FACTORS INFLUENCING BRAND LOYALTY IN THE OIL INDUSTRY: THE CASE OF THE MATATUS ON ROUTE 44 IN NAIROBI

BY

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DECLARATION

I declare that this research project is my original work and its content has never been presented to any other institution for the award of a degree.

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This Project has been carried out by the student under my supervision and has been submitted for examination to the university with my approval.

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DEDICATION

I dedicate this project to my wife Wanjiru, my son Mwangi and my two daughters Wangeci and Wanjiku whose love, care, understanding, inspiration, support and encouragement enabled me to achieve my dream.

May the Almighty bless you All
ABSTRACT

Marketing environment in the oil industry has gone through different phases in the last four decades. The first phase was during the oil crisis of the 1970s where fuel prices shot up consequently pushing up inflation pressure in the country. The objective of this study was to generate solutions to the research problem as it sought to address two main objectives which included identifying factors that influence brand loyalty in the oil industry among the Matatus plying on route 44 in Nairobi and determining how these factors rank in order of importance.

The research applied descriptive research design with the population comprising of 495 Matatus. Representative samples of 60 Matatus were selected. The study used primary data which was collected using a questionnaire. A questionnaire was administered in person to the respondents to ensure a high response rate where the respondents were the Matatu crews who made purchase decisions. Due to many factors involved, the study applied factor analysis in analyzing the data.

The research findings showed that honesty and trustworthiness of station staff, Station cleanliness, Staff’s courtesy and helpfulness, Speed of service, good quality fuel, Neatness of the staff and security of the Station are the most important factors that influenced the choice of a petrol station by Matatus on route 44 in Nairobi. Availability of fuel, Stations offering price discount and Availability of tyre pressure service were other important factors that influenced the choice of a petrol station by Matatus operating on route 44 in Nairobi.
The researcher therefore recommends that marketers in the oil industry should invest in training the pump attendants and other station staff on how to improve on the above mentioned factors. This kind of marketing strategy will help in attracting new Matatu customers and also in maintaining those already patronizing the station.
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LIST OF ABBREVIATIONS AND ACRONYMS

GoK- Government of Kenya

ERC- Energy Regulatory Commission

MOA- Matatu Owners Association

MWA- Matatu Welfare Association

PSV- Public Service Vehicle
1.1 Background of the study

In commerce, the concept of branding has been practiced for centuries as a means to distinguish goods of one producer from those of another. Trademarks for example have been found to have been used by the Chinese porcelain traders on their pottery as early as 1300BC (Keller, 2008). However, from the 1980s, branding has emerged as one of the most popular and potentially important marketing concept in the world. Organizations have recognized that the image surrounding their brands can be an important source of competitive advantage and therefore a strategic asset.

Fundamentally, branding is all about endowing products and services with the power of brand equity where brand equity is a set of assets (and liabilities) linked to a brands name or symbol that adds to (or subtract) the value provided by a product or service to a firm and its customers (Aaker, 1996). The four major categories of brand equity comprise of brand awareness, perceived quality, brand associations and brand loyalty and the researcher concentrated on brand loyalty as the backbone of his study.

Brand loyalty is the consumers’ conscious or unconscious decision, expressed through intention or behavior to purchase a brand continually. Different researchers on consumer behavior have found that human beings tend to behave habitually since habits are safe and familiar. Therefore, to create brand loyalty is not an easy task since it involves breaking old habits creating new ones and reinforcing them to maintain their continuity.
It is therefore important for any marketer to identify factors that influence brand loyalty in his area of marketing.

1.1.1 Brand Loyalty Concept

To clearly understand what brand loyalty means, it is prudent to further define the word brand. According to American Marketing Association, a brand can be defined as a name, term, sign, symbol or combination of all these planned to differentiate the goods or services of one seller or a group of sellers from those of competitors (Aaker, 1996). He further defined it as the extent to which a consumer constantly buys the same brand within a product category. The consumer remains loyal to a specific brand as long as it is available and he feels it consists of the right product characteristics and quality at the right price. The consumer fears purchasing and consuming product from another brand which he does not trust.

Brand loyal consumers are the foundation of an organization. Greater loyalty levels lead to less marketing expenditure because the brand loyal customers promote the brand positively. A company having brand loyal customers will have greater sales, less marketing and advertising costs and better pricing. It is measured through methods like word of mouth publicity, repetitive buying, price sensitivity, commitment, brand trust, consumer satisfaction and so on. It is therefore the interest of every company to know factors that influence brand loyalty among its customers (Taylor, 2004)

1.1.2 Impact of Brand Loyalty on Organization Performance

While differentiating between products and brands, Keller (2001) describes products as ‘what companies make’ and brands as ‘What customers buy’. This therefore means that
making a good product is not enough to guarantee an organization a good performance in the market but more importantly the extent to which that product can connect with the customers mind in form of a brand. Moreover, Aaker (1996) states that out of all the four elements of brand equity, it is the brand loyalty that has direct financial reward to the organization.

He identifies brand loyalty as an important tool that helps companies to reduce their marketing costs since loyal customers have low propensity to switch brands and additionally helps in pulling new customers to the brand by speaking favorably about the brand. This consequently means that brand loyalty has a direct impact on the company’s profitability and hence helps in making the marketer to maintain a comfortable and lasting position in the market place. It has been argued that reducing customer defections by 5% generate 85% more profit in one bank branch, 85% more in an insurance brokerage and 30% in an auto service chain (Aaker 1996).

One common and expensive mistake marketers make therefore is trying to seek growth by enticing new customers to the brand while neglecting existing ones. However, most successful companies in Kenya have realized the importance of brand loyalty and have designed customer loyalty programs aimed at rewarding their loyal and committed customer. Kenya Airways has a program that gives their customers opportunity to accumulate point every time they travel, Safaricom has the Bonga points scheme where customers can earn points on every airtime they spend while most retail stores and petrol stations have smart cards designed to lock customers to them.
1.1.3 Overview of the Oil Industry

The oil industry in Kenya is dominated by Multinational companies controlling over 85% of the Market share. The multinationals include Shell, Total, Oilibya, and Engen while those with local share holding include Keno Kobil and National Oil. We also have a number of new entrants such as Gulf energy, Galana, Oilcom, Hass petroleum and so on. The independent petrol stations owners control about 15% of the retail market. There are three major marketing channels used by Oil majors to sell their products which include Resellers who buy large volumes at discounted prices and then resells to both retailers and corporate clients, industrial consumers who are big corporate consumers and Retailers who are basically the petrol stations. It is estimated that there all over 800 petrol stations in Kenya of which 70% are owned by Multinationals and 30% by local entrepreneurs (Government of Kenya, 2009).

