The Moderating Effect of Brand Architecture on the Relationship Between Tangibility and Customer Loyalty Among Telephone Mobile Subscribers in Kenya

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Abstract
The specific objective of this study was to establish the moderating effect of brand architecture on tangibles and customer loyalty in the mobile telecommunications industry in Kenya. This study adopted an explanatory survey design. The telecom mobile subscribers of the four telecom mobile providers, (Safaricom, Airtel, Telecom Kenya Limited (Orange), and Essar (YU), in Western Kenya formed the target population. The study targeted all mobile service subscribers of Eldoret town who total over 306,683. The study used stratified and systematic sampling designs and a sample size of 400 subscribers was used. The data for this study was collected by use of questionnaires. Moderated regression analysis was used to test the moderating effect of brand architecture on the relationship between tangibles and customer loyalty. Before brand architecture was introduced into the relationship, it was established that tangibles determine customer loyalty of mobile subscribers of telecom mobile providers. The results, after the introduction of brand architecture into the relationship, were that there was both a positive effect and a negative effect. With the introduction of the moderator variable only the item "my service provider's physical activities are visually appealing" had a significant effect on customer loyalty. The recommendations of the study are that while deciding on the physical activities the telecom mobile providers should see to it that the materials are appealing, their employees are neat and that materials associated with the service (such as pamphlets etc.) are visually

appealing. All those have a bearing on customer loyalty. Telecom mobile providers should mind the structure of their products because it has a bearing on the already built customer loyalty. This study will be significant to service providers and policy makers.

Keywords: Brand Architecture, Tangibility, Customer Loyalty, Moderating

Introduction

Mobile telecommunication industry is one that is of very big interest now. The world lately has found itself becoming a world village because of the mobile telecommunication network. Many businesses can now go international because of telecommunication. That is why it is important to study its development.

Tangibles of a Service Provider

Mobile telecommunication refers to the exchange of information, ideas and thoughts through the medium of a mobile phone, telephone or wireless network (Gause, 2007). According to the World International Property Organization (WIPO, 2009), a mobile communication system/network refers generally to any telecommunication system which enables wireless communication when users are moving within the service area of the system.

Mobile telecommunications play a major role in today's information technology-driven world of business. Nigel and Jim (2010) observe that the main roles of mobile telecommunication are: enabling mobile commerce and promoting dissemination of useful information to entrepreneurs; a source of employment to many people whose jobs are created and/or facilitated directly or indirectly by the existence of mobile telecommunication; a significant source of income to governments through tax; and, one which enhances the convenience of instantaneous communication.

Since the introduction of cell phones the number of people using cell phones has soared; there are millions of mobile phone users in Kenya. A few years ago, there were not even one million mobile phone subscribers, all because during those early days the price of having one was sky-high. It was in the late 1990s that cell phones paved their way into the Kenyan market and since then, the market has expanded endlessly. Currently, Kenya is home to several cell phone network providers; Safaricom, Airtel, Telecom Kenya Limited (Orange), and Essar (YU). There has been intensified competition among these telecom mobile providers. It is no surprise that these companies are constantly introducing new services to maintain their subscriber's loyalty as well as to attract more.

Tangibles are a primary driver of customer loyalty and subsequent retention, especially in a competitive industry such as the telecommunication

industry. Organizations, both private and public, in today's dynamic marketplace and market space are increasingly leaving antiquated marketing philosophies and strategies to the adoption of more customer-driven initiatives that seek to understand, attract, retain and build intimate long term relationship with profitable customers (Kotler, 2009). According to Brink and Berndt, (2005) this dimension refers to the facilities, equipment and material which must reflect positively on the organization. It relates to infrastructures, uniforms or facilities of the company. These are the physical surroundings when customers encounter with services. The dimension also includes the appearance of the employees. Mobile customers expect that the outlets' interior décor and design would be appealing (Zeithaml and Bitner, 2000). The customers want that information material provided is well composed, and attractive. The frontline personnel providing services at the outlets should be neat, clean and well dressed and give pleasing look (Chi et al., 2008). Barnhoom (2006) stressed that communication facilities and other equipment at these outlets are modern and up-to-date, and easy availability and cards and recharge services are provided.

Brand architecture is the organization and structure of the brand portfolio that specifies brand roles and the nature of brand relationships between brands and between different product-market contexts (Aaker and Joachimsthaler, 2000). A critical issue for the continued success of organizations is its capability to retain its current customers and make them loyal to its brands (Dekimpe et al., 1997). Loyal customers build businesses by buying more, paying premium prices, and providing new referrals through positive word of mouth over time (Ganesh, Arnold and Reynolds, 2010). Loyalty research in services is an important area to study (Gremler, 1995).

