FACTORS INFLUENCING LOYALTY TOWARDS PAINT BRANDS BY CONTRACTORS IN NAIROBI CITY COUNTY

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DECLARATION

This research project is my original work and has not been presented for the award of a degree in any other University.

Signed……………………………….. Date…………………………………….

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this research project first to God then to my dear parents Mr and Mrs Odera Orinda and siblings Jeconiah, Edward and Emmanuel for their support morally, emotionally and financially.

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ABSTRACT

The study examines the factors influencing loyalty towards paint brands by contractors in Nairobi City County. The study had one objective was to assess factors influencing loyalty towards paint brands by contractors in Nairobi City County. The study adopted a descriptive cross sectional survey method in determining the contractor brand loyalty in the paint industry in Nairobi. Data was collected by use of questionnaire and short interviews for the respondents who did not have time to fill in the questionnaire. Descriptive statistics was used to analyze data by way of frequency distribution, percentages, mean and standard deviation. The data was then presented in form of frequency tables, charts and bar graphs. Factor analysis was used to describe variability among observed data. The study found out that the preferred paint brands in the market, the respondents indicated that people prefer Crown, Basco, Sadolin, Solai and Glory between highly preferred and least preferred level. The results from the factors considered when recommending or purchasing paint, the majority of the respondents reported that perceived quality price and availability are very important factors when recommending or purchasing paint. Through factor analysis the results revealed factors were extracted. The results from the factors that make them loyal to certain paint brands, the majority of the respondents strongly agreed that perceived quality influence their paint brand loyalty and through factor analysis, the results indicated that two components of factors were extracted. Values greater than one were considered and interpreted as factors. The conclusion of the study was that brand loyalty is affected by product and service related factors. The product and service related factors include quality of the product, brand image of the product to a small extent, availability and price fairness of the product. The study recommends a comprehensive survey on product and service related factors prior to formulation of strategies to enhance brand loyalty. The study also recommends further research on effective methods that paint companies can use measure and predict brand loyalty.

CHAPTER ONE

INTRODUCTION

1.1 Background

Customers are the reason why factories are built, employees hired, meetings scheduled alongside many other business activities. All business activities are planned by organizations in order to attract customers and retain them. The only value a company creates comes from customers (Kotler & Keller, 2012). The dream of any marketer is creating a cordial customer relationship that leads to long-term marketing success. Creation of cordial relationship with a customer means that there has to be an effective customer relationship management. Customer relationship management refers to management of information about an individual customer and all customers to maximize loyalty to a certain brand (Kotler &Keller, 2012).

A number of theories explain reasons why a customer remains loyal to a brand. The commitment-trust theory suggests that good relationships with customers as an organization leads to customers trusting the organization's commitment in satisfying their needs thus they become loyal to a brand (Hunt & Morgan, 1994). The theory of cognitive dissonance suggests that a customer becomes loyal to a brand when he or she achieves cognitive consonance in a product which is the state of being in some sort of harmony in their minds. Cognitive dissonance means being in a state of cognitive imbalance. A product that reduces dissonance makes the Individual loyal to it (Festinger, 1957). The Contrast Theory explains that a consumer can be loyal to a brand as a result of the alteration of their perception of another brand (Raab, Ajami, Gargeya & Goddard, 2008).

The real estate industry is one of the fastest growing industries in Kenya. Customers are attracted to organizations by the different marketing activities of management. This needs lots of creativity when it comes to details on the interior and exterior décor for the buildings being built. Colors of the building are an important aspect in marketing activities of organizations. In coming up with the colors suitable for a building's interior and exterior, the contractors get involved in decision making especially when it comes to the brand of paint to be used. Contractors can repeatedly choose a certain brand depending on what they like about the brand. In some cases a brand can be chosen repeatedly depending on the satisfaction that has been obtained after the product has been used. That is, if performance does correspond with expectation of the user. There are other reasons that may lead to brand loyalty apart from satisfaction.

Different owners of buildings have different needs for color for their buildings hence, the existence of paint companies. Top paint companies in Kenya include Crown Paints, Basco Paints, Sadolin Paints, Solai Paints and Glory Paints. Crown Paints is listed in the Nairobi Securities Exchange and is the market leader in the paints market. It controls 65 percent of the market. Contractors have different reasons for deciding on the different brands of paint they use for painting the houses. They would repeatedly prefer a Crown Paints that is most people are loyal to the brand. The other 35 per cent of the market is loyal to the other paint brands (Obaga, 2012). According to Kenya Business Directory (2015) paint manufacturers and paint companies stand at 44 but the number is fast increasing.

1.1.1 Brand Loyalty

Consumer buying behavior is influenced by a number of socio-cultural factors like social class, demographics, personality and beliefs among others. Apart from these, the product itself makes their decision for them through the message it transmits, the visual impact it makes, the significant colors and logo of the brand, the brand image and awareness and the price. Price is a particularly important attribute association since consumers often have strong beliefs about the price and value of the brand. As a result they may organize their product category knowledge in terms of the price tiers of different brands (Hawkins, Best and Coney, 1995).

A product or a service is a problem solver in the sense that it solves consumers' problems and enables the organization achieves its own objectives. It's not the organizations which make profits but relationships with the consumers and it is a company and brand names which secure these relationships (Leslie, Malcom, Elaine, 2011). According to McCarthy and Perreault (1993) branding is the use of a name, term, symbol or design or a combination of these to identify a product. Hence a brand is a name, term, design or feature that distinguishes one seller's products from all the others. Therefore a brand is a product or service whose features are able to differentiate it from other products that satisfy the same need.

According to Aaker (2004), a brand is a total offering of a product or service including a set of assets and liabilities linked to the name and symbol that adds or subtracts from the value provided by the product or service to an individual consumer or organizational consumer. The major asset categories are brand loyalty, awareness, perceived quality, brand associations and other proprietary brand assets.

Brands have different roles thus the reason for their existence; the main role being to identify the source or maker of a product and also to allow consumers to allocate responsibility for its performance to a particular manufacturer or distributor. Other roles are to simplify product handling or tracing, assist in organization of inventory and accounting records. A brand offers a firm legal protection for unique features of the product (Kotler & Keller, 2009).

A strong brand also offers many advantages for marketers which include enhancing product recognition, helping build brand loyalty, helping with product positioning, aiding in introduction of new products and building brand equity. A brand gives a signal for a quality so that satisfied consumers can easily choose the product again, creating brand loyalty. Aaker (2004) sees brand loyalty as the consumers' conscious or unconscious decision, expressed through intention or behavior to repurchase a brand continually and it occurs because the consumer has the perception that the brand offers the right product features, image or quality at the right price.

According to Day (1969) brand loyalty is a repeated purchase as a result of a strong internal disposition whereby the phrase internal disposition means a favorable attitude. It also represents a general concept describing a consumer's overall buying behavior patterns within a product class (Day, 1969). Oliver (1999) suggests that brand and customer loyalty represent a customer's deep commitment to a product, service, brand or organization. Kyle (1998) is also of the opinion that brand loyalty is as a result of the perceived quality of the brand and not necessarily the price. Brand loyalty represents a favorable attitude towards a brand, which leads to consistent purchase of the brand over time. This happens after consumers learn that one brand can satisfy their needs (Assael, 1998).

