

**CUSTOMER EXPERIENCE MANAGEMENT AND LOYALTY IN FAST
MOVING CONSUMER GOODS IN NAIROBI COUNTY, KENYA**

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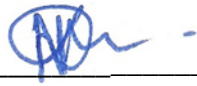
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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
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DECLARATION

I, Margaret Kamaru, hereby declare that this Research Project ,Customer Experience Management and Loyalty, in Fast-Moving Consumer Goods in Nairobi County, Kenya is my original work and that it has not been submitted to any other college, institution, or university for award of any certificate or degree.

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SUPERVISOR'S APPROVAL

This MBA project prepared by Margaret Kamaru has been submitted for examination with my approval as the appointed University supervisor.

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DEDICATION

To my daughter **Shirlyne Wanjiru**, for lighting the way for this project.

ACKNOWLEDGEMENT

I thank the almighty God who enabled me complete this project. I also thank my able supervisor, Dr. Muya Ndambuki for providing me with effective leadership throughout the project writing process. I also thank all the scholars whose work I reviewed in order to lay the foundation of this project. I thank, and greatly so, the respondents from the FMCGs manufacturers who provided the information used in the analysis. Lastly, but equally importantly, I acknowledge my family for standing by me as I worked to complete this research project.

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ABBREVIATIONS AND ACRONYMS

CEM	-	Customer experience management
EPZ	-	Export Processing Zones
FMCG	-	Fast Moving Consumer Goods
GDP	-	Gross Domestic Product
SD	-	Standard Deviation
SEM	-	Structural Equation Modelling

ABSTRACT

Customer experience increasingly taking the center stage as an approach firms are using to ensure customer loyalty as a means of improving sales and profitability. The management of a firm focuses on how that customer will feel about a product and how the same customer will behave in future. In the current business environment that involves standardization of tangible products in industries, firms have to provide unique experiences that will result in customer satisfaction which will in turn influence customer loyalty. Otherwise the survival of the firm becomes threatened. This study aimed at determining the effect of customer experience management on customer loyalty with focus on fast-moving goods manufacturing firms in Nairobi County. The study focused on Sensory Experience, Cognitive Experience, Physical Experience and Relational Experience and how each affects customer loyalty. The study adopted the descriptive research methodology. The target population was the 101 firms that manufacture fast moving consumer goods in Nairobi County. This study was a census. Marketing managers of the firms provided the data by use of a self-administered questionnaire. Though the study targeted 101 respondents, only 68 provided data that were used in the analysis resulting in a response rate of 67.33 percent. Analysis was conducted using summary statistics and linear regression. This study established that customer experience management had positive effect on customer loyalty. Sensory experience management had a weak positive effect on customer loyalty. Cognitive experience management had a weak positive effect on customer loyalty. Physical experience management had a strong positive effect on customer loyalty. Experience management has a strong positive effect on customer loyalty. The study recommends that sensory experience management has to be strengthened to make stronger contribution to customer loyalty. Products must be made to have stronger appeals to touch, sight, sound, taste and smell. Designs of products should be made more attractive to customers. Cognitive experience management should be strengthened so as to contribute more on customer loyalty. The experiential activities of products should be made more interesting to customers and the products should be made to stimulate customers to want to know more about the related technologies about a product. Physical experience management should be enhanced by designing products with features that attract customers to buy more and with quality that will make the customers evangelize the products to others. There should be strengthening of relational experience management by improving delivery of value as exactly promised or even better. The interaction with customers has to be improved. The quality of products has to improve to make them have more alternative uses.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Customer experience increasingly taking the center stage as an approach firms are using to ensure customer loyalty as a means of improving sales and profitability (Laming & Mason, 2014). In this approach, the management of a firm focuses on how that customer will feel about a product and how the same customer will behave in future. Given the standardization of products in industries, especially those that deal in tangible goods firms have to provide unique experiences that will result in customer satisfaction which will in turn influence customer loyalty. Management of customer experience should focus on delivering customer satisfaction through a carefully planned customer experience so as to effectively influence strong brand loyalty and advocacy (Garg, Rahman, & Kumar, 2010). Managing customer experience means deliberately taking steps that deliver customer satisfaction through both the physical and emotive experiences that ensue as the customer interacts with a product. The experience begins when the customer makes the first conscious contact with the product, continues at every stage and ends at the post-consumption stage (Garg, Rahman, & Kumar, 2010). Customer loyalty is achieved when a customer shows consistent devotion to the products and shows a strong tendency to select the firm's products over those of competitors (Kotler, Keller, Brady, Goodman, & Hansen, 2016).

Customer experience management is anchored on Value Hierarchy Model, Utilitarian and Hedonic Model and Consumption Value Theory. The Value hierarchy model posits three ranked levels of value, namely, desired attributes, desired consequences, and desired end-

states. The lower level are step stones for achieving higher levels. In the Utilitarian and Hedonic Model value is seen in terms of the performance or functions of a product and in terms of customer experience. This theory dichotomizes value into utilitarian and hedonic value which helps in broadening the perspective of value. The Consumption Value theory has its foundations upon the customer decision or choice regarding purchase decision and brand choice. This theory divides value into functional value, social value, emotional value, epistemic value and conditional value (Aulia, Sukati, & Sulaiman, 2016).

Fast Moving Consumer Goods (FMCG) manufacturers are facing a great challenge since customers are increasingly becoming more sophisticated and consumers becoming more focused, but less loyal (Gakure, Ngugi, Waithaka, Aiyabei, & Mburu, 2012). In the context of globalization firms are experiencing stiffer competition worsened by customers who have higher bargaining power. Customers are increasingly knowledgeable while products are becoming more commoditized with wider choice options. FMCGs are finding it more challenging to create customer satisfaction using product attributes as this is not translating into repeat purchase. As a result, sales and profits are dwindling and the harsh reality of possible shut-down is facing many firms in the FMCG industry. FMCG firms in Nairobi City County are no exception. Manufacturing is characterized by competition from both the formal and informal firms with agro-industry (food and beverages) sub-sector registering the highest rate of entry of firms (Were, 2016). Product attributes are no longer resulting in customer loyalty and to improve sales and survive in the market, firms have to focus on customer experience (Otieno, 2018).

1.1.1. Customer Experience Management

This is a marketing strategy whose focus is on operations and processes in the firm that concentrate on the needs of the individual customer (Mashingaidze, 2014). In the strategy, the firm deliberately focuses on the discipline, methodology and/or process that the management uses to manage how a customer is exposed to the firm's supply chain and how the customer interacts with the company, its products or a specific brand or service. The aim of CEM is to leave an indelible mark on customers' experience through regular representation and faultless execution across the firm's channels of supply and all contact points to enable the desired emotional connection and relations the management wants customers to have with given product brands (Schmitt & Zarantonello, 2013).

Customer Experience is a derivative of the set of interactions that go on between a customer and a product or a firm and which provokes some reaction from the customer. It is severely personal implying multilevel involvement of the customer. It is evaluated through comparing customers' expectations and the motivations arising from the interactions at contact moments or points (Mashingaidze, 2014). Customer experience has both rational and emotional aspects (Kotler, Keller, Brady, Goodman, & Hansen, 2016).

According to Schmitt (1999) with basis on Dewey's (1925) analyses, the forms of experience marketing modules include sense, feel, think, act and relate. Sense refers to an experience of value that is stimulated through providing an exciting stimulus through visual, auditory, tactile, taste, and smell senses. Feel is about attractive to a customers' internal feelings and emotions that range from slight fantastic moods linked to a emblem to strong emotions of pleasure and satisfaction in the product. assume is ready a merchandise appeal to the intellect of the customer through developing cognitive, hassle-

solving reviews that have interaction clients' creativity by manner of surprise, intrigue, and provocation. Act dimension aims focuses on bodily experiences, lifestyles, and interactions that enrich the lives of customers through physical experiences that show them alternative ways of doing things. The relate dimension goes further than a customer's personal and private feelings and relates the customer to his/her version of the ideal self or to the other people in his sphere or to various cultures available (Schmitt & Zarantonello, 2013).

1.1.2. Customer Loyalty

Customer's loyalty is a crucial asset for enterprises since it contributes to profitability (Jiang & Zhang, 2016). However, perspectives of what makes customer loyalty vary (Ali, Kim, Li, & Jeon, 2016). In the view of Casidy & Wymer (2016) customer loyalty is the feeling of devotion to a loyalty object as opposed to repeated commercial transactions. According to Thakur (2016) customer loyalty must include attitude that drives the customer commitment to a specific product provider in a marketplace as revealed by repetitive purchasing. Loyalty is a consistent repurchase or re-patronize commitment with regard to a preferred product/service so that the buyer purchases same brand-set irrespective of variations in situations and marketing efforts that can cause switching behavior. This view seems to be the dominant view adopted by many scholars of marketing (Alhaija, Yusof, Hashim, & Jaharuddin, 2018).

