Customer Loyalty for a Sustaining Lucrative Chibuku Business

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Abstract:- The objective of this study developed around Chibuku beverage qualities and nutrition facts, is the achievement of same brand repurchase through compelling prices and advertisement using local languages, in the Chibuku markets. The aim is to establish a loyal customer base for a sustainable lucrative Chibuku business. It explores the Giffen behaviour, which is a manner stemming from consumers' modest finances, attributing them by price to Chibuku. Giffen behaviour would be used to limit and eventually inhibit clear beer consumption, while attracting and retaining consumers for opaque beer, thus improving business. The study only involves beers as the most beverage drunk internationally, a tendency that echoes in the site of research. Data were collected through quantitative methods and generated through qualitative methods. A mixed research on loyalty to Chibuku, reveals a positive relation to business performance. Price relativeness, as a result, within consumers' acceptable range, come out as an important tool to attach them to Chibuku. When there is a Chibuku price increase relatively to clear beer, the opaque beer consumers tend to consume more Chibuku. The results of the study also show that advertisement in local languages has an influential decision-making effect, over actual and potential Chibuku customers in the market, attracting and making them loyal.

Keywords:- Chibuku Beer, Loyalty, Giffen Condition, Consumers, Word of Mouth.

I. INTRODUCTION

Opaque beer, a category to which Chibuku belongs, according to Kayodé, Hounhouigana, Nout & Niehof (2007) is predominantly consumed by the most impoverished people in a society, most of them with malnutrition problems, being this a fact extended to Beira-Mozambique, the site of the study. According to INE (2014/2015) (Instituto Nacional de Estatistica – National Institute of Statistics), Mozambique households have an average nutritional deficit of 740 calories per person per day. Chibuku is believed to reduce or eliminate this insufficiency, because of its alimentary components. Social marketing programme, through marketing mix, of which advertising is a decisive tool, should however disperse a sentiment, among consumers, of price enforced sales, by marketing Chibuku as nutritious and as a product that gives energy to consumers. It can do so through the offering of a

Chibuku assortment, from sweet/no/low alcohol, to normal Chibuku, and fill a gap of food needs and yet has affordable prices.

These factors would confer customers to a profoundly assumed commitment to repurchase Chibuku constantly in the future, "...thereby causing repetitive same-brand, despite situational influences and marketing efforts having the potential to cause switching behaviour" (Oliver, 1999, p. 34). The attraction and commitment to the to the brand would resolve loyalty problems.

Advertisement would be part of a social marketing effort to convey health benefits, specifically the no/low alcohol for a brand attachment, at a price within consumers' range, and raise income earnings for all involved, while attracting consumers to sustain and grow business. Social marketing would be piloted by consumer health requirements, to which a compelling price would be added (Lefebvre and Flora 1988, Lefebvre 1992b, Andreasen 1995), as a means of exchange for wellbeing, and recompensing social gains (Lefebvre and Flora 1988, Lefebvre 1996, Leathar and Hastings 1987, Smith 1997) planned for a long-lasting period (Andreasen 1995). This means an increase in the price of opaque beer, would reduce the purchasing power relatively to clear beer, and act in favour of nutritive Chibuku consumption, represented by Q_2 in Figure 1, despite its cost (within consumers' expected levels) making it less desirable, as explained by Jensen and Miller (2008).

Statement of the problem

When consumers are not loyal to a brand, business becomes less lucrative. The loss, can be judged by Reichheld & Seidensticker (2006) pronouncement, stating that a 5% increase of customer loyalty results in a 25-100% increase in profits. And we assume the opposite to be true. Decrease of loyalty can be due to not understanding the many efforts on advertising the product. The low price of opaque beer leaves consumer with surplus money, enabling the buying of clear beer, reducing Chibuku repurchase and consumer loyalty also. Therefore, care should be taken to retain consumers, avoiding migration from Chibuku, using their Giffen behaviour, while advertising nutritional attributes in their local language to make them loyal. Consumer Giffen behaviour, explained through the Jensen and Miller (2008) theory would increase a connection to Chibuku, as it states that an increase of Chibuku price, despite making it less desirable, compels consumers towards

the intake of opaque beer. A raise in the price, would reduce clear beer consumption, thus increasing Chibuku intake and loyalty to this brand. The influence of loyalty and advertisement effectiveness through local languages, on business sustainability and profitability, is examined through the hypotheses testing.