According to Saxena (2009) the main determinant of brand loyalty is where a customer has a commitment or an attachment with a brand and is willing to take an extra effort to get that particular brand. The customer should be able to ask for the same brand anywhere he or she shops and not leave with any other brand just because it is convenient for him or her. Hence, brand loyalty is the extent of faithfulness of consumers to a given brand expressed through repeat purchases, irrespective of the marketing pressures generated by competing brands.

Brand loyalty is more than simple repurchasing. Customers may repurchase a brand due to situational constraints such as a lack of viable alternatives, or out of convenience. True brand loyalty exists when customers have a high relative attitude toward the brand which is then exhibited through repurchase behavior. Customer loyalty based on genuine and ongoing satisfaction is one of the greatest assets a firm can develop. Loyal customers are fans that generate superior margins and recruit additional customers for a firm or a brand. Evidence shows that many consumers are becoming less loyal and more resistant to brands, indicating that many firms have little or no deep emotional connection with consumers.

Marketing academics and practitioners have focused on customer retention, but it can also be highly profitable to win back customers who have lapsed or defected (Blackwell, Miniard & Engel, 2006). Marketers can create brand loyalty by breaking consumer habits and then helping them acquire new habits and then reinforcing the habits by reminding consumers the value of their purchase and encouraging them to continue purchasing the products in future (Macharia, 2009). According to Aaker (1991) the advantages of brand loyalty are reduced marketing costs, trade leverage, attracting new customers and time to respond to competitive threats.

1.1.2 Paint Industry in Kenya

In the past few years, the paints Industry has been thriving on an upbeat construction and growing economy. The construction boom being experienced in most parts of the country has resulted into an upward march in the paints and coatings market in Kenya (Hoovers, 2013). According to Frost and Sullivan (2013) the main growth drivers for the industrial paints and coatings market are the expansion in infrastructure development, an increased middle-income class, improved public and private relationships, and augmented investment.

Market trends suggest that the product segment growth areas within the total industrial paints and coatings market lie within industrial protective, powder, and marine coatings. This growth will be driven by an anticipated increase in industrial growth and heightened investment in infrastructure projects brought about by public and private investments. Product segment growth areas in the market lie within industrial protective, powder, and marine coatings (Frost & Sullivan, 2013)

Obaga (2012) suggests that currently there are five main paint manufacturers in Kenya. These include Crown Paints, Basco Paints, Sadolin Paints, Solai Paints and Glory Paints. The paint market can be divided into two areas namely Premium paints market and Economy paints market. Crown paints also known as Crown Berger is the only paint company listed in the Nairobi Securities Exchange. It is the market leader controlling 65 percent of the market. Crown Paints operate Regal Paints in Uganda and is the manufacturer of Crown brand of Paints. Basco Paints is the manufacturer of Duracoat brand of paints. It is the second largest paint company in terms of market share after Crown Paints. The Company also trains, examines and certifies painters as part of its Corporate Social Responsibility. Sadolin manufactures Sadolin brand of

Paints. Nasib Industrial products Limited manufacture the Glory brand of Paints among many other products. Solai Paints is the manufacturer of Solai brand of Paints (Obaga, 2012).

According to Onkoba (2014) the major paint manufacturers commanding the largest share market include Crown Berger Kenya Ltd., Basco products Kenya Ltd., Sadolin paints (East Africa). Each firm makes strategic move to stake out a market share and normally there is a counter move on competition in order to retain market share. Other players in the paint industry include, Galaxy Paint company Ltd., Solai paints Ltd., Grand paints Ltd., Flamingo paints Ltd., Apex paints, Ideal manufacturing company and Orion chemicals Ltd. The leading paint manufacturers and painting companies manufacture their own specialized product –with some also offering professional paint services and training (Onkoba, 2014).

Paint companies in Kenya offer a wide range of paints, pigments, coatings and varnishes from home interior and exterior décor and beautification. The companies in this industry manufacture paints, varnishes, lacquers, enamels, and other coatings with major products such as plastic paint, acrylic paint, primers, emulsions, latex paints and many others in a wide spectrum of colors to choose from. Paint is made up of four main components: Pigment which is responsible for color and hiding power, binder that is responsible for holding the pigment to the surface, carrier maintains the pigment and binder in liquid form, and additives which are added in small amounts to impact certain properties (Basco Paints, 2013). Paint is manufactured under three categories; Premium Grade Paint, Trade Grade Paint and Economy Grade Paint (Kenya Bureau of Standards, KEBS). The prices vary with Premium Grade Paint being the most costly alternative down to the more popular Economy Grade Paint.

Choosing the right paint for your project requires careful considerations. Apart from offering color paints in every shade, paint companies often share advice on how to ensure good house painting project (Hoovers, 2013). Building contractors are the main people involved decision making of the paint brands to be used on a building. Having had the experience of construction they have tangible reasons for recommending the paint brand they would to a project owner. A building contractor with enough experience in construction is be able to know the advantages and disadvantages of different paint brands over the years of experience. A contractor can also suggest a latent need that has not been met by the brands in the market and that need more creativity on the part of the paint manufacturers.

1.1.3 Contractors in Nairobi City County

A contractor is an independent entity that agrees to furnish certain number or quantity of goods, material, equipment, personnel and or services that meet or exceed stated requirements or specifications at a mutually agreed upon price and within a specified time frame to another independent entity called a project owner. The contractor is hired to perform certain services at a fee by a contracted or an owner of the project. A contractor can also be seen as a person or company that undertakes a contract to provide materials or labor to perform a service or do a job. A contractor is a person or business which provides goods or services to another entity under terms specified in a contract. A contractor does not work regularly for a company or a project owner (Your Dictionary, 2015).

In this case the main focus is on building or construction contractors. A building contractor is an individual who is engaged in the planning, development and coordination of activities which coincide with building of structures. A building

contractor is someone with a wide range of duties and responsibilities when it comes to construction of residences or businesses; he or she thoroughly reviews many processes which accompany the building or construction of structures. Generally, a contractor oversees construction activities and is responsible for ensuring that all necessary measures are taken to result to a desired completed finished product (Exforsys, 2006).

In Kenya each contractors is required to register with the registrar of companies so as to hold a certificate of incorporation from the registrar of companies in Kenya. This means that they have to register as a legal company in the country as a limited liability, sole proprietorship or as a partnership company. A certificate of registration is issued on registration as a contractor in Kenya (Construction Review, 2015). There are 85 registered building contractors in Nairobi City County (Kenya Business Directory, 2013).

