# MAKERERE UNIVERSITY

## MAKERERE UNIVERSITY BUSINESS SCHOOL

**CUSTOMER RELATIONSHIP MARKETING, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY FOR CARBONATED SOFT DRINKS AMONG STUDENTS OF INSTITUTIONS OF HIGHER LEARNING IN NAKAWA DIVISION**

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**HD10/2016/3081U**

**A DISSERTATION SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH OF MAKERERE UNIVERSITY BUSINESS SCHOOL IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE INMARKETINGOF MAKERERE UNIVERSITY**

**PLAN A**

**APRIL 2023**

## DECLARATION

I, **AYIKORU STELLA**, do hereby declare that this dissertation is entirely my own composition and has not been submitted for any other research study for a degree or award in another university before. All references made to works of other persons have been duly acknowledged.

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## DEDICATION

This dissertation is dedicated to the Almighty who gave me life, health, wisdom and knowledge to complete this programme. I also want to dedicate this to my late mother Juliet Alio and father Peter Alio who were a source of inspiration and continually provided the moral, spiritual, emotional and financial support.

Lastly, I dedicate this to my dear husband Mr Brian Isaac Masiga and Daughter Zoey Atarah Masiga who have been my power of mind, extended grace and motivation to complete this study.

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## TABLE OF CONTENTS

DECLARATION ..... ii

APPROVAL ..... iii

DEDICATION ..... iv

ACKNOWLEDGEMENT ..... v

LIST OF TABLES ..... ix

LIST OF ACRONYMS ..... xi

**CHAPTER ONE: INTRODUCTION ..... 1**

1.0 Introduction ..... 1

1.1 Background ..... 1

1.2 Problem Statement ..... 4

1.3 Purpose of the study ..... 4

1.4 Objectives of the study ..... 4

1.6 Scope of the study ..... 5

1.6.1 Conceptual scope ..... 5

1.6.2 Geographical scope ..... 6

1.6.3 Time scope ..... 6

1.7 Significance of the study ..... 6

1.8 Conceptual Framework ..... 7

**CHAPTER TWO: LITERATURE REVIEW ..... 8**

2.0 Introduction ..... 8

2.1 Theoretical Review ..... 8

2.2 Customer Relationship Marketing ..... 8

2.2.1 Product Customization ..... 9

2.2.2 Suitable Pricing ..... 9

2.2.3 Customer efficiency ..... 9

2.3 Customer Satisfaction ..... 10
2.3.1 Word of Mouth ..... 12
2.3.2 Perceived Value ..... 12
2.3.3 Referrals ..... 13
2.4 Customer Loyalty ..... 13
2.5 CRM, Customer satisfaction and customer loyalty. ..... 15
2.5.1 CRM and Customer Loyalty ..... 16
2.5.2 Satisfaction and Customer Loyalty ..... 17
2.5.3 The combined effect of CRM and Customer Satisfaction on Customer Loyalty ..... 17
**CHAPTER THREE: RESEARCH METHODOLOGY ..... 19**
3.0 Introduction ..... 19
3.1 Research design ..... 19
3.2 Study Population and Sample size ..... 19
3.2.1 Unit of analysis and Unit of inquiry ..... 20
3.3 Sampling procedure ..... 20
3.4 Sources of data ..... 21
3.5 Data collection, processing and analysis. ..... 21
3.6 Measurement and operationalization of variables. ..... 22
3.7 Reliability and validity of the measurement instrument. ..... 23
3.8 Ethical Considerations ..... 23
**CHAPTER FOUR: PRESENTATIONAND INTERPRETATION OF RESULTS ..... 24**
4.0 Introduction ..... 24
4.1 Response Rate ..... 24
4.2 Demographic Characteristics of Respondents ..... 24
4.3 Correlation Analysis ..... 27
4.4 Regression Analysis ..... 29

**CHAPTER FIVE: DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS...31**

5.0 Introduction....31

5.1 Discussion of findings....31

5.1.1 To establish the relationship between CRM and customer loyalty in the carbonated soft-drinks industry. ....31

5.1.2 The relationship between customer satisfaction and customer loyalty in the carbonated soft-drinks industry ....32

5.1.3 The combined effect of customer relationship marketing and customer satisfaction on customer loyalty in the carbonated soft-drinks industry....32

5.2 Conclusions....33

5.3 Recommendations....33

5.4 Limitations of the study ....35

5.5 Areas for Further Study ....35

REFERENCES ....36

Appendices....44

Appendix I: Questionnaire....44

## LIST OF TABLES

Table 1.1: Definitions of customer satisfaction 11

Table 2.2: Phases of customer loyalty 14

Table 3.4: Sample distribution 21

Table 5.3: Measurement of the variables 22

Table 3.6: Reliability of the instrument 23

Table 4.7: Gender distribution 24

Table 4.8: Age bracket 25

Table 4.9: Distribution of respondents by institution 25

Table 4.10: Recognition of the differences between the popular carbonate drinks 25

Table 4.11: Soft drinks preference 26

Table 4.12: Loyalty to a specific soft drink 26

Table 4.13: Pearson Correlation coefficient Matrix 28

Table 4.14: Regression model 30

## LIST OF FIGURES

Figure 1.1: Conceptual Framework .....7

## LIST OF ACRONYMS

| | |
|---|---|
| ASCI | American Customer Satisfaction Index |
| CRM | Customer Relationship Marketing |
| CSI | Customer Satisfaction Survey |
| MTAC | Management Training and Advisory Centre |
| MUBS | Makerere University Business School |
| UICT | Uganda Institute of Communication and Technology |
| UTAMU | Uganda Technology and Management University |

## ABSTRACT

The purpose of the study was to examine the relationship between customer relationship marketing, customer satisfaction and customer loyalty in the carbonated soft-drinks industry among students in Institutions of higher learning in Nakawa division. The study adopted a cross-sectional research design with a sample of 324 consumers (students) of carbonated soft-drinks industry among students in Institutions of higher learning in Nakawa division. The data was analysed using SPSS version 22 to establish the statistical relationships between the variables and also establish the extent to which customer relationship marketing and customer loyalty explains the variance in customer loyalty in the carbonated drinks industry. The results of the study reveal that the existence of a positive and significant relationship between customer relationship marketing and customer loyalty, and a positive and significant relationship between customer satisfaction and customer loyalty. It further reported that customer relationship marketing and customer loyalty explains 64.72 percent of the variance in customer loyalty in the carbonated drinks industry. The study also revealed a positive and significant relationship between customer relationship marketing and customer satisfaction on customer loyalty for carbonated soft drinks among students in higher institutions of learning in Nakawa division. The study is limited by the research design choice; the study was cross-sectional in nature and thus missed out on the benefits of a longitudinal study. Data points were only captured at a specific point in time, whereas changes in the responses over time would have given deeper insights. The study revealed the important link between word-of-mouth and customer loyalty, as further research, effort ought to be directed towards establishing the relationship between peer pressure and customer loyalty among students in institutions of higher learning. In addition, studies ought to establish the sensory appeal aspects of carbonated soft drinks that create perceptions of value.

# CHAPTER ONE

# INTRODUCTION

## 1.0 Introduction

This chapter provides the introductory part of the study. It includes the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, significance of the study, and the conceptual framework.

## 1.1 Background

Businesses pursue loyal customers because they develop strong connections with a brand and often serve as local and global brand advocates. Several scholars agree that customer loyalty is defined as a deeply held commitment to rebuy or patronize a preferred product or service consistently now and into the future (Tegambwage & Kasoga, 2022; Liu, Guo & Lee, 2011). Customer loyalty also means the intention to purchase a product or service. Globally there has been a revelation that a large percentage of up-and-coming loyalty will be emotional, meaning that companies will emphasize long-term engagement and customer satisfaction. Companies with no loyalty program experience 77% disparity in buying cycle within a period of three years. Increased competition has made customer loyalty receive more attention than ever before (Reichheld, 1994). This concept is also prominent because it helps firms to build and maintain lasting customer relationships (Reichheld, 1994).

