **Empirical evidence**

Research attempted to analyze the nexus between brand identity and customer loyalty in Nigeria using four Nigeria telecommunication companies which are MTN, Etisalat, Airtel, and Globacom. Two hundred and forty respondents were sampled in the study and simple regression method was used to analyze the data. Findings confirm a strong and positive relationship between customer loyalty and brand identity in the context of telecommunication industry in Nigeria (Ibok, 2015).

Research tested the hypothesis of no correlation between service quality, customer satisfaction, and loyalty in Nigerian telecommunication industry using a survey research method. The hypothesis was tested using Pearson Product Moment of correlation and findings showed that quality of service and image of the brand are strong determinants of customer loyalty in the telecommunication market. The tariff of the telecommunication companies was found not to significantly influence customer loyalty to these telecommunication companies because majority of the respondents reveal that the tariff doesn't commensurate with the service rendered by the telecommunication companies (Adepoju, 2012).

Research investigated how customer's satisfaction impact on the direction of customer loyalty in Nigerian banks. The level of satisfaction determines the retention of customers which invariably influence their loyalty to the organization. A dissatisfied customers cannot be loyal to the particular brand because his expectation was unfulfilled but satisfied customers can easily discuss their memorable experience with other people. Using a simple regression analysis, Ibojo reveal that there is a significant relationship between customer satisfaction, retention, and loyalty at 1% level of significance (Ibojo, 2014).

Research analyzed the nexus between sales promotion and customer retention using the MTN and GLO as a case study. This was motivated by the perceived importance of sales promotion in boosting customer loyalty to a brand especially in the telecommunication industry (Oyeniya, 2011). Using Pearson Product Moment of Correlation, the study detected positive relationship between sale promotion and customer retention in the two telecommunication companies in Nigeria. Specifically, the study asserted a direct and positive relationship between sales promotion expenditure and customer loyalty in telecommunication industry in Nigeria. Research reviewed the impact of customer satisfaction on their patronage, retention, and loyalty in sampled eateries in Cross River State, Nigeria using Product Moment of Correlation (PPMC). This stems from the significant role customer satisfaction plays in their overall perception and evaluation of a brand, which affects their subsequent loyalty to such brands. A customer is regarded to be satisfied when the product meets his/her

expectation. Based on this premise, the study employed Product Moment of Correlation (PPMC) to test the hypothesis of the study and findings reveal that customer satisfaction has significant impact on customer patronage, retention, and loyalty, which encourage the customer to repurchase the product in the long run (Kwabena, 2014).

Research examined how customer satisfaction and service quality affect customer patronage in the restaurant industry in Nigeria. Product Moment of Correlation (PPMC) and multiple regression analysis was employed to confirm the relationship among customer satisfaction, service quality, and customer patronage. The result confirms a positive correlation between service quality and patronage intention likewise between customer satisfaction and customer patronage intention. The multiple regression analysis reveals that customer satisfaction strongly predicts customer patronage than service quality. This implies that restaurant needs more improvement in the quality of service rendered to their customers in order to increase their repurchase intention in the same restaurant (Richard, 2013).

Research assessed the determinants of customer loyalty among mobile telecom subscribers in Ghana employing a correlation analysis to identify the significant determinants. From the different determinants of customer loyalty identified in the literature, only three determinants were found to be significant and this included network coverage, sales promotion, and call rate quality while brand image and prompt customer service were found to be insignificant determinants of customer loyalty in Ghana (Richard, 2013).

Research hypothesized that service quality has a significant relationship with customer satisfaction, customer loyalty, and choice of network provider in the Nigeria telecommunication industry. Sampling two hundred and fifty undergraduate students, the study employed one sample T-test to confirm or refute the hypotheses. Result indicated that service quality has a significant and positive relationship with customer satisfaction, customer loyalty, and choice of network provider among the four network providers (MTN, AIRTEL, GLO, and ETISALAT) sampled in the study (Kwabena, 2014).

Reference asserted that customer satisfaction, level of trust, and loyalty are strong predictors of their repurchase intention in South African retailing industry (Ali Kazemi, 2013). Using a Structural Equation Modeling, their findings revealed that these three variables are significant predictors of customer repurchase intention in the retailing industry.

Another research found out that value equity, brand equity, and relationship equity have positive effect on customers' repurchase intention in fast food subsector in Iran (Abubakar, 2014). Research concluded that increase in the level of customer loyalty and satisfaction decrease switching intention from a particular brand in Pakistan

(Abubakar, 2014).