According to Kandampully, Zhang, & Bilgihan (2015) customer's loyalty can be categorized as active loyalty or passive loyalty. Active customers aggressively share their experiences with others while the passive customers share limitedly. However, Dick & Basu (1994) identified four categories of customer loyalty, namely, no loyalty, loyalty, latent loyalty, and spurious loyalty. The classifications were based on attitude and

behaviour dimensions (Bowen & McCain, 2015). Managers of firms in a competitive market target to build truly loyal customers that exhibit high positive attitude and with great chance of repeat purchase by use of effective marketing strategies and tactics. According to Dick & Basu, (1994) introducing the attitude into the loyalty model makes loyalty more predictable. As a result loyalty has always to be viewed in unison with attitude.

According to Alhajja, Yusof, Hashim, & Jaharuddin (2018) to have a clearer conceptualization of loyalty the focus should be on variables such as trust, emotions, enjoyment, word of mouth and customer involvement. Further, an interested party may focus on customer commitment, perceived service quality, perceived value, benefits, brand reputation, brand image, destination image, perceived risk, switching costs, commercial advertisements and buyer-seller relationship, habits, religiosity, and religious orientation.

1.1.3. Fast Moving Customer Goods in Nairobi County

Fast Moving Consumer Goods (FMCG) are a group of goods featured with quick sales at low cost (Farmer, 2013). The products are sold at generally low profit margins with volume selling as the main driver of profit. FMCGs are a wide range of consumer products that are bought at high frequency. They include cosmetics, teeth cleaning products, toiletries, shaving products, soap and detergents, as well as other non-durables such as glassware, light bulbs, batteries, paper products and plastics. Pharmaceuticals, consumer electronics, packaged food products and drinks also make the list though these are separately grouped (Farmer, 2013). FMCG are either replaced or fully used up within a short time of not more than a year. This is in sharp contrast with durable goods that last for several years before replacement or use-up. The FMCGs are produced by either formal firms or informal firms in the manufacturing sectors of a country (Lorange & Rembiszewski, 2014).

The manufacturing sector in Kenya has registered slow growth at 3.5% in 2015 and at 3.2% in 2014 and sector contribute about 10 % to Kenya's gross domestic product (GDP) (Statistics, Kenya National Bureau of, 2016). The sector grows slower than the economy and its contribution the GDP has been reducing with time. Though Kenya prides the most sophisticated and largest manufacturing sector in the region, other countries in the region register faster growth. The number and variety of FMCGs is growing fast. However, most of the FMCG manufacturers are fast losing the competition for the customer (Lorange & Rembiszewski, 2014). Consumers are increasingly becoming difficult to retain leading to low sales for manufacturers. The growing number of players in the FMCG market is making the competition fiercer and the challenge is compounded by the increasingly sophisticated and disloyal customer.

1.2. Research Problem

Customer experience management (CEM) can provide a mechanism that the management of a firm can use to influence customer loyalty (Mashingaidze, 2014). In the approach the firm takes measures that target the discipline, methodology and the process that the management will use determine the interaction between the firm's products, supply chain and the company itself. He firm can achieve customer loyalty through leaving a strong mark in customer experience. This will happen if the firm's management pays close attention to and effectively responds to customer needs interaction point to enable the desired emotional connection and relationships (Schmitt & Zarantonello, 2013).

FMCG manufacturers in Nairobi City County are persistently grappling with the challenge of the increasingly disloyal customer amidst fiercer competition (Ojwang', 2014). While the firms spent a lot in time, skills and finances to become more competitive through

winning the loyalty of the customer, its level is low and waning with the passage of time (Lorange & Rembiszewski, 2014). The trend has become a real threat to FMCG manufacturers' survival as some products keep failing in sales while other simply never sale despite effort by the firms.

A study by Ojwang' (2014) which was conducted on FMCG manufacturers in Nairobi City County to determine how promotional strategies influenced the performance of the firms did not show how CEM related to customer loyalty. In another study, by Gateru, Muturi, & Senaji (2017) whose focus was on how product awareness policy influenced performance of FMCG companies lying in the bottom of the pyramid market there is no attempt to demonstrate how customer experience management contributes to customer loyalty. Still in another study by Irungu (2019) which established how promotional mix approaches influenced sales performance among FMCGs in Nairobi County nothing directly connects CEM to customer loyalty. This missing connection of customer experience management to customer loyalty in FMCGs in Nairobi City County was the research gap this study sought to address. This study addressed the research gap by addressing the question: how does customer experience management affect customer loyalty in fast-moving goods manufacturers in Nairobi City County?

1.3. Objectives of the Study

To determine the effect of customer experience management on customer loyalty in fast-moving goods manufacturing firms in Nairobi County.

1.4. Value of the Study

The management of FMCG firms will have a well-researched assessment of how their CEM strategies are contributing to the loss of customers. The managers may then come up with reforms that may improve customer loyalty towards their products and spur more development in the country.

With regard to scholars, the study will provide an assessment of how managers of FMCG firms manage customer experience and how the management contributes to customer loyalty. Future scholars may then use the findings in discussions that find the study relevant.

Regarding makers of government's policy in Kenya, this study will establish how customer experience management is affecting the loyalty of customers towards manufactured products. It may then use the findings of this study as input when coming up with policies regarding the marketing of FMCG that are locally manufactured in Kenya with the aim of boosting locally made products.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter reviews the literature upon which this study is anchored. It discusses the three theories that are key to the study. It also discusses the elements of CEM that the study centers on. Further, the chapter reviews past empirical research concerning the relationship between CEM and customer loyalty before presenting the conceptual framework.

2.2. Review of Theories

This section discusses the Value Hierarchy Model, the Utilitarian and Hedonic Model, and the Consumption Value Theory. These form the foundation of the study.

2.2.1. Value Hierarchy Model

This is a model proposed by Woodruff (1997). It conceptualizes value from the customer's perspective and gives three levels of value. The degrees are: desired attributes, favored results, and desired stop-states or purpose and purposes. consistent with the version, decrease price degree ends are the step stones for reaching better price levels. Woodruff conceptualized fee as a client's preference for an evaluation of the features of a product, its performance, and the consequences of using that product that enable the customer to achieve his or her goals and purpose when consuming the product. According to Woodruff (1997) customer's concept of value depends on the context within which customer thinks of the perceived value. Customer's value concept may keep varying from what it is at the point of purchase to what it will be at the point of use of the product. The assumption is that when customers buy products they intent to achieve favorable ends (Khalifa, 2004).

The customer value hierarchy proposes that the customer conceives desired value in a means and ends manner. Looking at the hierarchy from down upwards, first the customer thinks of a product as a bundle or set of some specific attributes and attribute performances (Woodruff, 1997). This indicates that when customers buy and use a product, they create a desire for some attributes of the products basing on the ability of the attributes to facilitate the achievement of desired consequent experiences reflected in the subsequent level of the value hierarchy. The customers also learn to prefer some of the consequences to others according to their perception of how the consequences are able to facilitate the customer's goals and purposes which are at the apex of the value hierarchy. Starting from the apex of the value hierarchy, buyers use the goals and purposes on which they attach importance to decide which consequences they desire from products. They then use the consequences to determine which attributes and attribute performances they desire from products. The model suggests that customers evaluate products using certain desirable attributes, consequences and goals, but within their mindset at the given time and situation. A change in time and situation alters the linkages among the three levels of value influencing which products they will buy (Woodruff, 1997).

This theory shows how consumers make purchase decisions basing on a hierarchy of the values they need to achieve while buying or consuming a product. A consumer will compare the value products deliver versus how they match their value expectation and how they. A product that satisfies all the value levels of the consumer most likely gets purchased.

2.2.2. Utilitarian and Hedonic Model

This was introduced by Holbrook and Hirschman (1982). It posits that the behaviour exhibits is due to attitudes, motives and values and the behaviour contributes to purchase and consumption behavior. According to Teller, Reutterer and Schnedlitz (2008), the consumer purchases goods and services and perform consumption behavior basing on hedonic gratification and from utilitarian reasons.

Utilitarian value is a task-related needs fulfillment (Rintamaki, Kanto, Kuusela, & Spence, 2006). The utilitarian approach to shopping focuses on motivations such as durability, quality or convenience. According to Lee, Park, Chung & Blakeney (2012), utilitarian in shopping value is created when a consumer gets the product of desire and value increases when customer gets it with less effort and irritation. More value is also realized when information about the product is available and saves on costs. Other indicators of value include transaction, safety, symbolic, experiential, aesthetic and personal values.