Statement of the problem

Tangible factors of a service should be given great attention because such factors have their influence on customer loyalty and can bring more profits to the organization (Alsaqre, 2011). The telecommunication market is growing in Kenya and so there is competition among the mobile telecom service providers in Kenya, (Safaricom, Airtel, Telecom Kenya Limited (Orange), and Essar (YU), to tab the market. Customers can move freely among the telecom service providers. The customers also are expected to have a good perception of the tangibles given by a provider (Alsaqre, 2011). Abdullah, Razak, Marzuki et al. (2013) measured five satisfaction assessments such as comfort, safety, cleanliness, sufficiency and functionality.

Mobile service providers in Kenya are looking for ways to enhance customer loyalty which will help them to gain competitive advantage. In a bid to do so they face many challenges like keeping the customers loyal while at the same time they capture the vast market. They have and are introducing

various services to the market in a bid to attract and retain customers and these are of concern because the providers need to make their customers perceive these services as a package and use the entire package. These services need to be structured in a manner that customers understand. The structure of these services (brand architecture) in such a way as to enhance customer loyalty which leads to competitive advantage is a major challenge to the mobile service providers. Customers may prefer to use one service but not another by the same provider. This may be partly because of their perception of the individual service and not the entire package. With this kind of situation, there is need to explore how telecom mobile providers' brand architecture affects the relationship between service tangibility and loyalty.

Significance of the study

The findings of this study will be of significance to various stakeholders. The findings will be significant to business and marketing practitioners, policy makers and stakeholders in the telecommunication industry. To the management of Kenya's mobile telecommunication networks, the findings will provide a more reliable /scientific measure and perspective for describing and evaluating the level of their customer satisfaction with the services they deliver to them. The findings will serve as an invaluable source of information that will bring to the lime light the switching intentions of their respective customers.

This will provide empirical support to strategic decisions by different managements in the telecommunication industry in the designing of workable service delivery improvement strategies. The findings of this study will provide invaluable insights as well as a more reliable guide to monitoring operations of different service providers in the country. To stakeholders such as investors, shareholders, pressure groups and consumer associations, the findings will provide information that will allow them to provide useful suggestions to the improvement in service delivery of the various mobile service providers in Kenya. The findings will add to the pool of knowledge on customer satisfaction and customer retention and hence form a basis for further studies.

In addition, the study avails valuable information to researchers interested to do more research on this topic as the document will be made available in the library for perusal and use by other researchers. The information from the research study may also benefit the general public in understanding the main issues relating to brand architecture, customer perception of service quality and customer loyalty.

Theory of Planned Behavior/ Reasoned Action

This study was informed by The Theory of Planned Behavior. The theory of planned behavior is a theory which predicts deliberate behavior, because behavior can be deliberative and planned according to Ajzen and Fishbein (1980).

Research methodology

This study adopted an explanatory survey design. The telecom mobile subscribers of the four telecom mobile providers in Western Kenya formed the target population. The study further targeted all mobile service subscribers of Eldoret town who total over 306,683. The four mobile telecommunication service providers were selected purposively. Basing on the constraints of time and costs, the researcher selected a sample of mobile service subscribers of the four mobile service providers which was as representative as possible, using systematic sampling technique. The basis of stratification was the four different mobile service providers. A sample size of 500 respondents was used for the study. For this study, questionnaires used were developed with the help of previous survey studies on customer perception and customer loyalty (Bonuke, 2010). The questionnaire comprised of items covering all the objectives of the study. The items were rated on a 7-point Likert scale. The questionnaires were checked, edited, coded and keyed in the computer using SPSS data entry form. They, then, were analyzed quantitatively. Multiple regression analysis was used to test the effects of tangibility on customer loyalty. Moderated regression analysis was used to test the moderating effect of brand architecture on the relationship between tangibility and customer loyalty. The level of significance was set at 95% or p-value of 0.05.This resulted in percentages, frequencies, means, standard deviations which were presented in frequency tables.

Results and discussions

The study sought to find out the respondents' position on various tangibles of the provider items in order to establish the effects of tangibility on customer loyalty of telecom mobile providers.

The results of the regression indicated that R^2 was .143 (14.3%) which meant that the total variance explained by the three variables and customer loyalty was 14.3%. This implies that there are other variables which must explain customer loyalty.

Also the ANOVA results showed that the three items, "My service provider's physical activities are visually appealing", "Contact employees appear neat and "Materials associated with the service (such as pamphlets etc.) are visually appealing" were highly significant at .000.

The results for "My service provider's physical activities are visually appealing" were beta=.177 and p- value=.001. This implies that for every unit change in this item customer loyalty increases by 17.7% and this makes a highly significant change in customer loyalty.