Many factors now days propel customers to become loyal. Brands like JCPenney, sears, Blackberry, SPAM, and Kodak which were once household names are finding difficulty surviving and compete. Innovators in the day became complacent and stopped defining trends, believing their value proposition would withstand the test of time (Llopis, 2014). Research conducted by Verint Systems Inc shows that customer loyalty and retention are

declining, specifically; two thirds of consumers express that they are likely to switch to the competitor that provides the best customer service or experience. Customers pay for a product with an expectation of receiving value from it. This is the reason why apple products dominate the market when it comes to smartphones (Kollnig, Shuba, Binns, Van Kleek & Shadbolt, 2021).

Various studies point out that customer loyalty is declining rapidly. Consumers put less trust in brands and tend to switch brands a lot faster(Dey, 2016). In well-established industriesdominated by few leading trusted brands in the minds of many consumers, growth tends to stagnate or even decline. Conventional wisdom holds that the only way leading companies can grow even somewhat in these mature sectors where innovations are at best incremental and distribution initiatives have little space to grow is by luring important consumers away from competitors. This explains the intensity of advertising efforts intended to outperform the competition, the use of loyalty programs to retain a company's existing customers, and, most significantly, the regular price-cutting deals intended to sway consumers to switch brands. (Palmquist, 2020).

Therefore, it has been demonstrated that local brands are up against fierce competition from international brands. Additionally, the local market has seen new entrants, which has led to a climate of fierce competition that has caused former industry giants like Century Bottling Company to reduce its prices by almost 70%. (Kaketo, 2016). Similar to this, consumer health knowledge has resulted in a sharp shift toward better products like bottled water (Newman, Fletcher, Kalogeropoulos, Levy & Nielsen, 2017).

The market share of new entrants like Riham-cola, Azam cola, and Fizzy cola is growing despite Pepsi and Coca-global Cola's prominence; in fact, Riham-cola gained a 5 percent share in less than two years (Kaketo,2016). The arrival of the new competitors is a reflection

of changing consumer preferences and satisfaction levels as well as changing consumer tastes. The retention of clients has consequently become more and more crucial, particularly for the former industry leaders who are losing market share to the new entrants. To retain consumers, it is necessary to build strong ties with them through Customer Relationship Marketing. Liu et al., 2011) found that the cost of recruiting new customers is substantially higher than the cost of retaining old customers.

Similarly, client satisfaction is now considered as an intangible asset, particularly in industries with intense competition (Minh &Huu, 2016). According to Bricci, Fragata, and Antunes (2016), there is a strong link between customer pleasure, the subsequent increase in customer loyalty, and the transition from transactional to relational marketing. In addition to their intentions to make additional purchases, pleased consumers display behavioural and attitude loyalty through recommendations. It should be mentioned that other elements, such as CRM, do play a role in determining customer loyalty and that customer satisfaction is not the only predictor of customer loyalty (Nyadzayo& Khajehzadeh, 2016).

This research therefore seeks to examine the relationship between customer relationship marketing, customer satisfaction and customer loyalty of carbonated soft drinks among students in institutions of higher learning in Nakawa division.

The background highlights the increasing importance of customer loyalty in the highly competitive market of carbonated soft drinks. However, there is a lack of research on the specific relationship between customer relationship marketing, customer satisfaction, and customer loyalty among students in institutions of higher learning in Nakawa division. This research gap presents an opportunity to understand the factors that contribute to customer loyalty in this specific market segment which further will help in the development of effective strategies to retain customers in the face of fierce competition.

## 1.2 Problem Statement

In Uganda's carbonated drinks (soft drinks) market, customers can hardly differentiate products of competing firms. Brand names such as '*Fanta'* and '*Funtime'* almost sound the same to consumers and thus complicating the process of creating loyal customers. Although previous studies have addressed the link between CRM, customer satisfaction and customer loyal (Hansen, Samuelsen, Silseth, 2008; Tam, 2004; Stylidis, Wickman &Söderberg, 2020), they focus on goods and services with high brand switching costs (Peppard, 2000) and in affluent markets (Payne, Storbacka & Frow, 2008). Customer switching reflects dissatisfaction, poor CRM both of which lead to poor customer loyalty. In Uganda, the cost of switching from one soft drink to another is insignificant or even absent. According to the Kulabako (2014), the entry into the market of companies like Riham, Fizzy and Azam forced Crown Beverages (Pepsi) and Century Bottling Company (Coca-Cola) to discount their process so as to reflect CRM, customer satisfaction with a view of turning them into loyal customers. However, it is not clear whether the soft drinks industry's CRM has enhanced customer satisfaction, resulting in customer loyalty. This study investigates these missing links among students in institutions of Higher Learning in Nakawa division.

## 1.3 Purpose of the study

The study sought to establish how the influence of Customer Relationship Marketing, and customer satisfaction on customer loyalty in carbonated soft-drinks among students in institutions Higher Learning in Nakawa division

## 1.4 Objectives of the study

1. To establish the relationship between customer relationship marketing and customer loyalty in the carbonated soft-drinks industry.

2. To establish the relationship between customer satisfaction and customer loyalty in the carbonated soft-drinks industry.
3. To establish the combined effect of customer relationship marketing and customer satisfaction on customer loyalty in the carbonated soft drinks industry.

## 1.5 Research Questions

1. What is the relationship between customer relationship marketing and customer loyalty in the carbonated soft-drinks industry?
2. What is the relationship between customer satisfaction and customer loyalty in the carbonated soft-drinks industry?
3. What is the combined effect of customer relationship marketing and customer satisfaction on customer loyalty in the carbonated soft-drinks industry?

## 1.6 Scope of the study

The purpose of the study was to examine the relationship between customer relationship marketing, customer satisfaction and customer loyalty in the carbonated soft-drinks industry among students in Institutions of higher learning in Nakawa division. The study adopted a cross-sectional research design with a sample of 324 consumers (students) of carbonated soft-drinks industry among students in Institutions of higher learning in Nakawa division

### 1.6.1 Conceptual scope

The study focused on Customer Relationship Marketing, Customer Satisfaction and Customer Loyalty.

### 1.6.2 Geographical scope

The study focused on consumers of carbonated drinks in institutions of higher learning, consisting of Makerere University Business School (MUBS) and Uganda Technology and Management University (UTAMU), Uganda Institute of Information and Communications Technology (UICT) and Management Training and Advisory Centre (MTAC), Kyambogo University and ISBAT.

### 1.6.3 Time scope

The study was conducted between January 2022 and November 2022.

## 1.7 Significance of the study

The study aims to provide a clear picture into customer loyalty in the carbonated soft drinks industry in Uganda, to enable firms to better create loyal customers. Secondly the study will add to the body of knowledge in the area of customer relationship marketing, customer satisfaction and customer loyalty. In addition, the study will guide management in formulation of competitive strategies necessary to capture and retain loyal customers.