Hedonic aspect of the theory focuses on feelings of the consumer. The feelings include both the pleasant as well as the unpleasant feelings. According to Szmigin and Carrigan (2007), hedonism has for long been associated with the negative implication of immediate gratification that is considered egoistic, individualistic materialistic and with too much selfishness. However, modern scholars such as Soper, Ryle and Lyn (2009) argue that hedonism can be ethical, but focuses on striving for the good life in accordance with a customer within a given society. The good is the individual's displeasure with consumerism and materialism leading to the affinity to make choices of alternative consumption practices. Egoistic hedonism does not consider the welfare of others who

might be affected by the choices of consumer while in ethical hedonism the consumer pursues own pleasure while considering the welfare of others (Soper, Ryle, & Lyn, 2009).

The utilitarian and hedonic model provides a theoretical explanation regarding how customers make choices to consume goods. While some goods are chosen basing on sensory experiences of the consumer as they buy and/or use a product, other goods are chosen basing on the utility of the good. The theory points out both the affective aspects and the objective bases a customer uses when buying and/or consuming a product.

2.2.3. Consumption Value Theory

This was proposed by Sheth, Bruce, & Barbara (1991). The theory posits that the consumer's choice regarding whether or not to buy or make a choice of a product over the different is primarily based on an expansion of kinds of value. In keeping with the concept, value is categorized into useful, social, emotional, epistemic, and conditional paperwork. Practical value is ready a product's capability to fulfill its purposeful, utilitarian, or physical functions. Social cost refers is about the congruency of a product with the norms of the pals or associates of a client with the social image desired via the consumer. Emotional value focuses on the affective dimension of the customer regarding whether the product elicits positive or negative sentiment in the customer. Epistemic value is the product's ability to satisfy the intellectual curiosity or the knowledge-seeking customer. The conditional value is the capacity of a product to satisfy a consumer's needs in the context of changing market situations and circumstances. The theory posits that a consumer's decision to buy is determined by functional, social, emotional, epistemic, and conditional forms of value. The theory anchors on the assumptions that that market choice depends on multiple values; the

forms of value contribute to choice; and that that the various forms of value are free of one another (Sheth, Bruce, & Barbara, 1991).

This theory provide to this study the types of value that drive consumer behaviour. It clearly indicates that consumers will buy products basing on judgment regarding the value the product delivers vis-à-vis expected value. When a product delivers the expected value, consumers are likely to make higher purchases.

2.3. Empirical Review

The value of a service, capsuled in its brand emerges through interactions that take place through the customer's sensory experiences in the value-generating processes. The brand image results from how customers perceive and experience a product in reality. It is a product of the feelings and thoughts of the customer regarding the product, its components and other elements, that contribute to the customer's perception of the brand (Gronroos, 2008). According to Holbrook and Hirschmann (1982), the sensory experience is dependent upon contexts, aesthetics, emotions, and symbolic aspects the customer goes through when acquiring or using a product.

Sensory experience is about sight, hearing, smell, taste and touch. According to Orth and Malkewitz (2008), different sensory impressions have great effect on consumer behavior and how they perceive goods and services. Sight is a powerful senses since it is what the consumers use commonly to discover changes in products as well as generally perceiving products. The sense of sound has great effect on emotions and feelings and, therefore, affects brand experience and interpretation. Smell is not only closely related to pleasure but affects emotion and memory. The sense of taste is very distinct and interacts with the other senses. Touch closely relates to information and feelings about a product by means

of physical and psychological interactions. Careful management of sensory experience by a firm definitely has an effect on the behaviour of the buyers of its products (Gronroos, 2008).

Cognitive experience relates to thought and the conscious mental processes that enable a customer creatively use their problem solving skills to revisit earlier assumptions they had regarding a product (Schmitt, 2011). Cognitive experience is a multifaceted mental process encompassing all mental activities involved when a consumer resolves the problem of buying a product and resolving a situation. The experience comprises of ideas, concepts, attitudes and reason. Cognitive experience enables the consumers to apply acquired information about a product and using the information for building new knowledge for future purchase decisions. This indicates that cognitive experience influences the decision to purchase. A product that is positively remembered may be bought again as opposed to a product that elicits bad memory. Cognitive experience is about the mental images, understanding and interpretations a customer makes as he or she interacts with a products acquisition process and its ownership (Batkoska & Koseska, 2012).

Cognitive experience can be convergent or divergent. Convergent thinking directs towards one conclusion and cognitive activity is directed towards that one particular conclusion. Convergent cognitive experience is relevant, systematic, meaningful, appropriate and effective implying that experiences are directed towards a clear objective regarding the behaviour and thinking of customers in face of the alternatives placed before them (Schmitt & Zarantonello, 2013). In divergent thinking there is no unique answer, directing thought to different directions. In marketing, divergent cognitive experience manifest when a customer is faced with innovative, new, dissimilar, or uncommon notions. It is also induced

when a firm sends different messages through multiple communication channels. It involves staging associative think campaigns (Schmitt, 2011). However, the use of such campaigns does not guarantee success in markets where customers have varying knowledge about a brand (Schmitt, 1999).

This is also called the Act Experience. It is a dimension that focuses on the active physical experiences (Nysveen, Perdersen, & Skard, 2013). The act experience revolve around motor actions and behavioral experiences (Brakus, Schmitt, & Zarantonello, 2009). The activities involved in the process of acquiring and using a product provide an important tool that helps in engaging consumers. Such activities include entertainment and fun experiences that are interesting to consumers who seek to escape reality. Physical experience is about building tangible experiences that lead to lifestyle and interactions that enrich lives through increasing body experience. The resulting changes in lifestyle can either be passive and/or active (Schmitt, 2011).

Social experience is concerned with relating a customer to other people, other social groups or the broader society nation or culture (Schmitt, 1999). Social groups may include people who belong to groups with a distinctly defining occupation, ethnicity or lifestyle. One indicator of consumer behaviour is the meaning that consumers attach to the products they buy. Consumers establish relationships with the possessions they have. Relationships are purposive in nature, and they form part of the enrichment of the customers' lives and their self-concept. For instance, product manufacturers seek to get endorsement to create meaningful relationships between certain brand users to a celebrity (Gronroos, 2008).

Relationships with regard to buyer behaviour and product brands facilitate the rise of collective consumption of a product that indicates connections within a set of consumers due to their use of a certain product brand. A brand community is a non-geographically bound group of people connected by relationships arising from admiration and consumption of a brand. Its specialization is centered on the brand of a product. The community has feature of other communities as it has a shared consciousness, a set of rituals and traditions, and a sense of morality (Hollebeek, 2011).

A study conducted by Trini and Salim (2018) examined how customer experience marketing, customer fulfilment and consumer trust affected customer loyalty in starred hotels in Jakarta. It was a causal and descriptive research design applying survey techniques to collect data. The study was conducted on a sample comprising 200 guests in the star hotels in Jakarta. Analysis was done using structural equation modelling (SEM). The study revealed that CEM effected customer loyalty, but customer satisfaction and customer trust did not affect customer loyalty. This study indicated a close association between CEM and customer loyalty. The study was, however, conducted in the hotel industry that have little to do with FMCGs.

Another study which was conducted by Wijaitthammarit and Taechamaneestit (2012) also focused on how CEM impacted on customer loyalty in Thailand's Supercenters. The study was a survey that employed a questionnaire. The study employed multistage sampling technique to get a sample of 1200 customers of 10 of the supercenters. Data were analyzed using Structural equation modeling SEM with multivariate statistics to test path analysis so as to establish causal exogenous variable. The study established that customer experience management components influenced consumer loyalty behavior as realized

through variables such as increased purchase, cross-buying, up-buying, re-buying etc. Customer satisfaction and customer loyalty had the highest correlation. The study showed a strong connection between CEM and customer loyalty. The study was, however, conducted in supercenter shops and not in FMCG manufacturers. This study, still did not answer the question of how CEM affected customer loyalty in FMCGs.

Another study by Chandra (2014) determined how customer experience affected customer satisfaction and loyalty of Ciputra World Surabaya shopping mall in Indonesia. The study was a causal study in which data were collected using a questionnaire. The sample comprised of 142 respondents who were found using simple random sampling. Data analysis was done by apply path analysis combined with regression analysis. Results of the study indicated that customer experience had significant impact on customer satisfaction. The study also showed that customer satisfaction did not guarantee customer loyalty. However, the study did not directly connect customer experience to customer loyalty. Further, the study did not consider customer experience management from the management's point of view and was not conducted in FMCG manufacturers.

In another study by Thuan, Ngoc and Trang (2018) aimed at determining whether customer experience management had any effect on customer loyalty in supermarkets in Mekong Delta, Vietnam. The study adopted case study approach that applied survey methods in data collection. Data were obtained from 321 supermarket customers by use of a questionnaire. Data analysis was conducted using descriptive statistics. The study also used factor analysis and structural equation modeling among others. The study indicated that CEM had a robust impact on customer loyalty shopping at the supermarkets. However, not

only was the study not conducted in Kenya, but it was also not conducted in FMCG manufacturing firms.

