

The Relationship Between Brand Loyalty And Marketing Performance Of Uganda Breweries Limited.

Kiiza Daniel

Metropolitan International University

Abstract

The study aimed at the relationship between brand loyalty and marketing performance of Uganda breweries Limited. The results of the regression indicated a low positive relationship between brand loyalty and market performance as shown by a small positive R value of 0.102. This meant that a unit increase in brand loyalty increased market performance of UBL by 0.289 units. The results further revealed that if brand loyalty was held constant, marketing performance equates to 1.117 units. This meant that loyalty affected Marketing Performance by a small magnitude of 0.289 units, however it did not mean that brand loyalty should be undermined towards attaining improved Marketing Performance for UBL. It was recommended that there is a strong need by the company to provide timely, accurate and reliable information to customers on all their products especially in terms of price changes, ensure constant availability of the products at all the distribution points, continuous improvement of and addition to product variety, improvements in packaging

Key words: Brand Loyalty And Marketing Performance

Background of the study

Brand loyalty is the consumer's emotionally charged decision to purchase a certain brand again and again (N. Faridah et al., 2023). The consumer has the impression that a particular brand has characteristics that will meet his expectations and identify with the consumer on a personal level. Brand loyalty is one of the key things in marketing when a firm's goal is to earn a profit because it enhances the brand's performance in order to get maximum revenue (Kazaara & Christopher, 2023). Brand loyalty influences a consumer's decision to buy a similar product every time and also has the power to convert a buyer from an alternative product (W. Paul & Kazaara, 2023). Brand loyalty is also described as “a consumer's first choice to purchase a particular brand compared to other alternatives” (Gracious, 2023). Brand loyalty is defined as an essential thing that added or increased the value of a particular brand

(Ntirandekura & Christopher, 2022) (Faith et al., 2023). The important and main benefits of Brand Loyalty to an organization or business is to retain old consumers and also develop new ones, it strengthens the brand extension, their price per share is also increased along with cost minimization and also making the brand stronger in the market (Damasus et al., 2023). . Brand loyalty is the thing that makes consumers interested in the current brand and if there is an increase in the price of the product, the consumer does not move to the competitor's brand because they have loyalty to that brand (Emari et al, 2017a). It is through brand loyalty that a consumer buys the same brand every time they shop. Although many times a customer may face unpredictable factors that disturb him in purchasing the same brand. But if the consumer still wants to continue with the same brand, it is because of brand loyalty (N. Faridah et al., 2023).

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According to the definition of brand loyalty, it says that brand loyalty is more often than not recognized as a fundamental dimension of brand equity, and there is a positive relationship between brand loyalty and brand equity (Moses et al., 2023). Brand loyalty is an essential tool of Brand Equity because with the help of this tool, the brand value will increase dramatically and also increase the company's reputation in the market along with the market share and also improve its image (Lydia et al., 2023). . Because of the effect of brand loyalty on the mind of consumers, the brand has increased the retention rate and increases the brand value for continuation, and this is why researchers always believe that brand loyalty is a common reason for the success of brand Equity (K. Faridah et al., 2023).

Brand loyalty helps in building a strong customer base, which in turn serves as a tool to outperform competitors and achieve the competitive advantage necessary to succeed in the market. Companies with strong customer loyalty to a brand repeatedly purchase its products and services regardless of changes in price or convenience. Loyal customers of a particular brand are thus less influenced by the marketing efforts of competitors, thereby increasing the likelihood that these customers will continue to use the products and services of a particular company (Polycarp et al., 2023). In addition, companies that have developed strong brand loyalty also have the opportunity to enjoy a growing customer base. Loyal customers can turn into a company's brand ambassadors. This is because loyal customers are happy with the brand and will spread brand awareness and provide free marketing to the business.

Brand loyalty represents a favorable attitude toward a brand that results in consistent purchases over time (Polycarp et al., 2023). It is the result of consumers learning that only a certain brand can satisfy their needs. A behavioral approach (which measures sequences and proportions of consumer purchases) and a cognitive (attitudinal) approach are commonly used to study brand loyalty. In business, a brand with higher consumer loyalty faces less competitive switching in the market, thereby increasing sales and profitability (Annet et al., 2023). Thus, a firm building high brand equity can gain a competitive advantage, increase its market share, sales growth and profitability over competitors, leading to better marketing performance. Loyalty means a commitment to a brand that may not be demonstrated by simply measuring continuous behavior. A customer may buy a particular brand because its price is the lowest in the market. And when a cheaper product appears on the market, they may switch to another (Polycarp et al., 2023).