The marketing environment is characterized by stiff competition especially at the retail level. This has been made worse by the fact that the products are homogenous making it difficult to differentiate them at the functional level. Before price regulation mechanism in December 2010, competition was largely on price. Price wars was so severe that many of the major oil companies had to embark on restructuring, retrenchment as well as devising other cost cutting mechanisms to remain afloat. They also embarked on diversification activities to increase their cash flow and also to create traffic attraction centers other than oil products. This gave birth to convenient stores, restaurants, auto service, carwash services and so on at the petrol stations. In addition, some companies came up with customer loyalty programs such as Total Bonvouyage card and Kenol Kobil K-card (Apungu, 2003)
1.1.4 Overview of the Matatu Industry

Since the researcher intention was to study the loyalty of the Matatus to the petroleum retail outlets, it is important to have a brief overview of the Matatu industry in Kenya. This sector has an array of individuals, businesses and institutions that have stake in it. It is not just a business for the low income and self employed workers but a big time business now involving the affluent in the society. There are reported cases of where one individual may own several Matatus. Many other sectors of the economy depend on the Matatu industry including insurance firms, Banks, garages, spare parts dealers, driving schools, oil industry, GoK , Local authorities, conductors, drivers and stage workers.(Graeff, 2009)

It is understood that Matatus started operating in Kenya from the late 1950s but their numbers started increasing upon independence in 1963. The term Matatu is derived from the Kikuyu term “Mang’otore Matatu” which means “thirty cents” the then standard fare charged to a passenger for each trip made (Khayesi, 1999). After Independence, rural Kenyans started migrating to Nairobi and other urban centers in search of job opportunities. Informal settlements began to expand around the city and in areas where there was limited public transport service. Recognizing the opportunity for financial gains, mini-bus taxis (Matatus) which were largely owned by middle income people began offering public transport from the rural areas and from the informal settlements to the city(Diana, 1989)

Due to high demand, the number of Matatus increased and continued to operate illegally until 1973 when Mzee Jomo Kenyatta issued a decree officially recognizing Matatus as legal public transport. “The main idea was to increase and make the mobility of people
more efficient and create more jobs in the informal sector” (Kimani, 2004). According to Graeff (2009), Nairobi became more dependent on Matatus to transport people, their numbers increased from 400 in 1973 to 15,000 in Nairobi in 2009. Matatu business has therefore grown over the years to become a lucrative business despite lack of professional ethics among the matatu crews in terms of driving and customer care.

With this huge population of Matatus in the country estimated to be over 40,000 and consuming about 1.2 Million litres of diesel per day mostly in cash, it is difficult for any oil marketer to ignore this sector. In addition, they would consume about 400,000 litres of lubricants in a month and other hosts of auto spares worth million of shillings. It is possible that where a Matatu goes to fuel, it will also take minor repairs and lubrication as well as buy such things like tyres and batteries (Apungu, 2003)

1.2 Research problem

Marketing environment in the oil industry has gone through different phases in the last four decades. The first phase was during the oil crisis of the 1970s where fuel prices shot up consequently pushing up inflation pressure in the country. The impact of this crisis extended up to the late 1980s until the Government started thinking of its gradual withdraw from the sector to see if the market forces will work to bring fuel prices down for the benefit of the end consumer(Institute of economic affairs, 2001)

This culminated to the deregulation of downstream petroleum market operations in 1994. However, even after deregulation, oil prices did not go down as expected and was alleged that prices did not closely follow the international price movement with domestic prices going up when the international prices went up and failed to go down when the
international prices were on decline. The impact of this was felt across all commodity markets as inflationary pressures on food and other essential commodities followed suit.

The marketing environment on the other hand degenerated into price wars characterized by price undercutting and heavy discounting. The consequence of the price wars were dire to the major oil companies which had high overheads where huge losses were recorded (Marami, 2006). According to Aaker (1991), an increased emphasis on price often involves excessive price promotion and this result in deterioration of the industries into a commodity- like business areas. This fact can be testified by the fact that some oil Marketers closed shops and others resulted into mergers and cost cutting strategies.

In December 2010 due to public agitation, the Government of Kenya re-introduced petroleum price regulation by publishing in the Kenya Gazette the Petroleum Price regulations. Since then, the retail prices have always been the same across board without any oil marketer using price as strategy to create brand loyalty. Again, the diesel consumers such as the Matatus who were buying on price had to shift their brand loyalties on the basis of other factors and not price.

These Market dynamics in the oil sector coupled with price sensitive Matatu industry present a great marketing challenge and one way of solving this problem is to carry out a study on the critical factors influencing brand loyalty in the industry. Armed with this knowledge, marketers can easily device loyalty programs that will attract the Matatu segment to their businesses.

In the cause of reviewing the documented literature relevant to the study, the researcher discovered that various research studies had been carried out by other scholars. However,
looking at the nature of their respondents, contents of their research instruments and even sampling design he found that the proposed study would be different in many ways.

Take for example Masese (2001), he investigated factors that influence store loyalty where he identified that product quality and availability of stock were the two most important elements that were considered by consumers. Kisese (2002) while investigating the same concept identified twelve factors affecting store loyalty but concluded that product availability and location were the two critical factors that consumers considered. He appeared to concur with Masese (2001) on product availability but failed to agree with him with regards to product quality.

Apungu (2003) carried out a survey of factors that influence customer choice of petrol station and from his analysis he concluded that product quality and security were the two major factors considered by the consumers. However, his respondents were drivers who were largely vehicle owners and who would have completely different persuasions to patronize a petrol station from those of a Matatu customer.

Marami (2006) carried her research on factors affecting brand loyalty in the oil industry. This was the only study that was closer to the proposed research but again the target population and the respondents were not matatus but private car owners. All the above studies largely focused on the vehicle owners. In the cases of store loyalties the respondents were the shopper shopping on his own behalf. Finally, all the above researchers investigated brand loyalty on the basis of factors related to the functional attributes of the brand. The preliminary literature review carried out by the researcher revealed that brand loyalty based on functional attributes alone was not reliable unless
there was an emotional component involved. The researcher therefore intended to include investigation on emotional elements in his study.

The researcher therefore found no local evidence of any study investigating the factors considered by Matatu customers when making choices of where to fuel. Again, the marketing environment had changed drastically as a result of introduction of price regulation through Energy Regulatory Commission (ERC) in the last one year and therefore necessitating the need for another study. It was against these realities that the researcher felt compelled to do a detailed research on factors influencing brand loyalty in the oil industry among the Matatus whose findings would be crucial to the oil marketers in Kenya. This study therefore sought to find out factors that influence brand loyalty in the oil industry with specific reference to Matatus. It also examined how those factors rank in order of importance.