2.4. Summary of Literature Review and Research Gaps

The theories discussed have stipulated a close relationship between CEM and customer loyalty. The theoretical indication is that customers become loyal to a product, a brand or a company depending on their experience. Empirical literature reviewed has also indicated that CEM contributes to customer loyalty. The studies reviewed were done in Indonesia, Thailand and Vietnam. The studies were conducted in hotels and retail outlets. None of the studies was conducted in FMCG manufacturing firms. Two research gaps can be noted: first the studies were not conducted in FMCG manufacturing firms and, secondly, none of the studies was conducted in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter spells out the methodology used in establishing how customer experience management affects customer loyalty. The chapter, therefore, describes the research design, the target population, the sample and how data were collected. The chapter ends with a description of how was analyzed.

3.2. Research Design

This study was a descriptive research. In descriptive method the researcher collects, analyzes and integrates quantitative and qualitative data. This approach to research is used if integration of both types of data explains the phenomenon of interest better than if one type of data is used independently (Creswell, 2018). The researcher utilized both qualitative and quantitative data to establish how customer experience contributes to customer loyalty.

Such research design was applied by Trini and Salim (2018) who examined how customer experience marketing (CEM) affected customer loyalty in starred hotels in Jakarta, Indonesia. The research design was also used by Chandra (2014) when assessing how customer experience affected customer satisfaction and customer loyalty of Ciputra World Surabaya shopping mall in Indonesia.

3.3. Population of the Study

A target population is the complete group of items or people upon which generalization will be made after completing a study (Creswell, 2018). The population of this study comprised of the manufacturers of FMCGs in Nairobi City County. The FMCGs of focus

are: Maize and wheat flour; bread; washing detergents and soaps; alcoholic drinks and tobacco; beauty products; fast foods; sanitary products; stationery; cooking oil and salt; batteries; fruit and vegetables; meat; soft drinks; dairy products, tobacco and confectionery. The study focused on marketing managers of the companies that participated in the research. Since there are 101 such firms in Nairobi City County, with one marketing manager each, the population of the study comprised of 101 marketing managers. The study was a census study. The breakdown of the FMCG manufacturing firms is as shown in Table 3.1.

Table 3. 1: Distribution of FMCG Firms by Products they Manufacture

Goods type	Number of Firms
Maize and wheat flour	8
Bread	9
Washing detergents and soaps	24
Alcoholic drinks and tobacco	7
Beauty products	8
Fast foods	8
Sanitary products	4
Stationery	6
Cooking oil and salt	7
Batteries	1
Fruit and vegetables	7
Soft Drinks	1
Dairy products	5
Confectionery	6
Total	101

(Source: Kenya Association of Manufacturers, 2020)

3.4. Data Collection

Marketing managers of FMCG manufacturing companies provided the primary data used in this study. Demographic data comprised of age, number of workers, etc. Likert scaled questions collected data regarding the variables of study. The data were collected by a self-administered questionnaire. In the questionnaire, the marketing managers indicated their answers to items by ticking from provided option on a scale of 1 to 5. The researcher delivered the questionnaires to the marketing managers of FMCGs and took them back after the marketing manager has completed filling it. To ensure high response rate the manager was allowed to delegate the act of responding to any other member of the organization in question who has the capacity to provide the required information. This was used where the manager was for some reason not able to provide required information.

3.5. Data Analysis

Data were first be coded SPSS version 25 software before analysis. Quantitative data were analyzed using summary statistics such as percentages, mean and standard deviation. For instance, the study used percentages to show the distribution of the marketing managers according to their various demographic characteristics as given in the questionnaire. The mean was used to show the mean response to Likert scaled variables in the questionnaire. Graphics such as statistical tables were used to complement and organize statistical presentation.

The relationship between CEM and customer loyalty was determined by linear regression analysis. The independent variables were the variables associated with customer experience management while the dependent variable was customer loyalty. The regression analysis took the form below:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

Where, Y is customer loyalty, X_1 is Sensory Experience, X_2 is Cognitive Experience, X_3 is Physical Experience, X_4 is Relational Experience. β_0 is the intercept while β_i is the sensitivity of customer loyalty to customer experience management variables. The t-statistic was used to test the statistical significance of β_i . The F-test tested the power of the statistical model. The tests were conducted at 95% confidence level. The coefficient of determination R^2 and the adjusted R^2 tested how much variation in customer loyalty was explained by customer experience management variables. Analysis was conducted using SPSS version 25.

CHAPTER FOUR
DATA ANALYSIS AND RESEARCH FINDINGS

4.1. Introduction

This chapter presents data analysis, study findings, results and discussions. The chapter first presents the response rate and describes the demographic features of the sample. It goes further to present analysis of the data collected from respondents before discussing the results.

4.2. Questionnaire Return Rate

The study intended to reach 101 respondents in the FMCGs in Nairobi County. However, only 68 respondents successfully returned the questionnaires. The 68 returned questionnaires formed 67.33 percent return rate. Table 4.1 summarizes the return rate.

Table 4. 1: Questionnaire Return Rate

Administered	Returned	Return Rate
101	68	67.33%

(Source: Primary Data)

4.3. Demographic Characteristics of Respondents

The study determined the representation of the respondents basing on various features. The study focused on age, gender, education level, types of goods, firm ownership structure, years in operation and the size of the labour force.

4.3.1. Age of the Respondents

The study established the age distribution of the respondents. They respondents provided the data by marking on options in the questionnaire. Table 4.2 presents the summary of the distribution.

Table 4. 2: Age of Respondents

Age Bracket	Frequency	Percentage
Below 30 years	9	13.24
Between 30 and 50 years	39	57.35
Over 50 years	20	29.41
Total	68	100.00

(Source: Primary Data)

As indicated by the table, 13.24 percent of the sample were below 30 years of age while 57.35 percent were aged between 30 and 50 years. The remaining 29.41 percent were aged above 50 years. This point out that a majority of the respondents aged between 30 and 50 years.

4.3.2. Gender of Respondents

The study established the respondents' gender who provided the data by ticking an option from those provided in the questionnaire. Table 4.3 provides a summary.

Table 4. 3: Gender of Respondents

Gender	Frequency	Percentage
Male	52	76.47
Female	16	23.53
Total	68	100.00

(Source: Primary Data)

As shown in Table 4.3, 76.47 percent of the respondents were male while the remaining 23.53 percent were female. This indicates that a majority of the respondents were male.

4.3.3. Education Level of the Respondents

In order to establish education levels attained by the respondents the questionnaire required each of them to tick one of the given options. The summary of the responses are as given in Table 4.4.

Table 4. 4: Education Level of Respondents

Education Level	Frequency	Percentage
High School	7	10.29
Certificate	10	14.71
Diploma	17	25.00
Graduate	25	36.76
Postgraduate	9	13.24
Total	68	100.00

(Source: Primary Data)

As presented in Table 4.4, 10.29 percent of the respondents had attained high school education while 14.71 had attained post high school certificate education. The study also established that 25.00 percent had attained diplomas while 36.76 had graduate education. 13.24 percent had postgraduate education. The table indicates that most of the respondents had graduate education.

4.3.4. Types of Goods Dealt by Respondents

The study established the types of FMCGs each of the firms dealt in. The respondents ticked on one of the options provided for in the questionnaire. The summary of their responses is provided in Table 4.5.

Table 4. 5: Type of Goods Firms Dealt In

Types of Goods	Frequency	Percentage
Toiletries, soap, cosmetics, teeth cleaning products, shaving products and detergents	19	27.94
Glassware, light bulbs, batteries, paper products and plastic	13	19.12
Pharmaceuticals	4	5.88
Consumer electronics	8	11.76
Packaged food products and drinks	12	17.65
Other (Specify)	12	17.65
Total	68	100.00

(Source: Primary Data)

As shown in Table 4.5, 27.94 percent of the firms dealt in toiletries, soap, cosmetics, teeth cleaning products, shaving products and detergents. 19.12 percent of the firms dealt in glassware, light bulbs, batteries, paper products and plastic. 5.88 percent dealt in pharmaceuticals while 11.76 percent were in consumer electronics. Those that dealt in packaged food products and drinks were 17.65 percent. Those that dealt in other types of goods made up 17.65 percent.

4.3.5. Ownership Structure of Respondent's Firms

The study determined the nature of the ownership of the companies that manufacture FMCGs. The respondents provided the data by marking on one of the choices provided by the questionnaire. The summary is displayed in Table 4.6.

Table 4. 6: Ownership Structure of Firms

Ownership Structure	Frequency	Percentage
Sole Proprietorship	3	4.41
Partnership	8	11.76
Private company	55	80.88
Public/Listed company	2	2.94
Total	68	100.00

(Source: Primary Data)

As presented in Table 4.6, respondents indicated that 4.41 percent of the firms were sole proprietorship while 11.76 percent were partnerships. 80.88 percent of the firms were private limited companies while the remaining 2.94 percent were public/listed companies. It was noted that a majority of the firms manufacturing FMCGs were private limited companies.