1.2 Research Problem

Constant environmental damage has adversely affected the organizations' operations, the products and the consumers alike. Today it is very difficult to shape consumer attitudes and behaviors and move them to the next level of buying process; hence advertisers find it difficult and challenging to break through the clutter originating from several adverts by various firms. Consumers are no longer moved by traditional advertising that focuses on the features and characteristics of the products or services offered. In order to keep track of the changing scenario the organizations have to undertake some change initiatives driven by the forces of change, changing consumer needs and expectations. The preferences of the consumers have identified the use of creativity in advertising as one factor that keeps them interested. Creativity starts from

the tag line of the company down to how the show rooms look to the celebrity endorsing the company in media advertisements and also how captivating the adverts are to the target market.

Several studies have been done on brand and customer loyalty. This is a popular area since it is a part of consumer behavior study. Muturi et al. (2012), Nyaosi (2012) and Tanui (2007) do agree that service quality is an antecedent to satisfaction which results to brand loyalty or not. Kamau et al. (2008) and Muteti (2014) also share in the previous opinion that perceived quality is a key factor influencing brand loyalty. Baraza (2012) studied Brand loyalty programs and competitiveness of Five Star Hotels in Nairobi. His finding was that brand loyalty programs have the ability of offering a competitive edge to Five Star Hotels. Nyaosi (2012) found out that that satisfied customers acted as good ambassadors of the firms's products which is a benefit of loyalty and retention of customers. Awuor (2012) did a survey of Consumer Brand loyalty in the Mobile Telephony Industry in Kenya. Her findings were that customers attach a lot of importance to provision of value added services especially the money transfer services. Kotler and Keller (2012) also agree that satisfaction which leads to a brand loyal customer depends on product and service quality.

Clear scrutiny of the above studies suggests that perceived quality is a key driver to customer satisfaction. Further, customer satisfaction leads to loyalty which in turn yields to positive word of mouth and enhanced form of competitiveness. Although the above studies have identified perceived quality, price and employee skills as key determinants of loyalty, loyalty can be explained by other marketing forces including Paint consumer markets which have not been investigated. Moreover, the studies

focused on different organizations all services oriented but none got to deal with real estate issues in this case the paint industry and market. The paint Industry and market is an essential market because we all identify with it. All buildings we find shelter in have paint without and within them hence it is necessary to shed light on this market. The proposed study is an attempt to address the knowledge gaps by seeking to address the following research question: What could be the reasons for the choices and loyalty to the brand chosen by the consumers?

1.3 Research Objective

To assess factors influencing loyalty towards paint brands by contractors in Nairobi City County.

1.4 Value of the Study

Ministry of trade policy makers will be able to formulate better policies with the use of information derived from the findings of the study. The study will also be of significant importance to the National housing corporation as it will be able to shed more light on the different paint brands and also give information on why one brand is preferred over the other. From this study the National housing corporation will be able to give more appropriate advice to anyone it gives advices on concerning the paint industry.

The study will also be able to give significantly important information to the paint companies since they will be informed on which factors influence the brand loyalty of contractors to the brands they prefer. The study will serve as a guide to develop policies which will improve their overall delivery especially in areas where gaps between expectations and perceptions are so wide that is there exists latent needs, to enhance customer satisfaction.

The study should also be able to benefit marketers in that they will know how to improve their marketing activities in terms of creativity among others. They should also be able to get feedback on the effectiveness of the different methods of advertising they use. This study will be able to guide contractors and all the other paint consumers on which paint brands to go for that is for easy shopping.

The study aims to add knowledge base to existing literature on consumer brand loyalty in the Paint Industry. To the academicians, the study will boost the knowledge base and enhance further research in the future in relation consumer satisfaction in the paint market which still has a lot to review and understand in a consumer behavior field. The study shall be a source of reference material for future researchers on other related topics.

1.5 Summary

This chapter has laid a foundation of the project. It introduced the research background and developed the direction of the study. It stated the research background, research problem, research objective and value of the study. It has given an overview of the main objective of the research project and also the value or the benefit of the knowledge acquired.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter highlights the work that other scholars and researchers have done concerning customer loyalty. It highlights brand loyalty and factors influencing brand loyalty.

2.2 Theoretical Foundation

This sub-section explores a number of theories that guide the study. These theories include the theory of cognitive dissonance, contrast theories and commitment-trust theory which give an understanding of consumer perceptions that would or would not result to brand loyalty.

2.2.1 Theory of Cognitive Dissonance

The theory of cognitive dissonance was developed by Festinger (1957). It operates under the assumption that individuals strive to maintain or rather regain the freedom to object to thought processes. Cognitions such as opinions, values, items of knowledge and feelings for an individual in an imbalance, manifest as uncomfortable psychic tension. The state of imbalance is what is referred to as cognitive dissonance. The assumption is that every individual is seeking cognitive consonance (harmony) thus when disturbed by dissonance the person seeks to eliminate this state by reducing the dissonance. This occurs when there is addition of new cognitions that may encourage consonance or reduce dissonance. It also occurs when there is rejection or suppression of the dissonant cognition (subtraction) or when there is an exchange of the dissonant cognition with consonant cognition (substitution). Dissonance can also arise after the acquiring information that contradicts earlier experience or that alters

information and decision behavior. It occurs after the decision to purchase in cases where the customer has relinquished positive aspects of the rejected option and has accepted negative aspects of the chosen option. Dissonance also arises during use of product, if the product does not perform to the level expected or perform beyond expectation (Raab, Ajami, Gargeya & Goddard, 2008).

In order to satisfy the customer, it is necessary to ensure that consonance-inducing information is present during the course of the entire purchasing process. In connection with the theme of customer satisfaction, a conclusion is made on the basis of the theory of cognitive dissonance that reducing dissonance is all that is required, owing to the tendency of experience adapting to expectations. It is necessary to meet high product standards which results in higher levels of customer satisfaction which leads to loyalty by the customer (Raab, Ajami, Gargeya & Goddard, 2008)

2.2.2 The Contrast Theory

The contrast theory states that a person corrects their perceptions when expectations and performance are not at the same level. This state arises when the performance is worse than expectations, which results to the person correcting his or her perception such that the product or service appears worse than it actually is. It can also arise when the performance is better than expectations. The result is the person separates their perceptions from their expectations and overvalue the product or service (Homburg & Rudolph, 1998).

This theory explains why certain organizations loose loyal customers never to convince them to buy their products again as a result of a destroyed perception about the organization's product. Other customers will stay and would not be influenced by any advertisement to buy a competitor's product. This means that the organization is

able to retain their customers and have others join because of positive word of mouth by the customers who overvalue the organization's products and services (Raab, Ajami, Gargeya & Goddard, 2008).

2.2.3 Commitment-Trust Theory

This theory explains relationship marketing which is essential for companies to be able to know and retain their customers. Relationship marketing would enable manufacturers to be able to know what customers the expectations of customers are especially in products and services so as to retain them; that is they become brand loyal (Momanyi, 2014). Relationship commitment is defined as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely. Commitment to the relationship is defined as an enduring desire to maintain a valued relationship. Commitment also is viewed as critical in the literatures of organizational and buyer behavior (Hunt & Morgan, 1994).