1.3 Research Objectives

To generate solutions to the research problem, the researcher sought to address the following two main objectives.

i. Identify factors that influence brand loyalty in the oil industry among the Matatu drivers plying on route 44 in Nairobi.

ii. Determine how these factors rank in order of importance.

1.4 Value of the Study

The oil marketers will find this study very important in the sense that its findings would be a reference point when formulating marketing strategies for the Matatu market segment. The loyalty of a Matatu customer, being a daily cash customer, can translate
into increased sales and consequently increased profit margins which the oil marketer is looking for. The results of this research will therefore go a long way in helping the oil marketing players to come up with strategic actions that would convert Matatu customers into their loyal patrons and strong brand ambassadors.

In addition, Institutions such as Matatu Owners Association (MOA) and Matatu Welfare Associations (MWA) would also find this study important because it would add to the stock of knowledge that they already have about the industry. Again, the study would contribute a lot to the academia by way of helping marketing scholars understand the challenges of building brand loyalty on customers who are known to be at the bottom of the brand loyalty pyramid. It would also form a basis for future academic research for students pursuing postgraduate studies in marketing.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter is a review of literature related to the research study. It seeks to deepen and widen the scope of knowledge of the researcher with respect to the concept of brand in Marketing. It will highlight historical perspective and meaning of branding, importance of brand concept, brand equity and finally the concept of brand loyalty.

2.2 Historical Perspective and Meaning of Branding

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. In fact, the word brand is derived from the Old Norse word *bradr* which means ‘to burn’ as brands were and still are the means by which owners of livestock mark their animals to identify them (Keller 2008). In commerce, branding has been practiced for many centuries. The original motivation was for craftsmen and others to identify the fruits of their labor so that customers could easily recognize them. Trademarks have been found on early Chinese porcelain, on pottery jars from ancient Greece and Rome and goods from India dating back to about 1300BC.

According to Keller (2008), there was English law that was passed in 1260AD requiring bakers to put their mark on every loaf of bread they sold. Goldsmiths and Silversmiths were also required to mark their goods. He also found that when European began to settle in North America, they brought the convention and practice of branding with them and
the makers of patent medicines and tobacco manufacturers were early American branding pioneers.

Curiously, one of the hottest points of disagreement between experts is the definition of a brand as each expert has a definition. A brand is a “name, term, sign, symbol, design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition” (Aaker, 1996).

According to Keller (2008), these different components of a brand that identify and differentiate a product are just but brand elements. He argues that a brand should be seen as something that has created a certain amount of awareness, reputation, prominence, and respect and so on in the marketing place. Aaker (1996) defines a brand as an identifiable entity that makes specific promise of value. It can also be seen as an assortment of memories in customers’ mind representing value, idea and even personality. Brand carries an assurance about the characteristic that make the product or service unique. It is different from the product in the sense that brand is ‘what the consumers buy’ while product is ‘what the companies make’.

According to Kotler (2003), brands differ from other assets such as patent and copyrights in the sense that they do not have expiry dates. He depicts a brand as a complex symbol that can convey different levels of meaning. A brand brings to mind certain attributes where a brand like Mercedes Benz suggests expensive, well built, well engineered, durable and prestigious automobile. Attributes must be translated into functional and emotional benefits. The attribute ‘durable’ could translate into functional benefit ‘I have
to buy another car after several years’ while ‘expensive’ translate into emotional benefit ‘that car makes me feel important and admired’.

The brand also says something about the producer’s values. Mercedes stands for high performance, safety and prestige while culturally it represents German culture. In personality terms, Mercedes may suggest a no-nonsense boss (person), a reigning lion (animal) or an austere palace (object). On the usage, we would expect to see a 55year old top executive behind the wheel of a Mercedes not a 20year old secretary. Companies need to research the position their brands occupy in the customers mind. According to Keller (2008), ‘what distinguish a brand from its unbranded commodity counterpart are the consumers’ perceptions and feelings about the product’s attributes and how they perform. Ultimately, brands reside in the minds of the consumer.

2.3 Value of Brand Concept

Brands have been known to offer value to both consumers and firms in different forms. To consumers, brands help in identification of the product manufacturer and allow consumers to assign responsibility and accountability should there be a problem with the product. Secondly, they help consumers to identify which products satisfy their needs and which one does not. As a result, brands provide a shorthand device or means of simplifying their product decision.

If consumers recognize a brand and have some knowledge about it, they do not have to engage in a lot of additional thought or processing of information to make a product decision. Thus from an economic perspective, brands allow consumers to lower search
costs for products both internally (in terms of how much they have to think) and externally (in terms of how much they have to look around.

According to Keller (1998), brands can reduce the risk in product decisions. He argues that there are many different types of risks that consumers may perceive in buying and consuming a product. Functional risks are attributed to a situation where the product does not perform up to expectations while physical risk can be said to occur when product poses a threat to the physical well being or healthy of the user or others. Others include financial risk notable when the product is not worth the price paid, Social risk related to embarrassment from others, psychological risks and time risk which is the cost of losing an opportunity to by another satisfactory brand. Certainly one way by which consumers cope with these risks is to only buy well known brand especially those brands with which consumers have had favorable past experiences. Thus brands can be a very important risk handling device.

To the firms, brands provide means of identification to simplify handling or tracing, means of protecting unique features, signal of quality level to satisfy customers, means of endowing products with unique associations and more importantly act as a source of competitive advantage and financial return.

2.4 Brand Equity

Brand equity is a set of assets (and liabilities) linked to a brand’s name and symbol that adds to (or subtract) the value provided by a product or service to a firm and that firm’s customers (Aaker 1996). Customer best brand equity occurs when the consumer has high level of awareness and familiarity with the brand and holds some strong, favorable and
unique brand association in memory (Keller 2008). The reality is that the most valuable assets many firms have may not be tangible ones e.g. plans, equipment and real estate but intangible assets such as marketing skills, operational expertise and the brands themselves.

The value of a brand was recognized by John Stuart CEO of Quaker Oats from 1922-1956 who famously said “if this company were to split up, I would give you the property, plant and equipment and I would take the brands and trademarks and I would fare better than you (Keller 2008). Note that brand equity is described as an asset and therefore the management of the brand will involve investment to create and enhance those assets. Secondly, for those assets or liabilities to underlie brand equity, they must be linked to the name and symbol of the brand. If the brand name or symbols change, some or all of this assets and liabilities could be affected and even lost all together, where some might be shifted to the new brand name or symbol.

According to Aaker (1996), the four major categories of brand equity are Brand awareness, Perceived quality, Brand association and Brand loyalty. Since a brand is a name with the power to influence the market, its power increases as people know it, are convinced by it and trust it. Brand awareness is about gaining power, making the brand concept more known, more bought and more shared.