## 1.8 Conceptual Framework

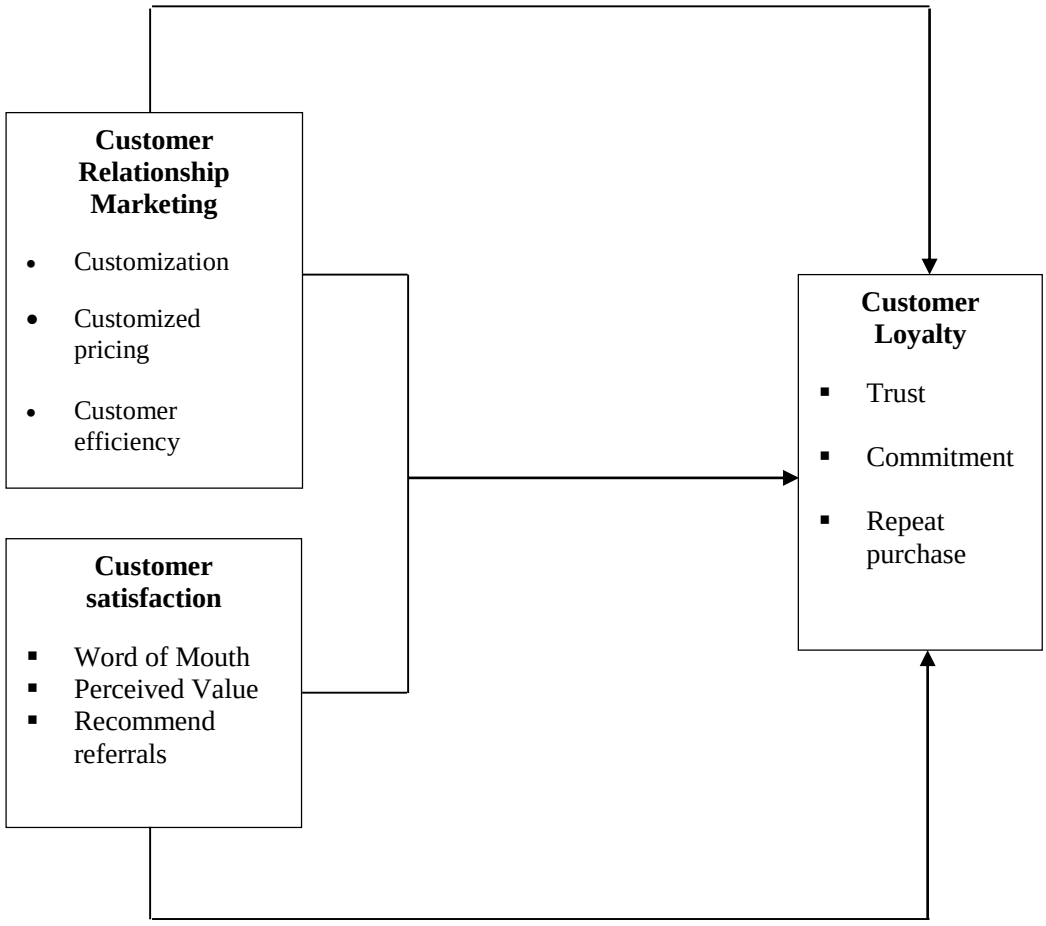



**Figure 1.1: Conceptual Framework**

*Source: Adopted from literature review: Agrawal, Gaur & Narayanan (2012); Ealey & Mercer, 2000; Karunaratna & Kumara (2018); Mercer (1999), Shi, Tang, Zhang, Gao& Zhu (2016); and Ullah (2012).*

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

This chapter provides a review of literature along three lines, which include; theoretical, conceptual and empirical review. Under the theoretical review, the theory which was adopted to inform the study is explained. The conceptual review provides an explanation of the key concepts that were studied, whereas the empirical review provides literature related to the objectives of the study.

## 2.1 Theoretical Review

### The Commitment- Trust Theory of Relationship Marketing

The commitment-trust theory of relationship marketing says that two fundamental factors, trust and commitment, must exist for a relationship to be successful (Morgan & Hunt, 1994).Relationship marketing involves forming bonds with customers by meeting their needs and honouring commitments rather than chasing short-term profits. Businesses following the principles of relationship marketing create long-lasting bonds with their customers. This propels customers to build trust and mutual loyalty which helps businesses to fulfil their needs. The presence of relationship commitment and trust is central to successful relationship marketing not power and ability to condition.

## 2.2 Customer Relationship Marketing

Customer Relationship Marketing (CRM) is related to how businesses can keep their most profitable customers, while reducing costs and increasing the value of interaction (Hunt, Arnett & Madhavaram, 2006). Mohammadhossein, Ahmad, Zakaria and Goudarzi (2015) define CRM as a business strategy focused at acquiring new customers and retaining current ones to increase competitive advantages. Similarly, Freeman and Seddon (2005) define CRM as a business strategy to select and manage customers to optimize long-term value. From the

definitions, it is clear that the “relationship” is highly emphasized. On the other hand, Khan, Salamzadeh, Iqbal and Yang (2022) define customer relationship management as a mutually oriented interaction between two reciprocally committed parties.

### 2.2.1 Product Customization

Essentially, CRM emerged as a desire for businesses to shift from product centric marketing and attain the long-term profitability of customers (Leverin& Liljander, 2006). Similarly, Payne et al., (2008) opined that CRM addresses the realisation that not all customers are equally important to the business, and therefore there is need to carefully target and cultivate those who are essential to the business’s bottom line. Given the extremely saturated and highly competitive business environment today, CRM has increasingly gained popularity. This has manifested in businesses gathering/ mining customer data from various touch points (Paraschou, 2016).

### 2.2.2 Suitable Pricing

Gupta and Sahu (2012) assert that CRM should result in strong bonds/relationships with customers, as well as convert indifferent customers into loyal ones. They further reveal that CRM is responsible for stability, reduction in uncertainty, as well as serving as a barrier of entry by new competitors. Likewise, Mohammadhossein et al., (2015) assert that CRM improves business’s ability to segment and target profitable customers by continuously gathering customer data.

### 2.2.3 Customer efficiency

From a customer’s perspective, Gupta and Sahu (2012) reveal three categories of benefits to the customers; social, economic and customization. Essentially, CRM enables customers to easily share information with businesses, enjoy discounts, as well as have products tailor-made to their preferences. Additionally, Paraschou (2016) reveals that CRM is a prerequisite

for businesses today given the prevalence of low switching costs in most industries. In this case, it is right to conclude that CRM can enhance business' ability to constantly build long term relationships with its customers, and guide in the creation of personalised products.

## 2.3 Customer Satisfaction

Ilieska (2013) opines that a widely accepted definition of customer satisfaction is the consumer's fulfilment response. It is a judgement that a product or service feature, or the product of service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under-or-over fulfilment.

It has almost become an adage that a satisfied customer will typically share his /her experience with nine to ten people providing a firm with sustainable competitive advantage (Mishra and Jain, 2007). Satisfied customers are more likely to pay price premiums for the firms' products and services.

Despite the variations in the definition of customer satisfaction, Mishra and Jain (2007) noted that customers often reveal their satisfaction in relation to the product attributes, price, and customer service. Indeed, Al-Ali, Bazin and Shamsuddin's (2015) study conducted within the retail sector in Malaysia concludes that customer satisfaction hinges upon the relationship that businesses have with its customers.

The Customer satisfaction index (CSI) is a fundamental indicator of a firm's performance (Fornell, Johnson, Anderson, Cha & Bryant, 1996). The American Customer Satisfaction Index (ACSI) that was introduced in 1994 is the widely used barometer for customer satisfaction. It essentially measured the value of the company's offerings from the consumers' perspective. In the case of edible products such as soft drinks, customer satisfaction is measured in terms of aspects such as; taste, price, quantity or volume and convenience or accessibility (Jamwal&Pandey,2020). In essence, customer satisfaction is a

process of consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption. Wadud (2013). opines that in today's extremely competitive business environment, customer satisfaction is continuously considered the baseline for measuring business performance and excellence.