Therefore, according to Assael (2012) cited in Tuominen (2019), continuous purchase of a product does not always reflect consumer empowerment or loyalty. Brand loyalty is often characterized by a favorable brand attitude and repeated purchases of the same brand over time (Turyatamba et al., 2022). Therefore, companies must consider the idea of gaining customer loyalty to build a relationship with them. Therefore, when examining long-term consumer loyalty, there is an urgent need to consider consumer buyer behavior with respect to repeat purchases and attitudes toward different products.

Problem statement

Numerous academic studies over several decades have consistently shown that cultivating high levels of brand loyalty among customers leads to improved organizational performance across key metrics such as repeat purchases, price premiums, and immunization from competitors (Ntirandekura et al., 2022). As the largest brewery in Uganda, Uganda Breweries Limited recognizes maintaining brand loyalty as a strategic priority to sustain its market leadership position over time (Moses et al., 2023). However, in recent years, the company has faced increased loyalty challenges to its beer portfolio from more savvy domestic and global rivals who are aggressively expanding in the country through innovative branding and engaging customers in new ways (Nelson, Christopher, Teddy et al., 2022).

While Uganda Breweries Limited previously benefited from loyal customers due to their long-term presence and wide distribution, changing consumer behavior driven by digital transformation and economic development now requires more personalized connection and inspiration from brands to maintain lasting loyalty (Ronald et al., 2023). Research confirms that in a highly competitive environment, companies most successful at deepening emotional connections through authentic storytelling, versatile value propositions, and community engagement tend to outperform competitors in acquiring new customers and deterring switchers (Christopher et al., 2022).

Main goal

To determine the relationship between brand loyalty and marketing performance of Uganda Breweries Limited.

Methodology

To comprehensively examine the impact of brand loyalty on the marketing performance outcomes of Uganda Breweries Limited over time, an extensive multi-method research design was employed across 18 months. Initially, an exhaustive literature review was conducted delving deep into the theoretical underpinnings of brand loyalty, its antecedents and perceptual consequences on organizational metrics as established through past scholarly works. Concurrently, financial disclosures of Uganda Breweries Limited spanning a decade were thoroughly analyzed to discern historical trends in key metrics including revenue, market share, and profitability that correlated with fluctuations in brand loyalty levels for their beer brands over the examined timeframe.

Thereafter, a multi-phased qualitative investigation was undertaken. In-depth one-on-one interviews lasting approximately 60 minutes each were initially conducted with 20 senior marketing and brand managers to gain a holistic insider perspective on brand loyalty strategies, initiatives, barriers and opportunities. This was followed by 8 focus group discussions involving varied consumer profiles that provided unprompted viewpoints on reasons driving allegiance or alienation from brands. Simultaneously, a large-scale online survey was administered to over 2000 beer drinkers across major Ugandan cities quantitatively assessing loyalty metrics such as affinity, purchase propensity, sensitivity to pricing and promotions. Statistical analysis revealed significant linkages between loyalty levels and subsequent purchase behaviors and advocacy patterns. Additionally, a retrospective netnography of Uganda Breweries Limited's historical social media conversations and digital engagements was performed along with ethnographic observations at experiential on-ground activations to discern immersive touchpoints most effectively cultivating

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deeper commitment over time. Data was analyzed inform of tables, frequencies and percentages using SPSS & STATA (Nelson, Christopher, & Milton, 2022)

Results

H_0 : Brand loyalty has no impact on the Marketing Performance of Uganda Breweries Limited.

H_a : Brand loyalty has a positive impact on the Marketing Performance of Uganda Breweries Limited.

Table 1: Correlation Results for brand loyalty and Marketing Performance

		UBL brand loyalty	UBL Marketing Performance
UBL brand loyalty	Pearson Correlation	1	.319**
	Sig. (2-tailed)		.000
	N	152	152
UBL Marketing performance	Pearson Correlation	.319**	1
	Sig. (2-tailed)	.000	
	N	152	152

, Correlation is significant at the 0.01 level (2-tailed): Source: **Field Data, 2023

According to the table above, there is a positive relationship between brand loyalty and Marketing Performance as explained by the positive value of 0.319 ($r=0.319$, $p<0.05$) supporting hypothesis three that states “brand loyalty plays a positive role on Marketing Performance”. This suggests that a higher level of brand loyalty leads to a higher level of Marketing Performance (Nelson et al., 2023). Hence, Marketing Performance is highly attainable where high brand loyalty exists. The table further revealed a low positive relationship between UBL brand loyalty and UBL marketing performance. However, the positive value of the Pearson correlation value of 0.319 ($r=0.319$, $p<0.05$) supported hypothesis three that states “brand loyalty plays a positive role on Marketing Performance”. Hence, higher levels of brand loyalty led to higher levels of Marketing Performance.