The results for "Contact employees appear neat" were beta=.121 and p- value=.035. This implies that for every unit change in this item customer loyalty increases by 12.1% and this makes a significant change in customer loyalty.

The results for "Materials associated with the service (such as pamphlets etc.) are visually appealing" were beta=.156 and p- value=.003. This implies that for every unit change in this item customer loyalty increases by 12.1% and this makes a highly significant change in customer loyalty.

The results for item one were beta=.177 and p- value=.001. This implies that for every unit change in item one customer loyalty increases by 17.7% and this makes a significant change in customer loyalty. The results for item two were beta=.121 and p- value=.035. This implies that for every unit change in item one customer loyalty increases by 12.1% and this makes a significant change in customer loyalty. The results for item three were beta=.156 and p- value=.003. This implies that for every unit change in item one customer loyalty increases by 15.6% and this makes a significant change in customer loyalty. These results are contrary to the findings by Lo et al., 2010 but are consistent with Sureshchandar et al. (2003) and Iddrisu et al. (2015).

Moderation hypothesis testing

This study set to find out the moderating effect of brand architecture on the relationship between tangibility and customer loyalty. The hypothesis for the study was, H_{01}: Brand architecture does not moderate the relationship between tangibles and customer loyalty. A hierarchical moderation regression analysis was carried out. The results indicate that when the moderator variable is interacted with the independent variable the relationships change. The model summary table indicated that the R^2 is at .215 when brand architecture is introduced. This signifies that the moderator does change the relationship between tangibility and customer loyalty.

The Analysis of Variance (ANOVA) results indicate that tangibility and brand architecture were significant to customer loyalty. The dependent variable (p- values) changed when the moderator (brand architecture) was introduced into the relationship. A beta coefficient of 0.102 indicates that customer loyalty would increase by 0.102 standard deviations given a unit change in item one. Brand architecture's beta coefficient was at 0.305 which means customer loyalty increases by 0.305 standard deviations given a unit change in brand architecture. With the introduction of the moderator variable

only the item "my service provider's physical activities are visually appealing" had a significant effect on customer loyalty. The items "Contact employees appear neat and "Materials associated with the service (such as pamphlets etc.) are visually appealing" become insignificant. This signifies that brand architecture moderates the relationship between tangibles and customer loyalty.

Table 1. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.353	.155		-8.720	.000
	tanss	.103	.030	.177	3.443	.001
	tanee	.073	.034	.121	2.118	.035
	tanm	.088	.030	.156	2.958	.003
2	(Constant)	-.842	.167		-5.048	.000
	tanss	.059	.029	.102	2.017	.044
	tanee	.055	.033	.091	1.658	.098
	tanm	.050	.029	.088	1.718	.086
	Zscore(BrandArch)	.305	.045	.305	6.744	.000

Dependent Variable: Zscore(CustomerL)

Model Specification

The moderating regression equation tested the relationship between brand architecture, tangibility and customer loyalty.

$Y = \alpha + \beta_1 X_1 + \beta_2 BAC + \beta_3 X_1 BAC + \varepsilon.$

Where:

Y=Customer Loyalty

α=Constant/intercept

X1=Tangibles

β1, β2 and β3 =Coefficients

BAC=Brand Architecture

ε=error term

Conclusion

It is evidently clear from the study findings that brand architecture of a telecom mobile provider has a bearing on the relationship between tangibles and customer loyalty of mobile telecommunication subscribers. It is evident that the brand architecture of the telecom mobile prover significantly moderates the relationship between tangibles and customer loyalty. Before brand architecture is introduced into the relationship, tangibles determine customer loyalty of mobile subscribers of telecom mobile providers in a

number of ways. Firstly, customers assess the physical activities of the service provider and choose the provider with the most appealing physical activities. Secondly, mobile subscribers choose and become loyal to a provider whose contact employees appear neat. Thirdly, mobile subscribers choose and become loyal to a provider whose materials associated with the service (such as pamphlets etc.) are visually appealing.

When Brand Architecture is introduced into the relationship between tangibles and customer loyalty as a moderator it is established that it has a moderating effect on the relationship. When introduced to the relationship it is only "the appeal of the physical activities" that remains significant. The rest of the items become insignificant. This indicates that brand architecture affects the relationship both positively and negatively as other items become insignificant and one remains significant.

Recommendations

While deciding on the physical activities the telecom mobile providers should see to it that the materials are appealing. Customers want to have appealing activities. Telecom mobile providers should make sure that their employees are neat. This can be done by providing neat uniforms.

Telecom mobile providers should make sure that materials associated with the service (such as pamphlets etc.) are visually appealing. These materials attract and keep employees loyal. Telecom mobile providers should mind the structure of their products because it has a bearing on the already built loyalty.

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