According to Aaker (1996), brand awareness refers to the strength of a brand’s presence in the customers’ mind. He states that awareness is measured according to the different ways in which consumers remember a brand ranging from recognition, to recall, to ‘top of mind’. Brand recognition is consumers’ ability to confirm prior exposure to the brand
when given the brand as a cue. In other words, when they go to the store, will they be able to recognize the brand as one to which they have already been exposed? Brand recall is consumers’ ability to retrieve the brand from memory when given the product category, the need fulfilled by the category or usage situation as cue (Keller 2008). To create brand awareness can be challenging in a market where consumers are bombarded by more and more marketing messages. To establish recognition and recall and doing it economically requires resources.

On perceived quality, Aaker (1996) argues that it is one of the brand associations that is elevated to the status of brand asset when among all brand associations, it is the only one that has been shown to drive financial performance, when it is the thrust of the business and when it is linked to and often drives other aspects of how a brand is perceived. Perceived quality is therefore at the heart of what the customer buys and in that sense it is the bottom line measure of impact of brand identity. This further explains the reason why some quality products may not necessarily be known as strong brands. It is also important to note that achieving perceived quality is usually impossible unless the quality claim has substance. Creating a quality product can therefore be seen as a partial victory while perceived quality determine the ultimate success of a brand.

Brand Equity is supported in great part by the associations that consumers make with the brand. The associations include brand personality. Commercial brands can be described in terms of three different classes of characteristics. The first class is the brand’s physical attributes; the second is in terms of functional characteristics or the consequences of using the brand and the third one is brand characterization on the basis of brand personality (Plummer, 2000)
Commercial brands are much humanized in today’s market and a brand can be described by such characteristics as gender, age, social class, lifestyle as well as human personality traits such as rugged, formal, up-to-date or sophisticated (Sung et al. 2009). Aaker (1997, p.347) argues that a significant amount of attention has been given to the construct of brand personality which he defines as a set of human characteristics associated with the brand. He states that marketers make the mistake of focusing on the product attributes and tangible functional benefits of a brand and fails to expand the concept of brand identity to include emotional and self expressive benefits.

2.5 Brand Loyalty

This study is founded on the concept of brand loyalty. Brand loyalty is defined as the extension to which a consumer constantly buys the same brand within a product category. First, it is important to recognize that brand’s value to a firm is largely created by the customer loyalty it commands. Secondly, considering brand loyalty as an asset encourages and justifies loyalty building programs which then help create and enhance brand equity (Aaker 1996).

Abdelmajid (1998) has used two different approaches to analyze brand loyalty: the downstream one based on observing consistent purchase of a brand over a period of time and the upstream approach which focuses on the motives that are behind a repeat purchase of a brand. He argues that consistent behavior may be due to some contingent factors such as lower price, convenience or it could be as a result of an attachment to the brand or conviction about its superiority compared to the competitive brands on functional, symbolic or psychological attributes.
A consumer who buys because of contingent factors has high probability of interrupting his loyalty at the first opportunity of inducement by the competitor. This kind of commitment to the brand is called spurious customer brand loyalty. According to Samuelsen and Sandvick (1997), there exists two types of brand commitments (loyalties); calculative and affective. Calculative loyalty happens when the customers compare brands based on functional benefits and contingent factors. In this case, the customer will maintain the relationship with the brand as long as the benefits attached to this brand exceed the cost of switching to another brand.

Affective commitment occurs when the consumer has emotional attachment towards the brand. His kind of commitment is not due to an evaluation of the brand on the disaggregate level of its attributes but comes from the holistic judgment of that brand in terms of liking and attachment. This kind of loyalty tends to reduce the consumers propensity to substitute the brand for another brand. True brand loyalty is therefore more than consistent purchase behavior. It includes an additional attitudinal component operationalized through the notion of commitment to the brand.

2.5.1 Brand Loyalty Pyramid

Aaker (1991) defines brand loyalty as a measure of attachment that a customer has to a brand. It reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features. In his brand loyalty pyramid, he identifies five levels of brand loyalty, ranging from not loyal to very loyal where the lowest level is depicted at the bottom of the pyramid.
At the bottom of the pyramid is a switcher or a non-loyal customer who is not attached to the brand in any way. Each brand in the in the product category is a fine alternative and therefore the brand name plays a very little role in the purchase decision. The decision factors relates mainly to what is on sale or convenient. Marketing will be most effective in targeting these consumers by focusing on raising brand name awareness, as that is a precondition for moving up on the pyramid.

This is followed by Satisfied/habitual buyers who tend to be reasonably satisfied customers and basically don’t see any reason to change their purchase behavior (and are therefore not on the lookout for alternatives). At this stage, no level of dissatisfaction that is sufficient to stimulate change has occurred. Marketing efforts will here have to raise the thresholds between the brand and other brands, which will create opportunities to make the customer more loyal to the brand.

Satisfied buyer with switching costs is the next in the pyramid. Aaker (1996), states that this category of buyers is reluctant to switch to a competing brand due to existing thresholds (switching costs). Such thresholds can come in the form of: expenses incurred in terms of time (the time it takes to go to another shop to find the usual brand), financial expenses and the feeling of making concession to quality. This buyer sees a risk that another brand may not function well. If marketing efforts look to entice satisfied buyers of another brand into switching to a brand, the brand will have to offer major benefits compensating the switching costs (such as a free iPod when signing up for a credit card). Retaining buyers or attracting new ones at this level of brand loyalty requires a marketing strategy based on increasing perceived quality.
Brand likers take the next slot in the pyramid. Aaker (1991) typify them as brand enthusiasts. They genuinely like the brand and their preference is mostly engendered by experience of emotional benefits-alongside more rational benefits, such as price, time and quality. Emotional benefits can be pursued by linking certain associations (through TV ads) and/or experiences (such as the shopping experience) to a brand. This highly positive attitude towards a brand can be seen as a kind of friendship. This is further reflected by the fact that brand likers are generally unable to state why exactly they have such a strong preference for the brand in question (which is normal for people with emotional bond with the brand).

At the apex of the pyramid is the committed buyer. According to Kotler and Keller (2009), committed buyers are those buyers who literally feel proud being associated with the product. They buy the brand because it closely ties in with their personal values. The brand is important to them functionally-or more tellingly-as an expression of who they are. They will recommend the brand to others and as such the value of the committed customers is not so much the business they bring but the impact they have upon others and upon the market itself. Examples of committed customers can be found in brands like Mercedes Benz, Apple and Tusker. Retention of customers at this level of the pyramid can best be realized by rewarding their loyalty. This can be done through loyalty cards, reward programs enabling customer to earn points like what Safaricom is doing with Bonga points.
2.5.2 Enhancing Brand Loyalty

Eisingerich (2010) identifies two theoretical perspectives on how marketers can influence consumers to be loyal to a brand. The first principle is that of brand-self connection where he demonstrates that people buy brands which are congruent with their self concepts. For example consumers who define themselves as innovative are likely to connect with brands that they view as being focused on innovation. In Kenya for example consumers of White cup brand are generally viewed as conservative while those of Tusker brand view themselves as responsible people.