Hunt and Morgan (1994) define trust as a willingness to rely on an exchange partner in whom one has confidence. Trust is manifest when one party has confidence in an exchange partner's reliability and integrity. Trust influences relationship commitment in that it is viewed as the cornerstone of a strategic partnership. This is because relationships characterized by trust are highly valued that parties will desire to commit themselves to such relationships. Indeed, because commitment entails vulnerability, parties will seek only trustworthy partners. Mistrust breeds mistrust which serves to decrease commitment in the relationship and shift the transaction to one or more direct short-term exchanges (Hunt & Morgan, 1994). This theory explains the details

of genuine customer loyalty on a brand whereby the customer trusts the manufacturer to satisfy his or her expectations which results to commitment relationship where the customer is willing to be an advocate of the company (Kyle, 1998).

2.3 Brand Loyalty

Brand loyalty can be thought of in two ways that is brand loyalty as a behavior and also as an attitude. This means that marketers view brand loyalty as what brands people buy and how they feel about those brands (Sheth &Mittal, 2004). Behavioral brand loyalty is basically a consistent repurchase of a brand by a customer. If a customer buys the brand of a certain product for example Omo in the case of washing powder product category, repeatedly, that customer can be considered to be brand loyal to Omo in the washing powder category of products. The action of buying a certain brand of a product repeatedly is what is termed as behavioral brand loyalty (Sheth &Mittal, 2004).

Behavioral brand loyalty however simply shows that the customer is loyal to a brand by the outward show of repeat purchase of the same brand of a product category. It does not give details of whether the customers actually like the brand more than other brands. The customer could be trapped by inertia, indifference or switching costs due to circumstances or the company (Reichheld, 2003).

Kuusik (2007) is of the opinion that behaviorally loyal consumers can be divided into three sub-segments: forced to be loyal, loyal due to inertia or functionally loyal. Consumers may have to consume certain products or services when the provider has a monopoly in a market. The consumer's financial situation could also limit his or her selection of goods. Exit barriers created by service providers also create forced loyalty. A consumer can be loyal as a result of inertia whereby the consumer doesn't

switch vendors because of comfort or relatively low importance of the product or service (Reichheld, 2003). A consumer's loyalty to a brand can also be termed as functional and functional loyalty can be created by functional values such as price, quality, distribution channels, convenience or loyalty programs (Wernerfelt, 1991). For these reasons, scholars argue that in measuring brand loyalty, customers' attitude should be assessed alongside their actions (Sheth & Mittal, 2004). According to Saxena (2009) the main determinant of brand loyalty is whereby a customer is willing to take the extra effort to get a specific brand, meaning the customer should be able to ask for that same brand anywhere he or she shops and not leave with another brand just because it is convenient for him or her. This view brings in the attitude of a customer toward brands.

Attitudinal brand loyalty is a consumer's consistent repurchase of a brand as a result of his or her preference of it. This means that a customer is considered brand loyal when his or her attitude to a brand is more favorable than for the competing brands (Sheth &Mittal, 2004). A consumer who is loyal to a brand by choice and preference is one who would not switch easily to other brands if the other brands develop more features on the product. Such a customer would give the company room for improvement and not make hasty decisions to leave the brand. This type of customer owns the company and would be glad to be of assistance to the company and brand in any possible way. He or she would be an advocate of the company and brand and even recommend the brand to other people with confidence. True loyalty consists of both behavior and attitude (Sheth & Mittal, 2004).

The consumers must hold favorable attitude toward the brand in addition to repeat purchase so as to be truly loyal. Loyalty can be seen in the various ways customers behave, the most common ones being recommending a service provider to other customers and repeatedly patronizing the provider (Fornell, 2002). Customer satisfaction is the foundation of true loyalty where service quality is a key input. Customers that experience high satisfaction levels or delighted customers are more likely to become loyal apostles of the firm. Dissatisfaction on the contrary drives customers away and is the main reason for switching behavior (Lovelock & Wirtz, 2007). Brand loyal customers are therefore seen as an extension of the Company's sales force because they spread positive word-of-mouth publicity (keller, 2008). Palmer (2014) says a loyal and profitable customer is a result of the process of relationship development by companies. Lovelock and Wirtz (2007) suggest that recent research has even demonstrated that increases in customer satisfaction lead to increases in stock prices.

Brand loyalty needs to be enhanced in addition to managing it so that the organization gets to reap from its benefits (Aaker, 1991). Most companies have come up with loyalty programs to assist in managing and enhancing loyalty. The main aim of these programs is to lock the loyal customers by providing preferential services as a way of rewarding their loyalty. The customers thus strive to remain loyal to the brand in order to enjoy the benefits of the program. In the long run, the customers find it cheaper to identify with a particular brand because of the high costs of switching.

2.4 Factors Influencing Brand Loyalty

Factors that influence brand loyalty can be divided into two categories namely: Brand loyalty contributors and detractors from brand loyalty. According to Peter and Donelly

(2009) factors that serve to increase the strength of a brand so that customers may identify with them or be aware of their existence include: product quality when products perform as expected or beyond expectation, consistent advertising and other communications in which products tell their story often and very well, Distribution intensity where customers see the brand wherever they shop, that is they get exposed to the product a lot and Brand personality where a brand stands for something.

Contributors to brand loyalty according to Sheth and Mittal (2004) are perceived brand-performance fit, social and emotional identification with the brand and habit combined with a long history of using the brand. In perceived brand-performance fit, the customers' perception of brand-performance results to loyalty or disloyalty to a brand. If the brand is perceived to be performing to expectation or even above expectation, it will tend to have more loyal customer unlike one that is perceived to be performing below expectation.

After using a brand for a long time especially when people grow from childhood to adulthood using a specific brand, they form an attachment with it that is both emotional and social hence, the creation of social and emotional identification with a brand. Such kind of attachment leads to loyalty that lasts because even though they try other brands the memories would still take them back to the brand they're used to.

A customer may buy a brand of a product category because of convenience or any other reasons not because he or she likes the brand and then it performs as expected or beyond expectation. This results to the customer going back for the same brand and thus creating loyalty for the brand. The brand might not perform as expected but long history of using it leads to a habit being formed which in the long run creates loyalty. This kind of loyalty is due to habit combined with long history of using a brand.

Detractors from loyalty are also referred to as attraction of alternatives. These are the factors that negatively affect brand loyalty in that a customer tends to alternate the brands of a product category and not be loyal to any (Sheth & Mittal, 2004). Sheth and Mittal (2004) list the main detractors from loyalty as Market Factors and Customer Factors. Market Factors are detractors through brand parity and competitive promotional advantage. Brand parity is how similar and mutually substitutable the brands are in the market for that particular product category. Competitive promotional activity refers to the special price deals available on competing brands (Sheth & Mittal, 2004). Customer Factors such as variety seeking, product involvement, price sensitivity, multi-brand loyalty, withdrawal from product category and change in needs among other factors within individual customers result to disloyalty of customers (Sheth & Mittal, 2004)

2.5 Summary

This chapter has described the contributors to brand loyalty of consumers in the perspective of other scholars. It has also shed light on the types of brand loyalty in view of other scholars. The chapter explains why different consumers choose the various brands they do, hence, giving guidance to understanding the concept of brand loyalty. This study serves as an independent evaluation of factors influencing brand loyalty of paint brands by contractors in Nairobi City County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the overall methodology that will be used to carry out this research. It includes the research design, the research population, sampling design, data collection methods, research procedures and analysis methods.