4.3.6. Length of Time the Firm’s Had Been Operational

The study determined the length of time the firms manufacturing FMCGs had been operational. The respondents ticked an option from the time brackets provided in the questionnaire. The summary of the responses is as presented in Table 4.7.

Table 4. 7: Number of Years in Operation

Time in Years	Frequency	Percentage
Below 10 years	5	7.35
Between 10 and 20 years	20	29.41
Between 20 and 30 years	18	26.47
Over 30 years	25	36.76
Total	68	100.00

(Source: Primary Data)

The table indicates that 7.35 percent of the firms had been operational for the last 10 years. 29.41 percent had been operational between the last 10 years and 20 years. Firms that had been operational for between 20 years and 30 years comprised 26.47 percent while those that had been operational for more than 30 years comprised 36.76 percent of the sample. The study established that most of the firms had been operational for over 20 years.

4.3.7. Labour Force of Respondents' Firms

The study established the sizes of the firms basing on the labour force. The findings are summarized in Table 4.8.

Table 4. 8: Labour Force of Firms

Labour Force	Frequency	Percentage
Below 50 workers	8	11.76
Between 51 and 150 workers	30	44.12
Between 151 and 500 workers	26	38.24
Over 500 workers	4	5.88
Total	68	100.00

(Source: Primary Data)

As shown in the table, 11.76 percent of the firms had less than 50 workers while 44.12 percent had between 51 and 150 workers. 38.24 percent of the firms had between 151 and 500 workers while 5.88 percent of the firms had more than 500 workers. The study established that a majority of the firms manufacturing FMCGs had a labour force of between 51 and 150 workers.

4.4. Data Reliability

The study determined the reliability of the responses to the Likert Scale questions on the variables of the study. This was done by using Cronbach's Alpha reliability measure. The reliability was assessed for each of the sections that focused on each variable under investigation. The findings are displayed in Table 4.9.

Table 4. 9: Data Reliability

Section of Questionnaire	Variable	Number of Items	Alpha	Remark
Section 2	Sensory Experience	8	0.7012	Reliable
Section 3	Cognitive Experience	9	0.7598	Reliable
Section 4	Physical Experience	8	0.7175	Reliable
Section 5	Relational Experience	9	0.7025	Reliable
Section 6	Customer Loyalty	10	0.7012	Reliable

(Source: Primary Data)

As shown in Table 4.6, Section 2 of the questionnaire dwelt on Sensory Experience in which respondents responded on eight items. The Cronbach's Alpha was 0.7012 indicating reliable responses. Section 3 had nine items that focused on Cognitive Experience. The Cronbach's Alpha was 0.7598 which indicated reliability of the responses. Section 4 had 8 items that focused on Physical Experience. The Cronbach's Alpha for the responses was 0.7175 indicating reliability. Section 5 of the questionnaire had 9 items on Relational Experience. The Cronbach's Alpha for the responses was 0.7025 indicating reliability. Section 6 of the questionnaire had 10 items measuring Customer Loyalty. The Cronbach's Alpha for the section was 0.7012 indicating reliable responses. The study established that the responses were all reliable and could generate reliable finding on analysis.

4.5. Regression Analysis

The study sought to describe the data to be used in establishing the relationship between Customer Loyalty and the independent variables. The data for this analysis were generated by finding the averages of each respondent per variable. The descriptive statistics of the generated data are as displayed in Table 4.10.

Table 4. 10: Descriptive Statistics

Descriptive Statistics				
	Minimum	Maximum	Mean	Std. Deviation
Sensory Experience	3.00	4.67	4.16	.37
Cognitive Experience	2.56	4.78	3.98	.48
Physical Experience	2.50	4.75	3.92	.51
Relational Experience	2.56	4.67	4.05	.42
Customer Loyalty	2.90	4.90	4.05	.45

(Source: Primary Data)

As shown in Table 4.10, Sensory Experience had a minimum value of 3.00 with a maximum of 4.67. Its average was 4.16 (SD = 0.37). The minimum for Cognitive Experience was 2.56 with a maximum of 4.78 and an average of 3.98 (SD = 0.48). Physical Experience had a minimum of 2.50, a maximum of 4.75 and an average of 3.92 (SD = 0.51). Relational Experience had a minimum of 2.56, a maximum of 4.67 with an average of 4.05 (SD = 0.42). With regard to Customer Loyalty the minimum was 2.90, the maximum was 4.90 while its average was 4.05 (SD = 0.45)

The study sought to determine how much variation in Customer Loyalty was explained by the four independent variables. This was done by calculating the coefficient of determination. The results are presented in Table 4.11.

Table 4. 11: Coefficient of Determination

Model Summary								
R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.701 ^a	.491	.458	.3319	.491	15.182	4	63	.000

a. Predictors: (Constant), Sensory, Cognitive, Physical, Relational

(Source: Primary Data)

As shown in Table 4.11, the coefficient of determination, R^2 , was 0.491. This points out that the four variables explain 49.1 percent of the variation in Customer Loyalty while the remaining 50.9 percent is explained by variables not in the model of analysis.

The study sought to assess the nature of the covariance between pairs of variables of study. This was done using to statistics, namely, Pearson's Correlation Coefficient and covariance. The values of both correlation and covariance are displayed in Table 4.12.

Table 4. 12: Correlation and Covariance Analysis

		Coefficient Correlations ^a			
		Sensory	Cognitive	Physical	Relational
Correlations	Sensory	1.000	.069	-.401	-.124
	Cognitive		1.000	.044	-.504
	Physical			1.000	-.115
	Relational				1.000
Covariances	Sensory	.012	.001	-.004	-.001
	Cognitive		.016	.000	-.006
	Physical			.008	-.001
	Relational				.010

a. Dependent Variable: Customer Loyalty

(Source: Primary Data)

As shown in Table 4.12, the correlation between Sensory Experience and Cognitive Experience was 0.69 with a matching covariance of 0.001. The correlation between Sensory Experience and Physical Experience was -0.401 with a covariance of -0.004. The correlation between Sensory Experience and Relational Experience was -0.124 with a covariance of -0.001. The correlation between Cognitive Experience and Physical Experience was 0.044 with a covariance of 0.000. The correlation between Cognitive Experience and Relational Experience was -0.504 with a covariance of -0.006. The correlation between Physical Experience and Relational Experience was -0.115 with a covariance of -0.001. The study established that the independent variable had low correlation and low variance indicating their independence and, therefore, allowing the use of all the variables in regression analysis.

In regression analysis the study sought to establish how Customer Loyalty related to each of the four CEM variables and determine a model relating the variables. The findings are as displayed in Table 4.13.

Table 4. 13: Regression Analysis

Coefficients^a					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	-.130	.625		-.209	.835
Sensory	.187	.127	.153	1.470	.147
Cognitive	.091	.100	.097	.917	.363
Physical	.292	.088	.331	3.313	.002
Relational	.469	.108	.433	4.338	.000

a. Dependent Variable: Customer Loyalty

(Source: Primary Data)

$$\text{Model: } Y = -0.130 + 0.187X_1 + 0.091X_2 + 0.292X_3 + 0.469X_4$$

As shown in Table 4.13, the constant of regression was -0.130 ($t = -0.209, p = 0.835$) which was not statistically significant. The coefficient of X_1 , Sensory Experience, was 0.187 ($t = 1.470, p = 0.147$) which was not statistically significant. The coefficient of X_2 , Cognitive Experience, was 0.091 ($t = 0.917, p = 0.363$) which was not statistically significant. The coefficient of X_3 , Physical Experience, was 0.292 ($t = 3.3313, p = 0.002$) which was statistically significant. The coefficient of X_4 , Relational Experience, was 0.469 ($t = 4.338, p = 0.000$) which was statistically significant.

ANOVA test ascertained the statistical significance of the model. The ANOVA test results are summarized in Table 4.14. As shown in the table $F=15.182$ ($p = 0.000$) which was statistically significant.

Table 4. 14: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.689	4	1.672	15.182	.000 ^b
Residual	6.940	63	.110		
Total	13.629	67			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Sensory, Cognitive, Physical, Relational

(Source: Primary Data)

4.6. Customer Loyalty

Customer Loyalty is about the consistent repurchase with regard to a preferred product so that the buyer purchases same product set despite variations in situations and marketing efforts. Respondents indicated the extent to which they agreed with the statement on customer loyalty regarding their firms. Table 4.15 summarizes the results.