Hypotheses

The hypotheses defined by Sarantakos (1993, p.1991) as "...a tentative explanation of the research problem..." are formulated as follows:

H_0 = Customer loyalty is not important to business profitability and sustainability
H_1 = Customer loyalty is important to business profitability and sustainability
H_0 = Advertisement in local languages is not important to consumer loyalty
H_1 = Advertisement in local languages is important to consumer loyalty

Social marketing

Andreasen (1994) theory, cited by Kotler (2007), concurs with Bill Smith (2016), when he asserts that social marketing, would be strategized on a paradigm focused on commercial marketing P's, namely, 'P' Promotion and 'P' Product to:

- Benefit individuals and the society at large, through:
A promotion of an advantageous nutritive product distributed over the entire market, thus contributing to people's diet, sales and income:

- Influence the target audience behaviour through:
The advertisement of sweet/no/low alcohol Chibuku nutritive properties, to feel the gap of nutrition needs, at an increased price within the consumer's sensitivity, delivered in local languages for an effective marketing.

An increased price of Chibuku, discourages switching, since the effect of a reduction in income would lead to a higher consumption of that beer, thus retaining and driving consumers' loyal.

Chibuku Pricing

Internationally beer is the most consumed alcoholic beverage (Cohen and Swinnen, 2010). Domestically the same trend is observed, so price is contested between opaque beer and clear beer van Westendorp model, as explained by Kunter (2016) helps determining price P within an acceptable range, to create client retention and loyalty to a brand.
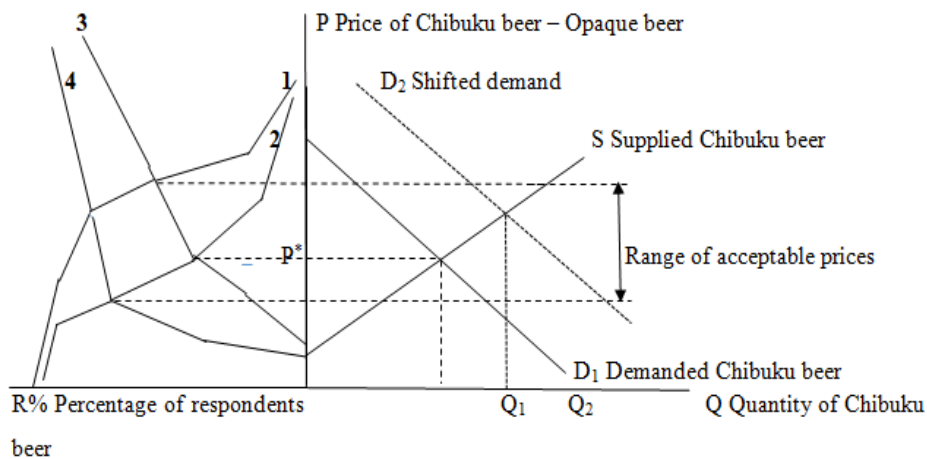
Key:
1- Inexpensive; 2- Too inexpensive; 3- Too expensive; 4- Expensive
Figure 1: Price sensitivity measurement tool
Source: Adapted from Lewis and Shoemaker (1997)

Chibuku would be priced using the following questions:
1- At what price would Chibuku beer be so economical that value is questioned? (too inexpensive)
2- At what price would you consider Chibuku beer to be a good purchase – a great value for the money? (inexpensive)
3- At what price would Chibuku beer start getting high priced or costly, but still worth taking into account? (expensive)
4- At what price is Chibuku beer so expensive that it would not be taken into account at all? (too expensive)

The lines 1,2,3,4 show the distribution of prices and the corresponding percentage of respondents for each 1, 2, 3 and 4 grouping ─ too inexpensive; inexpensive; expensive; too expensive.

Price would therefore be set as shown in Figure 1 within the range of acceptable prices, to persuade buying and repeat purchase, observing however the relativeness of rates between opaque and clear beer, as explained earlier. After delving into customer loyalty, advertisement and price, the methodology of research and means of data collection are explained below.