3.2 Research Design

The study adopted a descriptive cross sectional survey method in determining the contractor brand loyalty in the paint industry in Nairobi. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts and describes the data collection (Glass & Hopkins, 1984). Cross-sectional obtains an overall picture since it stands at the time of the study (Mutheu, 2014). The design is flexible and allows the researcher to consider many different aspects of a problem thus helping the researcher to gain new highlights about the problem (Kothari, 2003). Scholars such as Awuor (2012) and Osewe (2013) used descriptive survey design in their studies successfully.

3.3 Population of the Study

Population is defined as a complete set of Individuals, cases or objects with some common observable characteristics (Mugenda & Mugenda, 2003). Saunders (2003) sees population as the full set of cases from which a sample is taken. The population of interest in the study was the Building Companies in Nairobi County. The total number of registered Contractors in charge of house construction in Nairobi County is 85 (Kenya Business Directory, 2013). The target population for this study consists of 85 Building Companies in Nairobi City County.

3.4 Data Collection

Primary data was collected using a structured questionnaire. Respondents were contractors within Nairobi City County. The study used both qualitative and quantitative methods of data collection. The administered questionnaires were collected after completion by the respondents and their responses used for analysis Secondary data was also used to research the trends in the market place.

3.5 Data Analysis

Data analysis includes inspection, transformation and modeling of the data to get useful information, suggestions and meaningful conclusions that would assist in making decisions. It systematically applies statistical and logical techniques to describe and illustrate data. Data can be both quantitative and qualitative which would need analysis (Kothari, 2003). Descriptive statistics will be used to analyze data by way of frequency distribution, percentages, mean and standard deviation. The data will then be presented in form of frequency tables, charts and bar graphs. Factor analysis which is a statistical method is used to describe variability among observed; correlated variables can be used in analyzing both qualitative and quantitative data. Factor analysis identifies the underlying factors, screens, allows description of many variables using few factors, samples variables, and clusters objects.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Overview

This Chapter presents analysis, findings, interpretation and presentation of the study as set out in the research methodology. The purpose of the study was to analyze and logically present the data collected by the researcher in the light of the objective. The data of the study was gathered by use of questionnaire as the research instruments. On few occasions interviews were done for those respondents who had no time to fill the questionnaires. For some respondents a short interview of the study's main objective worked to get information from them. This chapter covers demographic information, and the findings based on the objectives. The questionnaire was designed in line with the objective of the study. This analysis is presented inform of frequency distribution tables and expressed in terms of percentages, bar graphs and interpretations.

The study targeted 85 respondents out of which 51 of them responded and returned the questionnaires which contribute to a response rate of 60%. This response rate was sufficient and representative and agrees with Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate and a response of 60% is good for reporting and analysis. This response rate was due to extra efforts that were made via courtesy calls made to remind the respondents to fill in the questionnaires in the middle of their very busy schedules. Some respondents did not want to give any personal information about them.

4.2 Respondent Characteristics

4.2.1 Gender

The respondents were asked to indicate their gender. Table 4.1 shows the results.

Table 4.1: Gender of the Respondents

Gender	Frequency	Percent
Male	50	98.0
Missing	1	2.0
Total	51	100.0

Source: Research Data 2015

Table 4.1 shows that 98% of the respondents indicated they were male while 2% of the respondents did not indicate their gender.

4.2.2 Age of the Respondents

The respondents were asked to indicate their age bracket.

Table 4.2: Age of the Respondents

Age group	Frequency	Percentage
18 – 29 years	9	17.6
30 – 39 years	9	17.6
40 – 49 years	15	29.4
50 and above	17	33.3
Missing	1	2.0
Total	51	100.0

Source: Research Data 2015

Results in Table 4.2 shows that 17.6% of the respondents indicated they were between 18 – 29 years old, 17.6% indicated they were between 30 – 39 years old, 29.4% of the respondents indicated they were between 40 – 49 years old and 33.3% of the respondents indicated they were above 50 years while 2% of the respondents did not indicate their age bracket. The results indicate 62.7% of the respondents were above 40 years. Therefore, it is an indication they are more knowledgeable to answer the required questions on organizational matters.

4.2.3 Education Levels

The respondents were requested to indicate their academic qualifications.

Table 4.3: Education levels

Academic levels	Frequency	Percentage
KCSE	8	15.7
Certificate	13	25.5
Diploma	18	35.3
Bachelor Degree	9	17.6
Post Graduate	1	2.0
Other	1	2.0
Missing	1	2.0
Total	51	100.0

Source: Research Data 2015

Results in Table 4.3 shows that 15.7% of the respondents indicated their academic level was KSCE, 25.5% of the respondents indicated their academic level was certificate, 35.3% of the respondents indicated their academic level was diploma, 17.6% of the respondents were bachelor's degree, 2% of the respondents were postgraduate level while 2% of the respondents indicated they were in the category of others. Only 2% of the respondents did not indicate their academic level. The results indicate that 56.5% of the respondents had an academic level of diploma and above hence, an indication that they were more qualified to answer the questionnaires.

4.2.4 Respondents Duration worked in the Organization

The respondents were requested to indicate the length of their continuous service with the organization.

Table 4.4: Respondents Duration worked in the Organization

Duration of Work	Frequency	Percentage
Less than 1 year	1	2.0
1 – 5 years	29	56.9
6 – 10 years	8	15.7
Over 10 years	12	23.5
Missing	1	2.0
Total	51	100.0

Source: Research Data 2015

The results in Table 4.4 show that 2% of the respondents have worked in their respective organizations for than one year, 56.9% of the respondents have worked in their respective organizations between 1 - 5 years, 15.7% of the respondents have worked in their various organizations between 6 – 10 years and 23.5% of the respondents have worked in their respective organizations for over 10 years while 2% of the respondents did not indicate the duration they have worked in their respective organizations. The results indicate that 94% of the respondents have worked in their respective organizations for over 1 year an indication that they have a clear understanding on factors influencing loyalty towards paint brands.

4.3 Paint Brand Awareness

The respondents were asked to name the brands of paints they are aware of in the Paint market. This question sought to establish the brands that were known by the respondents. Crown Paints, Duracoat as an independent brand, Basco Paints and Sadolin appeared in all the questionnaires that were returned. All of them that mentioned Duracoat did not relate it with Basco Paints despite the fact that Basco Paint is the manufacturer of Duracoat. In some questionnaires Galaxy Paints was mentioned and in some Contractor and Robiallac brands of Paint were mentioned. Some questionnaires also had Solai Paints and Glory Paints mentioned on them. This indicates that the respondents were aware of the top paint brands in Kenya.