Table 4. 15: Customer Loyalty

CUSTOMER LOYALTY	MEAN	SD
A large segment of your customers for a long time	4.04	0.89
Your customer base is constantly growing	4.12	1.00
Most of your customers recommend your product to others	3.97	0.83
Number of customers who cease to be your customers keeps reducing	4.07	0.74
The time customers take before buying your products again is short	4.12	0.87
Your customers also buy other products you provide	4.06	0.90
Your customers willingly give feedback about your products	3.99	0.89
Few of your customers are willing to try out substitute products	4.01	0.91
Your customers' average order volumes/values keep increasing	4.06	0.73
It takes shorter times for customers to decide to buy your products	4.10	0.81
GRAND MEAN	4.05	

(Source: Primary Data)

According to the results shown in the table, generally respondents agreed that their customer loyalty was improving (Grand Mean = 4.05). However, they most strongly agreed that their customer base is constantly growing (Mean = 4.12, SD = 1.00); that the time customers take before buying products again was short (Mean = 4.12, SD = 0.87); and that it took shorter times for customers to decide to buy products (Mean = 4.1, SD = 0.81). On the contrary, they least strongly agreed that customers willingly gave feedback about products (Mean = 3.99, SD = 0.89) and that most customers recommended product to others (Mean = 3.97, SD = 0.83).

4.7. Effect of Customer Experience Management on Customer Loyalty

If presenting findings about the effect of customer experience management on customer loyalty this section will focus on each of the four independent variables separately. The findings are as displayed in the subsections that follow.

4.7.1. Effect of Sensory Experience Management on Customer Loyalty

Respondents were required to indicate the extent to which they agreed that Sensory Experience Management in their firms with regard to their products affected customer loyalty to their products. They provided their assessment by responding to nine items in a Likert scale. The summarized findings are as presented in Table 4.16.

Table 4. 16: Effect of Sensory Experience Management on Customer Loyalty

Sensory Experience Management	MEAN	SD
Your products highly appealing to the five senses (touch, sight, sound, taste, smell)	4.37	0.49
The design of your products is very attractive to customers	4.29	0.60
Your products have very interesting features	4.16	0.56
Customers feel comfortable using your products	4.24	0.65
Your products make customers emotionally attached to them	4.22	0.75
The functions performed by your products make customers happy	4.13	0.60
Your products make customers view them as conspicuous	4.03	0.75
Customers think your products are instantly recognized by their friends	3.88	0.87
Customers feel self-fulfillment when they buy and use your products	4.10	0.72
Grand Mean	4.16	

(Source: Primary Data)

As displayed in the table, respondents generally agreed that Sensory Experience Management affected Customer Loyalty (Grand Mean = 4.16). More specifically, they most strongly agreed that products highly appeal to the five senses of touch, sight, sound, taste and smell (Mean = 4.37, SD = 0.49); that the design of products was very attractive to customers (Mean = 4.29, SD = 0.6) and that customers felt comfortable using products (Mean = 4.24, SD = 0.65). However, they least strongly agreed that customers think their products are instantly recognized by friends (Mean = 3.88, SD = 0.87).

4.7.2. Effect of Cognitive Experience Management on Customer Loyalty

The study sought to determine the effect of Cognitive Experience Management on Customer Loyalty. Respondents were required to provide their assessment by responding to a Likert scale of nine items about cognitive experience management. The findings are in Table 4.17.

Table 4. 17: Effect of Cognitive Experience Management on Customer Loyalty

Cognitive Experience Management	MEAN	SD
The features of your product are intriguing to customers	3.85	0.85
The functions on your products stimulate customer curiosity	3.93	0.82
The experiential activities of your products are interesting to customers	4.16	0.59
Your products make customers want to know about its technology	4.09	0.73
Your products demonstrate innovativeness	3.96	0.82
Customers find your products exclusive in the market	4.04	0.76
You use the latest technology to produce your products	3.93	0.92
Customers view your products as the best solution to their needs	3.81	0.92
Your products ingeniously give information about product use	4.01	0.87
Grand Mean	3.98	

(Source: Primary Data)

As displayed in the table, respondents generally agreed that Cognitive Experience Management affected Customer Loyalty (Grand Mean = 3.98). The respondents most strongly indicated that the experiential activities of products were interesting to customers (Mean = 4.16, SD = 0.59); that products made customers want to know about the related technology (Mean = 4.09, SD = 0.73); and that customers found products exclusive in the market (Mean = 4.04, SD = 0.76). However, they least strongly agreed that the features of product were intriguing to customers (Mean = 3.85, SD = 0.85) and that customers viewed products as the best solution to their needs (Mean = 3.81, SD = 0.92).

4.7.3. Effect of Physical Experience Management on Customer Loyalty

The study determined the effect of Physical Experience Management on customer loyalty. Respondents were required to assess the effect by providing responses on an eight item Likert scale. The summary of their responses is as presented in Table 4.18.

Table 4. 18: Effect of Physical Experience Management on Customer Loyalty

Physical Experience Management	MEAN	SD
Your products makes a customer want to get is complementary products	3.79	0.78
The features of your products make life easier for customers	3.94	0.86
Your products have indications which make it easier to understand the features they have	3.84	0.97
Your products have features that make a customer want to buy more	4.01	0.87
There is a higher likelihood of a customer purchasing your products	3.97	0.91
Your products make a customer seriously consider purchasing them	4.01	0.86
Customers actively share the shopping experience with your products	3.94	0.83
Your customers are likely to evangelize your product to others	3.82	0.90
Grand	3.92	

(Source: Primary Data)

As displayed in the table, respondents generally agreed that Physical Experience Management affected Customer Loyalty (Grand Mean = 3.92). However, they most strongly agreed that products have features that make a customer want to buy more (Mean = 4.01, SD = 0.87) and that products made a customer seriously consider purchasing them (Mean = 4.01, SD = 0.86). On the contrary, they least strongly agreed that customers were likely to evangelize your product to others (Mean = 3.82, SD = 0.9) and that products made a customer want to get its complementary products (Mean = 3.79, SD = 0.78).

4.7.4. Effect of Relational Experience Management on Customer Loyalty

The study sought to establish the effect of Relational Experience Management on Customer Loyalty. Respondents provided an assessment of this effect by responding on a Likert scale with nine items. The results are summarized in Table 4.19.

Table 4. 19: Effect of Relational Experience Management on Customer Loyalty

Relational Experience Management	MEAN	SD
Features of your products make a good product image for customers.	3.91	0.79
Customers interacts with your organization elicits enthusiasm	4.13	0.75
Features of your supply chain makes customers feel proud	4.03	0.77
Customers feel closer to your products due to their many uses	4.13	0.79
Product features make customers think how important the products are	4.09	0.86
You have effective mechanisms to ensure buyers of your products relate to each other	4.01	0.72
Your products are a symbol of high social status	3.85	0.74
Purchasing your products makes a customer feel financially successful	4.04	0.78
Your products deliver value exactly as it promises	4.21	0.61
Grand Mean	4.05	

(Source: Primary Data)

Respondents generally agreed that Relational Experience Management affected Customer Loyalty (Grand Mean = 4.05). More specifically they most strongly agreed that products delivered value exactly as promised (Mean = 4.21, SD = 0.61); that customers interacted with organization eliciting enthusiasm (Mean = 4.13, SD = 0.75); and that customers felt closer to products due to the products' many uses (Mean = 4.13, SD = 0.79). On the contrary, respondents least strongly agreed that features of products made a good product image for customers (Mean = 3.91, SD = 0.79) and that products were a symbol of high social status (Mean = 3.85, SD = 0.74).

4.8. Discussion of Results

The object of this study was to determine the effect of CEM on customer loyalty in fast-moving goods manufacturing firms in Nairobi County. To achieve this objective the study focused on four variables with regard to customer experience management. The variables are: Sensory Experience, Cognitive Experience, Physical Experience and Relational Experience. This section discusses the results.

4.8.1. Effect of Sensory Experience Management on Customer Loyalty

The study established that sensory experience management had a positive effect on customer loyalty. Products highly appealed to the five senses of touch, sight, sound, taste and smell and their design was very attractive to customers. The customers also felt comfortable using the products. However, customers did not think the FMCGs were instantly recognizable by friends.

The findings are similar to those of Trini & Salim (2018) examined how CEM, customer satisfaction and consumer trust affected customer loyalty in starred hotels in Jakarta, Indonesia. In the study, they established that CEM is closely related to customer loyalty.

The findings also agree with those of Wijaithammarit & Taechamaneestit (2012) also focused on the impact of CEM on customer loyalty in Thailand's Supercentres. The study found high correlation between customer satisfaction and customer loyalty.

4.8.2. Effect of Cognitive Experience Management on Customer Loyalty

The study established that cognitive experience management had a positive effect on customer loyalty. The experiential activities of products were interesting to customers and the products made customers want to know more about the related technology. Further, customers found products to be exclusive in the market. However, product features were not intriguing to customers and the customers did not view products as the best solutions to their needs.