**Table 1.1: Definitions of customer satisfaction**

| Source | Definition | Focus | Time |
|---|---|---|---|
| Oliver (1997) | The consumer's fulfilment response. It is a judgement that a product or service feature, or the product or service itself, provides (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment. | Product or service | During consumption |
| Halstead, Hartman, and Schmidt (1994) | A transaction-specific affective response resulting from the customer's comparison of product performance to some pre-purchase standard. | Product performance compared to some pre-purchase standard | During or after consumption |
| Fornell (1992) | An overall post-purchase evaluation | Post-purchase perceived product performance compared with pre-purchase expectations | Post-purchase |
| Westbrook and Oliver (1991) | A post choice evaluative judgement concerning a specific purchase selection | Specific purchase selection | Post choice |

*Adopted from Giese and Cote (2000)*

### 2.3.1 Word of Mouth

According to Verma and Yadav (2021), Word-of-Mouth is defined as any oral and personal communication, positive or negative, about a brand, product, service, or organisation, in which the receiver of the message perceives the sender to have a non-commercial intention. From a marketing perspective, it's considered one of the most persuasive tools in marketing communications. According to Pandey, Tripathi, Jain and Roy (2019), satisfied customers are more likely to engage in positive word-of-mouth about a given brand or service provider. Zhang, Ye, Song and Liu (2015) studied the association between customer satisfaction and word-of-mouth in the cruise line industry, affirming that a positive and significant link manifests. Kalinić, Marinković, Djordjevic and Liebana-Cabanillas (2019) studied the drivers of customer satisfaction and word of mouth in mobile commerce services and their finding revealed that affective commitment was a strong predictor of word-of-mouth.

### 2.3.2 Perceived Value

According to Stylidis et al., (2020), perceived value is defined as the customer's perception of the overall value or superiority of a product or service with respect to its intended purpose, relative to alternatives. In marketing parlance, it is considered a subjective judgement of a customer, rather than an objective measure of the product performance (Burlefinger, 2021). Despite lacking objectivity, perceptions of value are important in marketing planning because it is the customers' perspective that counts when making any purchasing decision (Tam, 2004). Customer's value perceptions comprise of perceived costs and perceived rewards (Pandey et al., 2019).

According to De Toni, Eberle, Larentis and Milan (2018), customer's perceived value is measured in terms of the perceived benefits and the costs / sacrifices incurred by the customer. Benefits are perceived as; social, economic and relational, while costs may include;

price, convenience, time, effort and risk (Tsiotsou, 2006). In addition, informational cues play a crucial role in the customers' judgement of products' value. According to Hansen et al., (2008), the cues are intrinsic (related to the physical properties of the product) and extrinsic (external to the product).

### 2.3.3 Referrals

According to Kumar, Petersen and Leone (2010), many firms are now using referral marketing campaigns to harness the power of word of mouth and to increase referrals to acquire new customers. Ahmad and Buttle (2002) also denote that word of mouth and referral behaviour play a role in consumer decision making and purchase behaviour. Moreover, they reveal that Customers who spend moderately are most likely to have the highest referral value. Similarly, Morgan, Crutchfield and Lacey (2000) assert that older customers and customers with moderately high incomes are most likely to engage in referral behaviour for this retailing firm.

In their study that sought to measure the value of referrals, Kumar et al., (2007) revealed that, referrals made by customers after a referral-incentive marketing campaign can be attributed to that campaign for about a year. According to Kumar, Aksoy and Donkers et al., (2010), human interactions in the form of referrals play an important role in the diffusion of products and services.

## 2.4 Customer Loyalty

Liu et al., (2011) define customer loyalty as a deeply held commitment to rebuy or patronise a preferred product or service consistently for the future. Customer loyalty ensures repeat purchase intentions and action regardless of the attempts by competitors to cause switch behaviour (Ling &Wang, 2006). Customer loyalty research has consistently revealed that the

cost of recruiting a new customer is significantly higher than that of retaining an existing customer (Alam & Noor, 2020; Rai and Srivastava, 2012).

**Table 2.2: Phases of customer loyalty**

| Stage | Identifying Marker | Vulnerabilities |
|---|---|---|
| Cognitive | Loyalty to information such as price, features, and so forth. | Actual or imagined better competitive features or price through communication (e.g., advertising) and vicarious or personal experience. Deterioration in brand features or price. Variety seeking and voluntary trial. |
| Affective | Loyalty to a liking: "I buy it because I like it.' | Cognitively induced dissatisfaction. Enhanced liking for competitive brands, perhaps conveyed through imagery and association. Variety seeking and voluntary trial. Deteriorating performance. |
| Conative | Loyalty to an intention: "I'm committed to buying it.' | Persuasive counter argumentative competitive messages. Induced trial [e.g., coupons, sampling, point-of-purchase promotions). Deteriorating performance. |
| Action | Loyalty to action inertia, coupled with the overcoming of obstacles. | Induced unavailability (e.g., stocklifts—purchasing the entire inventory of a competitor's product from a merchant). Increased obstacles generally. Deteriorating performance. |

*Source: Oliver(1999)*

According to Rai and Srivastava (2012), the outcomes of customer loyalty are; Behavioural, Attitudinal; and Cognitive. Repurchase intentions, switching intentions and exclusive intentions make up the Behavioural intentions whereas relative attitude; willingness to recommend; and altruism constitute the attitudinal outcomes. Lastly, cognitive outcomes consist of the willingness to pay more, exclusive consideration and identification.

The Behavioural outcomes of customer loyalty revolve around low switching intentions as well as the act of repurchasing from the same service provider (Kandampully & Suhartanto, 2000).

The Attitudinal outcomes reflect a consumer's strong desire to recommend the service providers to others, a strong sense of affiliation with the product and even helping the service provider improve their service delivery (Rai & Srivastava, 2012).

Conversely, when a customer perceives a particular service provider as significantly superior to others, and at the same time exhibiting lesser sensitivity towards price fluctuations or even having a strong desire to affiliate with the service provider, then it is a cognitive outcome of customer loyalty (Dick & Basu, 1994).

## 2.5 CRM, Customer satisfaction and customer loyalty.

Gupta and Sahu (2012) revealed that CRM significantly yields customer loyalty in various sectors. Similarly, Akintunde and Akaighe(2016) showed that CRM creates profitability through the acquisition and retention of high-quality customers who are maintained at a low cost. In their study conducted across Shell Corporations in Pakistan, Hassan, Nawaz, Lashari and Zafar (2015) revealed that CRM results in improved customer knowledge that subsequently resulted in improved customer satisfaction and eventually to better loyalty. Similarly, Mang'unyi, Khabala and Govender(2017), in their study of commercial banks in Kenya revealed a positive and significant link between CRM and customer loyalty.

Winer (2001) revealed that suitable execution of CRM will increase the number of customer satisfaction or make long term healthy relations with the current or potential customers through managing information or improve the performance of services that assist customer retention. However, Zhang, Li, Jiao and Zhou (2011), revealed that customer satisfaction is achieved at the expense of the business's profitability.

Leverin and Liljander (2006) sought to find out whether customer relationship marketing improves satisfaction and loyalty in the banking sector in Finland. They compared two profitability segments of the banks. Their findings revealed that there weren't any significant

differences between the groups and that customer relationship marketing was not a significant predictor of satisfaction and loyalty in the more profitable segment.

In their study of Customer Relationship Marketing in the mobile service industry in Sri-Lanka, Velnampy and Sivesan (2012) studied 105 customers and revealed a positive and significant relationship between customer relationship marketing and customer satisfaction. In Ghana, Amoako, Neequaye, Kutu-Adu, Caesar and Ofori (2019) studied customer relationship marketing and customer satisfaction in the hospitality industry. They sought the views of 167 guests of a Ghanaian three-star hotel. Their findings revealed a positive and significant relationship between trust, commitment and customer satisfaction.

Alrubaiee and Al-Nazer (2010) studied customer relationship marketing and customer loyalty among 400 bank customers in Jordan, and their findings revealed that customer relationship marketing was a significant predictor of customer loyalty. More importantly, this impact varied by gender and income status. Similarly, Feng Jr and Zhang Jr (2009) sought to study customer relationship marketing tactics on customer satisfaction in the Swedish mobile telecom sector, and their findings revealed an appositive and significant relationship between customization and customer satisfaction. In Tanzania, Magasi (2015) investigated customer relationship marketing and customer retention in commercial banks. Data from this study was obtained from six commercial banks and the findings revealed a positive and significant relationship between customer relationship marketing and customer retention.