II.   METHODOLOGY

How the inquiry would proceed, involves responses to quantitative questions explained by qualitative respondents' positions, and substantiated by quantitised qualitative secondary data. The analysis would show the degree of consistency between the three. The problem would be, following Creswell and Tashakkori (2007) assertion, investigated under a design, adopting a procedure and means of data collection mentioned below.

-Design

The research design associating the research questions, and the execution of the research procedure, as Mac Millan and Schumacher (2001) define, is delineated to collect data among all Chibuku marketing agents. The inquiry, would use research schedules and enumerators for gathering data in the research process.

-The research process

The steps followed in the research are described in the next subsection. This study adopted, as mentioned, a mixed methods research

-The mixed method research

Kemper, Springfield and Teddlie (2003) define mixed methods design as a method that includes both qualitative and quantitative data collection and analysis in parallel form. Besides this, as judged convenient for validation purposes, it uses secondary qualitative transformed data from same research questions to corroborate quantitative data and substantiate the justification of quantitative numbers to be used in the hypotheses testing.

Qualitative and quantitative methods when combined, provide a more complete analysis of a problem, complementing each other, (Creswell, Fetters and Ivankova, 2004).

Data generation and collection methods

Collection of quantitative data is crucial, as it is planned to test the study hypotheses. Data was also generated from Chibuku marketing agents aiming to justify the cyphers attributed to the questions, which in turn were substantiated by quantitised qualitative secondary data from same questions.

Interviews

Interviews took place at the Chibuku marketing agents' premises after getting their permission and the consent of the supplier. The interview schedule in Table 1 was used by enumerators, who were former sales representatives of the Chibuku brewery.

Table 1: Interview Schedule

Quantitative						Qualitative
Questions	Importance and score					Responses
	VI (5)	I (4)	N (3)	NI (2)	NIAA (1)	
How important is client loyalty to business profitability and sustainability?						
How important advertisement in local languages is to business, regarding consumer loyalty?						

VI - Very important; I - Important; N - Neutral; NI - Not important; NIAA – Not important at all

Validity and reliability

Trust in the source of data is crucial and indispensable, as well as trust in the data itself to express validity and ensure a bias free research result. Data triangulation was used for the purpose in this research.

It, as Muhammad (2007) says, to reduce bias in research, involved multiple data from quantitative, quantitised and qualitative sources, to gain knowledge about their validity. This broadening of variety of measures, as Mishra and Rasundram (2017) say, lessened the dependence on any one, and reliable and valid data on loyalty and advertisement of Chibuku in local languages, could be attained, to achieve dependable hypotheses testing results.

These variety of measures, include qualitative secondary data transformation to corroborate quantitative answers, and check qualitative responses consistency. Secondary qualitative data, used in this study, were related to same questions of primary data. They had same substance as asserted by Heale and Forbes (2017) for the triangulated outcomes to be accurate.

Advertisement was associated to local languages, to overcome the impracticality of explaining some terms from local dialects in English language (Amadi et al, 2014). The official languages, bring limitations that cannot touch the feeling, sensitivity and comprehension of most existing and potential customers. There are verbal and written barriers. Data from both loyalty and advertisement were employed in a correlation process, used to measure the degree of validity and reliability of this study's data, The Stubner et al (2007) startups and Chibuku marketing agents' contextual data that is, from same experience and circumstances, were utilised as follows:
X Data collected from startups
Y Data collected from Chibuku marketing agents

Table 2: Contextual Data from Startups and Chibuku Agents

Likert Scale	Data from Startups	Data from Agents	Squared data		Multiplied Data
	X	Y	X²	Y²	XY
5	10	14	100	196	140
4	85	97	7225	9409	8245
3	0	0	0	0	0
2	0	0	0	0	0
1	11	10	121	100	110
∑	∑=106	∑=121	∑²=7446	∑²=9705	∑XY=8495

5= very important; 4 important; 3 neutral; 2 not important; 1 not important at all

The calculation of the correlation was carried out in the following way:

$r = n \sum XY - (\sum X) \times (\sum Y)/\sqrt{n\sum X^2 - (\sum X)^{2}] \times [n\sum Y^2 - (\sum Y)^2]}$

$t = r\sqrt{n-2}/1-r^2$

$r = 5 \times 8495 - (106 \times 121) / \sqrt{(5 \times 7446 - 11236) \times (59705 - 14641)}$

$42475 - 12826/\sqrt{25994 \times 45064}$

$29649/34225.62 = 0.866$

High positive correlation

Data is correlated confirming its validity.