The findings agree with those of Chandra (2014) who studied how customer experience affected customer gratification and loyalty of Ciputra World Surabaya shopping mall in Indonesia. Results of the study showed that customer experience had significant impact on customer satisfaction. The findings also agree with those of Thuan, Ngoc, & Trang (2018) who studied whether customer experience management had any effect on customer loyalty in supermarkets in Mekong Delta, Vietnam and established a robust relationship.

4.8.3. Effect of Physical Experience Management on Customer Loyalty

This study established that physical experience management positively affected customer loyalty. Products have features that make a customer want to buy more and make a customer seriously consider purchasing them. However, Customers were not likely to evangelize the product to others. The products also did not make customers want to get its complementary products.

The findings agree with those of Singh & Saini (2016) who studied the role of customer relationship management efforts in ensuring customer loyalty. In the study they established that customer relationship management efforts, had positive influence on customer loyalty. The findings also agree with those of Nobar & Rostamdazeh (2018) who studied how customer satisfaction, customer experience and customer loyalty affected brand power in the hotel industry with focus on Pars Hotels. The study found a positive relationship between customer satisfaction and loyalty.

4.8.4. Effect of Relational Experience Management on Customer Loyalty

This study established that Relational Experience Management had a strong positive effect on Customer Loyalty. Products delivered value they promised and there was enthusiastic interaction between customers and firms. Customers felt closer to products since products had many uses. However, products did not make a good product image for customers and did not improve the social status of the customers.

The findings agree with those of Lundaeva (2018) who sought to establish the relationship between CEM and loyalty in Apple and DHL Freight. The study demonstrate that CEM was a strong positive driver of customer loyalty. The findings also agree with those of Luturlean & Anggadwita (2015) who focused on conceptualizing customer experiences management in hotel industry in Indonesia. They found that CEM positively affected customer loyalty.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENATIONS

5.1. Introduction

The chapter summarizes the study and presents the conclusions of the study. Further, the chapter makes recommendations and gives the implications of the conclusions of the study. Further, the chapter highlights the shortcomings of the research and makes suggestions for further research.

5.2. Summary of the Study

Regarding sensory experience management data analysis shows that sensory experience management positively affects customer loyalty. Respondents indicated that products have a high appeal to the five senses of touch, sight, sound, taste and smell and that products are very attractive to customers. The findings also suggest that customers are comfortable using the products provided. However, customers do not find products instantly recognizable by their friends.

As regards cognitive experience management data analysis indicates it has a weak positive effect on customer loyalty. Analysis established that experiential activities of products were interesting to customers and the products made customers curious about the related technology. However, products were not intriguing to customers and did not ensure best address to consumers' needs.

Analysis also found that physical experience management strongly positively affected customer loyalty. Products were attractive to customers. However, customers did not voluntarily spread information about the products to others. The products did not stimulate purchase of their complementary products.

With regard to relational experience management analysis indicated that relational experience management strongly positively affected customer loyalty. Products were found to deliver promised value and customers had enthusiastic interactions with firms. The nature of products satisfying alternative needs of customers made them feel closer to the products. However, analysis indicated that the products do not make a good product image for customers and do not enhance the social status of the customer.

5.3. Conclusions of the Study

Regarding sensory experience management this study concludes that sensory experience management positively affects customer loyalty. Products have a highly appealed to the five senses of touch, sight, sound, taste and smell and the design of the products is very attractive to customers. Customers are comfortable using the products. However, customers do not think the FMCGs are instantly recognizable by their friends.

With regard to cognitive experience management the study finds that cognitive experience management positively effects customer loyalty. The experiential activities of products are interesting to customers and the products make customers want to know more about the related technology. Further, customers find products to be exclusive in the market. However, product features are not intriguing to customers and the customers do not view products as the best solutions to their needs.

This study also concludes that physical experience management positively effects customer loyalty. Products have features that attract customers to buy more. However, customers do not evangelize the product to others. The products also do not make customers want to get its complementary products.

Regarding relational experience management this study concludes that relational experience management has a positive effect on customer loyalty. Products deliver value exactly as promised and the customers interact with organization in an enthusiasm eliciting manner. Customers feel closer to products since the products have many alternative uses. However, the products do not make a good product image for customers and the products are not symbols of high social status.

5.4. Recommendations

This study makes the following recommendations. Regarding sensory experience management has to be strengthened to make stronger contribution to customer loyalty. Products must be made to have stronger appeals to touch, sight, sound, taste and smell. The designs of products should be made more attractive to customers. The designs should make customers more comfortable using the products. Strategies for customer experience management should capture the need of making products instantly recognizable by the friends of customers.

As regards cognitive experience management the study recommends that more should be done to strengthen the contribution of cognitive experience management to customer loyalty. The experiential activities of products should be made more interesting to customers and the products should be made to stimulate customers to want to know more about the related technologies about a product. Further, products should be made to look exclusive in the market. Serious steps should be designed and implemented specifically to make products more intriguing to customers and make customers feel the products are effective solutions to their needs.

This study also recommends that physical experience management be made to contribute more strongly to customer loyalty. Products should be designed to have features that attract customers to buy more. The design of products should be made with quality that will make them evangelize the products to others. The products design should be such that it makes customers want to get the complementary products.

Regarding relational experience management this study recommends the strengthening of relational experience management to make it have more strong and positive effect on customer loyalty. Products have to be designed to deliver value exactly as promised or even better. The interaction customers have with FMCGs manufacturers has to be improved. The quality of products has to improve to make them have more alternative uses. Products should be designed to have better images in the minds of customers and in line with higher social status.

5.5. Implications of the Study

This section discusses the implications of the findings of this study. It presents implications for knowledge, for practice and industry and for policy.

5.5.1. Implications for Knowledge

The study established that CEM is not a definite predictor of customer loyalty. While variables such as physical experience management and relational experience management have shown strong relationship with customer loyalty, sensory experience and cognitive experience management has shown weak relationship.

5.5.2. Implications for Practice

The implication of this study to those in FMCGs manufacturing business is that when designing policies to influence customer loyalty through management of customer experience, they have to put policies that they feel can achieve desired objectives. This arises from the fact that in this study sensory experience management and cognitive experience management do not strongly contribute to customer loyalty despite programs being in place. On the other hand physical experience management and relational experience management strongly contribute to customer loyalty. The customer experience management policies have to be carefully designed, implemented and frequently reviewed to maintain relevance to the market.

5.5.3. Implications for Policy

Manufacturers of FMCGs in Nairobi City have the challenge of maintaining customer loyalty to their products. Though the manufacturers have customer experience management policies in place, the customers are not being responsive to the policies. It seems customers derive their value from other products that have more superior capacity to satisfy their needs. Policy makers in the Kenyan government should come up with policies that can improve production technologies and make customers focus more on locally manufactured FMCGs. This will go a long way improving the contribution of the FMCGs manufacturing firms to the national economy.

5.6. Limitations of the Study

The study is descriptive in nature. It is based on primary data collected respondents. This subjects the findings of the study to respondents' opinions and biases. This means the accuracy of the study depends to a large extent on the accuracy of the respondents.

The study is one-time meaning it may not be effectively generalized across time. It has also covered only the Nairobi County. The study did not involve firm that are not in FMCGs manufacturing. This makes it difficult to generalize the findings nationally, internationally and across sectors.

5.7. Areas Suggested for Further Research

A longitudinal study should be done to assess how the relationship between CEM and customer loyalty in FMCGs manufacturing firms is manifesting with passage of time. Secondary data should also be used to minimize the possible bias that may affect results due to the use of primary data. The study should also be done at a national scale since FMCGs are located across the country. A study should be conducted covering the East African Region to be a point of reference for FMCGs manufacturers in the East African Community (EAC).

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APPENDICES

Appendix 1: Letter of Introduction

May 7, 2020.

Margaret Kamaru,
University of Nairobi

Dear Respondent,

RE: COLLECTION OF DATA FOR RESEARCH

For my Master of Business Administration (MBA) degree at the University of Nairobi I am conducting a research to determine how customer experience management contributes to customer loyalty in fast-moving consumer goods manufacturers in Nairobi City County. The study is conducted on Marketing Management in the county. You are requested to kindly provide the information to enable the success of this research. The information you provide is confidential and you are, therefore, requested not to provide any form of identity on the questionnaire. Put the completed questionnaire in the provided envelope and seal it. Kindly complete the questionnaire as honestly as possible. Your cooperation is highly appreciated. Thank you in advance.

Yours Sincerely,

Margaret Kamaru,
Researcher

Appendix 1I: Questionnaire

Thank you for taking part in this survey on the relationship between customer experience management and customer loyalty in fast-moving consumer goods manufacturers in Nairobi City County. The questionnaire should take a few minutes of your time to complete. Provide the required information as truthfully and as accurately as possible. The information you provide will be handled with strict confidentiality. Do not write your name anywhere on the questionnaire and do not provide any indication of your identity. Put the completed questionnaire in the provided envelop and seal it before handing it back.