The second is the principle of exchange theory. Various studies in behavioral science show that people are more likely to reciprocate when an exchange partner is perceived as having made equivalent contribution to the relationship. For example, if the brand is viewed as being focused on customer needs, individual customers will view the brand as being more involved and thus will reciprocate in kind. Furthermore, the general exchange suggest that people also value a brands involvement in socially beneficial activities in the society thus pointing attention to a brand socially responsible activities. Some of the examples of social activities include Matter heart run by Matter hospital and the recently launched Wings to fly education sponsorship program by Equity bank and others.

The other challenge involves improvement of the brand loyalty profile as suggested by Aaker (1991) above: to increase the number of customers who are price switchers, to change the fence sitters to favor the brand and to increase the committed category. No segment should be taken for granted. One approach to enhance brand loyalty among the fence sitters and the committed is to develop and strengthen their relationship with the
brand. A frequent-buyer program provides direct and tangible reinforcement for loyal behavior. Not only do such programs enhance value proposition of a brand and offer its point of differentiation, they also affirm the commitment that the firm is making to loyal customers. Examples of such loyal programs include Safaricom Bonga point and Total Bonvoyage card.

Another loyalty enhancing program is the use of data base marketing. Customer data base can be used for to target a narrow customer segment. News about new products and special promotion can be tailored to those segments that are most likely to respond. Targeted customers will feel the firm is connecting with them individually and the customer relationship will become stronger. Another loyalty program is the customer club where club members receive discounts, news of upcoming events and special offers ranging from Christmas gifts to free service.

In this study, the researcher will endeavor to investigate the nature of brand commitment among the Matatu drivers with respect to petrol stations and analyze factors behind this brand commitment. He will also try to suggest some practical ways of enhancing brand loyalty on this customer segment.


CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This Chapter gives a description of the research methods that the researcher applied in his study. It gives details of the research design, target population, sampling design, data collection methods and data analysis techniques that helped the researcher achieve the objectives of the study.

3.2 Research Design

Research design is the plan or blue print of any scientific research study. It is the glue that holds together all the elements of a research project and acts as the scheme that is used to generate answers to the research problems (Orodho, 2003). The nature of the research question being investigated in this study called for a Descriptive research design. According to Orodho and Kombo (2002), a descriptive survey is used when collecting information about peoples’ attitude, opinions, habits or any of the variety of education or social issues. This study fitted quite well in that description.

3.3 Population

Route 44 in Nairobi has three Matatu Sacco in the name of Marimba Sacco Ltd with 95 matatus, Nazigi Sacco Ltd with 180 Matatus and Kawest 44 Sacco Ltd with 220 Matatus. This therefore meant that there were 495 matatus under consideration. Khayesi (1999) states that most of the Matatu owners are not involved in the day to day running of their Matatus and that what they are interested in is the daily target income given to them by
the driver or the conductor. It therefore means that the people who make fuel purchase
decisions are the drivers and conductors and therefore the researcher chose them as the
respondents of his study. Since there was a population of 495 Matatus plying on route 44
and that only one matatu crew member per matatu was targeted, the population of the
study was 495 respondents

3.4 Sample design

Graeff (2009) describes Matatu crews as people who operate under pressure due to the
daily profit marks their employers’ demand from them. Due to this, it would not be easy
for them to volunteer time to complete the questionnaire and therefore the researcher
applied convenient sampling design. This non probability sampling methods gave the
researcher the latitude and flexibility to deal with the respondents who were cooperative
and willing to share information.

The main catchment points were Ngara stage, Tom Mboya stage, Ronald Ngara stage,
Zimmerman Mirema stage, Githurai 44 stage and Kahawa west stage during off-peak
hours. The research planned to collect data from 60 respondents which were about 12%
of the sample. Mugenda and Mugenda (2003), recommends a sample size of 10% and
therefore the researcher found 12% to be satisfactory.

3.5 Data collection

Primary data was collected by means of a two section questionnaire containing structured
closed questions (see appendix 1). Section one contained a set of eight questions on bio
data of the respondent which was used to profile the Matatu customer. Section two of the
questionnaire was made up of Twenty four questions on potential factors that could determine brand loyalty in the oil industry with the last question being open ended to determine station preferences. In framing and structuring the questions, the researcher was guided by the desire to know the physical, emotional and psychological factors that determine brand loyalty in the oil industry among the Matatu crews on route 44. The ranking was on a five point Likert scale of ranking from ‘the most important’ on one side to ‘not important at all’ on the other side.

The researcher administered the questionnaires directly to the respondents during off peak hours. This method worked well to ensure high response rate and encouraged clarifications on questions that appeared unclear and also reduced the data collection period. All respondents were requested to take some minutes to fill the questionnaire and return it to the researcher. Any question that was not clear to the respondents was clarified by the researcher.

3.6 Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistence across the respondents. Data was then coded to enable the responses to be categorized for analysis. For ease of analysis, Frequency distribution tables were used as well as descriptive statistics such as percentages and measure of central tendency to summarize the data. Due to large number of factors, the researcher employed factor analysis technique to analyze the data.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis of data findings on the research targeted Matatu crews on route 44 in Nairobi. The data collection instruments used was questionnaires, which were sent to the matatu crews of Marimba Sacco Ltd, Nazigi Sacco Ltd and Kawest 44 Sacco Ltd. The study targeted 60 crews out of which 58 responded and returned their questionnaires contributing to the response rate of 96.67%. This response rates was sufficient and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting. The chapter covers the demographic information, and the findings based on the objectives.

4.2 Demographic Information

4.2.1 Gender of the Respondents

Table 4.1: Gender of the respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>51</td>
<td>88</td>
</tr>
<tr>
<td>Female</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>100</td>
</tr>
</tbody>
</table>

The study sought to find out the gender of the respondents. From the findings, majority of the respondents (88%) were male while 12% were female. This indicates that majority of the Matatu crews are male.
4.2.2 Marital Status

Table 4.2: Marital status of the respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>24</td>
<td>41.4</td>
</tr>
<tr>
<td>Married</td>
<td>33</td>
<td>56.9</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The study sought to find out the marital status of the respondents. According to the findings, majority of the respondents (56.9%) are married while 41.4% are single. This implies that majority of the matatu crews are married people who have responsibilities.