Research analyzed factors that significantly affect brand loyalty among consumers in Nigeria and factors revealed from the findings included product involvement, product quality evaluation, customer satisfaction, and brand trust (Saidu, 2014). Similarly, analyzed factors that determine customer loyalty to Nokia brand in Pakistan. Findings indicated that customer satisfaction, utility derived, and value of the brand are significant factors influencing customers' loyalty to the brand which enhance their repurchasing intention (Saba, 2014).

## RESEARCH METHODOLOGY

Primary research methodology is adopted to underscore the moderating effect of customer loyalty in the long run of repurchase intention. The study employed simple random sampling technique to select two hundred and fifty respondents that subscribes to any network provider in Nigeria. A structurally designed questionnaire was administered to these respondents in order to collect information on their preferred brands and their long run repurchased intentions. The research hypothesis is tested using range of statistical analysis such as Pearson product moment correlation coefficient and regression analysis.

### Choice of research area

This research was carried out in Lagos state, Nigeria which is the economic hub of Nigeria with a population over 20 million. Lagos state generates its revenue largely from internal sources especially through taxation and is regarded as one of the fastest growing state globally. Because of the wide range of professionals working in Lagos state and their availability, this study preferred to take its sample from the state. Politically, the state has been relatively stable since the advent of a democratic government in the year 1999.

### Research design

The survey research method is employed for this study because of the type of data required for this study which is both qualitative and quantitative. Since the objective of the study is to gather data from professionals that subscribe to different network operators in the country, survey method will enable the researcher to gather the data within a short period of time from the respondents. The questionnaire is divided into two sections: section A is the demographic information of the respondents while section B is the research instrument. The research instrument is structured on a likert-scale metrics where SA implies strongly agree, A implies agree N implies neutral, D implies disagree, and SD implies strongly disagree Participation was voluntarily and the researcher was meticulous in administering the questionnaire through the help of a research assistant.

### Population and sample

The term population ordinarily refers to a group of people inhabiting a specified geographical location (Leedy, 2005, 8th Edition). In research, the term is used in a more general sense to include "all members" or "elements", be they human beings, trees, animals,

events, etc of a well-defined group (Leedy, 2005, 8th Edition). Therefore, the population is the set of people or entities to which findings are to be generalised. Sampling is a process of selecting/drawing data from many sources, i.e. from a variety of people, objects, textual materials, audio-visual and electronic records. It can also obtain a representative set of data and information, which can be extrapolated to the total population. The selection of participants in this study is done randomly to ensure that everyone within the jurisdiction of the study and who meets the criteria have equal chance of being selected. The study population for this study includes all professionals working in Lagos state while the sampled population is two hundred and fifty who are randomly selected (Leedy, 2005, 8th Edition).

### Reliability test

For a research instrument to be reliable, it must ensure consistency of measures. Reliability includes the internal consistency of the survey instruments, test-retest reliability, and split half reliability. For this study, the internal consistency is verified using the Cronbach's alpha. The result of 0.89 implies the acceptability of the internal consistency of the survey instrument to be reliable. This exceeds the recommended minimum acceptable limit of the reliability alpha of 0.7 (Sekaran, 2013).

### Estimation procedure

After collating and organizing the data, the demographic information of the respondents are presented using descriptive statistics while the research hypotheses will be tested using inferential statistics. The first three hypotheses are tested using Pearson Product Method of Correlation (PPMC) while the fourth hypothesis will be analyzed using simple regression analysis. The analysis will be performed using Statistical Package for Social Science version 20.0

### Demographic information

One hundred and fifty respondents (60%) are male while one hundred respondents are female (40%) which shows that the male respondents are more than the female respondents (Table 1). The percent of single respondents is sixty-five (26%), married respondents is one hundred and eighty (72%) and divorced respondents is five (2%) (Table 2). Fifty respondents (20%) are OND/NCE that is, Ordinary National Diploma and National Diploma holders while eighty are HND that is, Higher National Diploma holders. Ninety-five have their bachelor degree while twenty five have their master degree (Table 3). The respondents who are thirty years below are sixty (24%) while respondents with age category 31-40 are fifty (20%) (Table 4). The respondents that are 41-50 years are one hundred (40%) while respondents that are 51 years and above are forty (16%) (Table 4). Medical professionals sampled in the study are eighty (32%) which include doctors, pharmacist, nurses, and midwives. Lecturers sampled are seventy (28%) while bankers sampled in the study are fifty (20%) while other professionals are fifty (20%) (Table 5). The number of respondents using MTN only are twenty (8%), GLO only FIFTY (6%), ETISALAT only is five (2%), AIRTEL only is ten (4%) while those using more than one network provider are two hundred (80%) (Table 6).