### 2.5.1 CRM and Customer Loyalty

Rizan, Warokka and Listyawati (2014) assert that company-customer interactions and strategies can earn and keep the loyalty of customers. They attribute this to the fact that customers are likely to develop emotional attachments to products and services that solve their problems. Similarly, Abtin and Pouramiri (2016) assert that CRM focuses and hopes to

yield customer loyalty bonds, through significantly increasing financial and social benefits to customers.

Similarly, Abdullah, Putit and Teo (2014) show a strong association between CRM and customer loyalty, by revealing thatretention and development were more equal or even or greater importance to the organisation in the long term, than customer acquisition. This corresponds with Chakiso (2015) who reveals the loyalty aspect of CRM is inevitable for illuminating long-term relationship.

### 2.5.2 Satisfaction and Customer Loyalty

In their study about customer loyalty attributes, Rai and Srivastava (2012) revealed that customer satisfaction has often been held responsible for customer loyalty. Moreover, Haislip and Richardson (2017) revealed an important link between customer satisfaction and loyalty. This is based on the argument that satisfaction significantly reduces customers sensitivity towards offers from competitors. However, Jones and Sasser (1995) in their study to establish why satisfied customers defect, revealed that the satisfaction-loyalty relationship is neither simple nor linear, and defection may take place among satisfied customers as well.

### 2.5.3 The combined effect of CRM and Customer Satisfaction on Customer Loyalty

In their study of the role of customer satisfaction as a combining factor between micro banking image and customer relationship and customer loyalty, Hayati, Suroso, Suliyanto and Kaukab (2020) established that the effect of customer satisfaction on the relationship between micro banking image and customer satisfaction was not significant. Conversely, Khan et al., (2022), studied the mediating role of customer satisfaction on the relationship between customer relationship management and company reputation on customer loyalty. Their findings revealed that customer satisfaction partially mediates the relationship among customer relationship management, company reputation and customer loyalty. Similarly,

Darmayasa and Yasa (2021) studied the mediating role of customer satisfaction on the association between relationship marketing and customer loyalty in Indonesia. Their findings revealed that customer satisfaction can significantly mediate the effect of relationship marketing on customer loyalty.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.0 Introduction

This section covers the methods that were used in the study, and includes the population and the subsequent selection of the sample size, the kind of data that was collected and how it was analysed.

## 3.1 Research design

The study adopted a cross sectional research design (Sekaran and Bougie, 2016). to examine interrelationships between Customer Relationship Marketing, Satisfaction and Customer loyalty. A cross-sectional research design was chosen because it is relatively affordable and within the means of the researcher, and because of its ability to assess multiple variables. It also enabled collection of interval data in a relatively short period of time.

## 3.2 Study Population and Sample size

The study population consisted of consumers of carbonated soft drinks among students in Institutions of higher learning in Nakawa division. Students were chosen as a suitable demographic because as an aggregate, they make up an important consumer market, and soft drinks make up a significant part of their diets.

The institutions include; Makerere University Business School (MUBS); Uganda Technology & Management University (UTAMU); Uganda Institute of Communication and Technology (UICT); Management Training & Advisory Centre (MTAC); Kyambogo University; and ISBAT University. The combined population of these institutions is fifty-six thousand and ten students (56,010). A maximum of three hundred and eighty-one students (381) will be

targeted (Krejcie and Morgan, 1970). The study proportionately distributed the sample among the six institutions as strata in the sample, then simple random sampling was conducted within each stratum. The study population distribution is presented in table 3.1.

### 3.2.1 Unit of analysis and Unit of inquiry

Student / consumer at any of these institutions of learning was the unit of analysis and unit of inquiry

**Table 3.2: Study population**

| **Institution** | | **Population 2019/20** |
|---|---|---|
| 1. | Makerere University Business School (MUBS) | 18,083 |
| 2. | Kyambogo University | 34,257 |
| 3. | ISBAT | 1,227 |
| 4. | UTAMU | 942 |
| 5. | MTAC | 1,127 |
| 6. | UICT | 374 |
| **Total** | | **56,010** |

***Source: The State of Higher Education and Training in Uganda, report, 2019/20***

## 3.3 Sampling procedure

The sample size was determined in accordance with Krejcie and Morgan (1970) table of sample size determination. Fifty-Six Thousand and ten students (56,010) in the six institutions, a sample size of 381 was be considered. The study proportionately distributed the sample among the six institutions, after which stratified sampling was conducted. Simple random sampling was then performed in each population stratum representing an institution. To ensure representative samples were drawn from each institution of higher learning in Nakawa division, The procedure was guided by using Morgan and Table on the respective institution population which resulted in the institution sample. Then a random sampling was

conducted on the sample for each institution. The researcher was mindful of the fact that each subsample was fairly represented in the overall sample as depicted in Table 3.2.

**Table 3.3: Sample distribution**

| Institution | Proportion (%) | Sample |
|---|---|---|
| 1. Makerere University Business School (MUBS) | 32.3 | 123 |
| 2. Kyambogo University | 61.2 | 233 |
| 3. ISBAT | 2.2 | 8 |
| 4. UTAMU | 1.7 | 6 |
| 5. MTAC | 2.0 | 8 |
| 6. UICT | 0.7 | 3 |
| **Total** | **100** | **381** |

### 3.4 Sources of data

**Primary data** obtained was used to obtain data to answer the research objectives, and the questionnaire was in a structured self-administered format. The questionnaire comprised of 3 sections; section I extracted biographic information, while section II was seeking customer relationship marketing and customer satisfaction data. And finally, section III was seeking data relating to customer loyalty.

**Secondary data** from journal articles and newspaper sources was used to provide context to the study. Journal articles, as well as mainstream media articles provided insights into the constructs under study.

### 3.5 Data collection, processing and analysis.

A structured questionnaire was the data collection tool used to gain primary data from the respondents. The data collected was cleaned at the stage of data entry, edited, classified and coded so as to make it ready for analysis. Thereafter, quantitative data was analysed using statistical applications like SPSS version 22. The analysis took both descriptive and

inferential analysis. Descriptive gave frequency tables while inferential performed correlations and regressions.A questionnaire was created on Google forms and a link shared with student leaders in the numerous universities. The questionnaire was time stamped and limited to only one user at any time. stratified sampling was then conducted within each institution. The researcher approached class leaders and requested them for their class email lists. The classes were informed that a questionnaire would be sent to each of them and requested to respond and submitted it to me. The questionnaires were then sent as agreed. To ensure representative, samples were drawn from each institution of higher learning in Nakawa division, the procedure was guided by using Morgan table on the respective institution which resulted in the institution sample. Then a random sampling was conducted on the sample for each institution. The researcher was mindful of the fact that each subsample was fairly represented in the overall sample as depicted

### 3.6 Measurement and operationalization of variables.

The study variables were measured using validated scales from previous similar related studies. The respondent's profile was captured on the basis of a five-point Likert scale (1= Strongly Agree, 2= Agree, 3=Not sure, 4=disagree, 5=Strongly Disagree).

**Table 4.3: Measurement of the variables**

| Variable | Measure | Source |
|---|---|---|
| Customer loyalty (DV) | - Commitment<br>-Trust<br>- Repeat Purchase | ▪ Agrawal et al., (2012).<br>▪ Karunaratnaand Kumara (2018). |
| Customer Satisfaction (IV) | -Word of mouth<br>-Perceived value<br>-Recommended referrals | ▪ Shi, Tang, Zhang, Gao & Zhu, (2016)<br>▪ Ullah (2012). |
| Customer Relationship Marketing | -Customization<br>-Customised pricing<br>-Customer efficiency | ▪ Ealey & Mercer, (2000) |

### 3.7 Reliability and validity of the measurement instrument.

To test reliability of instruments, Cronbach alpha coefficients were computed to determine the internal consistency of the Likert point scales. Coefficient test of at least 0.7 were considered significant in establishing the stability of the instrument scales (Wilson & Nunnally, 1973). Reliability of the refers to fact that if the study was repeated using ths instrument, same results would be obtained.