4.2.3 Age of the Respondents

Table 4.3: Age of the respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30</td>
<td>28</td>
<td>48.3%</td>
</tr>
<tr>
<td>31-50</td>
<td>30</td>
<td>51.7%</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>100%</td>
</tr>
</tbody>
</table>

The study sought to find out the age of the respondents. According to the findings, majority of the Matatu crews (51.7%) are aged between 31 to 50 years while the rest are aged between 18 to 30 years. This implies that majority of the matatu crews are aged between 31- 50 years thus they are old enough to participate in the study and that they are responsible people who can be trusted with people’s lives.
4.2.4 Education Level

Table 4.4: Education level of the respondents

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>3</td>
<td>5.2%</td>
</tr>
<tr>
<td>Secondary</td>
<td>26</td>
<td>44.8%</td>
</tr>
<tr>
<td>College</td>
<td>27</td>
<td>46.6%</td>
</tr>
<tr>
<td>University</td>
<td>2</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

The study sought to find out the education level of the matatu crews of route 44 in Nairobi. From the findings, most of the respondents have a college education (46.6%), while those with secondary education are 44.8%. This implies that majority of the respondents had sufficient knowledge to participate in the study.

4.2.5 Employment

Table 4.5: Employment Status

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self</td>
<td>2</td>
<td>3.4%</td>
</tr>
<tr>
<td>Driver</td>
<td>40</td>
<td>69.0%</td>
</tr>
<tr>
<td>Conductor</td>
<td>16</td>
<td>27.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

The study sought to find out the employment status of the Matatu crews with influence on where to fuel on route 44 in Nairobi. From the findings, majority of the respondents (69%) are employed as drivers while 27.6% are employed as conductors with only 3.4% who are self employed and driving their own matatus. This shows that majority of the Matatu crews operating on route 44 in Nairobi are in employment indicating that route 44
in Nairobi has created job opportunities for majority of the drivers and conductors. This also shows that owners of Matatus on route 44 rarely drive their matatus and have effectively delegated the management of their investments to drivers and conductors.

4.2.6 Matatu Sacco

Table 4.6: Matatu SACCO

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kawest</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Nazigi</td>
<td>20</td>
<td>35</td>
</tr>
<tr>
<td>Maribi</td>
<td>32</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to find out the Saccos in which the Matatus crews of route 44 in Nairobi belonged. From the findings, majority of the respondents (55%) belonged to Marimba Sacco followed by Nazigi Sacco with 35%. This shows that majority of the Matatu crews who participated in the study belonged to Marimba, Nazigi and Kawest Sacco respectively. The result on this was partly influenced by the convenient sampling design.

4.2.7 Fueling Mode

Table 4.7: Fueling Mode

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per trip</td>
<td>23</td>
<td>39.7</td>
</tr>
<tr>
<td>Full Tank</td>
<td>29</td>
<td>50.0</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>10.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
The study sought to find out the fuelling mode of the Matatu crew on route 44 in Nairobi. From the findings, majority of the respondents (50%) fill their tanks while 39.7% fuel their vehicles per trip. This indicates that majority of the Matatu crews operating on route 44 in Nairobi prefer having full tank in their vehicles and they do this at the closure of business every day.

4.3 Factors Influencing Brand Loyalty in the Oil Industry

This Section was a Likert scale that rated the extent to which factors influence brand loyalty in the oil industry among the Matatu crews plying on route 44 in Nairobi. The respondents were required to rate their level of agreement as far as the choice of a petrol station was concerned in a scale of 1-5 where 1= not at all important, 2= not important, 3= somewhat important, 4= important and 5= very important.

Table 4.8: Factors Influencing Brand Loyalty

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The station is near where I park</td>
<td>2.24</td>
<td>1.867</td>
</tr>
<tr>
<td>The station offers free parking</td>
<td>2.24</td>
<td>1.559</td>
</tr>
<tr>
<td>The station is clean and immaculate</td>
<td>4.93</td>
<td>0.413</td>
</tr>
<tr>
<td>The station is spacious</td>
<td>4.72</td>
<td>0.696</td>
</tr>
<tr>
<td>Station has security</td>
<td>4.78</td>
<td>0.750</td>
</tr>
<tr>
<td>Station offers price discount</td>
<td>4.57</td>
<td>0.939</td>
</tr>
<tr>
<td>Station offers others give-away of gifts</td>
<td>1.95</td>
<td>1.395</td>
</tr>
<tr>
<td>Staff are in neat uniform</td>
<td>4.79</td>
<td>0.522</td>
</tr>
<tr>
<td>Staff are courteous and helpful</td>
<td>4.88</td>
<td>0.651</td>
</tr>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------</td>
<td>-----</td>
</tr>
<tr>
<td>Staff at the station are honest and trustworthy</td>
<td>5.00</td>
<td>0.000</td>
</tr>
<tr>
<td>Availability of tyre pressure service</td>
<td>4.16</td>
<td>1.461</td>
</tr>
<tr>
<td>Fuel is of good quality</td>
<td>4.81</td>
<td>0.826</td>
</tr>
<tr>
<td>The station has an international brand name</td>
<td>3.76</td>
<td>1.525</td>
</tr>
<tr>
<td>Station offers other facilities in addition to fuel products</td>
<td>4.74</td>
<td>0.849</td>
</tr>
<tr>
<td>Speed of the service is good</td>
<td>4.81</td>
<td>0.687</td>
</tr>
<tr>
<td>Station ownership is known to you</td>
<td>2.28</td>
<td>1.022</td>
</tr>
<tr>
<td>My friends, family fuels at the station</td>
<td>3.45</td>
<td>1.535</td>
</tr>
<tr>
<td>Availability of fuel</td>
<td>4.55</td>
<td>1.142</td>
</tr>
<tr>
<td>Pump attendants are friendly and know me by name</td>
<td>3.43</td>
<td>1.623</td>
</tr>
<tr>
<td>I trust the company owning the petrol station</td>
<td>4.12</td>
<td>1.403</td>
</tr>
<tr>
<td>I feel good to be associated by the company owning the petrol station</td>
<td>3.53</td>
<td>1.501</td>
</tr>
<tr>
<td>I consider the company owning the petrol station to be the best</td>
<td>3.41</td>
<td>1.623</td>
</tr>
<tr>
<td>I’m proud to be associated with the company owning the petrol station</td>
<td>2.63</td>
<td>1.266</td>
</tr>
</tbody>
</table>

From the findings majority of the respondents agreed that honesty and trustworthiness of the station staff was the factor that influenced the choice of a petrol station to a very great extent. (M=5.00) followed by Station that is clean and immaculate (M=4.93). The other very important factor in the choice of a petrol station was Staff courteousness and helpfulness (M=4.88) followed by the Speed of service and quality of Fuel (M=4.81). Neat uniform of the Staff (M=4.79) was another important factor that influenced the choice of a petrol station by matatu crews operating on route 44 in Nairobi followed by security of the Station (M=4.78), Station that offers other facilities in addition to fuel.
products (M=4.74) and spacious station (M=4.71) in that order. This shows that honest and trustworthiness of the station staff, Station that is clean and immaculate, Staffs who are courteous and helpful, Speed of the service, good quality of Fuel, Neat uniform of the Staff and security of the Station are the most important factors that influence the brand loyalty in the oil industry by Matatu crews operating on route 44 in Nairobi.