4.4 Paint Brand Preference

The respondents were asked to indicate the degree to which they preferred the main paint brands in the Kenyan Market.

The respondents were requested to indicate their preferred paint brand using a four point Likert Scale. The range was "Highly Preferred (4)" to "Not Preferred (1)". The scores of highly preferred and preferred have been taken to represent a variable mean score of 3 to 4 on the continuous Likert Scale and the score of "Least Preferred" and "Not Preferred" have been taken to represent a variable mean score of 1 to 2 on a continuous Likert Scale. The results are shown on table 4.5.

Table 4.5: Paint Brand Preference

Paint brands	Mean	Std. Deviation
Crown	3.94	.238
Sadolin	2.82	.767
Basco	2.16	.842
Glory	1.52	.618
Solai	1.48	.623

Source: Research Data 2015

The results indicate that respondents prefer the brands listed in Table 4.5 between highly preferred and least preferred level. The most highly preferred paint brand is Crown. This is shown by a mean score of 3.94. While the least preferred paint brand is Solai. This is shown by a mean score of 1.48. The respondents indicated that Sadolin and Basco paint brands are also preferred by people although they are not highly preferred. This is shown by a mean score of 2.82 and 2.16 respectively. The respondents indicated that Glory paint brand is among the least preferred. This is shown by a mean score of 1.52.

4.5 Important Factors when Recommending or Purchasing Paint

The respondents were requested to indicate how the listed factors are important when recommending or purchasing paint in a five point Likert Scale. The range was "not important (1)" to "very important (5)". The scores of "not important" and "least important" have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert Scale. The scores of "moderate" have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert Scale and the score of both "important" and "very important" have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert Scale. The results are shown on table 4.6.

Table 4.6: Important Factors when Purchasing Paint

Loyalty Factors	Mean	Std. Deviation
Perceived Quality	4.82	.713
Price	4.32	.741
Availability	4.27	.750
Brand Name	3.67	.792
Advertisements	2.10	1.082

Source: Research Data 2015

From the data collected majority of the respondents reported that perceived quality price and availability are very important factors when recommending or purchasing paint. This is shown by a mean score of 4.82, 4.32 and 4.27 respectively. Similarly, brand name and advertisement are important and moderate respectively when purchasing paint. This is shown by a mean score of 3.67 and 2.10 respectively. Factor analysis was further conducted on the factors and the results are shown on Table 4.7.

Table 4.7: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.638	32.762	32.762	1.638	32.762	32.762	1.619	32.373	32.373
2	1.308	26.156	58.918	1.308	26.156	58.918	1.327	26.545	58.918
3	.781	15.630	74.548						
4	.706	14.118	88.666						
5	.567	11.334	100.000						

Source: Research Data 2015
Extraction Method: Principal Component Analysis

From table 4.7 and figure 4.1, the results indicate that two components of factors were extracted. Values greater than one were considered and interpreted as factors. The two factors explained 58.918% of the variants in the data matrix. Component one explains about 32.373% of the variance and component two explains about 26.545% of the variance. The first two factors shows where the upward part of the curve was seen hence the extraction of the two components.

Figure 4.1: Factor Analysis (Important factors when Purchasing Paint)
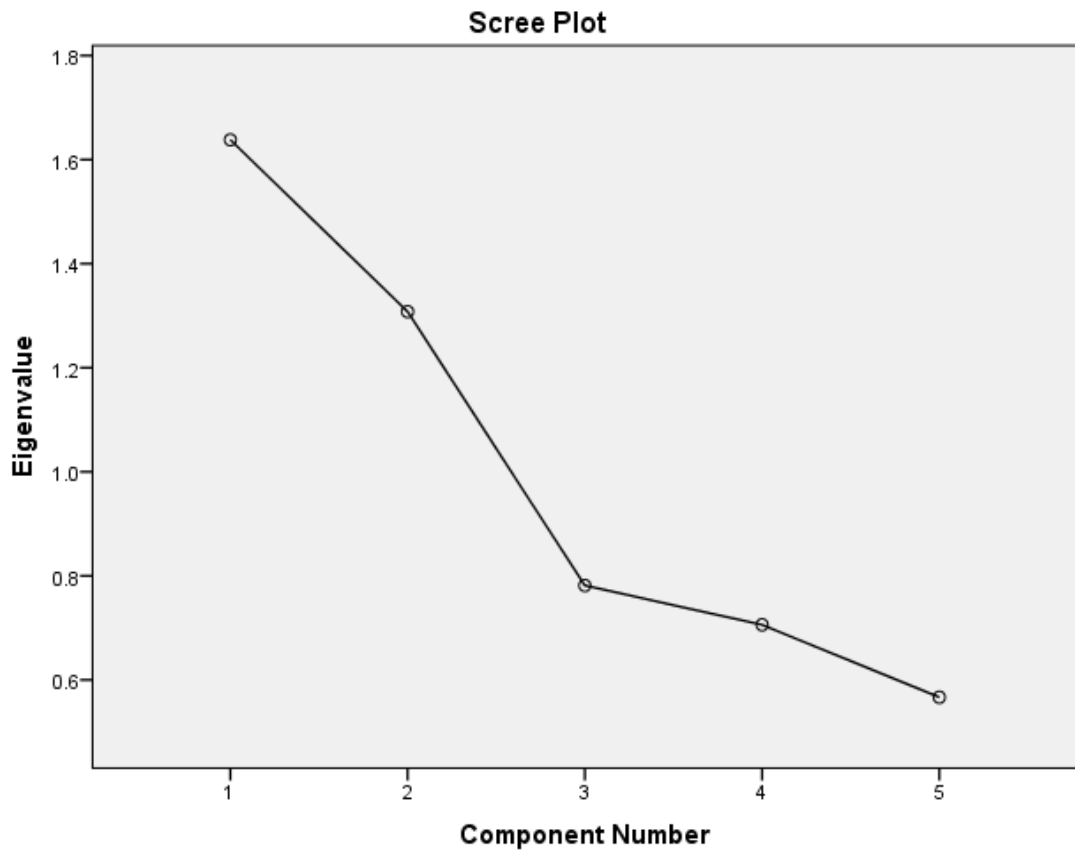
4.6 Paint Brand Loyalty Factors

The respondents were requested to indicate the extent to which they thought many people consider the factors listed when purchasing various paint brands using a four point Likert Scale. The range was "Strongly Agree (4)" to "Strongly Disagree (1)". The scores of strongly agree and agree have been taken to represent a variable mean score of 3 to 4 on the continuous Likert Scale and the score of disagree and strongly disagree have been taken to represent a variable mean score of 1 to 2 on a continuous Likert Scale. The results are shown on Table 4.8.