SECTION 1: DEMOGRAPHIC INFORMATION

Provide answers to this section by ticking (✓) on the option that is most accurate.

1) What is your age?

Below 30 years	
Between 30 and 50 years	
Over 50 years	

2) What is your gender?

Male	
Female	
Over 50 years	

3) What is the highest level of education you have attained?

High School	
Certificate	
Diploma	
Graduate	
Postgraduate	

4) What type of goods do you deal in?

Toiletries, soap, cosmetics, teeth cleaning products, shaving products and detergents	
Glassware, light bulbs, batteries, paper products and plastic goods	
Pharmaceuticals	
Consumer electronics	
Packaged food products and drinks	
Other (Specify)	

5) What is the ownership structure of your business organization?

Sole Proprietorship	
Partnership	
Private company	
Public/Listed company	
Other (Specify)	

6) For how long has the business been operational?

Below 10 years	
Between 10 and 20 years	
Between 20 and 30 years	
Over 30 years	

7) What is your estimated labour force?

Below 50 workers	
Between 51 and 150 workers	
Between 151 and 500 workers	
Over 500 workers	

SECTION 2: SENSORY EXPERIENCE

In this section the focus is on sensory experience management. You are required to provide an assessment regarding what your organization (firm) does to sensory appeal to ensure your customers elicit positive responses to your products as they interact with your firm and products. For each statement tick (✓) on the options that most reflects your level of agreement.

(1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree)

SENSORY EXPERIENCE MANAGEMENT	1	2	3	4	5
Your products highly appealing to the five senses (touch, sight, sound, taste, smell)					
The design of your products is very attractive to customers					
Your products have very interesting features					
Customers feel comfortable using your products					
Your products make customers emotionally attached to them					
The functions performed by your products make customers happy					
Your products make customers view them as conspicuous					
Customers think your products are instantly recognized by their friends					
Customers feel self-fulfillment when they buy and use your products					

SECTION 3: COGNITIVE EXPERIENCE

In this section the focus is on cognitive experience management. You are required to provide an assessment regarding what your organization (firm) does to cognitively appeal to ensure your customers elicit positive responses to your products as they interact with your firm and products. For each statement tick (✓) on the options that most reflects your level of agreement.

(1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree)

COGNITIVE EXPERIENCE MANAGEMENT	1	2	3	4	5
The features of your product are intriguing to customers					
The functions on your products stimulate customer curiosity					
The experiential activities of your products are interesting to customers					
Your products make customers want to know about its technology.					
Your products demonstrate innovativeness					
Customers find your products exclusive in the market					
You use the latest technology to produce your products					
Customers view your products as the best solution to their needs					
Your products ingeniously give information about product use					

SECTION 4: PHYSICAL EXPERIENCE

In this section the focus is on cognitive experience management. You are required to provide an assessment regarding what your organization (firm) does to cognitively appeal to ensure your customers elicit positive responses to your products as they interact with your firm and products. For each statement tick (✓) on the options that most reflects your level of agreement.

(1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree)

PHYSICAL EXPERIENCE MANAGEMENT	1	2	3	4	5
Your products makes a customer want to get is complementary products					
The features of your products make life easier for customers					
Your products have indications which make it easier to understand the features they have.					
Your products have features that make a customer want to buy more					
There is a higher likelihood of a customer purchasing your products					
Your products make a customer seriously consider purchasing them					
Customers actively share the shopping experience with your products					
Your customers are likely to evangelize your product to others					

SECTION 5: RELATIONAL EXPERIENCE

Here you are required to provide an assessment regarding what your organization (firm) does to ensure your customers elicit positive responses to your products with regard to how their interaction with your firm and products enhance the customer's position with peers and the society. You provide the assessment by ticking (✓) on the options depending your level of agreement.

(1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree)

RELATIONAL EXPERIENCE MANAGEMENT	1	2	3	4	5
Features of your products make a good product image for customers.					
Customers interacts with your organization elicits enthusiasm					
Features of your supply chain makes customers feel proud					
Customers feel closer to your products due to their many uses					
Product features make customers think how important the products are					
You have effective mechanisms to ensure buyers of your products relate to each other					
Your products are a symbol of high social status					
Purchasing your products makes a customer feel financially successful					
Your products deliver value exactly as it promises					

SECTION 6: CUSTOMER LOYALTY

This section requires you to provide an assessment of your customers with regard to their noted behavior towards your products. Provide your responses by ticking (✓) on a range of 1 to 5 depending on how you agree with each of the statement in the table.

(1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree)

CUSTOMER LOYALTY	1	2	3	4	5
A large segment of your customers for a long time					
Your customer base is constantly growing					
Most of your customers recommend your product to others					
Number of customers who cease to be your customers keeps reducing					
The time customers take before buying your products again is short					
Your customers also buy other products you provide					
Your customers willingly give feedback about your products					
Few of your customers are willing to try out substitute products					
Your customers' average order volumes/values keep increasing					
It takes shorter times for customers to decide to buy your products					

Appendix III: List of FMCG Manufacturers in Nairobi City County

A. Maize and wheat flour;

1. Nairobi Flour Mills Ltd
2. Pembe Flour Mills Ltd
3. Bakhresa Grain Milling (K) Limited
4. Alpha Grain Millers
5. Premier Flour Mills Ltd
6. Kirinyaga Flour Mills Ltd
7. United Millers LTD
8. Unga Limited

B. Bread

1. Kenafriic Bakery Limited
2. Nairobi Bread Company
3. Akiyda Bakery
4. Mini Bakeries Ltd
5. Supa Loaf Bakery
6. Cake City
7. Sweet Inspirations Kenya
8. Krumble
9. Elliots Kenya Limited,

C. Washing detergents and soaps;

1. Spectra Chemicals Kenya Limited
2. Bidco Africa Ltd
3. Odex Chemicals Limited
4. Orbit Chemicals Ltd
5. Elex Products Ltd
6. PZ Cussons
7. Soilex Prosolve Limited
8. Buyline Industries Ltd
9. Saphy Industries
10. Emat For Investment Limited
11. PAW Cleaning Supplies & Services
12. Jet Chemicals (Kenya) Ltd
13. Diamond Industries Ltd
14. Elephant Soap Industries Ltd
15. Elex Products (EA) Ltd
16. Labchem Limited
17. Safi Products (K) Ltd
18. Simba Detergents Ltd
19. Stalite Systems Ltd
20. Greenwich Industries Ltd

21. Century Cleaning Products Ltd
22. Danstar Holdings Ltd
23. Flourish Company Ltd
24. Gohil Soap Factory Ltd

D. Alcoholic drinks and tobacco;

1. Africa Spirits Limited
2. Kenya Wine Agencies Ltd
3. East African Breweries Ltd
4. British American Tobacco Kenya
5. Mastermind Tobacco Kenya

E. Beauty products;

1. Dawn Cosmetics
2. Uzuri Industries Ltd
3. Angelica Industries (Nairobi) Ltd
4. Interconsumer Products Ltd
5. Vaja's Manufacturers Ltd
6. Haco Industries Kenya Ltd
7. HighChem Group of Companies
8. Soap Masters Kenya

F. Fast foods;

1. Kentucky Fried Chicken (KFC)
2. Steers
3. Debonairs Pizza
4. Naked Pizza
5. Domino's Pizza
6. MC Frys
7. Pizza inn
8. Chicken Inn
9. Burger King.

G. Sanitary products

1. Chandaria Industries
2. Alison Products (Kenya) Limited
3. Elex Products Ltd
4. Soilex Prosolve Ltd,

H. Stationery;

1. Zenithcrest Printers and Stationery Suppliers
2. Twiga Stationers & Printers Ltd
3. Kenya Toner & Ink Suppliers Ltd

4. Economic Industries Ltd
5. Kartasi industries
6. Ramco Printing,

I. Cooking oil and salt

1. Kapa Oil Refineries Ltd
2. Galana Oil Kenya Ltd
3. Golden Africa Kenya Limited
4. Menengai Oil Refineries Ltd
5. Bidco Africa LTD
6. Krystalline Salt Ltd
7. Kensalt Limited

J. Batteries;

1. Eveready EA,

K. Fruit and vegetables;

1. Trufoods Ltd and Kabazi Cannery
2. Milly Fruit Processors Ltd
3. Premier Food Industries Ltd
4. Frigoken
5. Kevian Kenya Ltd
6. Kagoka Foods Limited
7. Profresh Export Ltd

L. Soft drinks;

1. Coca-Cola Bottling Co of Nairobi Ltd

M. Dairy products,

1. Aberdare Creameries
2. Brookside Dairy
3. Ilara Dairies
4. KCC
5. Oriental Dairy

N. Confectionery:

1. Candy Kenya Ltd
2. Kenya Sweets Ltd
3. Kenafri Manufacturing Limited
4. Patco industries Ltd
5. House of Manji
6. Wrigley New Factory