### 4.4 Fuel Stations Preference

**Table 4.9: Fuel Station Preference by Matatus on route 44**

<table>
<thead>
<tr>
<th>Fuel Station</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Astrol</td>
<td>18</td>
<td>31%</td>
</tr>
<tr>
<td>Shell Roysambu</td>
<td>10</td>
<td>17%</td>
</tr>
<tr>
<td>Total Thika road</td>
<td>8</td>
<td>14%</td>
</tr>
<tr>
<td>Total Survey</td>
<td>6</td>
<td>10%</td>
</tr>
<tr>
<td>Kenol Kahawa West</td>
<td>6</td>
<td>10%</td>
</tr>
<tr>
<td>Mellinium Star Githurai 44</td>
<td>3</td>
<td>5%</td>
</tr>
<tr>
<td>Shell Thome</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Oilcom Thika road</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Crescent Safari Park</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Shell Forest road</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Fuelmax Murang’a road</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Nock Murang’a road</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Oilibya Pangani</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Shell Ngumba Junction</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>58</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: (Research Data, 2012)

From the research findings above, 31% of the respondents preferred Astrol, 17% preferred Shell Roysambu, 14% preferred Total Petrol Station Thika Road, 10% each preferred Total Petrol Station at Survey and Kenol at Kahawa West respectively.
Mellinium Star petrol station at Githurai 44 was preferred by 5% of the respondents. Shell Thome, Oilcom Thika road and Crescent Safari Park each was preferred by 3% of the respondents. Fuelmax Murang’a road, Nock Murang’a road, Oilibya Pangani, and Shell petrol station at Ngumba Junction were not preferred by any of the respondents. These findings also show that Matatu customers on route 44 are switchers and therefore at the base of the loyalty pyramid. This is testified by the fact that most of them about 31% fueled at Astrol Petrol station which is less than four months old.

4.5 Factor ranking

The study also sought to establish the respondents’ ranking of the various factors influencing brand loyalty in the oil industry on route 44 in Nairobi. From the findings indicated in the table 4.5 on the factors influencing brand loyalty, the study established that staff honesty and trustworthiness was the major determinant of brand loyalty with a mean of 5.00 followed by the station’s cleanliness and immaculacy with a mean score of 4.93. In the third position was staff courteousness and helpfulness with a mean of 4.88 while the fourth rank was taken by two factors with a mean score of 4.81. This included Speed of service being good and quality of fuel.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the data findings on factors influencing brand loyalty in the oil industry as well as conclusions and recommendations. The chapter is hence structured into summary of findings, conclusions, recommendations and area for further research.

5.2 Summary

From the study, it was evident that majority of the Matatu crews are male who are married people and who have responsibilities to take care of their families. The study further found that majority of the Matatu crews are aged between 31-50 years thus they are old enough to participate in the study and that they are responsible people who can be trusted with people’s lives. The study also found out that most of the respondents are educated people who have a secondary education and above and that they are in employment indicating that route 44 in Nairobi has created job opportunities for majority of the matatu crews.

From the study, it was evident that majority of the matatu crews operating on route 44 in Nairobi make decisions on where to fuel and that they preferred fueling full tank in their vehicles. It therefore means that they are the right people other than the matatu owners to be targeted by the oil marketers for purposes of boosting retail sales volume. From the
findings, Matatu owners who drive their matatus and therefore make fuel purchase decisions made only 3.4% of the matatu crews.

The findings show that the loyalty to a petrol station is largely based on calculative factors and not affective factors, these calculative factors being Honesty and trustworthiness of Staff at the station, Station cleanliness, staff’s courteousness and helpfulness, Speed of service, Quality of Fuel, Neatness of the Staff and Security of the Station. From the findings, Availability of fuel, Stations offering price discount and Availability of tyre pressure service are other important factors that influenced the choice of a petrol station by matatu crews operating on route 44 in Nairobi. This shows that matatu crews have no affection or psychological bond with any petrol station and can easily change their loyalties to the competition. They can therefore be classified as switchers.

5.3 Conclusion

The study concludes that majority of the Matatu crews plying route 44 in Nairobi are male who are married people with responsibilities of taking care of their families and that majority are aged between 31-50 years thus they were old enough to participate in the study and that they were responsible people who can be trusted with people’s lives. Most of the respondents were educated people who have a secondary education and above and that they are in employment thus the study concludes that route 44 in Nairobi has created job opportunities for majority of the drivers and others. The study therefore agrees to a large extent with Khayesi (1997) that most matatu drivers have a good education of upper primary and above.
Based on the objectives of the study, the study indicates that Honesty and Trustworthiness of the station staff is the most highly valued factor that influence brand loyalty in the oil industry at the retail level among the Matatu crews on route 44. This marks a departure from the previous similar studies such as Apungu (2003) and Marami (2006), which concluded that Product quality was the highest ranked factor. This may be an indicator that the oil industry has sorted out the issue of product quality at their retail outlet and therefore it is no longer an issue to most motorists.

The study further concludes that other highly ranked factors influencing brand loyalty among the Matatus plying on route 44 include cleanliness and immaculacy of the station, courteous and helpful staff, Speed of service, quality of fuel, neatness of the Staff as well as security of the Station.

5.4 Recommendations

From the research findings, it is the researcher’s recommendation that marketing managers in the oil industry should invest in training petrol station staff on honesty and trustworthiness, Station cleanliness, courtesy and helpfulness, Speed of service, good quality fuel, Neatness of uniform and security provision to be able to attract continuous business from Matatus on route 44 in Nairobi. Availability of fuel, price discount and availability of tyre pressure service are other important factors that influence the choice of a petrol station by Matatus. In addition, the management of the petrol station should work on other factors like offering free parking, offering other give –a ways and employ Pump attendants who are friendly for the overall profitability of the petrol station and to attract more customers.
Again, the study indicates that the loyalty of the Matatus on route 44 to any petrol station is influenced by calculative factors only and therefore they can easily switch to the competition if the above mentioned factors are unavailable. Thus, these matatu customers are at the lowest point of the loyalty pyramid and therefore can be regarded as switchers. This can be testified by the factor that most of them fueled at Astrol petrol station which was less than four months old at the time of the research. Oil marketers should therefore seek to boost the above mentioned factors and more importantly come up with strategies of moving the Matatu crews up the loyalty pyramid by coming up with loyalty programs like what Safaricom is doing with bonga points.