Validity of the research instrument refers to the ability of the instrument to measure what it was intended to measure. The researcher measured content validity and construct validity so as to ensure that the data collected using the instrument should accurately and honestly represent theoretical constructs imbedded therein. The instrument was subjected to the scrutiny of academic experts and industry practitioners to further conform instrument validity. Content validity index (CVI) of the instrument cut off point was fixed at ≥0.5

**Table 3.5: Reliability of the instrument**

| Variables | Cronbach's alpha | No of items |
|---|---|---|
| Customer Relationship Marketing | 0.886 | 12 |
| Customer Satisfaction | 0.992 | 12 |
| Customer loyalty | 0.816 | 12 |

***Source: Primary Data***

### 3.8 Ethical Considerations

A letter of introduction from The Faculty of Graduate Studies and Research was presented to the respondents before the survey, and all the information obtained from the respondents will strictly be used for academic purposes and treated with strict confidentiality and respectfully. Assurance of privacy will be given to the respondents and their names will not be captured.

# CHAPTER FOUR

# PRESENTATIONAND INTERPRETATION OF RESULTS

## 4.0 Introduction

This chapter presents the analysis and interpretation of results in relation to the objectives of the study which were; to establish the relationship between customer relationship marketing and customer loyalty; relationship between customer satisfaction and customer loyalty; establish combined effect of CRM and Customer Satisfaction on Customer Loyalty. The chapter goes ahead to indicate the response rate which was achieved by the study, and the demographic characteristics as established herein.

## 4.1 Response Rate

The sample was 381 respondents taken from a population of 56,010 students in institutions of higher learning using the Krejcie and Morgan table of sample size determination. 324 Questionnaires were returned and thus achieving a response rate of 85 % response rate.

## 4.2 Demographic Characteristics of Respondents

The study used frequency tables to present results related to the demographic characteristics which were obtained herein. The demographics obtained herein include; gender, age, distribution of respondents by institution, recognition of the differences between the popular carbonate drinks; soft drinks preference; and loyalty to a specific soft drink. The results are presented in tables 4.1 to 4.6.

**Table 4.6: Gender distribution**

| Sex | Counts | % of Total | Cumulative % |
|---|---|---|---|
| Female | 173 | 53.40 | 53.4 |
| Male | 151 | 46.6 | 100 |
| Total | 324 | 100.00 | |

***Source: Primary Data***

The results in table 4.1 above, show that the majority of the respondents were female (53.4 percent), while the results in table 5 below shows the age distribution of the respondents and it reveals that most of the respondents were below 25 years of age (78.1 percent), this category was followed by those in the age bracket of 26-30 years (16.4 percent)

**Table 4.7: Age bracket**

| Age | Counts | % of Total | Cumulative % |
|---|---|---|---|
| 26-30 | 53 | 16.4 % | 16.4 % |
| 31-35 | 15 | 4.6 % | 21.0 % |
| Below 25 | 253 | 78.1 % | 99.1 % |
| Over 35 | 3 | 0.9 % | 100.0 % |
| Total | 324 | 100% | |

***Source: Primary Data***

**Table 4.8: Distribution of respondents by institution**

| | Counts | % of Total | Cumulative % |
|---|---|---|---|
| ISBAT | 6 | 1.9 | 1.9 |
| Kyambogo University | 185 | 57.1 | 59.0 |
| MTAC | 2 | 0.6 | 59.6 |
| MUBS | 121 | 37.3 | 96.9 |
| UICT | 4 | 1.2 | 98.1 |
| UTAMU | 6 | 1.9 | 100.0 |
| Total | 324 | 100% | |

***Source: Primary Data***

Table4.3 above reveals the distribution by institution, and it reveals that most of the respondents were from Kyambogo university (57.1 percent), followed by Makerere University Business School-MUBS (37.3 percent).

Table 4.9: **Recognition of the differences between the popular carbonate drinks**

| | Counts | % of Total | Cumulative % |
|---|---|---|---|
| Non | 204 | 63.0 | 63.0 |
| Yes | 120 | 37.0 | 100.0 |
| Total | 324 | 100% | |

***Source: Primary Data***

The study also sought establish the extent to which the respondents would differentiate between the carbonated drinks, and table 4.4above revealed that most of them reported that there wasn't any difference between the popular brands of carbonated drinks (i.e., Coca-Cola, Pepsi cola, Azam cola & Riham cola products).

**Table 4.10: Soft drinks preference**

| | Counts | % of Total | Cumulative % |
|---|---|---|---|
| Coca-Cola products | 217 | 67.0 | 67.0 |
| Other | 16 | 4.9 | 71.9 |
| Pepsi products | 79 | 24.4 | 96.3 |
| Riham products | 12 | 3.7 | 100.0 |
| Total | 324 | 100% | |

***Source: Primary data***

Table4.5 above shows the distribution of preferences between the popular carbonated drinks' brands in Uganda and it revealed that most of the respondents preferred Coca-Cola products over the rest (67 per cent), this was closely followed by Pepsi products.

**Table 4.11: Loyalty to a specific soft drink**

| | Counts | % of Total | Cumulative % |
|---|---|---|---|
| May be | 81 | 25.0 % | 25.0 % |
| no | 111 | 34.3 % | 59.3 % |
| Yes | 132 | 40.7 % | 100.0 % |
| Total | 324 | 100% | |

***Source: Primary data***

The study also sought to establish whether the respondents were strictly loyal to one brand of carbonated soft drink and the results in table 4.6above reveal that 40.7 percent of the respondents strictly buy one brand of soda and would rather forego a soda in case his/her preferred brand is not available.

## 4.3 Correlation Analysis

The study used correlation analysis to examine the nature of the relationship (positive, negative) between studied variables. In particular, the study used Pearson Correlation Analysis model. The results were interpreted based on the Pearson correlation (r). The results are presented in table 4.7.

## Table 4.12: Pearson Correlation coefficient Matrix

| **Pearson Correlation coefficient Matrix** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** |
| Customisation-1 | 1 | | | | | | | | | | | |
| Pricing-2 | .579 *** | 1 | | | | | | | | | | |
| Customer Efficiency-3 | .533 *** | .605 *** | 1 | | | | | | | | | |
| **Customer Relationship Mgt-4** | .86 *** | .85 *** | .823 *** | 1 | | | | | | | | |
| Word of Mouth-5 | .512 *** | .362 *** | .441 *** | .524 *** | 1 | | | | | | | |
| Perceived-6 | .566 *** | .498 *** | .61 *** | .659 *** | .656 *** | 1 | | | | | | |
| Recommended Referrals-7 | .484 *** | .372 *** | .474 *** | .527 *** | .756 *** | .697 *** | 1 | | | | | |
| **Customer Satisfcation-8** | .565 *** | .47 *** | .583 *** | .638 *** | .774 *** | .909 *** | 0.932 *** | 1 | | | | |
| Trust-9 | .554 *** | .517 *** | .558 *** | .643 *** | .554 *** | .734 *** | 0.637 *** | .741 *** | 1 | | | |
| Commitment-10 | .466 *** | .397 *** | .419 *** | .509 *** | .553 *** | .541 *** | 0.576 *** | .61 *** | 0.62 *** | 1 | | |
| Repeated Purchase-11 | .517 *** | .377 *** | .465 *** | .543 *** | .634 *** | .561 *** | 0.588 *** | .624 *** | 0.491 *** | .654 *** | 1 | |
| **Customer Loyalty -12** | .605 *** | .509 *** | .569 *** | **.668 *** ** | .686 *** | .72 *** | 0.707 *** | **.775 *** ** | 0.826 *** | .88 *** | .849 *** | 1 |

Note. * p < .05, ** p < .01, *** p < .001

**Source: Primary data**

### 4.3.1 The relationship between Customer Relationship Marketing and Customer Loyalty in the carbonated soft-drinks industry.