$t = 0.866\sqrt{5-2}/1-0.7499 = 0.866 \times \sqrt{3/0.2501} = 0.866 \times 3.463 = 2.998$

t is greater than the critical value 2.353 from statistical tables.

Correlation is confirmed and this study's data, is thus valid, reliable and amenable for research. Additionally, the agreeing outcomes, took the researcher to conclude that the research schedules employed, supplied valid data to compute the hypothesis formulated for this study.

The diversified set of measures

Qualitative and quantitative research instruments produced the following results

Table 3: About loyalty

Question	Question Grade (Quantitative)	Degree of Importance	Generalised responses from Chibuku agents (Qualitative)	Number of responses	Quantitised secondary qualitative data on the question {Transformed qualitative responses
How important is client loyalty to business profitability and sustainability?	4	Important	It is important to have loyal clients, as they keep buying Chibuku beer	122	4

Table 4: About advertisement

Question	Question Grade (Quantitative)	Degree of Importance	Generalised responses from Chibuku agents (qualitative)	Number of responses	Quantitised secondary qualitative data on the question (Transformed qualitative responses)
How important advertisement in local languages is to business, regarding consumer loyalty?	4	Important	It is important to advertise Chibuku beer in the local languages, because the message is well understood	124	5

Quantitised data or secondary qualitative data transformed in numbers

-The quantitisation of client loyalty

A Mise *et al* (2013) study on brand loyalty generated, basing on qualitative responses to their inquiry, the following results;

X= Clients truly loyal 50.5%
Y= Clients claiming to be loyal 58.2%

This meant that the incidence of loyalty could reach 58.2% opening the possibility of decreasing the 0.495 percentage of unfaithful clients.

Prob(Y) = 0.582x0.505+0.505x0.495=0.543885
Prob (X|Y) = 0.29391/0.543885=0.5403899
Converting to the 1─5 scale the importance that could be assigned is
0.5403899x5=2.7019405≈3

This number shows the difficulty to achieve and keep brand loyalty. It suggests the use of strategies, such as the exploration of Giffen behaviour discussed before, for consumers' loyalty.

-The quantitisation of advertisement
- Audio or spoken messages, among illiterates, reach the target group more successfully. According to Terkan (2014), a creative and innovative advertising on the audio visual's effect on prospective clients had an expression of 82% of 'importance' out of 73 students used in his study. The 82% in a 1─5 Likert scale has a **4 important score**, which is the result of 0.82x5=4.1
- Advertising, using local languages achieved the highest **5 very important score**. It was analysed through a beverage food product from Nigeria. An inquiry conducted by Analysis of Field Survey (2000) produced the following results:

Word of mouth + Sales promotion + other means 30.79+7.30+2.86 respectively.

The following events were created:
X = 0.1016 people reached through a promotion, namely by advertisement, an element of promotion mix (7.30+2.86)
Y = 0.0286 people reached by other means that is, publicity and the remaining element of promotion mix.
Prob (Y) = prob (Y|X) prob(X) + prob (Y|notX) prob (notX)
Prob (Y) = 0.0286x0.1016+0.1016x0.8984 = 0.00290576+0.09127744=0.0941832
Prob (X|Y) = 0.00290576/0.0941832= 0.030852211 meaning a decrease in the number of people that would stimulate 30.79% of people with a word of mouth, as they are not effectively reached by advertisement. This is so, as around 60% of people are illiterate having difficulties to shift from written to verbalized language, and only 53% speak English (Cudoo, 2017) 1-0.030852211= 0.9691.

The complementary of X = 96.91% means this higher percentage of people would be reached with the local verbal languages in the market, an action going close to a 5 very important grade in the Likert scale as indicated below.