Table 4.8: Paint Brand Loyalty Factors

Loyalty Factors	Mean	Std. Deviation
Perceived Quality	3.78	.577
Price	3.18	.667
Availability	3.06	.580
Brand Name	2.51	.857

Source: Research Data 2015

From the data collected majority of the respondents strongly agreed that many people consider perceived quality when purchasing paint that leads to loyalty. This is shown by a mean of 3.78. While majority respondents agree that price and availability affect their paint brand loyalty. This is shown by a mean score of 3.18 and 3.06 respectively. Similarly, respondents disagree that brand name does not influence their paint brand loyalty. This is shown by a mean of 2.51. The mean of the brand name shows that the respondents did not trust a brand name but were more interested on perceived quality, price and availability. Factor analysis was further conducted on the factors. The results are shown on Table 4.8.

Table 4.8: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.597	39.921	39.921	1.597	39.921	39.921	1.526	38.162	38.162
2	1.333	33.333	73.255	1.333	33.333	73.255	1.404	35.093	73.255
3	.573	14.335	87.589						
4	.496	12.411	100.000						

Source: Research Data 2015
Extraction Method: Principal Component Analysis.

From Table 4.8 and figure 4.2, the results indicate that two components of factors were extracted. Values greater than one were considered and interpreted as factors. The two factors explained 73.255% of the variants in the data matrix. Component one explains about 38.162% of the variance and component two explains 35.093% of the variance. The first two components shows where the upward part of the curve was seen hence the extraction of the two components.

Figure 4.2: Factor Analysis (Paint Brand Loyalty Factors)
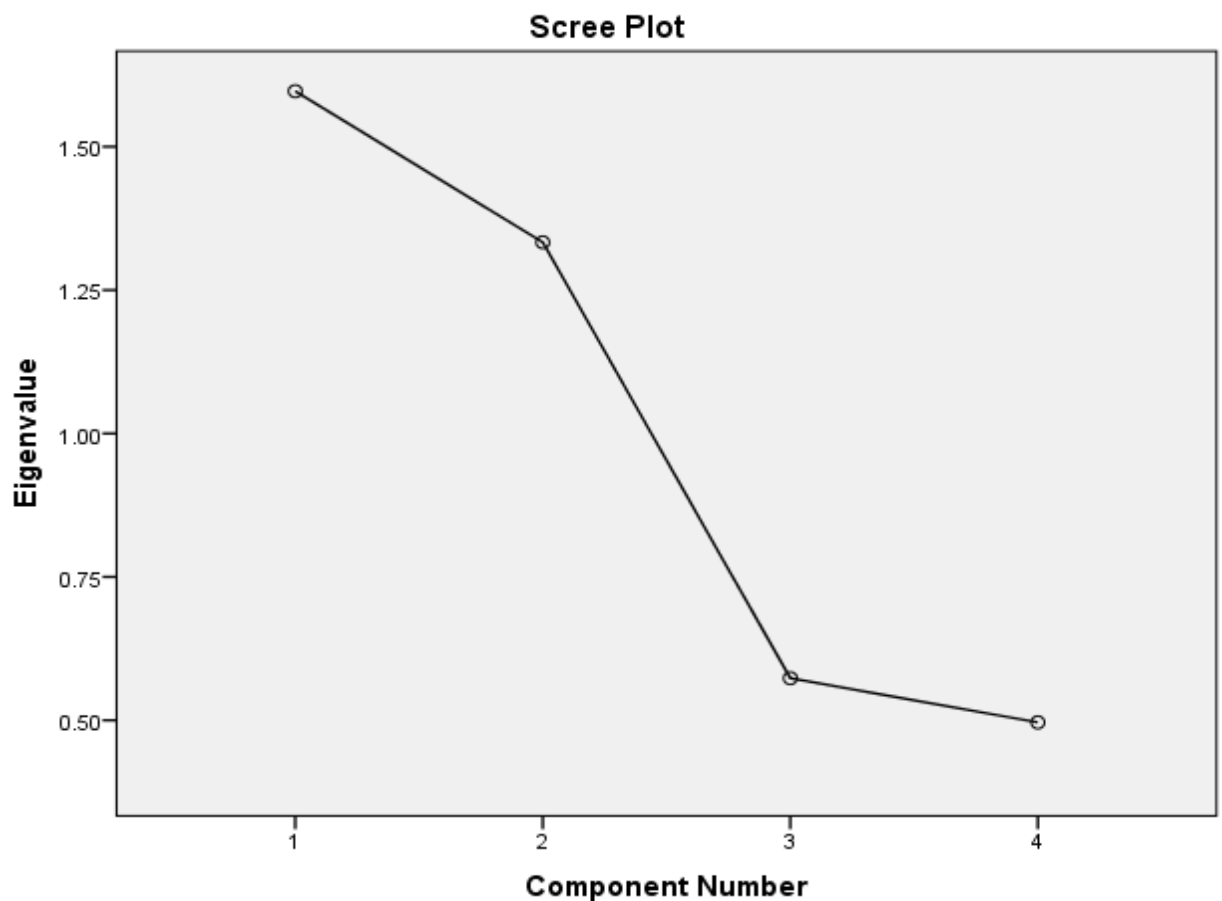
Source: Research Data 2015

4.7 Discussions

The study revealed that all the respondents were male and that the majority of the respondents were above 40 years. Reviewing the respondents' academic levels the study revealed that the majority of the respondents had an academic level of diploma and above. The study also revealed that the majority of the respondents have worked in their respective organizations for over 1 year.

The study revealed that the majority of the respondents were aware of Crown, Basco Paints, Duracoat and Sadolin paint brands. From the data collected, people prefer Crown, Basco, Sadolin, Solai and Glory between highly preferred and least preferred level. The most highly preferred pain brand is crown. While the least preferred paint brand is Solai.. The respondents indicated that Sadolin and Basco paint brands are also preferred by people although they are not highly preferred. The respondents indicated that Glory paint brand is among the least preferred.

The study also revealed that majority of the respondents reported that perceived quality price and availability are very important factors when recommending or purchasing paint. Similarly, brand name and advertisement are important and moderate when recommending or purchasing plant respectively. Through factor analysis the results revealed two components of factors were extracted. Values greater than one were considered and interpreted as factors. The first two factors shows where the upward part of the curve was seen hence the extraction of the two components.

Similarly, the study also revealed that majority of the respondents strongly agreed that perceived quality influence their paint brand loyalty. While majority respondents agree that price and availability affect their paint brand loyalty. Similarly, respondents disagree that brand name does not influence their paint brand loyalty. Also, through

factor analysis, the results indicated that two components of factors were extracted. Values greater than one were considered and interpreted as factors. The first two components shows where the upward part of the curve was seen hence the extraction of the two components.

The study revealed that the respondents were very sensitive about customer care and in most questionnaires customer care was mentioned as another factor that leads to their loyalty to a brand. One respondent was very particular about deliveries which are part of customer care that lead to loyalty to a brand. Variety of paint colors was also mentioned in many questionnaires as another factor that leads to brand loyalty in the category of paint products.