5.5 Limitations of the study

The study was limited to the survey of brand loyalty in the oil industry by Matatus on route 44 targeting a population of 495 Matatus. This was just one route in Nairobi targeting a population of about 3.3% of all the Matatus in Nairobi. It is estimated that Nairobi alone has about 15,000 Matatus. Secondly, large capacity PSV vehicles such as buses were not considered in this study and yet they consume large quantities of oil products. This was due to cost and time constraint.

Finally, the respondents appeared quite pressured for time to fill the questionnaires and this made data collection process quite tedious. This however was alleviated by the researcher involvement in the data collection process and the use of convenient sampling technique.
5.6 Suggestions for future research

Further research is necessary as the findings were based on a relatively small sample of matatu crews on route 44 in Nairobi who responded. This may have influenced the nature of results that were obtained. There is need to expand on the sample size and carry out similar research in other routes and Matatu Saccos since it is estimated that there are about forty thousand Matatus in the country. Again, the road construction activities at the Thika Super Highway may have limited the respondent’s decisions on where to fuel since some petrol station had been made inaccessible. Further research is necessary on large capacity PSVs vehicles such as buses since the mode of management may be different from those of low capacity vehicles. The analysis that was used is not sufficient to draw conclusions on a phenomenon, and to provide adequate information that can be used for policy development. Further research focusing on inferential analysis is necessary to study the factors influencing brand loyalty in the oil industry.
REFERENCES


APPENDICES

Appendix 1: Questionnaire

SECTION ONE

Q1) Gender of the respondent  □ Female  □ Male

Q2) Marital status  □ single  □ married  □ other

Q3) Age (years)  □ 18-30  □ 31-50  □ 50-80

Q4) Education level  □ Primary  □ Secondary  □ College  □ University

Q5) Employment  □ Self  □ Driver  □ Conductor

Q6) Matatu Sacco  □ Marimba  □ Nazigi  □ Kawest

Q7) Fueling mode  □ per trip  □ Full tank  □ others

Q8) Vehicle Registration Number______________________________
### SECTION TWO

Please kindly tick to indicate which of the statements are important to you as far as your choice of a petrol station is concerned.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very Important (5)</th>
<th>Important (4)</th>
<th>Somewhat Important (3)</th>
<th>Not Important (2)</th>
<th>Not at all Important (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The station is near where I park.</td>
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<td>2. The station offers free Parking</td>
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<td>3. The station is clean and immaculate</td>
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<td>4. The station is spacious</td>
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<td>5. Station has security</td>
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<td>6. Station offers price Discount</td>
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<tr>
<td>7. The station offers other Give – away of gifts</td>
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<td>8. Staffs are in neat uniform</td>
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<td>9. Staff are courteous and helpful</td>
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<td>10. Staffs at the station are honest and trustworthy</td>
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<td>11. Availability of tyre Pressure service</td>
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<td>12. Fuel is of good Quality</td>
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<td>13. The station has an international brand name.</td>
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<tr>
<td>14. Station offers other facilities in addition to fuel products of</td>
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<tr>
<td>15. Speed of service is good</td>
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<td>16. Station ownership is Known to you</td>
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<tr>
<td>17. My friends/family Fuel at the station</td>
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<tr>
<td>18. Availability of fuel</td>
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<tr>
<td>19. Pump attendants are friendly and know me by name</td>
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<tr>
<td>20. I trust the company Owning the petrol station</td>
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<td>21. I feel good to be associated with the company owning the petrol station</td>
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</tr>
</tbody>
</table>
22. I consider the company owning the petrol station to be the best

23. I am proud to be associated with the company owning the petrol station.

24. Where do you fuel your car? __________________________________________

THANK YOU
Appendix 2:

LIST OF PETROL STATIONS UNDER ROUTE 44 AND THEIR MONTHLY SALES VOLUMES IN LITRES

<table>
<thead>
<tr>
<th>STATION NAME</th>
<th>PREMIUM SALES PER MONTH (litres)</th>
<th>DIESEL SALES PER MONTH (Litres)</th>
<th>TOTAL SALES (Litres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Kenol Murang’a road (under renovation)</td>
<td>60,000</td>
<td>110,000</td>
<td>170,000</td>
</tr>
<tr>
<td>2 Fuelmax Murang’a road</td>
<td>120,000</td>
<td>120,000</td>
<td>240,000</td>
</tr>
<tr>
<td>3 Nock Murang’a road</td>
<td>70,000</td>
<td>190,000</td>
<td>260,000</td>
</tr>
<tr>
<td>4 Oilibya Pangani</td>
<td>100,000</td>
<td>160,000</td>
<td>260,000</td>
</tr>
<tr>
<td>5 Shell Forest road</td>
<td>90,000</td>
<td>90,000</td>
<td>180,000</td>
</tr>
<tr>
<td>6 Mellinium Star Githurai 44</td>
<td>60,000</td>
<td>160,000</td>
<td>220,000</td>
</tr>
<tr>
<td>7 Total Survey</td>
<td>90,000</td>
<td>120,000</td>
<td>210,000</td>
</tr>
<tr>
<td>8 Shell Chomazone (currently closed)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>9 Shell Ngumba Junction</td>
<td>60,000</td>
<td>40,000</td>
<td>100,000</td>
</tr>
<tr>
<td>10 Shell Thome</td>
<td>70,000</td>
<td>140,000</td>
<td>210,000</td>
</tr>
<tr>
<td>11 Oilcom Thika road</td>
<td>30,000</td>
<td>40,000</td>
<td>70,000</td>
</tr>
<tr>
<td>12 Total Thika road</td>
<td>80,000</td>
<td>100,000</td>
<td>180,000</td>
</tr>
<tr>
<td>13 Crescent Safari Park</td>
<td>60,000</td>
<td>120,000</td>
<td>180,000</td>
</tr>
<tr>
<td>14 Shell Roysambu</td>
<td>120,000</td>
<td>160,000</td>
<td>290,000</td>
</tr>
<tr>
<td>15 Kenol Kahawa West</td>
<td>110,000</td>
<td>140,000</td>
<td>250,000</td>
</tr>
<tr>
<td>16 Astrol</td>
<td>90,000</td>
<td>190,000</td>
<td>280,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,150,000</strong></td>
<td><strong>1,770,000</strong></td>
<td><strong>2,920,000</strong></td>
</tr>
</tbody>
</table>

Source: Interviews with Station Managers and Supervisors.