#### 1. Hypothesis One

H0: Customer satisfaction does not have a significant relationship with customer loyalty in the telecommunication industry

H1: Customer satisfaction has a significant relationship with customer loyalty in the telecommunication industry.

**Table 1.** Gender distribution of the respondents.

<b>Variable</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Valid percentage (%)</b>	<b>Cumulative percentage (%)</b>
Male	150	60.0	60.0	60.0
Female	100	40.0	40.0	100.0
Total	250	100.0	100.0	-

Source: Field survey, 2016.

**Table 2.** Marital status.

<b>Variable</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Valid percentage (%)</b>	<b>Cumulative percentage (%)</b>
Single	65	26.0	26.0	26.0
Married	180	72.0	72.0	98.0
Divorced	5	2.0	2.0	100.0
Widowed	0	0.0	0.0	100.0
Total	250	100.0	100.0	-

Source: Field survey, 2016.

**Table 3.** Qualification of the respondents.

<b>Variable</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Valid Percentage (%)</b>	<b>Cumulative Percentage (%)</b>
OND/NCE	50	20.0	20.0	20.0
HND	80	32.0	32.0	52.0
BSC/BED	95	38.0	38.0	90.0
MSC/MED	25	10.0	10.0	100.0
Others	0	0.0	0.0	100.0
Total	250	100.0	100.0	-

Source: Field survey, 2016.

**Table 4.** Age of respondents

<b>Variable</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Valid Percentage (%)</b>	<b>Cumulative Percentage (%)</b>
≤ 30years	60	24.0	24.0	24.0
31-40years	50	20.0	20.0	44.0
41-50years	100	40.0	40.0	84.0
51years above	40	16.0	16.0	100.0
Total	250.0	100.0	100.0	-

Source: Field survey, 2016.

**Table 5.** Profession of respondents.

<b>Variable</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Valid percentage (%)</b>	<b>Cumulative percentage (%)</b>
Medical professional	80	32.0	32.0	32.0
Lecturers	70	28.0	28.0	60.0
Bankers	50	20.0	20.0	80.0
Others	50	20.0	20.0	100.0
Total	250.0	100.0	100.0	-

Source: Field survey, 2016.

**Table 6.** Network provider.

Variable	Frequency	Percentage (%)	Valid percentage (%)	Cumulative percentage (%)
MTN only	20	8.0	8.0	8.0
GLO only	15	6.0	6.0	14.0
ETISALAT only	5	2.0	2.0	16.0
AIRTEL only	10	4.0	4.0	20.0
> 1 network provider	200	80.0	80.0	100.0
Total	250.0	100.0	100.0	-

Source: Field survey 2016.

**Table 7.** Correlation analysis result.

		Customer satisfaction	Customer loyalty
Customer satisfaction	Pearson correlation	1	0.992
	Sig. (2-tailed)	-	0.001
	N	250	250
Customer loyalty	Pearson correlation	0.992	1
	Sig. (2-tailed)	0.001	-
	N	250	250

Source: Field survey, 2016.

**Table 8.** Correlation analysis result 2.

		Service quality	Customer loyalty
Service quality	Pearson correlation	1	0.895
	Sig. (2-tailed)	-	0.001
	N	250	250
Customer loyalty	Pearson Correlation	0.895	1
	Sig. (2-tailed)	0.001	-
	N	250	250

Source: field survey, 2016.

The Pearson correlation coefficient shows the rejection of the null hypothesis and acceptance of the alternative hypothesis (Table 7). This implies that customer satisfaction has a strong and positive relationship with customer loyalty in Nigerian telecommunication sector. This is widely supported by the previous findings of (Osotimehin, 2015) and (Nsobiari, 2014).

## 2. Hypothesis Two

H2: Service quality does not have a significant relationship with customer loyalty to a brand

H3: Service quality has a significant relationship with customer loyalty to a brand

The Pearson correlation coefficient shows the rejection of the null hypothesis and acceptance of the alternative hypothesis (Table 8). This implies that service quality has a strong and positive relationship with customer loyalty in Nigerian telecommunication sector. This is widely supported from the previous findings of (Osotimehin, 2015) and (Nsobiari, 2014).