The findings presented in Table 4.7 demonstrate a robust and statistically significant association between customer relationship marketing and customer loyalty, with a correlation coefficient of r = .668 ***, and a p-value of less than .001, thus providing strong support for the first research objective. These results suggest that enhancing customer relationship marketing can effectively elevate levels of customer loyalty. It is noteworthy that all dimensions of customer relationship marketing exhibit positive and substantial correlations with customer loyalty, including customization (r = .605 ***), pricing (r = .509 ***), and customer efficiency (r = .569 ***).

### 4.3.2 The relationship between Customer satisfaction and customer loyalty in the carbonated soft-drinks industry.

Table 4.7 reveals a noteworthy and statistically meaningful connection between customer satisfaction and customer loyalty, with a correlation coefficient of r = .775 ***, and a p-value of less than .001, thereby providing substantial evidence in support of the second research objective. This indicates that enhancing customer satisfaction levels can lead to a corresponding improvement in customer loyalty. Importantly, all dimensions of customer satisfaction demonstrate a positive and substantial association with customer loyalty, including word of mouth (r = .686 ***), perceived satisfaction (r = .720 ***), and recommended referrals (r = .707 ***).

## 4.4 Regression Analysis

A multiple linear regression analysis was performed to examine the influence of the variables Customer Relationship Marketing and Customer Satisfaction on Customer Loyalty. The

regression findings in the regression Table 4.8 show how CRM and Customer Satisfaction explained the variance in the dependent variable - Customer Loyalty,

**Table 4.13: Regression model**

| | Unstandardized Coefficients | Standardized Coefficients | | | |
|---|---|---|---|---|---|
| Model | B | Beta | Standard error | t | p |
| (Constant) | 0.78 | | 0.14 | 5.65 | <.001 |
| Customer Relationship Marketing | 0.28 | 0.28 | 0.04 | 6.4 | <.001 |
| Customer Satisfaction | 0.48 | 0.59 | 0.04 | 13.34 | <.000 |
| Dependent variable: customer Loyalty | | | | | |

***Source: Primary data***

CRM explained 28% (.28) of the variance in the dependent variable, the remaining 72% (.72) being explained by other factors. Customer Satisfaction explained/predicted 59% (.59) of the variance in the dependent variable, the remaining variance being explained by other factors. Therefore, to have a significant positive change in the DV, soft drinks companies need to manipulate customer satisfaction given that it is a better predictor of customer loyalty than CRM.

**Table 4.9: Model Summary**

| | | | | **Overall Model Test** | | | |
|---|---|---|---|---|---|---|---|
| Model | R | $R^2$ | Adjusted $R^2$ | F | df1 | df2 | p |
| 1 | 0.805 | 0.647 | 0.645 | 286 | 2 | 312 | < .001 |

***Source: Primary data***

The findings in the regression model in Table 4.9 show the student sample revealed .645 (65.4%) of the phenomenon obtaining in the student population, the remaining 35.6% of the phenomenon being accounted for by other factors in the environment.

# CHAPTER FIVE

# DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

## 5.0 Introduction

This chapter presents the discussion, conclusions, and recommendations made from the study.

The study sought to establish the association between customer relationship management, customer care and customer loyalty in the carbonated drinks industry in Uganda. This section is guided by the study objectives with reference to scholarly work of various scholars.

## 5.1 Discussion of findings

### 5.1.1 To establish the relationship between CRM and customer loyalty in the carbonated soft-drinks industry.

The results in the previous chapter revealed that customer relationship marketing is a significant predictor of customer loyalty (Beta value of .28). This suggests that if a firm in the carbonated drinks industry customises the marketing mix to specific target markets, it is more likely to gain loyal customers. Aspects such as matching branding messages to tastes of tastes and ensuring customer efficiency are essential components to gaining loyal customers. These findings were in agreement with those of Abtin and Pouramiri (2016) who sought to establish the major attributes of customer loyalty in the carbonated soft drink industry in South Africa, and established a positive and significant association between customer relationship marketing and customer loyalty. Similarly, Abdullah et al., (2014) carried put a comparative study of brand loyalty in global soft drink consumer markets of Kenya and India, and their findings revealed a strong positive relationship between customization and brand loyalty. These findings further affirm the basis of the commitment trust theory that asserts for creating bonds with customers and this is manifested through customization.

### 5.1.2 The relationship between customer satisfaction and customer loyalty in the carbonated soft-drinks industry

The results revealed a positive and significant association between customer satisfaction and customer loyalty (Beta value of .59). This suggests that customer satisfaction manifested through word-of-mouth and referrals is integral to gaining loyal customers. The study revealed that satisfied customers often speak about their experiences with soft drinks that match their expectations. These findings are consistent with those of Haislip and Richardson (2017) who revealed customer satisfaction had a positive and significant relationship with brand loyalty in fast moving consumer goods (FMCGs) such as soft drinks. Similarly, Jamwal and Pandey (2020) in their study of the complexity of Consumers' Loyalty to Product Attributes in the Soft Drinks Market, revealed that referrals from satisfied customers, as well as perceived value has a significant relationship with customer loyalty. These findings further affirm the basis of the commitment trust theory that propels customers to build trust and mutual loyalty which helps businesses to fulfil their needs.

### 5.1.3 The combined effect of customer relationship marketing and customer satisfaction on customer loyalty in the carbonated soft-drinks industry

The results of the study revealed that CRM and customer loyalty were significant predictors of customer loyalty in the carbonated drinks industry. CRM explained 28% while customer satisfaction explained 59% of the variance in customer loyalty respectively. This suggests that of the two variables, customer satisfaction predicts more of the variance in the dependent variable, and therefore management of carbonated drinks business organizations should channel their attention to to enhance customer loyalty. These findings are consistent with those of Hayati et al., (2020) who studied Product customization and customer satisfaction, a case study of Century Bottling Company Limited, Namanve Kampala, and reported a strong and significant relationship between customization, perceived value and customer loyalty in the carbonated drinks industry. Similarly, Khan et al., (2022) reported that Customization

increases perceived service quality, customer satisfaction, customer trust, and ultimately customer loyalty toward a service provider.

## 5.2 Conclusions

The findings revealed that there was a significant relationship between the independent variables and the dependent variable, and on that basis, the following conclusions can be derived;

The results suggest that CRM enhances customer loyalty but not as significantly as customer satisfaction hence the need for extra customisation of offerings in the soft drink industry to realise the desired customer loyalty. Aspects such as; advertisements, packaging, appearance and flavours ought to meet the individual taste of the target markets. Convenience in terms of accessibility is key to ensuring that customers do not switch between brands whenever their favourite brands are not accessible.

The results also show that Customer satisfaction is a better predictor of customer loyalty and thus firms in the carbonated drinks industry ought to pay more attention to it to enhance customer loyalty of their drinks. Aspects such as perception of harm-to-health and pride are integral to customer satisfaction. The results suggest that satisfied customers often suggested their favourite soft drinks to their peers.

The results suggest that CRM and customer satisfaction explains a significant portion of the variance in customer loyalty among students (customers) in institutions of higher learning. A good blend of the two independent variables is likely to create customers who will show commitment to a given brand and ensure repeat purchases.