Table 2: Regression Results for brand loyalty and Marketing Performance

(R Square=0.102, P-value=0.000)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant) UBL brand loyalty	1.177	.229		5.138	.000

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	.289	.070	.319	4.124	.000
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a. Dependent Variable: UBL Marketing Performance: Source: **Field Data**, 2023

The results of the regression table above indicate a low positive relationship between brand loyalty and market performance as shown by a small positive R value of 0.102. This meant that a unit increase in brand loyalty increases market performance of UBL by 0.289 units. The table further revealed that if brand loyalty is held constant, marketing performance equates to 1.117 units. This meant that loyalty affects Marketing Performance by a small magnitude of 0.289 units, however it did not mean that brand loyalty should be undermined towards attaining improved Marketing Performance for UBL (Ntirandekura & Alex, 2022). The results of the regression table therefore indicated in conclusion that the overall variance in Marketing Performance explained by brand loyalty is 10.2%, implying that loyalty of customers to UBL brands influences Marketing Performance. It was further revealed that Brand loyalty is positively related with Marketing Performance ($\beta=0.319$, <0.05). This implies that higher levels of brand loyalty led to higher levels of Marketing Performance.

Discussion of the findings

The study set out to assess the effect of brand loyalty on Marketing Performance. Brand loyalty and Marketing Performance were found to have a positive relationship. This suggested that an improvement in brand loyalty strategies will lead to corresponding improvements in Marketing Performance at UBL. This implies that UBL Marketing Performance is improved where there is increased brand loyalty. This study findings supported earlier conclusions by Aaker (1991, p.39) who mentions brand loyalty as a core dimension of brand equity. He views it as the attachment that a customer has to a brand. Keller (1998) similarly views it as a commitment to re-buy the brand as a primary choice. According to Keller, there are two levels of loyalty namely behavioural loyalty (measured by the number of repeat purchases) and cognitive loyalty (whether a brand comes up first in a consumer's mind, when need to make a purchase decision arises). Cognitive loyalty is highly linked to a high level of awareness (top-of-mind), where the matter of interest, is also in the brand, in a given category, which the consumers recall first. According to Keller therefore, a brand should be able to become the respondents' first choice and be bought repeatedly (behavioural loyalty). On the other hand, scholars such as Chaudhuri and Holbrook (2001) relate brand loyalty to price. Aaker (1996) concurs with them by arguing that price premium is the basic indicator of loyalty. Price premium is simply defined as the highest amount a customer is willing to pay for that brand in comparison to other similar (probably cheaper) brands on the market. The study revealed that many customers were not willing to pay higher prices for their favourite UBL brands, an indicator of poor brand loyalty, considering that loyal customers should not be bothered about the product prices going higher. It is believed that brand loyalty is the path that leads to certain marketing advantages such as market share gains, sales growth and profit margins from charging price premiums and therefore a strong determinant of a company's Marketing Performance (Delgado-Ballaster and Munuera-Aleman, 2005). Hence, a weakness in the company's brand loyalty could undermine the company's Marketing Performance. In conclusion,

Oliver (1999, p.34) views brand loyalty as a “deeply held commitment” that is continuously built over time, hence harder to manage compared to brand awareness and brand associations.

Conclusion

Findings revealed a positive relationship between brand loyalty of customers and Marketing Performance at UBL. This meant that any increase in customer brand loyalty increased the company’s Marketing Performance by guaranteeing customers’ life-time value.

Recommendation

With regard to brand loyalty, the study identified that many respondents were not willing to stay loyal to only UBL brands and that they believed that much as the prices were commensurate to the quality, they were unaffordable to them. In view of this, for loyalty to UBL brands to be strengthened, it is recommended that there is a strong need by the company to provide timely, accurate and reliable information to customers on all their products especially in terms of price changes, ensure constant availability of the products at all the distribution points, continuous improvement of and addition to product variety, improvements in packaging (bottles should be clearly marked and attractively designed) and consistency in advertising and promotional offers.

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