## 3. Hypothesis Three

H4: Loyalty programs do not have a significant relationship with customer loyalty to a network operator in Nigeria

H5: Loyalty programs have a significant relationship with customer loyalty to a network operator in Nigeria

The Pearson correlation coefficient shows the rejection of the null hypothesis and acceptance of the alternative hypothesis (Table 9). This implies loyalty programs have a strong and positive relationship with customer loyalty in Nigerian telecommunication sector. This is widely supported from the previous findings of (Nsobiari, 2014).

## 4. Hypothesis Four

H6: Customer loyalty does not have a significant effect on the long run repurchase intentions of the customer

H7: Customer loyalty has a significant effect on the long run repurchase intentions of the customer.

**Table 9.** Correlation analysis result 3.

		Loyalty programs	Customer loyalty
Loyalty programs	Pearson correlation	1	0.884
	Sig. (2-tailed)		0.001
	N	250	250
Customer loyalty	Pearson correlation	0.884	1
	Sig. (2-tailed)	0.001	-
	N	250	250

Source: Field survey, 2016.

**Table 10.** Regression coefficients<sup>A</sup>.

Model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.518	0.083	-	6.234	0.000
1 Customer loyalty	0.649	0.041	0.846	15.682	0.000

<sup>a</sup>Dependent Variable: repurchase intentions. Source: Field survey, 2016.

**Table 11.** Result of ANOVA<sup>B</sup>

Model	Sum of squares	df	Mean Square	F	Sig.
1 Regression	43.647	1	43.647	245.921	0.000 <sup>a</sup>
1 Residual	17.393	250	0.177	-	-
Total	61.040	250	-	-	-

<sup>a</sup>Predictors: (Constant), Customer loyalty; <sup>b</sup>Dependent Variable: Repurchase intentions. Source: Field survey, 2016.

**Table 12.** Regression model summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.846 <sup>a</sup>	0.715	0.712	0.42129

<sup>a</sup>Predictors: (Constant), Customer loyalty. Source: Field survey, 2016.

The simple linear regression shows that customer loyalty has a positive and significant effect on long run repurchase intentions of customers which is widely supported in extant literature (Tables 10, 11 and 12). This shows that the perception of professionals in Lagos state, Nigeria about customer loyalty is parallel with the general consensus in the extant literature

## FINDINGS

Results of the study indicated that customer satisfaction, service quality, and loyalty programs are significant

determinants of customer loyalty in Nigeria. Likewise, customer loyalty is found to have a significant and positive effect on the long run repurchase intentions of customers in Nigeria. This is supported by the findings of Ogwo (2012), who affirms that service quality is a significant determinant of patronage among telecom subscribers in Nigeria.

In Ghana likewise, research found out that service quality significantly determines customer loyalty in the telecommunication industry in the country likewise (Oyeniya, 2011) in his study. Adepoju (2012) included



advertisement as a significant determinant of customer loyalty in the telecommunication industry in Ghana. In the same vein, affirms that customer satisfaction and switching cost are significant determinants of customer loyalty to telecommunication companies in Nigeria. Corporate image and service quality were found to be significant predicates of customer satisfaction. Oghojafor (2014) also confirms a significant and positive relationship between satisfaction and brand loyalty in the Nigerian telecommunication industry. Customer satisfaction is found to be determined by the utility derived, brand image, tariff, and quality of service rendered by the network provider. Another research added trust as a significant determinant of customer loyalty to telecommunication operators in Nigeria (Waidi, 2014). This includes competitive strategies employed by telecommunication firms during sales promotion as one of the significant determinants of customer satisfaction which boost customer loyalty to such brand (Waidi, 2014).

## CONCLUSION AND POLICY RECOMMENDATION

The importance of customer loyalty cannot be overemphasized in the market considering the competitive nature of the telecommunication industry. Marketing scholars believe that consumer satisfaction and the quality of service rendered by network operator boost the confidence of the customer. Furthermore, the services rendered by these firms subsequently increase their loyalty to the firm.

Loyalty is empirically adjudged to increase the repurchase intention of the customers thereby increasing the profitability of the business and their long run survival in the market. With the advancement in technology and consumer demands for better service, it becomes imperative for network operators to design innovative marketing initiatives to retain their customers and attract new ones. This can only be possible by improving their service quality and their loyalty program beyond their competitors in the market. The study thus concludes on the notion that customer satisfaction, service quality, and loyalty program are strong predicates of customer loyalty, which indirectly affects their repurchase intention of the same brand in the long run.

Based on the strength of these findings, the study recommends that service providers in Nigeria should improve on factors like customer satisfaction, service quality, and loyalty programs in order to increase the loyalty of their customer to their brands thereby increasing their repurchase intentions.

## CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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