## 5.3 Recommendations

During the course of the study, the researcher came up with the following recommendations to firms in the carbonated drinks industry in Uganda

- The study showed that Customer Satisfaction brings a significant positive change in customer loyalty therefore carbonated soft drinks companies ought to enhance customer loyalty through perceived value, firms must identify the attributes of their products that bring pride and satisfaction to their customers. In the carbonated drinks industry, this can include sensory appeal factors such as taste, appearance, and texture. To optimize these aspects, firms can make adjustments in their marketing mix.
- Based on the study, CRM showed less variance to Customer loyalty than satisfaction yet CRM is integral in an organisation therefore the carbonated soft drinks organizations should invest more CRM to improve its effect on customer loyalty. firms should focus on making their outlets more convenient and accessible to customers. To enable repeat purchases, brands should ensure constant stocking of their products. By increasing their availability, brands can significantly boost customer loyalty and create a loyal customer base.
- Word of mouth has a moderate positive correlation with customer satisfaction and a strong positive correlation with customer loyalty. Therefore, companies can focus on enhancing their word-of-mouth marketing strategies to improve both customer satisfaction and loyalty.
- Perceived quality has a positive and significant relationship with customer satisfaction, customer loyalty, Therefore, it is crucial for companies to focus on enhancing the perceived quality of their products or services to improve customer satisfaction and loyalty. Perceived quality refers to the customer's perception of the overall quality or superiority of a product or service, based on its features, performance, and benefits. It is essential to understand the customers' expectations and preferences to meet or exceed their perceived quality standards. Companies can

enhance perceived quality by improving the design, functionality, reliability, and durability of their products or services, and by providing excellent customer service and support. Customers are more likely to become loyal to a brand if they perceive its products or services as high-quality.

## 5.4 Limitations of the study

Generalisations of the findings of this study are subject to the following limitations

- The study was limited by the research design choice; the study was cross-sectional in nature and thus missed out on the benefits of a longitudinal study. Data points were only captured at a specific point in time, whereas changes in the responses over time would have given deeper insights.
- The study focussed on the carbonated soft drinks industry only, where the products are almost similar to those of competing firms, therefore the findings might not apply to products that are significantly differentiated among competing firms.
- The respondents were students at institutions of higher learning whose tastes and preferences might vary overtime in their lifetime.

## 5.5 Areas for Further Study

The study revealed the important link between word of mouth and customer loyalty, as further research, effort ought to be directed towards establishing the relationship between peer pressure and customer loyalty among students in institutions of higher learning. In addition, studies ought to establish the sensory appeal aspects of carbonated soft drinks that create perceptions of value.

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## Appendices

### Appendix I: Questionnaire

**MAKERERE UNIVERSITY**
**MAKERERE UNIVERSITY BUSINESS SCHOOL**
**FACULTYOFGRADUATERESEARCHCENTER**

**SURVEY QUESTIONNAIRE**

Dear respondent

This study research is about **Customer Relationship Marketing, Customer satisfaction and Consumer Loyalty in the carbonated soft drinks industry in Uganda.** The information provided will only be used for academic purposes and will be treated with utmost confidentiality. I thank you in advance for accepting to take part in this study.

**SECTIONI:**
**GENERALINFORMATION (please tick accordingly)**

**GI-1. Sex** Male [ ] Female []

**GI-2 Age Group**

| Code | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| Age group | Below 25 | 26-30 | 31-35 | Over 35 years |
| Tick | | | | |
| | | | | |

**GI-3 Loyalty to brands of carbonated drinks**

a) According to me, there isn't a difference between *Coca-Cola*, *Pepsi* cola, *Azam* cola &*Riham* cola products.

Yes_____/ No_____

**GI-4 Which of the following soft drinks do you prefer over the rest?** (*Please tick* √)

a) *Coca-Cola* products _____
b) *Pepsi* products _____
c) *Azam* products _____
d) *Riham* products _____
e) *Other* _____

**GI-5 I strictly buy only one brand of soda, and would rather forego a soda incase my preferred brand is not available.** Yes_____, No_____, Maybe_____

## SECTIONII

**CUSTOMER RELATIONSHIP MARKETING**

SD─ Strongly Disagree (1), D─ Disagree (2), NS─ Not Sure (3), A─ Agree (4), SA─ Strongly Agree (5)

**Please tick according to your level of agreement**

| Code | | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| Customization | | | | | | |
| CM 1 | The taste of my favorite soft drink(s) meets my individual needs | | | | | |
| CM 2 | Advertisements of my favourite soft drink appeal to my individual tastes. | | | | | |
| CM 3 | The packaging of my favorite soft drink(s) matches my personal tastes. | | | | | |
| CM 4 | The appearance of my favorite soft drink(s) matches my personal tastes. | | | | | |
| CM5 | My favorite soft drink has a variety of flavors that I can choose from. | | | | | |
| Customized Pricing | | | | | | |
| CP 1 | The price of my favorite soft drink is user friendly for me | | | | | |
| CP 2 | My favourite soft drink(s) is priced within my means | | | | | |
| CP 3 | The different packages of my favorite soft drink(s) are appropriately priced for me. | | | | | |
| CP 4 | I can afford my favourite soft drink anytime | | | | | |
| Customer Efficiency | | | | | | |
| CE 1 | The proximity of outlets of my favorite soft drink is convenient to me. | | | | | |
| CE 2 | The outlets in my neighborhood are always stocked with my favorite soft drink. | | | | | |
| CE 3 | The features of my favorite soft drink are physically appealing | | | | | |
| CE 4 | My favourite soft drink is widely available | | | | | |

## CUSTOMER SATISFACTION

SD: Strongly Disagree (1), D: Disagree (2), NS: Not Sure (3), A: Agree (4), SA: Strongly Agree (5)

| Code | Word of Mouth | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| WM-1 | I often speak about my favourite brand of soft drink | | | | | |
| WM-2 | I inform my peers of new products of my favourite soft drink | | | | | |
| WM-3 | I discuss about the quality attributes of my favourite soft drink | | | | | |
| WM-4 | All my close friends know about my favourite soft drink | | | | | |

| Code | Perceived Value | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| PV-1 | My favourite soft drink adequately quenches my thirst | | | | | |
| PV-2 | Am proud to be associated with my favourite soft drink | | | | | |
| PV-3 | My favourite soft drink is not harmful to my health | | | | | |
| PV-4 | My favourite soft drink is better than all the others | | | | | |

| Code | Recommended Referrals | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| RR-1 | I often recommend my favourite soft drink to my peers | | | | | |
| RR-2 | I encourage others to switch to my favorite soft drink (soda) | | | | | |
| RR-3 | I often ask my neighborhood shop to stock more of my favourite soft drink | | | | | |
| RR-4 | When planning parties, I often recommend my favourite soft drink | | | | | |

**SECTION III:**

**Please tick according to your level of agreement**

## CUSTOMER LOYALTY

SD: Strongly Disagree (1), D: Disagree (2), NS: Not Sure (3), A: Agree (4),

SA: Strongly Agree (5)

| Code | Trust | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| TS 1 | My favourite soft drink has a unique taste | | | | | |
| TS 2 | I trust the contents of my favourite soft drink | | | | | |
| TS 3 | I consume my favourite soda out of choice | | | | | |
| TS 4 | I trust that my favourite soft drink is safe | | | | | |

**Please tick according to your level of agreement**

| Code | Commitment | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| CM 1 | Whenever I think of a soft drink, only my favourite soda comes to mind. | | | | | |
| CM 2 | I am willing to take time to search for my favourite soda (soft drink) | | | | | |
| CM 3 | In the absence of my favorite brand of soft drink(soda), I may consider other brands | | | | | |
| CM 4 | I have only consumed my favourite soft drink for the past 5 years | | | | | |

| Code | Repeat Purchase | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| RP 1 | I intend to continue consuming only my favorite type of soft drink (soda). | | | | | |
| RP 2 | I would switch to another soda if other brands were cheaper. | | | | | |
| RP 3 | I rarely try out other new brands of soft drink (soda). | | | | | |
| RP 4 | Over the past 5 years, I have been buying one particular soft drink | | | | | |

**THANK YOU FOR YOUR TIME**