4.8 Summary

In this chapter, data analysis methods, study results and a discussion of the findings have been presented. Findings from this study have been found to be consistent with the findings of several related studies on factors influencing brand loyalty. Data findings were described as correlations to the study variables and presented as Tabulations. In the next chapter, the implications of the findings for brand loyalty factors, research will be discussed. The limitations to this study will also be presented.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings from chapter four. It presents the summary of the study findings, conclusion of the study and recommendations drawn from the study findings based on the objective of the study.

5.2 Summary

The results from the preferred paint brands in the market, the respondents indicated that people prefer Crown, Basco, Sadolin, Solai and Glory between highly preferred and least preferred level. The most highly preferred pain brand is crown. While the least preferred paint brand is Solai.. The respondents indicated that Sadolin and Basco paint brands are also preferred by people although they are not highly preferred. The respondents indicated that Glory paint brand is among the least preferred.

The results from the factors considered when recommending or purchasing paint, the majority of the respondents reported that perceived quality price and availability are very important factors when recommending or purchasing paint. Similarly, brand name and advertisement are important and moderate when recommending or purchasing plant respectively. Through factor analysis the results revealed two components of factors were extracted, that is, values greater than one were considered and interpreted as factors. The first two factors shows where the upward part of the curve was seen hence the extraction of the two components.

The results from the factors that make them loyal to certain paint brands, the majority of the respondents strongly agreed that perceived quality influence their paint brand loyalty. While majority respondents agree that price and availability affect their paint brand loyalty. Similarly, respondents disagree that brand name does not influence their paint brand loyalty. Also, through factor analysis, the results indicated that two components of factors were extracted. Values greater than one were considered and interpreted as factors. The first two components shows where the upward part of the curve was seen hence the extraction of the two components.

5.3 Conclusion

The study concludes that brand loyalty is affected by product and service related factors. The product or service related factors include quality of the product, brand image of the product to a small extent, price fairness and availability. Loyalty is also dependent on effective and immediate handling of customer complaints. In order for paint companies to obtain loyalty of customer to their brand, a cordial relationship is important hence the need for efficient customer service management. A customer whose perception on a product is positive remains loyal to that particular brand. On the contrary, a customer holding negative perception of a paint brand or customer care services does not remain loyal to the brand. The study concludes that brand loyalty is not influenced by demographic factors. Therefore, a customer will not remain loyal to a brand due to factors like age and education level.

5.4. Recommendations and Areas for Further Research

The study recommends a comprehensive survey on product and service related factors prior to formulation of strategies to enhance brand loyalty. The survey is important in determining the changes and trends in customer retention parameters hence forming a

basis of building brand loyalty. The study recommends that customer retention policies should incorporate the following measures: creation of a cordial relationship with the customer, discovery of what the customer values most, clears communication of the organizational branch investigating reasons for brand switching.

The study also recommends further research on effective methods that paint companies can use measure and predict brand loyalty. The analysis of the effective methods that paint brands can use to measure and predict brand loyalty will complimenting this study by coming up with appropriate model that incorporates the identified factors that affect brand loyalty in prediction of brand loyalty.

5.5 Limitations of the Study

The validity and reliability of the study's information which was obtained from the staff depended on how honest they were. The data was collected by questionnaire which might have biases of the respondent reflected in the results. There is therefore a possibility that if respondents were different, the results might be different.

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APPENDICES

Appendix I: Letter of Introduction

ESTHER ATIENO,

University of Nairobi,

P. O Box 30197,

NAIROBI.

September, 2015.

Dear Sir/Madam,

<u>**RE: DATA COLLECTION**</u>

I am a postgraduate student at University of Nairobi undertaking Master of Business Administration (MBA) Degree in Marketing. One of my academic outputs before graduating is a research project and for this I have chosen the research topic: FACTORS INFLUENCING LOYALTY TOWARDS PAINT BRANDS BY CONTRACTORS IN NAIROBI CITY COUNTY.

You have been selected to be a part of the study. This is to kindly request you to assist me with data collection by responding to the questionnaire. The information you provide will be used strictly for academic purposes and will be treated with utmost confidence. A copy of the final report will be available to you upon request. Your assistance is highly appreciated.

Yours sincerely,

Esther Atieno.

Appendix II: Questionnaire

Introduction

I kindly ask you to assist me with information on your opinion regarding brand loyalty and commitment towards paint brands in the Kenyan market. Brand loyalty is the situation whereby customers tend to prefer certain brands of a product and tend to purchase them repeatedly when they need the product. This study seeks to provide manufacturers with consumers' opinions on the variety of paint brands available in the Kenyan market. This study is also seeking to get more information on contractor preferences of the available paint brands. The information provided will be used for academic purposes only and confidentiality will be strictly observed. Please complete the questionnaire as accurately as possible. Thank you for your time.

SECTION A

Please mark with letter 'X' in the spaces provided.

1. What is your gender?   Male ( )   Female ( )

2. Age

    18-29   ( )

    30-39   ( )

    40-49   ( )

    Above 50 yrs   ( )

3. What is your academic qualification?

    i.   KCSE   ( )

    ii. "A" level   ( )

    iii. Certificate   ( )

    iv. Diploma   ( )

    v.   Bachelor's Degree   ( )

    vi. Post Graduate Degree   ( )

    vii. Other specify …………………………………..

4. What is the name of your Company……………………………………………

5. Which year did your company commence business …………………………

6. How long have you worked in the organization?

    I. Less than 1 year   ( )

    II. 1 – 5 years   ( )

    III. 6 – 10 years   ( )

    IV. Over 10 years   ( )

SECTION B

1. What brands of paints are you aware of in the Paint Market? *(Please list them below).*

    1…………………………………………………………

    2…………………………………………………………

    3…………………………………………………………

    4………………………………………………………....

    5…………………………………………………………

    6…………………………………………………………

    7…………………………………………………………

    8…………………………………………………………

    9…………………………………………………………

    10………………………………………………………..

2. The following are paint brands available in the Kenyan paint industry and market. Kindly rate your preference below. *(Please tick in the appropriate box).*

Brand	Highly preferred	Preferred	Least preferred	Not preferred
Crown				
Basco				
Sadolin				
Solai				
Glory				
Other (Specify)				

3. On a scale of 1 to 5, where 1 means "not important" and 5 means "very

important" how important are the following factors when recommending or purchasing paint. *(Please tick the appropriate number).*

	1	2	3	4	5
Perceived Quality					
Availability					
Price					
Brand Name					
Advertisements					
Other(specify)…………………….					

4. Many people consider various factors that make them loyal to certain brands or products. To what extent do you agree to this statement with regard to the paint brand you prefer most? *(Please tick in the appropriate box).*

Factor	Strongly Agree	Agree	Disagree	Strongly Disagree
Perceived Quality				
Availability				
Price				
Brand Name				

5. Suggest some factors that would contribute to your repeated recommendation or purchase of a paint brand.

………………………………………………………………………………
………………………………………………………………………………
………………………………………………………………………………
………………………………………………………………………………
…………………………………

THANK YOU!