0.9691x5= 4.84 ≈5

The inference from these numbers and considerations are:
Advertising using local languages stimulates a far-reaching word of mouth. According to Miroslav et al (2010) it goes beyond the effects and results of marketing efforts, influencing the decision making of potential and existing customers in the market, to make them loyal.

The outcomes from quantitisation worked out in this segment, are part of triangulation elements of mixed method to substantiate quantified responses from marketing agents, used in the hypotheses testing.

Triangulation
The broadening of measures triangulate the real position of data, that is, it indicates its real significance and substance to research.

Triangulation of:
- Data from loyalty
    Quantitative: 4 substantiates qualitative data
Quantitised: 4 corroborates quantitative data
Qualitative: responses supplement quantitative data and confirm value

- Data from advertising
Quantitative: 4 substantiates qualitative data
Quantitised: 4 corroborates quantitative data.
Qualitative: responses supplement quantitative data and confirm value

Triangulation, using Densccombe (2003) statement, encompasses determining accurate values to test the hypotheses, by referring to two other measures. They were accurate because each of the data set, were comparable and of similar importance.

The hypotheses testing
The calculation uses a Chi-square statistical distribution table:

Table 5: The importance of client's loyalty to business profitability and sustainability

Responses	% of opinions	Expected	Observed	O – E	(O – E)²	(O – E)²/E
V. Important	18.85	0.0983 x122=12	23	11	121	10.083
Important	80.32	0.8606 x122=105	98	-7	49	0.4666
Neutral	0	0	0	0	0	0
Not important	0.819	0.0409x122=5	1	-4	16	3.2

Level of significance α = 0.05
The degrees of freedom: k =3-1 = 2.
$\chi^2 = \sum (O-E)^2/E = 13.7496$
The null hypothesis H_0: Client's loyalty is not important to business profitability and sustainability

The alternative hypothesis H_α: Client's loyalty is important to business profitability and sustainability. Since 13.7406 is higher than 5.991, there is enough statistical evidence to reject the null hypothesis and to believe that there is a relationship between client's loyalty and business performance.

Table 6: The importance to Chibuku marketing of advertising in local languages

Responses	% of opinions	Expected	Observed	O – E	$(O – E)^2$	$(O – E)^2/E$
V Important	20.16	0.3225x124=40	25	15	225	5.625
Important	74.19	0.5967x124=74	92	18	324	4.378
Neutral	0	0	0	0	0	0
Not important	5.645	0.0806x124=10	7	-3	9	0.9

The Chi-square test was calculated as follows:
Level of significance α = 0.05.
The degrees of freedom: k =3-1 = 2
$\chi^2 = \sum (O-E)^2/E = 10.903$

The null hypothesis H_0: Advertising in local languages is not important to business, regarding consumer loyalty

The alternative hypothesis H_α: Advertising in local languages is important to business, regarding consumer loyalty. Since 10.903 is higher than 5.991, there is enough statistical evidence to reject the null hypothesis and to believe that advertising in local languages is important in the streaming of Chibuku to the costumers.

III.   CONCLUSIONS

Customer loyalty, connects customers to Chibuku, taking them to repurchase or to stock regularly the product. Giffen behaviour a conduct stemming from consumers' modest finances attaches them to Chibuku, through a price increase of opaque beer relatively to clear beer. Price increase of opaque beer limits and eventually curtails clear beer consumption as the effect of changes in income from price, would only allow buying satisfying amounts of Chibuku. This together with Chibuku value, and nutritional qualities, would retain consumers for same brand buying, improving opaque beer economy and bringing in, social advantages. Any of these Chibuku sweet no/low alcohol tastes, and fermented bitter savour, would attract prospective consumers to enlarge Chibuku customer base, while enhancing not only profit and sustainability, but also business growth.

Social marketing, which is the application of marketing principles and practices to produce a behavioural change, would push consumer behaviour towards the buying of Chibuku influenced by a word of mouth. It is a source of information, effective in local languages, that is a dissemination of positive people's experiences. It substantially surpasses the impact of marketing attempts. The message spreads over the entire market to reach actual and potential customers.

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